APPENDIX 4D

HALF YEAR REPORT

for the six months ended 30 June 2019

ARBN 615 153 332
Hong Kong Company Registration Number 2374379
Retech Technology Co., Limited / www.retech-rte.com

Contents

RETECH

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 2019 to 30 June 2019
Previous corresponding period: 1 January 2018 to 30 June 2018

2. Results for announcement to the market

				Six months ended	
			Change	**30-Jun-19**	30-Jun-18
		%	**A$'000**	**A$'000**	A$'000
2.1	Revenue from ordinary activities	35%	3,561	**13,663**	10,102
2.2	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	31%	1,501	**6,285**	4,784
2.3	Profit from ordinary activities before tax	24%	1,027	**5,255**	4,229
2.4	Profit from ordinary activities after tax attributable to members of the Company	-6%	-219	**3,392**	3,611
2.5	Net profit attributable to members of the Company	-6%	-219	**3,392**	3,611

				Six months ended	
			Change	**30-Jun-19**	30-Jun-18
		%	**RMB'000**	**RMB'000**	RMB'000
2.1	Revenue from ordinary activities	35%	17,149	**65,794**	48,645
2.2	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	31%	7,227	**30,264**	23,038
2.3	Profit from ordinary activities before tax	24%	4,944	**25,308**	20,364
2.4	Profit from ordinary activities after tax attributable to members of the Company	-6%	-1,054	**16,336**	17,390
2.5	Net profit attributable to members of the Company	-6%	-1,054	**16,336**	17,390

2.6 Dividends

In the Company's Annual General Meeting on 13 June 2019, the shareholders approved a general mandate for the directors to declare dividend. The directors had proposed a special dividend of Australian dollars ("A$") 0.005 per share. The proposed amount of A$1,164,076 (i.e. RMB5,569,618) have been reflected as an appropriation of retained profits for the six months ended 30 June 2019. The proposed dividends were subsequently approved by the Board of Directors on 26 August 2019. Additional information on the dividend (including timing of payment of the dividend) will be subject to disclosure as required by the ASX Listing Rules.

2.7 A brief explanation of any of the figures in 2.1 to 2.5 necessary to enable the figures to be understood.

- Please refer to "Financial and operating performance review" in the Director's report for further detailed explanation.

Results for Announcement to the Market

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

	As of 30 June 2019 (A$ cents per share)	As of 30 June 2018 (A$ cents per share)
	21.57	17.23

	As of 30 June 2019 (RMB cents per share)	As of 30 June 2018 (RMB cents per share)
	103.89	82.95

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

During the six months ended 30 June 2019, the Group completed an acquisition of 51% equity interests as business acquisition in Aushen Group Pty. Ltd. from an independent third party, Suns Group Corporation Pty. Ltd. on 26 June 2019. The contribution of Aushen to profit is not material.

Aushen owns private tutoring operations in Australia which offers various education courses/programs in classroom environment for students from grade 1 to grade 12. The acquisition will allow the Group to apply its e-learning solutions for online language training and enable the Group to offer high quality courses from Australia into China.

5. 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.

Results for Announcement to the Market

6. Accounting standards used in compiling this report

These condensed consolidated interim financial statements ("Interim 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. These Interim Financial Statements also comply with the applicable requirements of the Hong Kong Companies Ordinance (the "HKCO").

7. Audit Review

Please refer to page 49 under the heading of "Independent Review Report" on review opinin of Interim Financial Statements.

8. Signed

On behalf of the directors

Mr Ai Shungang	Mr Calvin Cheng
Co-Chairman	Co-Chairman
30 August 2019	30 August 2019

About Retech Technology Co., Limited

Retech Technology Co., Limited (“Retech” or the “Company”) (ASX: RTE) is an investment holding company, incorporated in Hong Kong with its operating subsidiaries located in mainland China，Hong Kong and Australia.

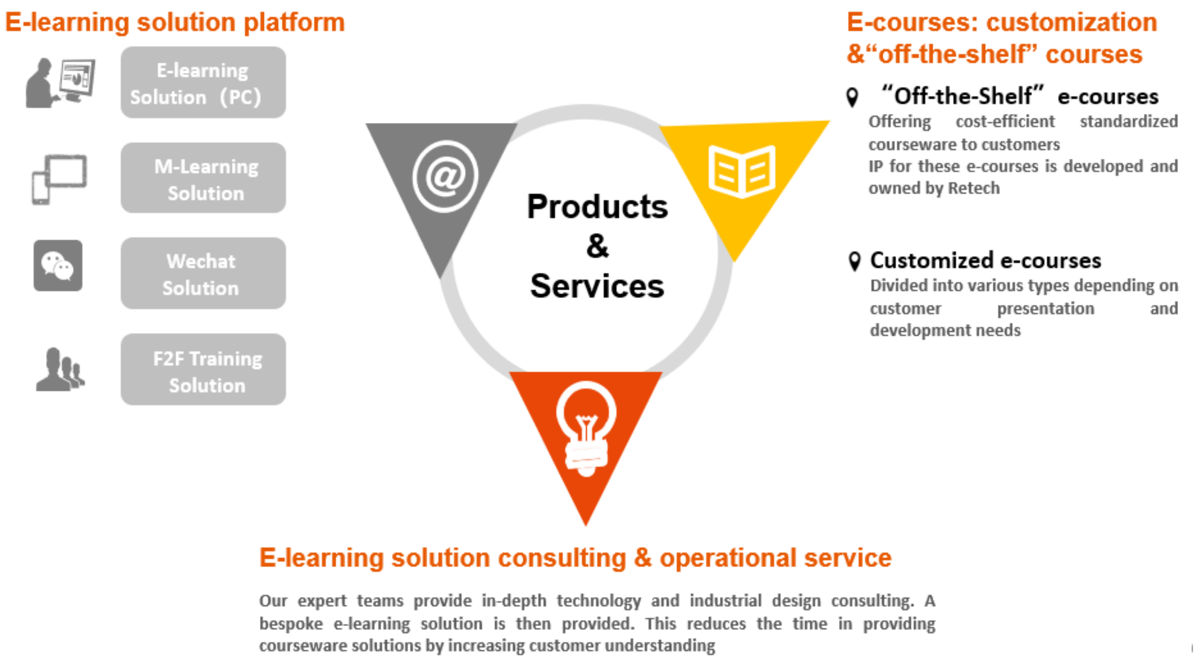
Vision

To be one of the world’s leading and foremost e-learning solutions providers and to deliver quality online training solutions through our software and platform technology and well-designed e-courses which can make learning easy and efficient.

Products & Services and Strategy

The Company’s products and services include 3 main parts:

- E-learning solution platform
- E-courses: customization and “off-the-shelf” courses
- E-learning solution consulting and operational service



Business Review

Retech Technology Co., Limited (the "Company") summarizes its financial and operational performances for the period ended 30 June 2019.

Financial and operating performance review

- Revenue - Revenue for the reporting period was RMB65.79m (A$13.66m) which increased by 35%. This was driven by the strong demand for enterprise online training solutions in mainland China especially in finance, auto and high-tech industries.

- Cost and expenses - Cost of services for the reporting period was RMB23.83m (A$4.95m), which was 36% of revenue. Compared with the previous corresponding period, the cost-revenue structure was stable resulting from control of direct labour and outsourcing costs. Selling and distribution expenses were RMB3.61m (A$0.75m), increased 31% year on year in order to further develop the market. Administration expenses were RMB13.99m (A$2.91m) which was 58% increased comparing with HY2018. This increase was due to increased operating expenses in the Group's subsidiaries, i.e. ProSage Sustainability Development Limited and Shanghai Reunet Information Technology Co., Ltd.

- Earnings Before Interests, Tax, Depreciation and Amortisation ("EBITDA") was RMB30.26m (A$6.28m) comparing with HY2018 with a growth of 31%. Net profit before tax (NPBT) was RMB25.31m (A$5.26m) which increased 24% comparing with previous corresponding period. Net profit after tax (NPAT) was RMB18.15m (A$3.77m) which increased 6%. The income tax increased significantly due to the provision of withholding taxes for distribution of profits out of China. The effective tax rate after excluding the withholding tax is similar compared to prior year.

