



睿泰科技

RETECH TECHNOLOGY

# Prospectus

## Initial Public Offer of CHESD Depository Interests

Retech Technology Co., Limited

ARBN 615 153 332

Hong Kong Company Registration Number 2374379

Offer of 45,000,000 CHESD Depository Interests at A\$0.50 per CHESD Depository Interest to raise a maximum of A\$22,500,000.



### Important notice

This replacement Prospectus including each of the documents which are incorporated by reference are important documents which should be read in its entirety before making any investment decision. You should obtain independent advice if you have any questions about any of the matters contained in this Prospectus.



# Contents

---

Important notice .....	2
Letter from the Chairman.....	7
Important dates & key offer statistics .....	8
1 Investment overview.....	9
2 Details of the Offer .....	22
3 Our business .....	29
4 Material contracts.....	55
5 Industry overview .....	69
6 Regulatory overview .....	74
7 Financial information .....	80
8 Board, management and governance .....	107
9 Risk factors .....	132
10 Independent Limited Assurance Report .....	147
11 Additional information .....	159
12 Glossary .....	201
Application Form.....	208
Corporate directory.....	211

## Important notice

---

### Offer

The Offer contained in this Prospectus is an invitation to acquire CDIs in Retech Technology Co., Limited ARBN 615 153 332 (**Retech**). This Prospectus is issued by Retech for the purpose of Chapter 6D of the Corporations Act.

### Lodgement and listing

This is a replacement Prospectus dated 27 January 2017. It replaces the Original Prospectus dated 23 December 2016. A copy of this Prospectus was lodged with ASIC on 27 January 2017.

Retech will apply to the ASX for admission of Retech to the official list of the ASX and for quotation of the CDIs on the ASX within seven days after the date of this Prospectus.

Neither ASIC nor the ASX or their officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

### Expiry date

No CDIs will be allotted or issued on the basis of this Prospectus later than 13 months after the date of the Original Prospectus.

### Not investment advice

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice.

This Prospectus is important and should, along with each of the documents incorporated by reference, be read in its entirety prior to deciding whether to invest in Retech's CDIs. There are risks associated with an investment in the CDIs and the CDIs offered under this Prospectus must be regarded as a speculative investment.

Some of the risks that should be considered are set out in Risk factors of this Prospectus (refer to Section 9 (Risk factors)). You should carefully consider these risks in light of your personal circumstances (including financial and tax issues).

There may also be risks in addition to these that should be considered in light of your personal circumstances. If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser before deciding whether to invest in the CDIs.

No person named in this Prospectus nor any other person warrants or guarantees Retech's performance, the repayment of capital by Retech or any return on investment made pursuant to this Prospectus.

### No offer where Offer would be illegal

#### *General*

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the CDIs or the Offer, or to otherwise permit a public offering of CDIs, in any jurisdiction outside Australia.

The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and therefore any person who resides outside Australia and who receives this Prospectus should seek advice on and observe any such restrictions. Any person who has a registered address in any other country who receives this Prospectus may only apply for CDIs where that person is able to reasonably demonstrate to the satisfaction of Retech that they may participate in the Offer relying on a relevant exception from, or are not otherwise subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have a registered address.

Retech will not offer to sell, nor solicit an offer to purchase, any securities in any jurisdiction where such offer, sale or solicitation may not lawfully be made. Any failure to comply with these restrictions may constitute violation of applicable securities laws.

## Notice to United States residents

The securities being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable State securities laws. This Prospectus does not constitute an offer or invitation to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. Any hedging transactions involving these securities may not be conducted unless in compliance with the US Securities Act and applicable State securities laws.

## Notice to Hong Kong residents

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

## Financial information and amounts

Section 7 (Financial Information) sets out in detail the Financial Information referred to in the Prospectus. The basis of preparation of the Financial Information is set out in Section 7 (Financial Information). All references to FY2013, FY2014, FY2015, FY2016 and FY2017 appearing in this Prospectus are to the financial years ended or ending 31 December.

Historical Financial Information has been prepared in accordance with the recognition and measurement principles in Hong Kong Financial Reporting Standards (which are consistent with International Financial Reporting Standards). This Prospectus also includes Forecast Financial Information based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation for the Historical Financial Information. The Financial Information is expressed in Chinese Renminbi (**RMB**), which is the functional currency of Retech. Funds to be raised under the Offer and most of the Offer costs are expected to be denominated in Australian dollars ("A\$"). Key financial data in Section 7 (Financial Information) have been converted at the rates shown below:

*Table 1.1 Foreign exchanges rates utilised for convenience translation*

RMB:A\$	Period average		Period end spot
<b>FY2013</b>	0.1680		0.1847
<b>FY2014</b>	0.1797		0.1966
<b>FY2015</b>	0.2115		0.2108
<b>1HY2016</b>	0.2085		0.2027
<b>2HY2016</b>	0.1965		0.1958
<b>1HY2017</b>	0.1958		0.1958
RMB:HK\$	Period average		Period end spot
<b>2HY2016</b>	0.8656		0.8892
<b>1HY2017</b>	0.8892		0.8892

Accordingly, investors should be aware that the amounts represented in the Prospectus may change as a result of fluctuations in exchange rates. Readers should be aware that certain financial data included in this Prospectus is 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information', published by ASIC. Retech believes this non-IFRS financial information provides useful information to users in measuring the financial performance and conditions of Retech. The non-IFRS financial measures do not have standardised meanings prescribed by International Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with International Accounting Standards. Readers are cautioned, therefore, not to place undue reliance on any non-IFRS financial information or ratio included in this Prospectus.

## Forward looking statements

Investors should not rely on any information which is not contained in this Prospectus in making a decision as to whether to acquire CDIs in Retech under the Offer. No person is authorised by Retech or the Lead Manager to give any information or make

any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by Retech, its Directors or any other person in connection with the Offer. Retech's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

This Prospectus contains forward-looking statements concerning Retech's business, operations, financial performance and condition as well as Retech's plans, objectives and expectations for its business, operations and financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates and projections about Retech's business and the industry in which Retech operates and management's beliefs and assumptions at the date of this Prospectus.

These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond Retech's control. As a result, any or all of Retech's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences include, but are not limited to, the risks described in Section 9 (Risk factors).

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. These forward-looking statements speak only as at the date of this Prospectus. Unless required by law, Retech does not intend to publicly update or revise any forward looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks Retech describes in the reports to be filed from time to time with the ASX after the date of this Prospectus.

This Prospectus contains market data and industry forecasts that were obtained from industry publications, third-party market research and publicly available information. These publications generally state that the information contained in them has been obtained from sources believed to be reliable, but Retech has not independently verified the accuracy and completeness of such information.

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

## Exposure Period

In accordance with Chapter 6D of the Corporations Act, the Original Prospectus dated 23 December 2016 was subject to an Exposure Period of 7 days from the date of lodgement of the Original Prospectus with ASIC. The purpose of the Exposure Period was to enable the Original Prospectus to be examined by ASIC and market participants prior to the raising of funds under the Offer. This 7 day Exposure Period was extended by a further 7 days to 6 January 2017. Following completion of the end of the Exposure Period, ASIC issued an interim stop-order. The interim stop-order was revoked following the lodgement of this replacement Prospectus which addressed ASIC's concerns.

ASIC Corporations (Exposure Period) Instrument 2016/74 means that there is no additional exposure period under the Corporations Act for this replacement Prospectus.

## Key differences between the Original Prospectus and this replacement Prospectus

The key differences between the Original Prospectus and this replacement Prospectus are as follows:

- Additional historical financial information from the audited and reviewed accounts of SHR, GRP and JSR and unaudited accounts of YCR and ZJR has been incorporated into Section 7 including a reconciliation to the pro-forma net profit after tax of the Company in Section 7.16;
- Historical Pro Forma Consolidated Cashflow Statement for FY2013, FY2014, FY2015 and 1HY2016 has been incorporated into Section 7;
- In Section 7.7, other income of RMB 5 million related to revenue from a government grant was revised from 2HY2016 to 1HY2017 given delays in the IPO;
- Additional information around the use of funds raised under the Offer has been incorporated into Section 2.2;
- Additional information around the amounts invoiced and outstanding under the Client Contracts, Assigned Contracts and SHR Contracts has been incorporated in Sections 3.5 and 3.6;

- The Albright Legal Opinion opining on the Acquired Intellectual Property, Trademark Transfer Agreement and Trademark Licence Agreement and the IP Licence Agreements has been incorporated by reference into this replacement Prospectus and is detailed in Section 3.7;
- The corporate structure of the GRP Group (from whom the Assigned Client Contracts, Acquired Intellectual Property and Fixed Assets were acquired) has been incorporated into Section 3.9; and
- Information around the issue of shares in Retech to Lumina Looque Knowledge Hubs Pte. Ltd (an Existing Holder) in consideration for payment of the costs of the Offer (with the exception of the capital raising costs) has been included in Section 4.

## Obtaining a copy of this Prospectus

A paper copy of the Prospectus will be available for Australian residents free of charge by contacting:

Computershare Investor Services Pty Limited (**Share Registry**)

Tel: (03) 9415 5000 (from within Australia) or +61 03 9415 5000 (from outside Australia) (between 8:30 am to 5:00 pm, AEST)

Or

RM Corporate Finance Pty Ltd AFSL 315235 (**Lead Manager**)

Tel: 08 6380 9200 (from within Australia) or +61 8 6380 9200 (from outside Australia).