Effective tax rate	HY2019	HY2018
Before excluding withhold tax	29%	16%
After excluding withhold tax	15%	16%

**Exchange rate: 4.8156 (based on 28 June 2019, according to http://www.safe.gov.cn)*

Our achievements and strategies

1) **E-learning solutions for corporate clients**
The Group maintained cooperation with major and repeat corporate clients such as Bank of China, Ping An, and Mercedes-Benz. New clients increased during the period, especially in the finance industry, including Industrial Bank of China and China Minsheng Bank, following our successful work for the Bank of China. In the Technology sector, the Company has been developing an e-learning platform for overseas employees of Huawei Technology Co., Ltd., bringing another new, major customer for Retech.

Business Review

Our achievements and strategies

2) **E-learning solutions in vocational schools**

as positioned as an integrated solution provider of "industry and education." Retech joins forces with large enterprises significantly associated with employment of secondary and higher vocational school students to build a talent cultivation system based on the job model by proceeding from O2O mixed training to provide new talent cultivation solutions for secondary and higher vocational schools, on the one hand, and provide truly qualified talents to enterprises on the other hand.

Online open courses: driven by the policy, Retech has successfully been awarded contracts for actual projects involving Shanghai Urban Construction Vocational College, Shanghai Commercial School, Shanghai Communications School and Shanghai Mechanical Industry School, etc. The launch of municipal-level vocational school projects has set a role model for various schools, promoting initiation and large-scale investment in school-level projects in terms of inherent construction.

Vocational school group cooperation: Retech maintains close cooperative relations with a number of vocational school groups established by the government in the aims of sharing resources, boosting development among vocational colleges, industrial enterprises and other organizations. As a member unit of Shanghai Vocational Education Group for Commerce and Trade and Hongkou Vocational Education Group, etc., Retech has successfully signed a curriculum development project in the first half of 2019. The content of the e-courses is generally applicable to member schools and can be duplicated in the future. This will bring more opportunities for future projects.

3) **E-learning solutions in ESG services**

With increasing social and regulatory concerns about environmental protection, social responsibility and corporate governance ("ESG"), companies and their regulators are paying increased attention to ESG performance. Corporate ESG strategy and standards are closely related to a company's financial performance and help to increase shareholder value and share price performance.

ProSage is the Group's vehicle to develop ESG e-learning and reporting services, has leveraged a "B2P2B" model to empower ESG consulting organizations, assisting them with improving their service efficiency and service quality while integrating sustainable development of knowledge and philosophy into the corporate and social development. Since its establishment, through technical R&D, ProSage has completed building the SaaS ESG training platform, created 55 excellent ESG IP training programs, and provided online learning services for government authorities and enterprises including the Hong Kong Export Credit Insurance Corporation, Carbon Care Asia Limited, etc. ProSage will further build up its ESG courseware library to facilitate listed companies in Asia and other capital markets to realize sustainable development.

Business Review

Our achievements and strategies

4) **E-learning solutions in language learning**

On 26 June 2019, Retech acquired 51% of Melbourne-based XJS Coaching School by way of a share acquisition. Aushen Group Pty Ltd (Aushen), an Australian registered entity,owns the XJS Coaching School. XJS Coaching School is a locally renowned tutoring institution providing language and subjects tuition, located across 6 centres in Victoria.

Australia has the largest English-speaking population of qualified language teachers within a similar time zone to China. The XJS acquisition allows Retech to utilize its advanced O2O and e-learning technologies to assist XJS to teach cross-border live-streamed, interactive lessons between Australia and China. “Ai English” and “Ai Chinese” are among such programs, using qualified teachers in the source country to teach interactive, high quality lessons into the broadcast country. “Ai English” has started teaching and has already signed up a number of leading after-school tutoring and educational groups in China as its clients.

Other developments in 2019

Dividend Plan

In the Company’s Annual General Meeting on 13 June 2019, the shareholders approved a general mandate for the directors to declare dividend. The directors had proposed a special dividend of Australian dollars (“A$”) 0.005 per share. The proposed amount of A$1,164,076 (i.e. RMB5,569,618) have been reflected as an appropriation of retained profits for the six months ended 30 June 2019. The proposed dividends were subsequently approved by the Board of Directors on 26 August 2019. Additional information on the dividend (including timing of payment of the dividend) will be subject to disclosure as required by the ASX Listing Rules.

Retech Incentive Plan

On 20 May 2019, the Board approved a share-based payment scheme for its employee remunerations called Retech Incentive Plan (the “Plan”). The plan has both share options and CDIs (with or without restrictions). The Group will award share options or CDIs to certain key employees of the Group as part of the reward for their past and future service to the Group. Full details are set out in note 27 to the Interim Financial Statements.

RETECH

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	Six months ended 30 June 2019 RMB (Unaudited)	2018 RMB (Unaudited)
Revenue	4	**65,793,642**	48,644,976
Cost of services		**(23,829,737)**	(18,685,338)
Gross profit		**41,963,905**	29,959,638
Other income	5	**3,826,516**	2,339,859
Fair value (loss)/gain on derivative financial instruments		**(795,711)**	1,385,785
Selling and distribution expenses		**(3,609,629)**	(2,763,101)
Administrative expenses		**(13,990,007)**	(8,860,815)
Finance cost	6	**(2,087,043)**	(1,696,919)
Profit before income tax	7	**25,308,031**	20,364,447
Income tax expense	8	**(7,159,362)**	(3,321,560)
Profit for the period		**18,148,669**	17,042,887
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of financial statements of foreign operations		**(21,321)**	-
Total comprehensive income for the period		**18,127,348**	17,042,887
Profit/(loss) for the period attributable to:			
Owners of the Company		**16,335,942**	17,390,147
Non-controlling interests		**1,812,727**	(347,260)
		18,148,669	17,042,887
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		**16,316,566**	17,390,147
Non-controlling interests		**1,810,782**	(347,260)
		18,127,348	17,042,887
Earnings per share for profit attributable to the owners of the Company during the period			
Basic	10	**7.08 cents**	7.54 cents
Diluted	10	**7.08 cents**	7.13 cents

The notes on pages 15 to 46 are an integral part of these condensed consolidated interim financial statements.

The Group had initially applied HKFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initial application of HKFRS 16 is recognised in retained profits at date of initial application.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	**9,255,264**	695,531
Goodwill	12	**2,640,293**	-
Other intangible assets	13	**3,170,773**	2,296,452
Deferred tax assets		**356,410**	203,458
		15,422,740	3,195,441
Current assets			
Trade and other receivables	14	**32,161,823**	30,756,577
Contract assets	15	**43,928,691**	19,044,518
Amounts due from non-controlling shareholders	16(a)	**12,446**	11,411
Amount due from a non-controlling shareholder of a subsidiary	16(b)	**-**	439,000
Amounts due from related companies	16(c)	**7,641,867**	29,271,094
Loan to a related company	17	**34,009,701**	802,630
Derivative financial instruments	22	**11,363,509**	11,135,977
Short term bank deposits	18	**112,393,160**	112,486,040
Cash and cash equivalents	18	**98,994,784**	99,557,916
		340,505,981	303,505,163
Current liabilities			
Trade and other payables	19	**27,093,268**	18,718,343
Contract liabilities	15	**4,003,624**	4,721,383
Amount due to a non-controlling shareholder of a subsidiary	16(d)	**-**	436,670
Amounts due to related companies	16(e)	**5,974**	6,174
Derivative financial instruments	22	**14,655,640**	13,617,235
Lease liabilities	20	**2,480,201**	-
Bank borrowing	21	**8,010,122**	-
Income tax payable		**15,417,588**	11,519,665
		71,666,417	49,019,470
Net current assets		**268,839,564**	254,485,693
Total assets less current liabilities		**284,262,304**	257,681,134
Non-current liabilities			
Convertible note	22	**31,641,969**	31,092,542
Contingent consideration liability	28	**1,541,259**	-
Lease liabilities	20	**4,954,814**	-
Deferred tax liabilities		**587,870**	-
		38,725,912	31,092,542
Net assets		**245,536,392**	226,588,592

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019 (CONTINUED)

	Notes	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
EQUITY			
Share capital	23	**141,905,974**	141,905,974
Reserves		**(7,772,012)**	(7,752,636)
Retained profits		**110,866,556**	94,530,614
Equity attributable to owners of the Company		**245,000,518**	228,683,952
Non-controlling interests		**535,874**	(2,095,360)
Total equity		**245,536,392**	226,588,592

The notes on pages 15 to 46 are an integral part of these condensed consolidated interim financial statements.

The Group had initially applied HKFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initial application of HKFRS 16 is recognised in retained profits at date of initial application.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Attributable to owners of the Company								
	Share capital RMB	Merger reserve* RMB	Statutory reserve* RMB	Translation reserve* RMB	Retained profits RMB	Proposed special dividend RMB	Total RMB	Non-controlling interests RMB	Total equity RMB
At 1 January 2019 (audited)	**141,905,974**	**(11,122,696)**	**3,376,508**	**(6,448)**	**94,530,614**	**-**	**228,683,952**	**(2,095,360)**	**226,588,592**
Acquisition of a subsidiary (note 28)	-	-	-	-	-	-	-	820,452	820,452
Transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**820,452**	**820,452**
Profit for the period	-	-	-	-	16,335,942	-	16,335,942	1,812,727	18,148,669
Other comprehensive income for the period	-	-	-	(19,376)	-	-	(19,376)	(1,945)	(21,321)
Total comprehensive income for the period	**-**	**-**	**-**	**(19,376)**	**16,335,942**	**-**	**16,316,566**	**1,810,782**	**18,127,348**
2019 special dividends proposed (note 9)	**-**	**-**	**-**	**-**	**(5,569,618)**	**5,569,618**	**-**	**-**	**-**
At 30 June 2019 (unaudited)	**141,905,974**	**(11,122,696)**	**3,376,508**	**(25,824)**	**105,296,938**	**5,569,618**	**245,000,518**	**535,874**	**245,536,392**

* These equity accounts comprise the reserves of deficit of RMB7,772,012 (31 December 2018: deficit of RMB7,752,636) in the condensed consolidated statement of financial position as at 30 June 2019.

RETECH

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)

	Attributable to owners of the Company						
	Share capital RMB	Merger reserve* RMB	Statutory reserve* RMB	Retained profits RMB	Total RMB	Non-controlling interests RMB	Total equity RMB
At 1 January 2018 (audited)	**141,905,974**	**(11,122,696)**	**3,250,000**	**45,823,418**	**179,856,696**	**(1,563,861)**	**178,292,835**
Adjustment from the adoption of HKFRS 9**	-	-	-	(399,444)	(399,444)	(3,166)	(402,610)
Adjusted balance at 1 January 2018 (audited)	**141,905,974**	**(11,122,696)**	**3,250,000**	**45,423,974**	**179,457,252**	**(1,567,027)**	**177,890,225**
Profit for the period	-	-	-	17,390,147	17,390,147	(347,260)	17,042,887
Total comprehensive income for the period	-	-	-	**17,390,147**	**17,390,147**	**(347,260)**	**17,042,887**
At 30 June 2018 (unaudited)	**141,905,974**	**(11,122,696)**	**3,250,000**	**62,814,121**	**196,847,399**	**(1,914,287)**	**194,933,112**

* These equity accounts comprise the reserves of deficit of RMB7,872,696 (31 December 2017: deficit of RMB7,872,696) in the condensed consolidated statement of financial position as at 30 June 2019.

** The initial application of HKFRS 9 has led to adjustments of retained profits and non-controlling interests of RMB399,444 and RMB3,166 respectively.

The notes on pages 15 to 46 are an integral part of these condensed consolidated interim financial statements.

RETECH

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June	
	2019	2018
	RMB	RMB
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(229,605)**	(9,366,846)
Cash flows from investing activities		
Purchase of equipment	**(1,526,550)**	(48,276)
Purchase of intangible assets	**-**	(668,644)
Loan to a related company	**(56,653,735)**	(55,485,000)
Repayment of loan to a related company	**50,946,664**	39,478,899
Increase in short term bank deposits	**-**	(729,710)
Interest received	**1,917,908**	31,625
Net cash inflow from acquisition of a subsidiary (note 28)	**539,588**	-
Other investing activities	**(447,108)**	(246,716)
Net cash used in investing activities	**(5,223,233)**	(17,667,822)
Cash flows from financing activities		
Drawdown of short term bank borrowing	**8,000,000**	-
Lease payment	**(1,178,683)**	-
Payment of interests on bank borrowing	**(12,760)**	-
Payment of interests on convertible note	**(1,352,178)**	(1,252,282)
Other financing activities	**(638,232)**	8,032,992
Net cash generated from financing activities	**4,818,147**	6,780,710
Net decrease in cash and cash equivalents	**(634,691)**	(20,253,958)
Effect of foreign exchange rate changes	**71,559**	-
Cash and cash equivalents at beginning of the period	**99,557,916**	50,061,852
Cash and cash equivalents at end of the period	**98,994,784**	29,807,894

The notes on pages 15 to 46 are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. GENERAL INFORMATION, BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Retech Technology Co., Limited (the "Company") was incorporated in Hong Kong on 10 May 2016 as a limited liability company. The address of the registered office and principal place of business of the Company is Room 1309, 13th Floor, Prince's Building, 10 Charter Road, Central, Hong Kong. The Company's shares were listed on the Australian Securities Exchange ("ASX") since 22 June 2017.

The directors consider Retech Investment Group Co., Ltd, a limited liability company incorporated in the British Virgin Islands, is the immediate and ultimate holding company of the Company.

The principal activities of the Company and its subsidiaries (the "Group") include the provision of technology solutions and related services 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"), Hong Kong and Australia.

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") are for the six months ended 30 June 2019 and are represented in Renminbi ("RMB"), unless otherwise stated.

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 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 year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). Except as described in note 2, the basis of preparation and accounting policies adopted in preparing the Interim Financial Statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

1. GENERAL INFORMATION, BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

The financial information relating to the financial year ended 31 December 2018 that is included in the Interim Financial Statements for the six months ended 30 June 2019 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year 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 financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the 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 Companies Ordinance.

2. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES

2.1 New and amended HKFRSs adopted as at 1 January 2019

In the current period, the Group has applied for the first time the new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's Interim Financial Statements for the annual period beginning on 1 January 2019. Other than as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRS 16 "Leases"

HKFRS 16 "Leases" replaces HKAS 17 "Leases" along with three Interpretations (HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease", HK(SIC) Int-15 "Operating Leases-Incentives" and HK(SIC) Int-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease"). HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of retained profits for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK (IFRIC)-Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC)-Int 4.

The Group has elected not to include initial direct costs in the measurement of right-of-use asset for operating leases in existence at the date of initial application of HKFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rats as of 1 January 2019. The weighted average incremental borrowing rate applied to the Group's lease liabilities on 1 January 2019 was 4.99%.

2. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.1 New and amended HKFRSs adopted as at 1 January 2019 (Continued)

HKFRS 16 "Leases" (Continued)

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

The following is reconciliation of operating lease commitment at 31 December 2018 to the lease liabilities recognised at 1 January 2019：

	RMB
Operating lease commitments disclosed as at 31 December 2018	7,111,036
Less: Recognition exemption – short-term leases	-
Gross operating lease obligations at 1 January 2019	7,111,036
Discounted using the Group's weighted average incremental borrowing rate of 4.99%	(550,196)
Lease liabilities discounted at relevant incremental borrowing rates at 1 January 2019	6,560,840
Less: Other adjustments (translation differences)	(32,740)
Lease liabilities as at 1 January 2019	**6,528,100**
Classified as:	
Current lease liabilities	2,024,719
Non-current lease liabilities	4,503,381
Lease liabilities as at 1 January 2019	**6,528,100**

The following table summarises the impact of transition to HKFRS 16 on the Group's condensed consolidated statement of financial position at 1 January 2019：

	Carrying amount under HKAS 17 at 31 December 2018 RMB	**Adjustments RMB**	**Carrying amount under HKFRS 16 at 1 January 2019 RMB**
Net assets			
Right-of-use assets presented in property, plant and equipment	-	6,528,100	6,528,100
Prepayment	186,560	(186,560)	-
Lease liabilities	-	(6,528,100)	(6,528,100)
Deferred rent	(240,800)	240,800	-

2. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.1 New and amended HKFRSs adopted as at 1 January 2019 (Continued)

HKFRS 16 "Lease" (Continued)

The effects of adoption of HKFRS 16 on the Group's financial performance for the six months ended 30 June 2019 are as follows:

	Six months ended 30 June 2019
	RMB
Condensed consolidated profit or loss	
Increase in depreciation:	
- Included in administrative expenses	(1,273,477)
Decrease in operating lease expenses:	
- Included in administrative expenses	1,325,994
Increase in finance costs	(201,362)
Decrease in profit before income tax for the period	**(148,845)**
Decrease in profit before income tax for the period attributable to:	
Owners of the Company	(139,032)
Non-controlling interest	(9,813)
	(148,845)

2.2 Changes in significant accounting policies

The Interim Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 December 2018, except for the effects of applying HKFRS 16.