This Prospectus will also be made available in electronic form on the website [www.retech-rte.com](http://www.retech-rte.com). The other information on [www.retech-rte.com](http://www.retech-rte.com) does not form part of the Prospectus. The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If unsure about the completeness of the Prospectus received electronically, or a print out of it, you should contact Retech. Applications for CDIs under this Prospectus may only be made on a printed copy of the Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus, or the complete and unaltered electronic version of the Prospectus. If this Prospectus is found to be deficient, any Applications may need to be dealt with in accordance with section 724 of the Corporations Act.

## Privacy

By completing an Application Form, you are providing personal information to Retech through the Share Registry which will manage Applications on behalf of Retech. Retech and the Share Registry on behalf of Retech, may collect, hold, use and disclose that personal information to process your Application, service your needs as a CDI holder, provide facilities and services that you request and carry out appropriate administration of your investment.

Retech will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide the information requested in the Application Form, Retech and Share Registry may not be able to process your Application.

Once you become a CDI holder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the CDIs you hold) to be included on the CDI register. In accordance with the requirements of the Corporations Act, information on the CDI register will be accessible by members of the public. The information must continue to be included on the CDI register if you cease to be a CDI holder.

Retech and the Share Registry may also share your personal information with agents and service providers of Retech or others who provide services on Retech's behalf, some of which may be located outside Australia where personal information may not receive the same level of protection as that afforded under Australian law.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the CDI register for ongoing administration of the register of members;
- printers and other companies for the purposes of preparation and distribution of statements and for handling mail;
- market research companies for the purposes of analysing the CDI holder and Shareholder base and for product development and planning; and
- legal and accounting firms, independent auditors, contractors, consultants and other advisers for the purposes of administering, and advising on, the CDIs, Shares and associated actions.

Information contained in the CDI register will also be used to facilitate dividend payments, corporate communications (including Retech's financial results, annual reports and other information that Retech may wish to communicate to its CDI holders) and compliance by Retech with legal and regulatory requirements. An Applicant has a right to gain access to their personal information that Retech and the Share Registry may hold about that person, subject to certain exemptions under law.

A fee may be charged for access. Access requests must be made in writing or by a telephone call to Retech's registered office or the Share Registry's office, details of which are disclosed in the corporate directory on the final page of this Prospectus.

For more details on how Retech collects, stores, uses and discloses your information, please read Retech's Privacy Policy located at [www.retech-rte.com](http://www.retech-rte.com). Alternatively, you can contact Retech by telephone on +86 21 55666166-1610 or by email at [service\\_hk@retechcorp.com](mailto:service_hk@retechcorp.com) and Retech will send you a copy of its Privacy Policy free of charge. Retech's Privacy Policy also contains information about how you can access and seek correction of your personal information, complain about a breach by Retech of the Australian privacy laws, and how Retech will deal with your complaint.

It is recommended that you obtain a copy of this Privacy Policy and read it carefully before making an investment decision.

By completing an Application Form or authorising a broker to do so on your behalf, or by providing Retech with your personal information, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and Retech's Privacy Policy (located at [www.retech-rte.com](http://www.retech-rte.com)).

Retech aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact Retech or the Share Registry if any of the details you have provided change.

## Website

Any documents included on the website [www.retech-rte.com](http://www.retech-rte.com) (and any reference to them) are provided for convenience only and none of the documents or other information on the website are incorporated by reference into this Prospectus, with the exception of the Corporate Governance Plan, the Allbright Legal Opinion and the SHR, GRP and JSR Financial Reports.

## Definitions, abbreviations and time

Defined terms and abbreviations used in this Prospectus are explained in Section 12 (Glossary).

All references to time in this Prospectus refer to Australian Eastern Standard Time unless stated otherwise.

## Photographs, diagrams and trademarks

Photographs used in this Prospectus should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by Retech. Diagrams used in the Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at the date of this Prospectus. This Prospectus includes Retech's registered and unregistered trademarks. All other trademarks, trade names and service marks appearing in this Prospectus are the property of other organisations.



## Letter from the Chairman

---

Dear Investor,

On behalf of the Board of Directors, it is with great pleasure that we invite you to become a CDI holder of Retech Technology Co., Limited (**Retech**). The Prospectus has been issued for the purpose of an ASX listing, offering 35,000,000 CDIs at A\$0.50 each to raise a minimum of A\$17,500,000 and a further 10,000,000 CDIs at A\$0.50 each to raise a total maximum of A\$22,500,000.

Retech is based in Shanghai, and presently provides technology solutions to companies in China that enables them to deliver corporate training online. Retech's clients include state owned enterprises such as Ping An Insurance and Bank of China, together with multi national companies such as Mercedes Benz, McDonalds and Sephora.

Retech has 3 primary business channels:

- E-Learning Solutions – Retech designs and builds E-learning Platforms and E-Courseware that enables Clients to deliver their existing training content online. This forms the bulk of Retech's current business.
- E-Training Partnership - Retech works with training and learning content owners to create E-Learning platforms and digital content, which is then distributed to clients. Examples of potential training partners include Queensland TAFE (which has entered into a Memorandum of Understanding with Retech Digital).
- E-Course Direct – Retech originates its own e-learning content, and licenses IP from content owners, which is then distributed to Clients through the cloud. Examples of potential content owners includes Queensland TAFE. This is the business unit that Retech considers its primary growth engine.

Retech already has a significant presence in China. The proceeds from the IPO will primarily fund research and development and will provide Retech the capacity to take on larger and more profitable projects. We also intend to set up an international operations office in Hong Kong, Retech's place of incorporation.

This Prospectus contains detailed information about the Offer, the industry in which Retech operates and its historical and forecast financial and operating performance. Retech is subject to a range of risks, including risks associated with loss of major customers, competition, Chinese regulatory environment and reliance on key personnel. The risks of investing in Retech are detailed in Section 9 (Risk factors). I encourage you to read this document carefully and in its entirety before making your investment decision.

We consider the quality of Retech's business, in conjunction with industry growth drivers and the skills and expertise of our senior management team, provide a strong platform for future growth. On behalf of the Board, I invite you to subscribe for CDIs in Retech and look forward to welcoming you as a CDI holder.

Yours faithfully



Mr Ai Shungang  
Co-Chairman  
Retech Technology Co., Limited



Mr Calvin Cheng  
Co-Chairman  
Retech Technology Co., Limited

## Important dates & key offer statistics

### Important dates

Event	Date
Prospectus lodged with ASIC	27 January 2017
Opening Date	27 January 2017
Closing Date	27 February 2017
Allotment and issue of CDIs under the Offer	3 March 2017
Expected date for despatch of holding statements	6 March 2017
CDIs commence trading on ASX	9 March 2017

### Dates may change

These dates are indicative only and may change. Retech in consultation with the Lead Manager and the Corporate Advisor, reserve the right to amend any and all of the above dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, to accept late Applications (either generally or in particular cases) or to cancel the Offer before CDIs are issued by Retech). If the Offer is cancelled before the issue of CDIs, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

### Key Offer statistics

	Minimum Subscription	Maximum Subscription
Offer Price	A\$0.50	A\$0.50
Total number of CDIs to be issued	35,000,000	45,000,000
Number of CDIs held by Existing Holders	180,000,000	180,000,000
Total number of CDIs on issue at Completion of the Offer	215,000,000	225,000,000
Total cash proceeds to Retech from the Offer	A\$17,500,000	A\$22,500,000

### How to invest

Applications can only be made by completing and lodging an Application Form. Instructions on how to apply for Shares are set out in Section 2.6 and on the back of the Application Forms.

### Questions

If you have any questions in relation to the Offer, please contact the Offer Information Line on 1300 783 681 (toll free within Australia) or +61 3 9415 4202 (outside Australia) between 8.30am and 5.00pm AEST, Monday to Friday. If you are unclear in relation to any matter, or are uncertain as to whether Retech is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

# 1 Investment overview

## 1.1. General

This Prospectus provides investors with the opportunity to participate in the initial public offering of CDIs in Retech, a company incorporated in Hong Kong.

The information set out in Section 1.2 is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for CDIs, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisors.

## 1.2. Overview of Retech

Topic	Summary	Additional information
<b>Retech and the business</b>		
<b>What is Retech's business?</b>	<p>Retech provides technology solutions to, and builds e-learning platforms and E-Courseware for large companies and training providers, enabling them to deliver their offline training content online. This is done primarily through three business channels:</p> <ul style="list-style-type: none"> <li>• E-Learning Solutions - Helping large companies, organisations and institutions design and build e-learning platforms and E-Courseware that enables Retech to deliver their existing training content online.</li> <li>• E-Training Partnership –working with training and learning content providers to create E-Learning Platforms and digital content that is then sold on to clients. The content owners provide the content, and Retech provides the technology.</li> <li>• E-Course Direct – originating original online training content and licensing IP from content owners that is then sold on to corporates and organisations.</li> </ul>	Refer to Section 3.1 and Section 3.2
<b>What industry does Retech operate in?</b>	Retech operates in the Chinese corporate and organisational online learning and training industry.	Refer to Section 5
<b>What is Retech's corporate structure?</b>	<p>Retech is incorporated in Hong Kong and is the holding company of the following key entities:</p> <ul style="list-style-type: none"> <li>• Shanghai Retech Digital Technology Co., Ltd (<b>Retech Digital</b>), registered in China and the main operating entity of the Retech Group; and</li> <li>• Shanghai Ruijian Information Technology Co., Ltd (<b>Ruijian Information Technology</b>), registered in China and the entity which holds the intellectual property of the Retech Group.</li> </ul>	Refer to Section 3.8

Topic	Summary	Additional information
<b>What is Retech's business model?</b>	<p>Retech's traditional E-Learning Solutions business provides large companies and organisations with technological solutions which helps them deliver their existing training programmes online. This is done through a cooperative working relationship between Retech and the Client, designing the best method for delivering existing training content online, and then building the platform and system.</p> <p>This is done through both customised and "off the shelf" E-Learning software, courseware and hosting and support services.</p> <p>Retech from its E-Learning Solutions business channel derives: Software Licensing Fees, Development Fees, Consulting / Design Fees, Hosting Service Fees and Maintenance Fees.</p> <p>Retech is expanding its business model via the E-Training Partnership Business and the E-Course Direct Business.</p> <p>E-Training Partnership is Retech's new venture which enters into partnership arrangements with strategic offline industry training providers and content producers to provide online e-Training software platforms and courseware for sale to end users. The content providers provide the content, whilst Retech the technology to deliver it online. Whilst Retech derives revenue from substantially the same sources as in its traditional E-Learning Solutions Business, Retech will also be sharing sales revenue with its training and content producing partners.</p> <p>E-Course Direct is Retech's planned cloud centre designed to sell "off the shelf" E-Courseware directly to the clients and partner with Retech's existing customers to distribute E-Courseware on their platforms.</p>	Refer to Section 3.1 and Section 3.2
<b>Who are Retech's Clients?</b>	Retech's Clients range from small to medium sized enterprises to large multinational companies and State Owned Enterprises. Examples include Mercedes Benz, Sephora, MacDonald's, Ping An Insurance, Bank of China, and Shanghai Nuclear Engineering Research & Design Institute.	Refer to Section 3.5
<b>What is Retech's growth strategy?</b>	<p>Retech's growth strategy is to leverage its:</p> <ul style="list-style-type: none"> <li>• Catalogue of e-Courseware which it has already developed;</li> <li>• Courseware design capabilities and experience;</li> <li>• Strategic relationships with key offline industry training partners and content producers,</li> </ul> <p>to transition its existing E-Learning Solutions business to derive a greater proportion of its income by way of subscription based licencing, to share revenue with its distribution partners in its E-Training Partnership business, and make direct sales of its courseware through its cloud based "E-Course Direct initiative. The steady and good growth of Retech's traditional business of providing E-Learning Solutions to clients allows it to make this transition successfully.</p>	Refer to Section 3.14
<b>In which geographical markets does Retech primarily generate revenue?</b>	Retech currently operates and provides services to Clients in the People's Republic of China in the online corporate training market.	Refer to Section 3.1

Topic	Summary	Additional information
<b>How does Retech generate revenue?</b>	<p>Retech generates its revenue by earning Software Licensing Fees, Development Fees, Consulting / Design Fees, Hosting Service Fees and Maintenance Fees.</p> <p>Future revenue streams include deriving income from selling its E-Courseware via its E-Course Direct Cloud Centre and in sharing revenue with its E-Training Partnership industry training partners and content producers.</p>	Refer to Section 3.2
<b>What does Retech own in delivering its E-Learning Solutions?</b>	Ruijian Information Technology owns a number of patent-pending technologies, software, copyright and courseware and domain names acquired during the Restructure. These are referred to as the Acquired Intellectual Property and Licensed Intellectual Property.	Refer to Section 3.7
<b>What are Retech's key costs in generating its revenues?</b>	Key costs are manpower costs, including sales, marketing, consulting, and product development costs and outsourcing costs.	Refer to Section 7
<b>What is Retech's competitive advantages?</b>	<p>Retech's key competitive advantage are as follows:</p> <ul style="list-style-type: none"> <li>• Expertise accumulated over the years in developing technological solutions for corporate training;</li> <li>• As one of the leading providers of technological solutions for corporate training, Retech has obtained an impressive list of some of the best known multi national and state owned enterprises;</li> <li>• Once its technological solutions are embedded within a company's training system, Retech becomes sticky. As at the date of this Prospectus, 30 large Clients are repeat Clients; and</li> <li>• In Retech's E-Training Partnership and E- Course Direct business channels, Retech intends to partner with leading content providers (such as TAFE Queensland (Australia) detailed in the Memorandum of Understanding).</li> </ul>	Refer to Section 3.11
<b>Who are Retech's competitors?</b>	<p>Retech's competitors comprise enterprises offering E-Learning services in the online education sector both domestic and abroad.</p> <p>Retech's rivals in China include Sunon, Cobo, Ubiquitous, Yizhi, Newway, Times Bright CreSuccess, SinoView, Cyberwisdom, Newvane, Whaty, Nets China, Skillsoft and Sumtotal.</p>	Refer to Section 3.4
<b>How does Retech expect to fund its operations?</b>	Retech funds its operations through cashflow generated by operations and equity capital.	Refer to Section 3.16

Topic	Summary	Additional information
<b>What agreements are material to Retech's business?</b>	<p>Retech's material contracts consist of:</p> <ul style="list-style-type: none"> <li>• Deed of Non-Competition between Ai Shungang (Co-Chairman), Retech, Retech Digital and Ruijian Information Technology;</li> <li>• Commitment Letters from SHR and GRP;</li> <li>• Services Agreement between SHR, Retech Digital and Ruijian Information Technology;</li> <li>• Personal Guarantee between Ai Shungang (Co-Chairman), Retech, Retech Digital and Ruijian Information Technology;</li> <li>• Intellectual Property Transfer Agreements between Ruijian Information Technology and entities within the GRP Group;</li> <li>• Trademark Transfer Agreement between Ruijian Information Technology and SHR;</li> <li>• Trademark Licensing Contract between Retech Digital and SHR;</li> <li>• IP Licence Agreements (Patent Pending, Software, Courseware) between Ruijian Information Technology and Retech Digital;</li> <li>• Fixed Asset Transfer Agreement 1 between SHR and Ruijian Information Technology;</li> <li>• Fixed Asset Transfer Agreement 2 between Ruijian Information Technology and Retech Digital.</li> </ul>	Refer to Section 4
<b>What restructure occurred prior to lodgement?</b>	<p>In 2016, prior to the date of the Prospectus, a Restructure was completed for the purpose of the IPO of Retech. This Restructure resulted in the incorporation of the Retech Group and the transfer of a number of assets (being the Acquired Intellectual Property, Licensed Intellectual Property, Assigned Client Contract and Fixed Assets) from entities within the GRP Group, a group of entities controlled by Ai Shungang (Co-Chairman).</p> <p>Retech Digital (an entity within the Retech Group) and SHR (an entity within the GRP Group) also entered into a Services Agreement whereby Retech Digital agreed to provide all services required to fulfil the obligations of SHR in respect to client contracts of SHR which could not be assigned to Retech Digital (SHR Client Contracts).</p> <p>Following the Restructure, the Retech Group owns all intellectual property and plant and equipment necessary to complete its obligations under the:</p> <ul style="list-style-type: none"> <li>• Client Contracts (entered into directly with Clients); and</li> <li>• Assigned Client Contracts (assigned from the SHR (an entity of the GRP Group); and</li> <li>• The Services Agreement.</li> </ul>	Refer to Section 3.9
<b>Reasons for seeking admission to the ASX</b>		
<b>Why is Retech seeking admission to the Official List of the ASX?</b>	<p>Retech is seeking admission to the Official List of the ASX to:</p> <ul style="list-style-type: none"> <li>• Broaden the shareholder base and provide a liquid market for CDIs in Retech;</li> <li>• Provide Retech ongoing access to capital through a respected securities exchange in a similar time zone to pursue growth opportunities and improve capital management flexibility;</li> <li>• Advance best practice corporate governance standards and procedures through the constitution of audit, risk, remuneration and nomination committees;</li> <li>• Set standards of independence to management;</li> <li>• Provide Retech with the benefits of an increased profile that arises from being a listed public company;</li> </ul>	