Leases

The Group as a lessee

Applicable from 1 January 2019

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contracts contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

2. **ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

2.2 Changes in significant accounting policies (Continued)

<u>Leases (Continued)</u>

<u>The Group as a lessee (Continued)</u>

Applicable from 1 January 2019 (Continued)

<u>Measurement and recognition of leases as a lessee</u>

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the condensed consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

On the condensed consolidated statement of financial position, right-of-use assets have been included in property, plant and equipment, the same line as it presents the underlying assets of the same nature that it owns.

2. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Applicable before 1 January 2019

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon, at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

Operating leases

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND SIGNIFICANT ACCOUNTING JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation of uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the Interim Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are recognised accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations.

Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. As at 30 June 2019, the carrying amount of the Group's deferred tax assets was RMB356,410 (2018: RMB203,458).

Estimation of impairment of trade and other receivables, contract assets and other financial assets within the scope of Expected Credit Loss ("ECL") upon application of HKFRS 9

The Group makes allowances on items subjects to ECL (including trade and other receivables, contract assets and other financial assets measured at amortised cost) based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. As at 30 June 2019, the aggregate carrying amounts of trade and other receivables, contract assets and other financial assets measured at amortised cost amounted to RMB31,142,601 (net of ECL allowance of RMB2,187,540), RMB43,928,691 (net of ECL allowance of RMB220,746) and RMB253,051,958 (net of ECL allowance of RMB4,959,374) respectively. As at 31 December 2018, the aggregate carrying amounts of trade and other receivables, contract assets and other financial assets amounted to RMB29,344,239 (net of ECL allowance of RMB1,260,684), RMB19,044,518 (net of ECL allowance of RMB95,701) and RMB242,568,091 (net of ECL allowance of RMB4,959,374) respectively.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND SIGNIFICANT ACCOUNTING JUDGEMENT (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimation of impairment of trade and other receivables, contract assets and other financial assets within the scope of ECL upon application of HKFRS 9 (Continued)

When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade receivables and other items within the scope of ECL upon application of HKFRS 9 and credit losses in the periods in which such estimate has been changed.

Fair value of derivative financial instruments

As described in note 22 to the Interim Financial Statements, the derivative components of convertible note are measured at fair value. The Group engaged an independent valuer to determine the fair values of these derivative financial instruments. The determination was based on generally accepted valuation procedures and practices that rely extensively on numerous assumptions taking into consideration of many uncertainties, including discount rate and volatility of the Group's share price, some of which cannot be easily quantified or ascertained. Changes in subjective input assumptions can materially affect the fair value estimate. As at 30 June 2019, the net fair value of derivative financial instruments is RMB3,292,131 (2018: RMB2,481,258).

Significant accounting judgement

Revenue from contracts for service

The Group recognises contract revenue on the rendering of e-learning services by reference to the stage of completion of the contract activity at the end of reporting period, when the outcome of a contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total contract costs to be incurred under the transaction. Significant assumptions and judgements, such as the budgeted staff hours, are required to estimate the total contract costs and/or the stage of completion. The estimates are made based on past experience and knowledge of management. Because of the nature of the industry the Group entered into, management will make adjustments, where appropriate, to the amounts of contract revenue and/or cost based on regular review of contract work progress and estimated contract revenue and costs.

4. REVENUE AND SEGMENT REPORTING

The Group's principal activities are disclosed in note 1 to the Interim Financial Statements. The Group's revenue recognised during the period is as follows:

	Six months ended 30 June	
	2019	2018
	RMB	RMB
	(Unaudited)	(Unaudited)
Rendering of e-learning services	**63,755,304**	44,801,718
Commission income	**1,415,094**	3,759,296
Consultancy income	**623,244**	83,962
	65,793,642	48,644,976

Disaggregation of revenue from contracts with customers

The Group derives revenue from rendering of e-learning services and revenue from referral and consultancy services over time and at a point in time in the following major geographical market:

	Six months ended 30 June 2019				Six months ended 30 June 2018			
	Rendering of e-learning services RMB	Commission income RMB	Consultancy income RMB	Total RMB	Rendering of e-learning services RMB	Commission income RMB	Consultancy income RMB	Total RMB
Timing of revenue recognition								
- At a point in time	-	1,415,094	623,244	2,038,338	-	3,759,296	83,962	3,843,258
- Over time	63,755,304	-	-	63,755,304	44,801,718	-	-	44,801,718
Total	**63,755,304**	**1,415,094**	**623,244**	**65,793,642**	**44,801,718**	**3,759,296**	**83,962**	**48,644,976**
Geographical markets								
- PRC	59,134,924	1,415,094	100,262	60,650,280	44,801,718	3,759,296	83,962	48,644,976
- Hong Kong	4,620,380	-	522,982	5,143,362	-	-	-	-
Total	**63,755,304**	**1,415,094**	**623,244**	**65,793,642**	**44,801,718**	**3,759,296**	**83,962**	**48,644,976**
Type of customers								
- Corporate	57,296,838	1,415,094	623,244	59,335,176	41,210,557	3,759,296	83,962	45,053,815
- Vocational schools	6,458,466	-	-	6,458,466	3,591,161	-	-	3,591,161
Total	**63,755,304**	**1,415,094**	**623,244**	**65,793,642**	**44,801,718**	**3,759,296**	**83,962**	**48,644,976**

Unsatisfied e-learning service contracts

All of e-learning service contracts are expected to be completed and billed within one year or less. Therefore, the transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations of these contracts are not disclosed as permitted under HKFRS 15 "Revenue from Contracts with Customers".

Segment reporting

In the current period, the executive directors of the Company, being the chief operating decision maker, regard the Group's business of provision of e-learning platforms and e-courseware services as a single operating segment and assess 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.

4. REVENUE AND SEGMENT REPORTING (CONTINUED)

Information about major customers

There is no single customer contributing over 10% of total revenue of the Group for the period.

Geographic information

As disclosed in disaggregation of revenue from contracts above, the Group's revenue and results from operations and are mainly derived from activities in the PRC, Hong Kong and Australia. The non-current assets of the Group (excluding deferred tax assets) were located in following locations:

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
PRC	**4,204,866**	2,563,879
Hong Kong	**6,064,271**	428,104
Australia	**4,797,193**	-
	15,066,330	2,991,983

5. OTHER INCOME

	Six months ended 30 June	
	2019 RMB (Unaudited)	2018 RMB (Unaudited)
Interest income from loan to a related company (notes 16 and 24)	**1,256,342**	1,185,801
Bank interests	**1,281,079**	714,651
Property management income from:		
- A related company (note 24)	**543,583**	-
- A non-controlling shareholder of a subsidiary	**543,583**	-
Sundry income	**201,929**	439,407
	3,826,516	2,339,859

6. FINANCE COST

	Six months ended 30 June	
	2019 RMB (Unaudited)	2018 RMB (Unaudited)
Interest charges on:		
- Convertible note	**1,862,799**	1,696,919
- Bank borrowing	**22,882**	-
Finance charges on lease liabilities	**201,362**	-
	2,087,043	1,696,919

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2019	2018
	RMB	RMB
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	**1,263,388**	929,088
Auditor's remuneration	**234,000**	250,000
Exchange loss/(gain)	**135,826**	(131,728)
ECL on contract assets	**125,045**	34,902
ECL on trade receivables	**926,856**	618,744
Reversal of ECL on trade receivables	**-**	(750,000)
Operating lease charges in respect of office premises	**-**	314,216
Depreciation:		
– Property, plant and equipment	**332,454**	47,382
– Right-of-use assets	**1,273,477**	-
Staff and related costs (including directors' remuneration)	**15,636,050**	13,891,096

8. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2019	2018
	RMB	RMB
	(Unaudited)	(Unaudited)
Current tax		
- PRC Enterprise Income Tax	**3,873,647**	3,306,080
- Withholding tax	**3,438,667**	-
Deferred tax	**(152,952)**	15,480
	7,159,362	3,321,560

(a) Under the Law of the People's Republic of China on Enterprise Income Tax and Implementation Regulation of the Enterprise Income Tax Law (the "EIT Law"), other than those disclosed below, all PRC subsidiaries are subject to PRC enterprise income tax of 25%. The PRC EIT Law also allows enterprises to apply for the certificates of "High and New Technology" ("HNTE") which entitled qualified companies to enjoy a preferential income tax rate of 15%. Shanghai Retech Digital Technology Co., Ltd, a PRC subsidiary of the Group, was qualified as a HNTE enterprise in November 2017 and the HNTE certificate is valid until October 2020.