Topic	Summary	Additional information																																																																																																		
	<ul style="list-style-type: none"><li>• Improve transparency to clients and key stakeholders;</li><li>• Raise funds for the purposes described in Section 2.2; and</li><li>• Collaborate with top Australian training organisations for content.</li></ul>																																																																																																			
Financial information																																																																																																				
What is Retech's historical and forecast financial performance?	<p>Set out below is a summary of selected financial information of Retech. The financial information is prepared in accordance with international financial reporting standards and presented in the functional currency of RMB.</p> <p>The financial information below should be read in conjunction with the summary of significant accounting policies in Section 11, the risk factors in Section 9, the financial information in Section 7 and the other information contained in this Prospectus.</p> <p>The financial information below has been prepared on a consolidated basis for inclusion in this Prospectus and has been derived from the carve out of the Assigned Client Contracts, Acquired Intellectual Property and Fixed Assets from the GRP Group.</p> <table><tr><th></th><th>FY2013</th><th>FY2014</th><th>FY2015</th><th>1HY2016</th><th>2HY2016</th><th>1HY2017</th></tr><tr><td>RMB'000s</td><td>Pro forma historical</td><td>Pro forma historical</td><td>Pro forma historical</td><td>Pro forma historical</td><td>Pro forma forecast</td><td>Pro forma forecast</td></tr><tr><td>Revenue</td><td>9,188</td><td>15,605</td><td>32,729</td><td>25,988</td><td>44,964</td><td>53,133</td></tr><tr><td>Gross profit</td><td>5,994</td><td>11,602</td><td>22,673</td><td>15,766</td><td>26,590</td><td>30,190</td></tr><tr><td>Operating income</td><td>(2,076)</td><td>2,041</td><td>11,760</td><td>11,528</td><td>20,713</td><td>23,258</td></tr><tr><td>EBITDA</td><td>2,606</td><td>5,357</td><td>20,148</td><td>11,529</td><td>21,235</td><td>30,316</td></tr><tr><td>NPAT</td><td>1,886</td><td>4,234</td><td>17,026</td><td>8,574</td><td>15,895</td><td>22,691</td></tr></table> <table><tr><th></th><th>FY2013</th><th>FY2014</th><th>FY2015</th><th>1HY2016</th><th>2HY2016</th><th>1HY2017</th></tr><tr><td>A\$'000s</td><td>Pro forma historical</td><td>Pro forma historical</td><td>Pro forma historical</td><td>Pro forma historical</td><td>Pro forma forecast</td><td>Pro forma forecast</td></tr><tr><td>Revenue</td><td>1,544</td><td>2,805</td><td>6,923</td><td>5,419</td><td>8,835</td><td>10,404</td></tr><tr><td>Gross profit</td><td>1,007</td><td>2,086</td><td>4,796</td><td>3,288</td><td>5,225</td><td>5,912</td></tr><tr><td>Operating income</td><td>(349)</td><td>367</td><td>2,488</td><td>2,404</td><td>4,070</td><td>4,555</td></tr><tr><td>EBITDA</td><td>438</td><td>963</td><td>4,262</td><td>2,404</td><td>4,173</td><td>5,937</td></tr><tr><td>NPAT</td><td>317</td><td>761</td><td>3,601</td><td>1,788</td><td>3,124</td><td>4,444</td></tr></table> <p>The financial information presented above is on a pro forma basis to align the historical period operations with the forecast period and contains non IFRS financial measures and is intended as a summary only and should be read in conjunction with the more detailed discussion set out in <b>Section 7</b>.</p>		FY2013	FY2014	FY2015	1HY2016	2HY2016	1HY2017	RMB'000s	Pro forma historical	Pro forma historical	Pro forma historical	Pro forma historical	Pro forma forecast	Pro forma forecast	Revenue	9,188	15,605	32,729	25,988	44,964	53,133	Gross profit	5,994	11,602	22,673	15,766	26,590	30,190	Operating income	(2,076)	2,041	11,760	11,528	20,713	23,258	EBITDA	2,606	5,357	20,148	11,529	21,235	30,316	NPAT	1,886	4,234	17,026	8,574	15,895	22,691		FY2013	FY2014	FY2015	1HY2016	2HY2016	1HY2017	A\$'000s	Pro forma historical	Pro forma historical	Pro forma historical	Pro forma historical	Pro forma forecast	Pro forma forecast	Revenue	1,544	2,805	6,923	5,419	8,835	10,404	Gross profit	1,007	2,086	4,796	3,288	5,225	5,912	Operating income	(349)	367	2,488	2,404	4,070	4,555	EBITDA	438	963	4,262	2,404	4,173	5,937	NPAT	317	761	3,601	1,788	3,124	4,444	Refer to Section 7
	FY2013	FY2014	FY2015	1HY2016	2HY2016	1HY2017																																																																																														
RMB'000s	Pro forma historical	Pro forma historical	Pro forma historical	Pro forma historical	Pro forma forecast	Pro forma forecast																																																																																														
Revenue	9,188	15,605	32,729	25,988	44,964	53,133																																																																																														
Gross profit	5,994	11,602	22,673	15,766	26,590	30,190																																																																																														
Operating income	(2,076)	2,041	11,760	11,528	20,713	23,258																																																																																														
EBITDA	2,606	5,357	20,148	11,529	21,235	30,316																																																																																														
NPAT	1,886	4,234	17,026	8,574	15,895	22,691																																																																																														
	FY2013	FY2014	FY2015	1HY2016	2HY2016	1HY2017																																																																																														
A\$'000s	Pro forma historical	Pro forma historical	Pro forma historical	Pro forma historical	Pro forma forecast	Pro forma forecast																																																																																														
Revenue	1,544	2,805	6,923	5,419	8,835	10,404																																																																																														
Gross profit	1,007	2,086	4,796	3,288	5,225	5,912																																																																																														
Operating income	(349)	367	2,488	2,404	4,070	4,555																																																																																														
EBITDA	438	963	4,262	2,404	4,173	5,937																																																																																														
NPAT	317	761	3,601	1,788	3,124	4,444																																																																																														

Topic	Summary	Additional information
<b>What is Retech's dividend policy?</b>	<p>Dividends will be paid subject to the financial performance of Retech and in accordance with the dividend policy. The Board does not intend to remit dividends to shareholders following the Company's listing in respect of the 2016 financial year.</p> <p>The payment of any dividends will be in HK\$ or A\$ depending on the CDI holders dividend currency nomination.</p>	Refer to Section 7.14

### 1.3. Key risks

Topic	Summary	Additional information
<b>Risk that Retech's marketing strategy to retain Clients is not effective</b>	There is a risk that Retech's marketing strategy to engage Clients is not successful. This would result in the Retech Group failing to meet revenue targets and have a material and adverse effect on the operating results of the Retech Group.	Refer to Section 9.2
<b>Risk that Retech's management and key personnel may discontinue their services.</b>	Retech relies on the expertise and experience of the Board of Directors and its management team to ensure its future success. There is a risk that if one or more of Retech's management or Directors were unable or unwilling to continue in their present positions, Retech's business, financial condition and results of operations may be materially adversely affected and employment costs may increase.	Refer to Section 9.2
<b>Risk that defects in software, errors in systems integration or failure to perform professional services could result in a loss of Clients and a decrease in revenues.</b>	Retech's software solutions are complex and may contain defects and bugs. There is a risk that any such defects or bugs could interrupt or delay completion of projects. In addition, Retech's reputation may be damaged and it may fail to secure new projects from existing Clients or new Clients. This would result in the Retech Group failing to meet revenue targets and have a material and adverse effect on the operating results of the Retech Group.	Refer to Section 9.2
<b>Risk that any significant failure in Retech's information technology systems could subject it to contractual liabilities to Clients, harm reputation and adversely affect its results of operations.</b>	Retech's business and operations are highly dependent on the ability of its information technology systems to timely process various transactions across different markets and solutions. There is a risk that Retech's business activities may be materially disrupted in the event of a partial or complete failure of any of these primary information technology or communication systems. Loss of all or part of the systems for a period of time could have a material adverse effect on the business and business reputation of Retech.	Refer to Section 9.2
<b>Risk of loss of major Clients</b>	There is a risk that for a number of reasons, Retech may lose one or more major Clients. The loss of one or more of the major Clients could have a materially adverse effect on future revenues.	Refer to Section 9.2
<b>Risk associated with operating in foreign countries</b>	There are various risks associated with operating in foreign countries such as China and Hong Kong, including political, exchange rate, economic, sovereign, and transfer risk.	Refer to Section 9.4



Topic	Summary	Additional information
<b>Risk that the GRP Group, its management or controlling shareholders may compete with Retech Group's business</b>	Ai Shungang who is and has been involved in the establishment and business of Retech, has direct or indirect control over GRP and various other affiliated companies. As such, there is a risk that the GRP Group, its management or controlling shareholders may compete with Retech Group's business.	Refer to Section 9.2
<b>Dividend and distribution risk given Retech relies on its PRC subsidiaries for its cash flow and income</b>	Retech primarily relies on dividends and other distributions from its PRC subsidiaries for its cash flows and income. Legal and regulatory restrictions on Retech's PRC subsidiaries could have a material adverse effect on its ability to pay dividends as well as on its business, financial condition, operational results and prospects.	Refer to Section 9.3
<b>Other risks</b>	There are a number of general investment risks that could impact negatively on an investment in Retech. These include key personnel risk, general domestic and global economic conditions, increases in unemployment rates, withdrawal of wholesale funding sources, negative consumer and business sentiment and an increase in interest rates, amongst other factors.	Refer to Section 9.4

#### 1.4. Directors, senior management, related parties and promoters

Topic	Summary	Additional information
<b>Who are the Board members and key members of the senior management of Retech and what experience do they have?</b>	<p>Retech has established a well credentialed and balanced Board and management team with extensive experience in development, marketing, design and management.</p> <p>The Directors of Retech are:</p> <ul style="list-style-type: none"> <li>• Ai Shungang – Non-executive (non independent) and Co Chairman</li> <li>• Calvin Cheng – Non-executive (non independent) and Co Chairman</li> <li>• Chris Ryan – Non-executive (independent)</li> <li>• Liu Qing – Non-executive (independent)</li> <li>• Neville Ide – Non-executive (independent)</li> </ul> <p>The key management team includes:</p> <ul style="list-style-type: none"> <li>• Liu Cheng (Chief Executive Officer)</li> <li>• Lin Yan (Chief Financial Officer)</li> <li>• Wang Gongshi (Vice President)</li> <li>• Guo Mingmin (Vice President)</li> <li>• Chen Hong (Design Director)</li> </ul>	Refer to Section 8.1, Section 8.2 and Section 8.4
<b>Are there any benefits payable to Directors and related parties?</b>	Retech has agreed to remunerate its Executive Directors and Non-Executive Directors through a combination of an appropriate salary package and market based director fees respectively.	Refer to Section 8.3
<b>Are there any benefits payable to promoters?</b>	Retech has agreed to remunerate its promoters as detailed in Section 11.10.	Refer to Section 11.10