From 1 January 2019 to 31 December 2021, under relevant PRC EIT Law, for PRC enterprises that qualifies for small enterprises with limited profitability are subject to two tiered profit tax regime, where the first RMB1,000,000 taxable profits reduced to 25% for calculating taxable income and subject to preferential income tax rate of 20%. For profits above RMB1,000,000 and not exceeding RMB3,000,000, they shall be reduced to 50% for calculating taxable income and subject to preferential income tax rate of 20%.

8. INCOME TAX EXPENSE (CONTINUED)

(b) PRC EIT law also require all retained profits of the PRC subsidiaries arising since 1 January 2018 and distributed and remitted as dividend to the overseas parents are subject to 5% or 10% withholding tax on the amount remitted. Withholding taxes have been provided for the profits that have been declared from a PRC subsidiary of the Group during the period. For the remaining retained profits, it is the intention of the management that the Group would reinvest these profits in the respective subsidiaries and therefore withholding tax would not be applicable for those profits.

(c) For companies incorporated in Hong Kong, under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. Hong Kong profits tax has not been provided for the six months ended 30 June 2019 and 2018 as the Group has no assessable profits for the period.

9. DIVIDENDS

In the Company's Annual General Meeting on 13 June 2019, the shareholders approved a general mandate for the directors to declare dividend. The directors had proposed a special dividend of Australian dollars ("A$") 0.005 per share. The proposed amount of A$1,164,076 (i.e. RMB5,569,618) have been reflected as an appropriation of retained profits for the six months ended 30 June 2019. The proposed dividends were subsequently approved by the Board of Directors on 26 August 2019. Additional information on the dividend (including timing of payment of the dividend) will be subject to disclosure as required by the ASX Listing Rules.

10. EARNINGS PER SHARE

	Six months ended 30 June	
	2019 (Unaudited) RMB	2018 (Unaudited) RMB
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**16,335,942**	17,390,147
Effect of dilutive potential ordinary shares:		
- Interests on convertible note	**-**	1,696,919
- Fair value gain on derivative financial instruments	**-**	(1,385,785)
Earnings for the purpose of diluted earnings per share	**16,335,942**	17,701,281
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**230,750,944**	230,750,944
Effect of dilutive potential ordinary shares:		
- Convertible note	**-**	17,362,642
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**230,750,944**	248,113,586

The calculation of diluted earnings per share for the six months ended 30 June 2019 does not assume the exercise of the Company's outstanding convertible note which had anti-dilutive effects and would result in an increase in earnings per share. Therefore the diluted earnings per share is same as the basic earnings per share.

11. PROPERTY, PLANT AND EQUIPMENT

	Computer and office equipment RMB	Leasehold improvements RMB	Right-of-use assets RMB	Total RMB
Cost				
At 1 January 2018	299,253	-	-	299,253
Additions	224,033	335,105	-	559,138
At 31 December 2018 and 1 January 2019	523,286	335,105	-	858,391
Recognition of right-of-use assets upon initial application of HKFRS 16	-	-	6,528,100	6,528,100
Additions	701,323	825,227	2,085,598	3,612,148
Acquisition of a subsidiary	19,115	-	-	19,115
Exchange difference	5,741	13,426	5,784	24,951
At 30 June 2019	**1,249,465**	**1,173,758**	**8,619,482**	**11,042,705**
Accumulated depreciation				
At 1 January 2018	57,155	-	-	57,155
Charge for the year	105,705	-	-	105,705
At 31 December 2018 and 1 January 2019	162,860	-	-	162,860
Charge for the period	171,664	160,790	1,273,477	1,605,931
Exchange difference	866	2,549	15,235	18,650
At 30 June 2019	**335,390**	**163,339**	**1,288,712**	**1,787,441**
Net carrying amount				
At 30 June 2019	**914,075**	**1,010,419**	**7,330,770**	**9,255,264**
At 31 December 2018	360,426	335,105	-	695,531

As at 30 June 2019, the carrying amounts of the Group's right-of-use assets in relation to office premises are RMB7,330,770. The Group leases office premises run for initial period three to five years with renewal option and renegotiate terms at the expiry dates or dates as mutually agreed between the Group and respective landlords.

12. GOODWILL

During the six months ended 30 June 2019, the Group acquired 51% equity interests in Aushen in which RMB2,640,293 of goodwill was recognised. A full detail of the transaction is further disclosed in note 28.

13. OTHER INTANGIBLE ASSETS

	Trademarks (note) RMB	Content distribution rights RMB	Capitalised software development RMB	Total RMB
1 January 2018				
Cost	-	3,584,906	-	3,584,906
Accumulated amortisations	-	(597,485)	-	(597,485)
Net carrying amount	**-**	**2,987,421**	**-**	**2,987,421**
Year ended 31 December 2018				
Opening net carrying amount	-	2,987,421	-	2,987,421
Additions	-	-	1,468,644	1,468,644
Amortisations	-	(1,792,452)	(367,161)	(2,159,613)
Closing net carrying amount	**-**	**1,194,969**	**1,101,483**	**2,296,452**
31 December 2018 and 1 January 2019				
Cost	-	3,584,906	1,468,644	5,053,550
Accumulated amortisations	-	(2,389,937)	(367,161)	(2,757,098)
Net carrying amount	**-**	**1,194,969**	**1,101,483**	**2,296,452**
Period ended 30 June 2019 (unaudited)				
Opening net carrying amount	-	1,194,969	1,101,483	2,296,452
Acquisition of a subsidiary (note 28)	2,137,709	-	-	2,137,709
Amortisations	-	(896,227)	(367,161)	(1,263,388)
Closing net carrying amount	**2,137,709**	**298,742**	**734,322**	**3,170,773**
As at 30 June 2019 (unaudited)				
Cost	2,137,709	3,584,906	1,468,644	7,191,259
Accumulated amortisations	-	(3,286,164)	(734,322)	(4,020,486)
Net carrying amount	**2,137,709**	**298,742**	**734,322**	**3,170,773**

Note: As disclosed in note 28, the Group 51% equity interests in Aushen which included the trademarks and have an indefinite useful life. There is no foreseeable limit to the period over which the trademark is expected to generate net cash inflows for the Group.

14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Trade receivables, gross	**29,778,748**	28,035,771
Less: ECL allowance	**(2,187,540)**	(1,260,684)
Trade receivables, net	**27,591,208**	26,775,087
Interest receivable	**1,635,047**	1,015,534
Other receivables and deposits paid	**1,916,346**	1,553,618
Financial assets at amortised cost	**31,142,601**	29,344,239
Prepayments	**1,019,222**	1,412,338
	32,161,823	30,756,577

The directors of the Group consider that the fair values of trade and other receivables which are expected to be recovered within one year 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.

Included in the Group's trade receivables, net of ECL allowance with the following aging analysis based on the invoice date as of the end of the reporting period:

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
0 - 90 days	**12,217,206**	16,281,288
91 - 180 days	**1,791,000**	3,016,675
181 - 365 days	**10,143,000**	4,739,000
Over 365 days	**3,440,002**	2,738,124
	27,591,208	26,775,087

The Group generally allows a credit period 15 to 60 days (2018: 15 to 60 days) to its customers.

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

The movement in the ECL allowance of trade receivables is as follows:

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Balance at the beginning of the period/year	**1,260,684**	750,000
Adoption of HKFRS 9	**-**	323,297
Adjusted balance	**1,260,684**	1,073,297
ECL allowance recognised during the period/year	**926,856**	187,387
Balance at the end of the period/year	**2,187,540**	1,260,684

No ECL allowance has been provided for other receivables during the period (2018: nil).

15. CONTRACT ASSETS/(LIABILITIES)

15.1 Contract assets

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Contract assets arising from unbilled revenue from e-learning contracts	**44,149,437**	19,140,219
Less: ECL allowance	**(220,746)**	(95,701)
	43,928,691	19,044,518

The movement in the ECL allowance of contract assets is as follows:

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Balance at the beginning of the period/year	**95,701**	-
Adoption of HKFRS 9	**-**	79,313
Adjusted balance	**95,701**	79,313
ECL allowance recognised during period/year	**125,045**	16,388
Balance at the end of the period/year	**220,746**	95,701

At 30 June 2019, all contract assets were expected to be recovered within one year.

15. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

15.2 Contract liabilities

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Contract liabilities arising from e-learning contracts from billings in advance of performance	**4,003,624**	4,721,383

The contract liabilities represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as revenue when the Group transfers good or service to the customers. All of the Group's performance obligations for contracts with customers are for periods of one year or less. As a practical expedient as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Movements in contract liabilities are as follows:

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Decrease in contract liabilities as a result of recognising revenue during the period that was included in the contract liabilities at the beginning of the period/year	**(4,721,383)**	(10,042,901)

16. AMOUNTS DUE FROM/(TO) NON-CONTROLLING SHAREHOLDERS/NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES/RELATED COMPANIES

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

(a) Amounts due from non-controlling shareholders

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Lumina Looque Knowledge Hubs Pte Ltd ("Lumina")*	**4,959,374**	4,959,374
Less: ECL allowance	**(4,959,374)**	(4,959,374)
	-	-
Investorlink Securities Limited	**12,446**	11,411
	12,446	11,411

* Mr. Calvin Cheng ("Mr. Cheng") is a shareholder and Co-Chairman of the Company. Mr. Cheng is also a shareholder of Lumina.

(b) Amount due from a non-controlling shareholder of a subsidiary

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Hexon Consulting Limited	**-**	439,000

(c) Amounts due from related companies

	Maximum balance during the period RMB	**As at 30 June 2019 RMB (Unaudited)**	As at 31 December 2018 RMB (Audited)
Shanghai Retech Information Technology Co., Ltd ("Shanghai Retech IT") *	**40,691,062**	**1,430,109**	29,271,094
Retech Digital Media Co., Ltd *	**4,985,700**	**4,985,700**	-
Shanghai Retech Enterprise Management Group Co., Ltd ("Retech Enterprise Management") *	**1,226,058**	**1,226,058**	-
		7,641,867	29,271,094

* Mr. AI Shungang is the ultimate controlling shareholder and a Co-Chairman of the Company. He is also the ultimate controlling shareholder and a director of Shanghai Retech IT, Retech Digital Media Co., Ltd. and Retech Enterprise Management.

16. AMOUNTS DUE FROM/(TO) NON-CONTROLLING SHAREHOLDERS/NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES/RELATED COMPANIES (CONTINUED)

(d) Amounts due to non-controlling shareholders of subsidiaries

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Hexon Consulting Limited – current	**-**	436,670
	-	436,670

(e) Amounts due to related companies

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Jiangsu Yunmei Digital Technology Co., Ltd. ("Jiangsu Yunmei") *	**5,974**	5,974
Shanghai Retech IT	**-**	200
	5,974	6,174

* Mr. Ai Shungang being the ultimate controlling shareholder and Chairman of the Company is also a controlling shareholder and director at Jiangsu Yunmei.

17. LOAN TO A RELATED COMPANY

	Maximum balance during the period RMB	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Jiangsu Retech Digital Industry Park Co., Ltd. ("Jiangsu Industry Park") *	**58,617,264**	**34,009,701**	802,630

* Mr. Ai Shungang being the ultimate controlling shareholder and Co-Chairman of the Company is also a shareholder and a director of Jiangsu Industry Park.

On 1 April 2019, pursuant to an agreement entered into between Shanghai Retech IT, Jiangsu Industry Park and the Group, an amount of RMB27,500,000 due from Shanghai Retech IT have been transferred to Jiangsu Industry Park by way of additional loan advanced to Jiangsu Industry Park by the Group.

The loan to a related company above is denominated in RMB and is unsecured, interest-bearing at fixed rates of 10% (31 December 2018: 8%) per annum and wholly repayable within twelve months from the reporting date. At 30 June 2019, the carrying amount of the loan approximates its fair value.

18. CASH AND CASH EQUIVALENTS AND SHORT TERM BANK DEPOSITS

		As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Cash at bank and in hand		**98,994,784**	99,557,916
Fixed bank deposit	(a)	**59,044,160**	59,137,040
Pledged bank deposit	(b)	**53,349,000**	53,349,000
Short term bank deposits		**112,393,160**	112,486,040
		211,387,944	212,043,956

(a) Fixed bank deposit earns interest at fixed rate of 2.10% (31 December 2018: fixed rate from 1.70% to 2.10%) per annum and has an original maturity of one year.

(b) Pledged bank deposit earns interest at fixed rate of 1.95% (31 December 2018: 1.95%) per annum and has an original maturity of six months. The deposit has been pledged as financial guarantee to secure a working capital loan for a related company of the Group, Shanghai Retech Enterprise Management Group Co., Ltd.

Under the financial guarantee contract, the Group would be liable to pay the bank if the bank is unable to recover the outstanding amount owed by Retech Enterprise Management in the said bank facility above.

The amount above represents the Group's maximum exposure under the financial guarantee contract. No provision for the Group's obligation under the financial guarantee contract has been made as the directors considered that it was not probable that the repayment of the loan would be in default. Also the guarantee was released subsequently on 31 July 2019.

19. TRADE AND OTHER PAYABLES

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Trade payables	**6,610,192**	4,974,516
Other payables:		
- Accrued expenses	**1,989,424**	2,041,722
- Payable for acquisition of intangible asset	**800,000**	800,000
- Payroll payable	**1,618,606**	4,455,917
- Payable for Retech Intensive Plan (Note 27)	**3,882,414**	-
- Other liabilities (note)	**8,321,261**	3,165,039
Trade and other payables as financial liabilities at amortised cost	**23,221,897**	15,437,194
Provision of other tax liabilities	**3,871,371**	3,040,349
Deferred rent	**-**	240,800
	27,093,268	18,718,343

Note: During the period, other liabilities mainly included expenses paid on behalf, cash consideration of acquisition of Aushen and amounts received in advance for capital injection.

20. LEASE LIABILITIES

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Total minimum lease payments:		
Due within one year	**2,795,571**	-
Due in the second to fifth years	**5,237,794**	-
	8,033,365	-
Less: Future finance charges on leases liabilities	**(598,350)**	-
	7,435,015	-
Present value of minimum lease payments:		
Due within one year (presented as current liabilities)	**2,480,201**	-
Due in the second to fifth years presented as (non-current liabilities)	**4,954,814**	-
	7,435,015	-

During the six months ended 30 June 2019, total cash outflows for the leases are RMB1,380,045.

21. BANK BORROWING

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Short term bank borrowing	**8,010,122**	-

As at 30 June 2019, the short term bank borrowing is interest-bearing at 5.22% per annum and wholly repayable on 9 June 2020. This bank borrowing is secured against loan performance guarantee insurance purchased by the Group.

22. CONVERTIBLE NOTE

Details of the terms of the convertible note are set out in the Group's annual report for the year ended 31 December 2018. Convertible note contains a liability component and the embedded derivatives (comprising the issuer's call option, and the holders' put option and conversion option), which are required to be accounted for separately. The movements of the convertible note for the period are set out below:

	As at 30 June 2019 RMB (Unaudited)	As at 31 December 2018 RMB (Audited)
Liability component		
Balance at the beginning of the period/year	**31,092,542**	28,591,365
Accrued effective interest charges	**1,862,799**	3,574,072
Interest paid	**(1,352,178)**	(2,630,295)
Exchange difference	**38,806**	1,557,400
Balance at the end of the period/year	**31,641,969**	31,092,542
Fair value of embedded derivative component in respect of the call option - financial assets		
Balance at the beginning of the period/year	**(11,135,977)**	(19,758,568)
Change in fair value	**(212,720)**	9,016,260
Exchange difference	**(14,812)**	(393,669)
Balance at the end of the period/year	**(11,363,509)**	(11,135,977)
Fair value of embedded derivative component in respect of the put option and conversion option – financial liabilities		
Balance at the beginning of the period/year	**13,617,235**	23,440,186
Change in fair value	**1,008,431**	(10,306,346)
Exchange difference	**29,974**	483,395
Balance at the end of the period/year	**14,655,640**	13,617,235

22. CONVERTIBLE NOTE (CONTINUED)

As at 30 June 2019, the fair value of the liability component is approximately RMB34,600,000 (31 December 2018: RMB33,460,000). The fair values of the liability component and embedded derivative components are based on a valuation performed by an independent professional valuer using Monte Carlo simulation model method and discounted cash flow method and are classified within Level 3 of the fair value hierarchy. Details of the fair value measurements of the embedded derivative components are set out in note 29.