## 1.5. Significant interests of key people and related party transactions

Topic	Summary				Additional information
Who are the Existing Holders and what will their interest in Retech be immediately following Completion?	Existing Holder	Shares held immediately prior to Completion		CDIs held immediately following Completion	
		Number	%	Number	%
	Retech Investment Group Co.,Ltd	88,768,850	49.32%	88,768,850	39.45%
	Retech Management Co.,Ltd	14,451,000	8.03%	14,451,000	6.42%
	Miao Shi Investment Group Co.,Ltd	12,700,700	7.06%	12,700,700	5.64%
	Xu Shi Technology Investment Group Co.,Ltd	10,079,450	5.60%	10,079,450	4.48%
	Lumina Looque Knowledge Hubs Pte Ltd	22,556,650	12.53%	22,556,650	10.03%
	Calvin Cheng Ern Lee	9,076,796	5.04%	9,076,796	4.03%
	See Thiam Soon David	4,549,676	2.53%	4,549,676	2.02%
	Ng Kian Ming	900,000	0.50%	900,000	0.40%
	Lim Der Shing	380,000	0.21%	380,000	0.17%
	Liu Yining	316,667	0.18%	316,667	0.14%
	ICH Capital Pte Ltd	904,762	0.50%	904,762	0.40%
	POEMS Pte Ltd	690,909	0.38%	690,909	0.31%
	Catcha Group Pte Ltd	316,667	0.18%	316,667	0.14%
	Vickers Venture Fund IV, L.P.	10,751,011	5.97%	10,751,011	4.78%
	Lee Kah Hui	223,529	0.12%	223,529	0.10%
	Investorlink Securities Limited	2,666,667	1.48%	2,666,667	1.19%
	Stradbroke Plaza Pty Limited as trustee for Ryan Retirement Fund	333,333	0.19%	333,333	0.15%
	Vensup Pty Ltd as trustee for Edin Super Fund	333,333	0.19%	333,333	0.15%
	Subscribers under the Offer	N/A	N/A	45,000,000	20.00%
	<b>TOTAL</b>	<b>180,000,000</b>	<b>100%</b>	<b>225,000,000</b>	<b>100%</b>
<p>The above assumes the Maximum Subscription is raised. In the event the Minimum Subscription is raised, the Existing Holders will hold 83.72% of Retech.</p> <p>Existing Holders have all agreed to convert their Shares to CDIs as only CDIs can be traded on the ASX.</p>					
Refer to Section 11.2					

Topic	Summary	Additional information																					
	All Existing Holders with the exception of the first 5 holders listed above, are in the process of finalising the acquisition of their Shares from Lumina Looque Knowledge Hubs Pte Ltd. The final steps include the stamping of share transfer documents and the updating of the register of members. This is a procedural process and is anticipated to complete on or before the Closing Date.																						
Do the Directors have any interests in the issued share capital of Retech?	<table border="1"> <thead> <tr> <th>Director</th><th>Number of CDIs immediately following Completion</th><th>% shareholding immediately following Completion</th></tr> </thead> <tbody> <tr> <td>Ai Shungang</td><td>88,768,850</td><td>39.45%</td></tr> <tr> <td>Calvin Cheng</td><td>31,633,446</td><td>14.06%</td></tr> <tr> <td>Liu Qing</td><td>Nil</td><td>0%</td></tr> <tr> <td>Chris Ryan</td><td>333,333</td><td>0.15%</td></tr> <tr> <td>Neville Ide</td><td>333,333</td><td>0.15%</td></tr> <tr> <td><b>Total</b></td><td><b>121,068,962</b></td><td><b>53.81%</b></td></tr> </tbody> </table> <p>Mr Ai Shungang holds 69.77% of Retech Investment Group Co.,Ltd, the largest Existing Holder. Mr Calvin Cheng holds 40.24% of Lumina Looque Knowledge Hubs Pte Ltd, an Existing Holder. Having regard to s608(3) of the Corporations Act, given Mr Ai Shungang holds more than 20% of Retech Investment Group Co. Ltd and Mr Calvin Cheng holds more than 20% of Lumina Looque Knowledge Hubs Pte Ltd, each of Mr Ai Shungang and Mr Calvin Cheng are deemed to hold a relevant interest in all of the shares held by Retech Investment Group Co., Ltd and Lumina Looque Knowledge Hubs Pte Ltd respectively.</p> <p>The above table assumes the Maximum Subscription is raised. In the event the Minimum Subscription is raised, Directors will together control (directly and indirectly) 56.31% of Retech.</p> <p>Directors may hold their interests in securities shown above directly or indirectly through holdings by companies or trusts.</p> <p>The Directors are entitled to apply for CDIs under the Offer. The above table does not take into account any CDIs the Directors may acquire under the Offer.</p> <p>The Directors have all agreed to convert their Shares to CDIs as only CDIs can be traded on the ASX.</p> <p>The CDIs recorded in the above table may be subject to voluntary escrow arrangements as outlined in Section 11.3</p>	Director	Number of CDIs immediately following Completion	% shareholding immediately following Completion	Ai Shungang	88,768,850	39.45%	Calvin Cheng	31,633,446	14.06%	Liu Qing	Nil	0%	Chris Ryan	333,333	0.15%	Neville Ide	333,333	0.15%	<b>Total</b>	<b>121,068,962</b>	<b>53.81%</b>	Refer to Section 8
Director	Number of CDIs immediately following Completion	% shareholding immediately following Completion																					
Ai Shungang	88,768,850	39.45%																					
Calvin Cheng	31,633,446	14.06%																					
Liu Qing	Nil	0%																					
Chris Ryan	333,333	0.15%																					
Neville Ide	333,333	0.15%																					
<b>Total</b>	<b>121,068,962</b>	<b>53.81%</b>																					
Are the Directors or any Existing Holders selling Shares into this Offer?	No, the Directors and Existing Holders are not selling Shares in the Offer.																						
What are the related party transactions and who benefits from such transactions?	<p>In addition to the compensation arrangements with Directors and executive officers, Retech, Ai Shungang and entities within the GRP Group are a party to the following related party contracts. Each of these contracts are for the benefit of the Retech Group:</p> <ul style="list-style-type: none"> <li>Deed of Non-Competition between Ai Shungang (Co-Chairman), Retech, Retech Digital and Ruijian Information Technology;</li> <li>Commitment Letter between SHR and GRP;</li> </ul>	Refer to Section 4.1 and Section 11.8																					

Topic	Summary	Additional information
	<ul style="list-style-type: none"> <li>Services Agreement between SHR, Retech Digital and Ruijian Information Technology;</li> <li>Personal Guarantee between Ai Shungang (Co-Chairman), Retech, Retech Digital and Ruijian Information Technology;</li> <li>Intellectual Property Transfer Agreements between Ruijian Information Technology and entities within the GRP Group;</li> <li>Trademark Transfer Agreement between Ruijian Information Technology and SHR;</li> <li>Trademark Licensing Contract between Retech Digital and SHR;</li> <li>IP Licence Agreements (Patent Pending, Software, Courseware) between Ruijian Information Technology and Retech Digital;</li> <li>Fixed Asset Transfer Agreement 1 between SHR and Ruijian Information Technology;</li> <li>Fixed Asset Transfer Agreement 2 between Ruijian Information Technology and Retech Digital.</li> </ul>	

## 1.6. Overview of the Offer

Topic	Summary	Additional information
<b>Who is the issuer of this Prospectus?</b>	Retech Technology Co., Limited (Retech, we, our or the Company), a company incorporated in Hong Kong.	Refer to Section 2.1
<b>What is being offered?</b>	This Prospectus provides investors with the opportunity to participate in the initial public offering of CHES Depositary Interests ( <b>CDIs</b> ) in Retech.	Refer to Section 2.1
<b>What are CDIs?</b>	CDIs represent the beneficial interest in shares in a foreign company such as Retech. Each CDI will represent an interest in one (1) Share.	Refer to Section 2.5
<b>Am I eligible to participate in the Offer?</b>	The Offer is open to all investors who are resident in Australia, however any person who has a registered address in any other country who receives this Prospectus may apply for CDIs but may only apply where that Applicant is able to reasonably demonstrate to the satisfaction of Retech that they may participate in the Offer.	Refer to Section 2.12
<b>What is the Offer Price?</b>	A\$0.50 per CDI. Each CDI will represent an interest in one (1) Share.	Refer to Section 2.1
<b>What is the Minimum Subscription under the Offer?</b>	The Minimum Subscription is 35,000,000 CDIs (equivalent to 35,000,000 Shares) to raise A\$17,500,000, before costs of the Offer. If the Minimum Subscription is not raised then Retech will not proceed with the Offer and will repay all Application Monies received (without interest).	Refer to Section 2.3
<b>What is the Maximum Subscription under the Offer?</b>	The Maximum Subscription is 45,000,000 CDIs (equivalent to 45,000,000 Shares) to raise A\$22,500,000, before costs of the Offer.	Refer to Section 2.3