23. SHARE CAPITAL

	Number of shares	RMB
Issued and fully paid ordinary shares		
As at 1 January 2018, 31 December 2018 (audited), 1 January 2019 and 30 June 2019 (unaudited)	**230,750,944**	**141,905,974**

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.

On 1 July 2019, the Company issued 2,064,180 shares to certain employees for fair value of approximately RMB3,882,414 as part the Group's share based employee compensation scheme (i.e. Retech Incentive Plan). Details of the plan have been set out in note 27.

24. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the unaudited Interim 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	
Name of related parties	**Nature of transactions**	**2019 RMB (Unaudited)**	2018 RMB (Unaudited)
Related companies			
Shanghai Retech IT (note (a))	Services income recharged	**9,967,652**	5,392,685
	Administrative expenses recharged	**152,045**	214,265
	Cost of services recharged	**4,338,927**	3,870,646
Jiangsu Industry Park (note (b))	Interest income received	**1,256,342**	1,185,801
	Purchase of fixed assets	**320,273**	-
Retech Digital Media Co.,Ltd (note (c))	Rendering of e-learning services	**4,433,500**	-
	Property management income	**543,583**	-
Retech Enterprise Management (note (d))	Service income received	**-**	986,609

24. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

(a) Pursuant to service agreement signed between a subsidiary of the Group, Shanghai Retech Digital Technology Co., Ltd. ("Shanghai Retech Digital") and a related company, Shanghai Retech IT ("the Service Agreement"), Shanghai Retech IT has appointed Shanghai Retech Digital as its exclusive service provider for technical, consulting and other services from 1 August 2016 to 30 June 2017 ("Service Period") and from 1 July 2017 to 30 August 2026 ("Subsequent Service Period"). Under the terms of the Service Agreement, the services provided by Shanghai Retech Digital will be charged at a fee equal to 100% of the revenue received by Shanghai Retech IT during the Service Period and at a fee equal to 95% of the revenue received by Shanghai Retech IT during the Subsequent Service Period. Costs and operating expenses will be recharged on a reimbursement basis.

On 1 January 2019, both parties have agreed to revise the fee to 100% of the revenue received by Shanghai Retech IT beginning 1 January 2019 to 30 August 2026. The Group's relationship with Shanghai Retech IT is described in note 16(c) to the Interim Financial Statements.

(b) The transaction was enacted with Jiangsu Industry Park of which relationship with the Group is described in note 17 to the Interim Financial Statements.

(c) The transaction was enacted with Retech Digital Media Co., Ltd. of which relationship with the Group is described in note 16(c) to the Interim Financial Statements.

(d) The transaction was enacted with Retech Enterprise Management of which relationship with the Group is described in note 16(c) to the Interim Financial Statements.

Compensation of key management personnel

The key management personnel of the Group consists only certain directors of the Company and directors of its subsidiaries. Compensation to these directors is as follows:

	Six months ended 30 June	
	2019	2018
	RMB	RMB
	(Unaudited)	(Unaudited)
Fees	**575,827**	635,404

25. LEASE COMMITMENTS

As lessee

At the reporting date, the lease commitments for short-term leases (2018: total future minimum lease payments payable by the Group under non-cancellable operating leases) are as follows:

	As at 30 June 2019 Office premises RMB	As at 31 December 2018 Office premises RMB
Not later than one year	-	2,236,018
Later than one year but not later than 5 years	-	4,875,018
	-	7,111,036

At 31 December 2018, the Group leases office premises under operating lease. The lease run for an initial period three to five years with renewal option and renegotiate terms at the expiry dates or dates as mutually agreed between the Group and respective landlords. None of the leases include contingent rentals.

26. NOTE TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

The table below set out the reconciliation of liabilities arising from financing activities for the six months ended 30 June 2019 and 2018.

	Bank borrowing RMB	**Convertible note RMB**	**Lease liabilities RMB**	**Amount due to a non-controlling shareholder of a subsidiary RMB**	**Amount due to related companies RMB**	**Total RMB**
At 1 January 2019	-	31,092,542	-	436,670	6,174	31,535,386
Adoption of HKFRS 16	-	-	6,528,100	-	-	6,528,100
Cash flows	7,987,240	(1,352,178)	(1,380,045)*	(436,670)	(200)	4,818,147
Non-cash changes						
Addition	-	-	2,085,598	-	-	2,085,598
Interest expense	22,882	1,862,799	201,362	-	-	2,087,043
Exchange adjustments	-	38,806	-	-	-	38,806
At 30 June 2019	**8,010,122**	**31,641,969**	**7,435,015**	**-**	**5,974**	**47,093,080**

* The total amount of RMB1,380,045 included lease principal of RMB1,178,683 and interest paid of RMB201,362, which included in other financing activities.

	Convertible note RMB	**Amount due to a non-controlling shareholder of a subsidiary RMB**	**Amount due to related companies RMB**	**Total RMB**
At 1 January 2018	28,591,365	393,865	4,646,327	33,631,557
Cash flows	(1,252,282)	(393,865)	8,426,857	6,780,710
Non-cash changes				
Interest expense	1,696,919	-	-	1,696,919
Exchange adjustments	355,117	-	-	355,117
At 30 June 2018	**29,391,119**	**-**	**13,073,184**	**42,464,303**

26. NOTE TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Significant non-cash transaction

The Group entered into the following non-cash investing and financing activities which are not reflected in the Interim Financial Statements of cash flows:

(a) As disclosed in notes 5 and 17, the Group earned interest income from a related company of RMB1,256,342 which yet to be received as at 30 June 2019;

(b) As disclosed in notes 17, the Group transferred an amount due from Shanghai Retech IT of RMB27,500,000 to a related company, Jiangsu Industry Park by way of additional loan were advanced to Jiangsu Industry Park;

(c) During the six months ended 30 June 2019, the consideration transferred for the Group's acquisition of Aushen (see Note 28) included a contingent payment arrangement of approximately RMB1,541,259 as of the acquisition date. The initial recognition of this liability and the subsequent change in fair value are non-cash transactions which are excluded from the condensed consolidated statement of cash flows.

27. SHARE BASED EMPLOYEE COMPENSATION

On 20 May 2019, the Board approved a share-based payment scheme for its employee remunerations called Retech Incentive Plan (the "Plan"). The Plan has both share options and CHESS Depository Interests ("CDIs") (with or without restrictions). The Group will award share options or CDIs to certain key employees of the Group as part of the reward for their past and future service to the Group.

Each share option represents an option to purchase CDIs of the Company at while each of the CDIs representing the right to receive one share and CDI of the Company at grant date for predetermined considerations. To be eligible, the participants of the Plan are required to be employed until the end of the agreed vesting date of the shares options or CDIs. The share options or CDIs typically have vesting/restricted period of up to 24 months.

The Group recognised share-based employee compensation on the following manner:

(a) CDIs without restrictions - recognised over the period where the services are received; and

(b) Share options with vesting period or CDIs with restrictions – recognised over a straight-line basis over the vesting/restriction period with corresponding increase in employee compensation reserve.

The fair value of CDIs with no restrictions is determined based on the fair value of the Company's share on grant date. No share options with vesting period or CDI restrictions is outstanding at reporting date. All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

The movement of share options or CDIs and weighed average fair values per share are as follows:

	Number of shares	Weighted average fair value per share
Granted on inception:		
– CDIs without restrictions	2,064,180	RMB1.88

On 24 June 2019, the Company approved to issue 2,064,180 CDIs without restrictions to the employees at nil consideration. An amount of RMB3,884,212 based on the fair value of the CDIs at the date of grant have been included as payable for incentive plan in the condensed statement of financial position. In addition, an amount of RMB1,806,427 (2018: nil) of share-based employee compensation expenses has been recognised in the condensed consolidated statement of profit or loss during the six months ended 30 June 2019 while the remaining amount of RMB2,075,987 was recognised in year 2018 for the settlement of the services provided in the past.