Topic	Summary	Additional information																								
What is the proposed use of proceeds received in connection with the Offer?	<p>The table below sets out the proposed use of proceeds from the Offer. The amounts represented below may change as a result of fluctuations in exchange rates. This table utilises a conversion rate of RMB 1.00 = A\$ 0.1958 and HK\$ 1.00 = RMB 0.8892 (which is the exchange rate on the Conversion Date).</p> <table> <tr> <th>Use of proceeds</th><th>Minimum Subscription (A\$ &amp; RMB)</th><th>Maximum Subscription (A\$ &amp; RMB)</th></tr> <tr> <td>Research and development costs associated with Retech's E-Partnership Solutions and E-Course Direct business channels</td><td>A\$6,800,000 (RMB34,730,000)</td><td>A\$6,800,000 (RMB34,730,000)</td></tr> <tr> <td>Research and development costs associated with the integration of intellectual property</td><td>A\$2,900,000 (RMB14,810,000)</td><td>A\$2,900,000 (RMB14,810,000)</td></tr> <tr> <td>Advertising and marketing costs associated with the three business channels of Retech</td><td>A\$2,200,000 (RMB11,240,000)</td><td>A\$2,200,000 (RMB11,240,000)</td></tr> <tr> <td>Costs associated with the development of an office in HK</td><td>A\$2,500,000 (RMB12,770,000)</td><td>A\$2,500,000 (RMB12,770,000)</td></tr> <tr> <td>Capital raising costs (one of the costs of the Offer)</td><td>A\$1,050,000 (RMB5,360,000)</td><td>A\$1,350,000 (RMB6,890,000)</td></tr> <tr> <td>Working capital</td><td>A\$2,050,000 (RMB10,470,000)</td><td>A\$6,750,000 (RMB34,470,000)</td></tr> <tr> <td><b>Total</b></td><td><b>A\$17,500,000</b> <b>(RMB89,380,000)</b></td><td><b>A\$22,500,000</b> <b>(RMB114,910,000)</b></td></tr> </table>	Use of proceeds	Minimum Subscription (A\$ & RMB)	Maximum Subscription (A\$ & RMB)	Research and development costs associated with Retech's E-Partnership Solutions and E-Course Direct business channels	A\$6,800,000 (RMB34,730,000)	A\$6,800,000 (RMB34,730,000)	Research and development costs associated with the integration of intellectual property	A\$2,900,000 (RMB14,810,000)	A\$2,900,000 (RMB14,810,000)	Advertising and marketing costs associated with the three business channels of Retech	A\$2,200,000 (RMB11,240,000)	A\$2,200,000 (RMB11,240,000)	Costs associated with the development of an office in HK	A\$2,500,000 (RMB12,770,000)	A\$2,500,000 (RMB12,770,000)	Capital raising costs (one of the costs of the Offer)	A\$1,050,000 (RMB5,360,000)	A\$1,350,000 (RMB6,890,000)	Working capital	A\$2,050,000 (RMB10,470,000)	A\$6,750,000 (RMB34,470,000)	<b>Total</b>	<b>A\$17,500,000</b> <b>(RMB89,380,000)</b>	<b>A\$22,500,000</b> <b>(RMB114,910,000)</b>	Refer to Section 2.2
Use of proceeds	Minimum Subscription (A\$ & RMB)	Maximum Subscription (A\$ & RMB)																								
Research and development costs associated with Retech's E-Partnership Solutions and E-Course Direct business channels	A\$6,800,000 (RMB34,730,000)	A\$6,800,000 (RMB34,730,000)																								
Research and development costs associated with the integration of intellectual property	A\$2,900,000 (RMB14,810,000)	A\$2,900,000 (RMB14,810,000)																								
Advertising and marketing costs associated with the three business channels of Retech	A\$2,200,000 (RMB11,240,000)	A\$2,200,000 (RMB11,240,000)																								
Costs associated with the development of an office in HK	A\$2,500,000 (RMB12,770,000)	A\$2,500,000 (RMB12,770,000)																								
Capital raising costs (one of the costs of the Offer)	A\$1,050,000 (RMB5,360,000)	A\$1,350,000 (RMB6,890,000)																								
Working capital	A\$2,050,000 (RMB10,470,000)	A\$6,750,000 (RMB34,470,000)																								
<b>Total</b>	<b>A\$17,500,000</b> <b>(RMB89,380,000)</b>	<b>A\$22,500,000</b> <b>(RMB114,910,000)</b>																								
What rights attach to the CDIs and Shares?	As a company incorporated in Hong Kong, the Company is subject to Hong Kong laws and the rights of Shareholders will be governed by Hong Kong Companies Ordinance. As an ASX listed entity, CDI Holders will also be subject to the rights attaching to CDIs and the ASX Listing Rules.	Refer to Section 11.4, Section 11.5 and Section 11.6.																								
Is the Offer underwritten?	No, the Offer is not underwritten.	Refer to Section 2.4																								
Will the CDIs be quoted on the ASX?	<p>Retech will apply to ASX within seven days of the Prospectus Date, for admission to the Official List and quotation of CDIs on ASX (which is expected to be under the code "RTE").</p> <p>Completion is conditional on ASX approving this application to the ASX. If approval is not given within three months after such application to the ASX is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Refer to Section 2.10																								

Topic	Summary	Additional information
<b>What are the taxation implications of investing in the CDIs?</b>	The taxation implications of investing in the CDIs will depend on each investor's individual circumstances. You should seek your own tax advice prior to applying for CDIs under the Offer.	Refer to Section 2.11 and Section 11.9
<b>Is there any brokerage, commission or stamp duty payable by Applicants?</b>	You are not required to pay any brokerage commission or stamp duty for the acquisition of CDIs under the Offer.  Retech will however pay brokerage to stockbrokers or licenced investment advisors.	Refer to Section 2.6
<b>How can I apply?</b>	Instructions on how to complete the Application Form accompanying this Prospectus are set out in Section 2.6 and on the Application Form itself.	Refer to Section 2.6
<b>When will I receive confirmation that my Application has been successful?</b>	Confirmation of successful Applications in the form of holding statements are expected to be despatched by standard post on or around 6 March 2017.	Refer to Section 2.6
<b>When can I sell my Shares on the ASX?</b>	It is expected that trading of CDIs on the ASX on a normal settlement basis will commence on or about 9 March 2017.  It is expected that dispatch of holding statements will occur on or about 6 March 2017.  It is the responsibility of each Applicant to confirm their holding before trading their CDIs. Applicants who sell CDIs before they receive an initial holding statement do so at their own risk.	Refer to Section 2.6
<b>Can the Offer be withdrawn?</b>	Retech reserve the right to not proceed with the Offer at any time before the issue of CDIs to successful Applicants.  If the Offer does not proceed, Application Monies will be fully refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	Refer to Section 2.7
<b>How can I obtain further information?</b>	If you have queries about investing under the Offer, you should contact your stockbroker, financial advisor, accountant or other professional advisor.  If you have queries about how to apply under the Offer or would like additional copies of this Prospectus, please call the below between 8:30 am and 5:00 pm AEST: <ul style="list-style-type: none"> <li>• The Offer Information Line on 1300 783 681 (from within Australia) or +61 3 9415 4202 (from outside Australia) <b>OR</b></li> <li>• The Lead Manager on 08 6380 9200 (from within Australia) or +61 8 6380 9200 (from outside Australia)</li> </ul>	
<b>Are any documents incorporated by reference?</b>	The Corporate Governance Plan, the Allbright Legal Opinion and the SHR, GRP and JSR Financial Reports are incorporated by reference into this Prospectus and have been lodged with ASIC.  If you would like to obtain a copy of the Corporate Governance Plan, the Allbright Legal Opinion or the SHR, GRP and JSR Financial Reports incorporated by reference into this Prospectus, copies may be obtained from the Retech web site ( <a href="http://www.retech-rte.com">www.retech-rte.com</a> ) or by contacting the Offer Information Line.	Refer to Section 8.5

## 1.7. Capital structure

Topic	Summary	Additional information		
What is the capital structure following the Offer	The ownership structure of Retech as at the date of this Prospectus as follows:	Refer to Section 2.3 and Section 11.2		
	Ownership			
			Number of CDIs (and equivalent Shares)	%
	Existing Holders at date of Prospectus		180,000,000	100%
	Total		180,000,000	100%
	The ownership structure of Retech when the Offer is completed and based on the Minimum Subscription and the Maximum Subscription being achieved is as follows:			
	OwnershipMinimum SubscriptionMaximum Subscription			
	Number of CDIs (and equivalent Shares)	%	Number of CDIs (and equivalent Shares)	%
Existing Holders at date of Prospectus	180,000,000	83.72%	180,000,000	80%
Subscribers of CDIs offered under this Prospectus	35,000,000	16.28%	45,000,000	20%
Total	215,000,000	100%	225,000,000	100%
	The above table assumes that all Existing Holders have converted their Shares to CDIs.			

## 2 Details of the Offer

### 2.1. What is the Offer?

Retech is offering CDIs for subscription at an issue price of A\$0.50 per CDI, which equates to an issue price of A\$0.50 per Share.

### 2.2. What is the purpose of the Offer and use of funds?

Based on the Maximum Subscription Amount of A\$22,500,000, Retech expects to receive approximately A\$21,150,000 of net proceeds from the Offer. The table below sets out the proposed use of funds from the Offer, in A\$ for both the Minimum Subscription and the Maximum Subscription.

Use of funds from the Offer	Minimum Subscription A\$ & RMB	Maximum Subscription A\$ & RMB
Research and development costs associated with Retech's E-Partnership Solutions and E-Course Direct business channels <sup>1</sup>	A\$6,800,000 (RMB34,730,000)	A\$6,800,000 (RMB34,730,000)
Research and development costs associated with the integration of intellectual property <sup>2</sup>	A\$2,900,000 (RMB14,810,000)	A\$2,900,000 (RMB14,810,000)
Advertising and marketing costs associated with the three business channels of Retech	A\$2,200,000 (RMB11,240,000)	A\$2,200,000 (RMB11,240,000)
Costs associated with the development of an office in Hong Kong <sup>3</sup>	A\$2,500,000 (RMB12,770,000)	A\$2,500,000 (RMB12,770,000)
Capital raising costs <sup>5</sup>	A\$1,050,000 (RMB5,360,000)	A\$1,350,000 (RMB6,890,000)
Provision of general working capital <sup>4</sup>	A\$2,050,000 (RMB10,470,000)	A\$6,750,000 (RMB34,470,000)
	<b>A\$17,500,000</b> (RMB89,380,000)	<b>A\$22,500,000</b> (RMB114,910,000)

Notes:

1. In terms of the E-Partnership Solutions business channel, funds will be expended on research and development of the best ways in which to digitize content. In terms of the E-Course Direct business channel, funds will be expended on identifying original off-line paper content and then developing and digitizing such content before it is placed in the cloud environment. In the expansion of Retech's E-Partnership Solutions and E-Course Direct business channels, Retech will apply approximately 70% of the funds to the appointment of R&D personnel and strategic outsourced personnel specific to these channels. Retech anticipates the balance 30% will be allocated to hardware and software related purchases to support virtual machines and WEB services. Please refer to Sections 3.1 and 3.2 for details of Retech's E-Partnership Solutions and E-Course Direct business channels.
2. Retech will self develop or buy high-quality intellectual property and digitalize and deliver them to users. This intellectual property includes licensed offline content, patents, existing digital courseware, patented technologies for the delivering of digital content. Fees will have to be paid to these IP owners including acquisition fees, license fees and royalties. To that end Retech is currently discussing contractual terms with two Chinese entities (unrelated to Retech or the GRP Group) for the sourcing of intellectual property and is in informal discussions with a Japanese entity. It is also anticipated that some of these funds will also be used to introduce content of TAFE Queensland to China. Please refer to Sections 3.2 for details of Retech's E-Course Direct business channel.
3. The Hong Kong office will be primarily focused on developing Retech's international business. This includes sourcing for IP from international content owners as well as liaising with international training partners. The Hong Kong office will also market Retech's business to an international, English-speaking clientele given Hong Kong's status as an international business hub that uses English as a working language.
4. Working capital expenditure is to be applied towards funds required to expand the business, and towards administration costs associated with Retech. These costs include costs for wages and salaries, occupancy costs, professional consultant's fees, compliance and reporting costs associated with running an ASX listed company, as well as other typical administration costs.



5. The costs of the Offer (with the exception of the capital raising costs) were paid for by Lumina Looque Knowledge Hubs Pte. Ltd (an Existing Holder) as part of the subscription price for its Shares in Retech. Detail of the costs of the Offer is provided in Section 11.11. A summary of the Funding Agreement between GRP and Lumina Looque Knowledge Hubs Pte. Ltd is provided in Sections 4.1 and 4.2. Detail of the Shares issued to Lumina Looque Knowledge Hubs Pte. Ltd is contained in Sections 3.9 and 11.2.

Retech has chosen to use an indicative foreign exchange rate of RMB 1.00 = A\$ 0.1958 and HK\$ 1.00 = RMB 0.8892 (which is the exchange rate on the Conversion Date) in the calculation of the figures in the table above. Accordingly, investors should be aware that the amounts represented in the table above may change as a result of fluctuations in exchange rates.

The use of funds set out above represents Retech's current intentions based upon its present plans and business conditions. The amounts and timing of the actual expenditures may vary significantly and will depend upon numerous factors, including the timing and success of Retech's development efforts.

The proceeds of the Offer will be placed in a separate Retech account with the Sydney branch of China Construction Bank Corporation. The unanimous authority of the full Board is required for the release of funds raised under the Offer to ensure the funds are applied as per the use of funds table.

### 2.3. How much is Retech seeking to raise under the Offer?

The Maximum Subscription under the Offer is A\$22,500,000 representing 45,000,000 CDIs at A\$0.50 per CDI (equivalent to 45,000,000 Shares at A\$0.50 per Share).

The Minimum Subscription under the Offer is A\$17,500,000 representing 35,000,000 CDIs at A\$0.50 per CDI (equivalent to 35,000,000 Shares at A\$0.50 per Share).

If the Minimum Subscription is not obtained within four months after the date of this Prospectus, Retech will repay all Application Monies in full without interest as soon as practicable or subject to certain conditions, issue a supplementary or replacement prospectus and rely on the relief provided in ASIC Corporations Instrument (Minimum Subscription and Quotation Conditions) 2016/70 to refresh the relevant time period before it expires.

### 2.4. Is the Offer underwritten?

No, the Offer is not underwritten.

### 2.5. What are the CDIs?

The ASX uses an electronic system, called Clearing House Electronic Subregister System (**CHESS**) for clearing and settlement of trades in shares and other securities quoted on the financial market of the ASX.

Retech is incorporated in Hong Kong. To enable companies such as Retech to have their securities cleared and settled electronically through CHESS, depositary instruments called CHESS Depositary Interests (**CDIs**) are issued. Pursuant to the ASX Settlement Operating Rules, CDI holders receive all of the economic benefits of actual ownership of the underlying shares. CDIs are traded in a manner similar to shares of Australian companies listed on ASX.

Each CDI offered under this Prospectus represents one underlying Share. The principal difference between holding CDIs and holding the underlying Shares is that the holder of CDIs will hold a beneficial interest in the equivalent number of Shares but not legal title. The legal title to the Shares is instead held by CHESS Depositary Nominees Pty Limited (**CDN**), a subsidiary of ASX. Thus, using CDIs, a seller transfers beneficial interest in the Shares to the buyer instead of legal title. Holders of CDIs will be entitled to all the economic benefits of the underlying Shares, such as dividends (if any) as though they were holders of the legal title. Please refer to Section 11.4 for more information with respect to CDIs.

CDIs will be held in uncertificated form and settled/transferred through CHESS. No share certificates will be issued to CDI holders. Shareholders cannot trade their Shares on ASX without first converting their Shares into CDIs.

The Shares underlying the CDIs will rank equally with the Shares currently on issue in Retech. Investors should note that there are certain differences between Retech's Shares and ordinary shares which are typically issued by Australian incorporated public companies. A summary of the key rights attaching to CDIs and Shares is set out in Section 11.4 and 11.5 respectively.

## 2.6. How do I apply under the Offer?

Who is eligible to participate in the Offer?	
<b>Who can apply for CDIs under the Offer?</b>	The Offer is open to all investors who are resident in Australia, however any person who has a registered address in any other country who receives this Prospectus may apply for CDIs but may only apply where that Applicant is able to reasonably demonstrate to the satisfaction of Retech that they may participate in the Offer relying on a relevant exception from, or are not otherwise subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have a registered address.
Completing and returning your Application under the Offer	
<b>What is the minimum and maximum application under the Offer?</b>	<p>Applications must be for a minimum of 4,500 CDIs (A\$2,250) (equivalent to 4,500 Shares).</p> <p>Applications in excess of the minimum number of CDIs must be in multiples of 1,000 CDIs (A\$500) (equivalent to 1,000 Shares).</p> <p>There is no maximum amount that may be applied for under the Offer. Retech, in consultation with the Lead Manager, reserves the right to aggregate any Applications under the Offer which it believes may be multiple Applications from the same person.</p>
<b>How do I apply under the Offer?</b>	<p>In order to apply under the Offer, please complete the Application Form that forms part of, is attached to, or accompanies this Prospectus or a printed copy of the Application Form attached to the electronic version of the Prospectus. Application Forms must be completed in accordance with the accompanying instructions.</p> <p><b>If paying by cheque(s) or bank draft(s):</b></p> <p>Once your Application Form is completed, please send your Application Form and cheque or bank draft for the Application Monies to Retech's Lead Manager at the address set out below:</p> <p style="text-align: center;">Retech Technology Co., Limited C/o RM Corporate Finance AFSL 315235 PO Box 154, West Perth Western Australia 6872</p> <p>Cheque(s) or bank draft(s) must be:</p> <ul style="list-style-type: none"> <li>• in Australian currency;</li> <li>• drawn at an Australian branch of a financial institution;</li> <li>• crossed "Not Negotiable"; and</li> <li>• made payable: to "Retech Technology Co Limited".</li> </ul> <p>If paying by cheque(s), Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) for Application Monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.</p>

	<p><b>If paying electronically:</b></p> <p>Once your Application Form is completed, please:</p> <ul style="list-style-type: none"> <li>• Send an email to RM Corporate Finance to <a href="mailto:nbarbarich@rmcf.com.au">nbarbarich@rmcf.com.au</a> or fax to <b>+61 8 6380 9299</b></li> <li>• In the email or fax, please complete the following: <ul style="list-style-type: none"> <li>– Provide the completed Application Form</li> <li>– Detail your expected date of payment (DD/MM/YYYY)</li> <li>– Detail the amount of the payment to be made by electronic funds transfer (EFT)</li> </ul> </li> </ul> <p>RM Corporate Finance will then email the Applicant with the bank details and a reference number to add to the EFT transaction. This will allow the accurate reconciliation of the bank account.</p> <p><b>Irrevocable offer to subscribe</b></p> <p>A completed Application Form constitutes an irrevocable offer to Retech to subscribe for CDIs on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus), and as set out in the Application Form. Retech, in consultation with the Lead Managers, reserves the right to:</p> <ul style="list-style-type: none"> <li>• reject any Application, including Applications that have not been correctly completed or are accompanied by payments that are dishonoured;</li> <li>• accept late Applications received after the close of the Offer;</li> <li>• allocate to any Applicant a lesser number of Shares than that for which that Applicant applied; and</li> <li>• waive or correct any errors made by an Applicant in the Application of that Applicant.</li> </ul>
<b>Fees, costs and timing for Applications</b>	
<b>When does the Offer open?</b>	The Offer is expected to open for Applications on 27 January 2017.
<b>What is the deadline to submit an Application under the Offer?</b>	<p>It is your responsibility to ensure that your Application Form and Application Monies are submitted before 5:00 pm (AEST) on the Closing Date for the Offer which is 27 February 2017 (unless Retech, in consultation with the Lead Manager, varies the dates and times).</p> <p>Retech, the Corporate Advisor and the Share Registry take no responsibility for any acts or omissions committed by your broker in connection with your Application.</p>
<b>Is there any brokerage, commission or stamp duty payable by Applicants?</b>	<p>You do not have to pay brokerage, commission or stamp duty if you acquire CDIs under the Offer. Fees are payable, in relation to the Offer by Retech to the Corporate Advisor and the Lead Manager to the Offer. Details are set out in Section 11.10.</p> <p>These fees will be paid out of the proceeds of the Offer.</p>