28. ACQUISITION OF A SUBSIDIARY

On 26 June 2019, the Group completed an acquisition of 51% equity interests as business acquisition in Aushen from an independent third party, Suns Group Corporation Pty Ltd ("Suns Group").

Aushen owns private tutoring operations in Australia which offers various education courses/programs in classroom environment for students from grade 1 to grade 12. The acquisition will allow the Group to apply its e-learning solutions for online language training and enable the Group to offer high quality courses from Australia into China. The cash and contingent considerations are as follows:

		A$	RMB
Fair value of considerations transferred			
Cash consideration		408,000	1,952,974
Contingent consideration	(a)	320,924	1,541,259
		728,924	**3,494,233**

(a) The acquisition includes a contingent consideration payable by the Group to Suns Group calculated as follows:

- Based on net profit after tax ("NPAT") of Aushen for the year ended 30 June 2019 ("FY2019), if the average annual growth rate of NPAT for year ended 30 June 2020, 2021 and 2022 ("FY2020, FY2021 and FY2022") is 5% or more compared to FY2019, FY2020, FY2021, the Group is required to pay the Suns Group an amount calculated by NPAT of FY2019 times 8 times 51% and minusing A$408,000; or

- Based on NPAT for FY2019, if the average annual growth rate of the NPAT for FY2020, FY2021 and FY2022 is lower than 5% compared to FY2019, FY2020, FY2021, the Group is required to pay the Suns Group an amount calculated by NPAT of FY2019 times 8 times 51%, minusing A$408,000 and minusing the difference between the aggregate amount of the 5% growth NPAT target for FY2020, FY2021 and FY2022 and the aggregate amount of the actual NPAT for FY2020, FY2021 and FY2022.

Subsequently, both parties have agreed to replace the term NPAT for FY2019 with fixed amount of A$200,000 and therefore revised the maximum total consideration for the transaction to revised to A$816,000.

The contingent consideration is payable upon completion and issuance of the audited accounts for Aushen for FY2022. The fair value of the contingent consideration initially recognised represents the present value of Aushen's probability-weighted estimated of the future NPAT of FY2020, FY2021 and FY2022. It reflects management's estimate of 85% probability that the contingent consideration will be achieved and is discounted using an interest rate of 5%.

The Group has recognised the contingent consideration above as contingent consideration liability in the condensed consolidated statement of financial position of the Group.

28. ACQUISITION OF A SUBSIDIARY (CONTINUED)

The fair values of the identifiable assets and liabilities acquired at the date of acquisition were as follows:

	RMB
Property, plant and equipment	19,115
Intangible assets	2,137,709
Cash and bank balance	539,588
Trade and other receivables	346,408
Trade and other payables	(756,378)
Deferred tax liabilities	(587,870)
Income tax payable	(24,180)
Total identifiable net assets acquired	1,674,392

Goodwill arising on acquisition

	RMB
Fair value of considerations transferred	3,494,233
Non-controlling interest	820,452
Fair value of identifiable net assets acquired	(1,674,392)
Goodwill arising on acquisition	2,640,293

The non-controlling interest recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets. Goodwill arose in the acquisition of Aushen as the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Aushen. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Net cash inflow on the acquisition above is as follows:

	RMB
Cash and cash equivalents acquired	539,588

The cash consideration amount of RMB1,952,974 was paid to Sun Group for the acquisition of Aushen by the third party consultant and it has been recognised as other payables in the condensed consolidated statement of financial position of the Group for the six months ended 30 June 2019. The cash consideration amount was subsequently settled in July 2019.

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

Fair value hierarchy

Financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
As at 30 June 2019 (Unaudited)				
Financial assets				
Derivative financial instruments (i)	**-**	**-**	**11,363,509**	**11,363,509**
Financial liabilities				
Derivative financial instruments (i)	**-**	**-**	**(14,655,640)**	**(14,655,640)**
Contingent consideration liability (ii)	**-**	**-**	**(1,541,259)**	**(1,541,259)**
	-	**-**	**(16,196,899)**	**(16,196,899)**
Net fair value	**-**	**-**	**(4,833,390)**	**(4,833,390)**
As at 31 December 2018 (Audited)				
Financial assets				
Derivative financial instruments (i)	-	-	11,135,977	11,135,977
Financial liabilities				
Derivative financial instruments (i)	-	-	(13,617,235)	(13,617,235)
Net fair value	-	-	(2,481,258)	(2,481,258)

There were no transfers between level 1 and level 2 of the fair value hierarchy during the six months ended 30 June 2019.

(i) There were also no changes made to any of the valuation techniques applied as at 31 December 2018.

(ii) The fair value of contingent consideration liability is based on the probability-weighted estimated of Aushen's performance between FY2020 to FY2022 as set out in note 28.

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of the derivative financial instruments are based on a valuation performed by an independent professional valuer. The methods and valuation techniques used for the purpose of measuring fair values categorised in Level 3 are described below.

Information about Level 3 fair value measurements

	Valuation technique	Significant unobservable inputs	Sensitivity relationship of unobservable inputs to fair value
Financial assets			
Issuer's Call Option	Monte Carlo simulation model method and discounted cash flow method	Discount rate: 8.19% (2018: 9.59%)	The higher the discount rate, the lower the fair value, and vice versa.
		Volatility: 85% (2018: 80%)	The higher of the volatility, the higher of the fair value, and vice versa.
Financial liabilities			
Holder's Conversion and Put Option	Monte Carlo simulation model method and discounted cash flow method	Discount rate: 8.19% (2018: 9.59%)	The higher the discount rate, the lower the fair value, and vice versa.
		Volatility: 85% (2018: 80%)	The higher of the volatility, the higher of the fair value, and vice versa.
Contingent consideration liability	Possibility-weighted estimated method and discounted cash flow method	Discount rate: 5% (2018: nil)	The higher the discount rate, the lower the fair value, and vice versa.

The reconciliation of the carrying amounts of the Group's derivative financial instruments classified within Level 3 of the fair value hierarchy is as follows:

	Issuer's Call Option RMB	Holder's Conversion and Put Options RMB	Contingent consideration liabilities RMB	Total RMB
At 1 January 2018 (audited)	**19,758,568**	**(23,440,186)**	**-**	**(3,681,618)**
Fair value (loss) /gain recognised in profit or loss	(9,016,260)	10,306,346	-	1,290,086
Exchange gain/(loss) recognised in profit or loss	393,669	(483,395)	-	(89,726)
At 31 December 2018 (audited) and 1 January 2019	**11,135,977**	**(13,617,235)**	**-**	**(2,481,258)**
Contingent consideration liability	-	-	(1,541,259)	(1,541,259)
Fair value gain/(loss) recognised in profit or loss	212,720	(1,008,431)	-	(795,711)
Exchange gain/(loss) recognised in profit or loss	14,812	(29,974)	-	(15,162)
At 30 June 2019 (unaudited)	**11,363,509**	**(14,655,640)**	**(1,541,259)**	**(4,833,390)**

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Other than those disclosed in note 22, the Group considers the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated statement of financial position approximate to their fair values.

Directors' Declaration

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 condensed consolidated interim financial statements (Interim Financial Statements") and the notes thereto are in compliance with the Corporations Act 2001 and are in accordance with the Hong Kong Financial Reporting Standards as stated in note 1 in the Interim Financial Statements, and give a true and fair view of the condensed consolidated financial position of the Group as at 30 June 2019, and of its condensed consolidated performance for the period ended on that date; and

(b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the directors,

Mr Ai Shungang	Mr Calvin Cheng
Co-Chairman	Co-Chairman
30 August 2019	30 August 2019

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Auditor's Independence Declaration

To the Board of Members of Retech Technology Co., Limited

As the auditor of Retech Technology Co., Limited and in relation to the review for the six months ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants.

Grant Thornton Hong Kong Limited

Steve Ng
Partner

30 August 2019

Hong Kong

Grant Thornton
致同

Independent review report

To the members of Retech Technology Co., Limited
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial statements of Retech Technology Co., Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 9 to 46, which comprise the condensed consolidated statement of financial position as at 30 June 2019, and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended, and other explanatory notes.

The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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" issued by the HKICPA. A review of these condensed consolidated interim financial statements consists of making inquiries, 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.

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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

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

30 August 2019

Ng Ka Kong
Practising Certificate No.: P06919

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