<b>What are the costs of the Offer and who is paying them?</b>	<p>The costs of the Offer include the legal, accounting, advisory and other costs associated with the production of the offering documentation. At the time of production of this Prospectus, the cash costs (excluding the capital raising fee) were estimated to be A\$2.3 million. These costs are being paid by Lumina Looque Knowledge Hubs Pte. Ltd as consideration for its Shares in Retech. Refer to Section 11.11 for further information.</p> <p>Retech is paying the capital raising costs from the proceeds of the Offer.</p>
<b>Confirmation of your Application and trading on the ASX</b>	
<b>When will I receive confirmation whether my Application has been successful?</b>	<p>Holding statements confirming Applicants' allocations under the Offer are expected to be sent to successful Applicants on or around 6 March 2017.</p> <p>Applicants under the Offer will be able to call the Offer information line on 1300 783 681 (from within Australia) or +61 3 9415 4202 (from outside Australia) between 8:30 am and 5:00 pm AEST, from 3 March 2017 to confirm their allocation.</p>
<b>When will I receive my CDIs and when can I trade my CDIs?</b>	<p>Subject to ASX granting approval for Retech to be admitted to the official list of ASX, Retech will procure the issue of CDIs by CDN to successful Applicants as soon as practicable after the Closing Date. Allotment is expected to occur on 3 March 2017.</p> <p>Trading of CDIs on ASX is expected to commence on 9 March 2017 on a normal T + 3 settlement basis.</p> <p>If you sell CDIs before receiving an initial holding statement, you do so at your own risk, even if you have obtained details of your holding from your broker or Retech's Offer Information Line.</p>

## 2.7. Withdrawal, early close of the Offer, acceptance of late Applications or extension of the Offer

Retech reserves the right to withdraw the Offer at any time before the issue of CDIs to successful Applicants. If the Offer is withdrawn, then Application Monies will be refunded. No interest will be paid on any Application Money refunded as a result of the withdrawal of the Offer or otherwise. Retech will retain any interest which accrues on Application Monies.

Retech in consultation with the Corporate Advisor and Lead Manager, reserves the right to close the Offer early.

Retech in consultation with the Corporate Advisor and Lead Manager, reserves the right to accept late Applications or extend the Offer (in certain circumstances) without notifying any recipient of this Prospectus or any Applicant.

## 2.8. Allocation policy

The acceptance of Applications and the allocation of CDIs are at the discretion of Retech, in consultation with the Lead Manager. In consideration for the Directors agreeing to consider an Applicant's Application, the Applicant agrees its Application is an irrevocable offer which cannot be withdrawn.

Retech reserves the right to reject any application and to allot to an Applicant a lesser number of CDIs than the number for which the Applicant applies. No Applicant under the Offer has any assurance of being allocated all or any CDIs applied for.

## 2.9. Application Monies

All Application Monies will be held in a special purpose trust account until CDIs are issued to successful Applicants.

Application Monies will be refunded (in full or in part) if:

- an Application is rejected;
- an Application is subject to scale-back; or
- the Offer is withdrawn or cancelled.

No interest will be paid on any Application Monies that are refunded.

After listing, or if listing does not occur, Retech will retain any interest earned on Application Monies.

Refund cheques will be sent after the close of the Offer or as otherwise applicable under the circumstance outlined above.

## 2.10. ASX listing

Retech will apply for admission to the official list of the ASX and for official quotation on the ASX of the CDIs offered under this Prospectus within seven days after the date of this Prospectus

It is expected that the initial Holding Statements will be sent by standard post on 6 March 2017 and that trading of CDIs on a normal settlement basis will commence on 9 March 2017. If you apply, then it is your responsibility to determine your allocation before you trade in CDIs. If you trade in CDIs before you receive your initial Holding Statement, then you do so at your own risk.

The fact that ASX may agree to grant Official Quotation to any CDIs is not to be taken in any way as an indication of the merits of Retech or the CDIs offered. The ASX takes no responsibility for the contents of this Prospectus.

If permission for quotation of the CDIs is not granted within 3 months after the date of this Prospectus, Application Monies will be refunded without interest as soon as practicable.

## 2.11. Tax implications of investing in Retech

The tax consequences of any investment in the CDIs will depend upon an investor's particular circumstances. Applicants should obtain their own Australian tax advice prior to deciding whether to invest.

A general summary of the Australian tax implications of investing in Retech is contained in Section 11.9.

## 2.12. Overseas distribution

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the CDIs or the Offer, or to otherwise permit a public offering of CDIs, in any jurisdiction outside Australia.

The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law, and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Any person who has a registered address in any other country who receives this Prospectus may only apply for CDIs where that Applicant is able to reasonably demonstrate to the satisfaction of Retech that they may participate in the Offer relying on a relevant exception from, or are not otherwise subject to, the lodgement,

filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have a registered address.

Retech will not offer to sell, nor solicit an offer to purchase, any securities in any jurisdiction where such offer, sale or solicitation may not lawfully be made. Any failure to comply with these restrictions may constitute violation of applicable securities laws.

## 2.13. Hong Kong

This document has not been, and will not be, registered as a prospectus under the Hong Kong Companies Ordinance, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the CDIs have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO).

No advertisement, invitation or document relating to the CDIs has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to CDIs that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted CDIs may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## 3 Our business

---

### 3.1. Company profile and business

#### Introduction

Retech is an established provider of services to corporations and government in China assisting them with technology based solutions to carry out the customization and digitization of offline training programs for delivery through multiple online channels including the internet, mobile and social media platforms.

Retech's core business is the development and installation of E-Learning Platforms and E-Courses that facilitate electronic delivery of proprietary or third party provided training courses.

Retech owns technology infrastructure that enables the delivery and accessibility to Clients of online training.

The business of GRP Group, prior to the Restructure and the creation of the Retech Group, commenced in 2007. Since 2013, Retech (prior to the Restructure) has achieved year on year growth in revenues to become one of the largest online training solutions providers in China delivering E-Learning Solutions.

Retech's unique value proposition is that it provides an integrated learning management solution and accompanying support tools.

Retech is in a strong competitive position as a result of the following factors: national footprint and reputation, customised content, multi-platform delivery capability, specialist digitisation capability, focus on upgrading its existing E-Learning Platforms and innovation, diverse Client base, robust quality assurance systems, and a well-regarded management team.

#### The business plan

As at the date of this Prospectus, Retech is a leading provider of services that customise and digitize Client offline training programs to enable those training programs to be delivered and accessible online and on demand through secure, dedicated portals to Clients supported by Retech's E-Learning Platforms.

The E-Learning services which Retech provides and intends to provide is organised into three business channels comprising:

- E-Learning Solutions;
- E-Training Partnership; and
- E-Course Direct.

Each of these business channels is, and will be, supported by E-Learning Platforms designed and built by Retech's E-Learning Solutions business channel.

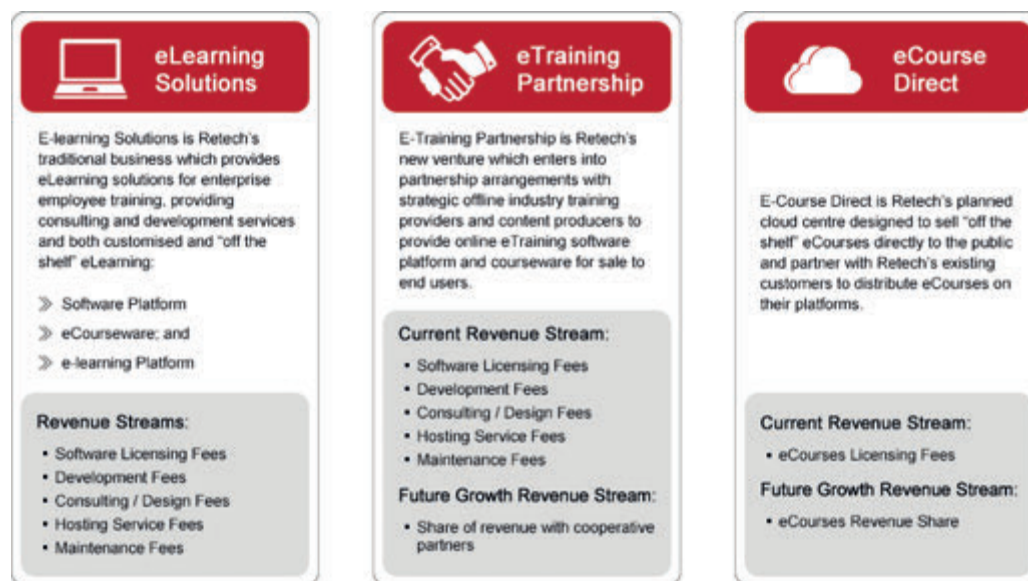
Retech will engage with existing Clients and develop and establish new Client relationships to whom Retech will sell and deliver E-Learning Solutions.

Retech's principle source of revenue, as at the date of this Prospectus is earned from its delivery of services under its E-Learning Solution business channel. Retech expects to continue generating steady revenue through this business channel.

Retech intends to deploy capital raised under the Offer to accelerate the expansion of its E-Training Partnership and E-Course Direct business channels. Retech will leverage its E-Learning Platforms through its E-Learning Solutions business channel to support these new initiatives.

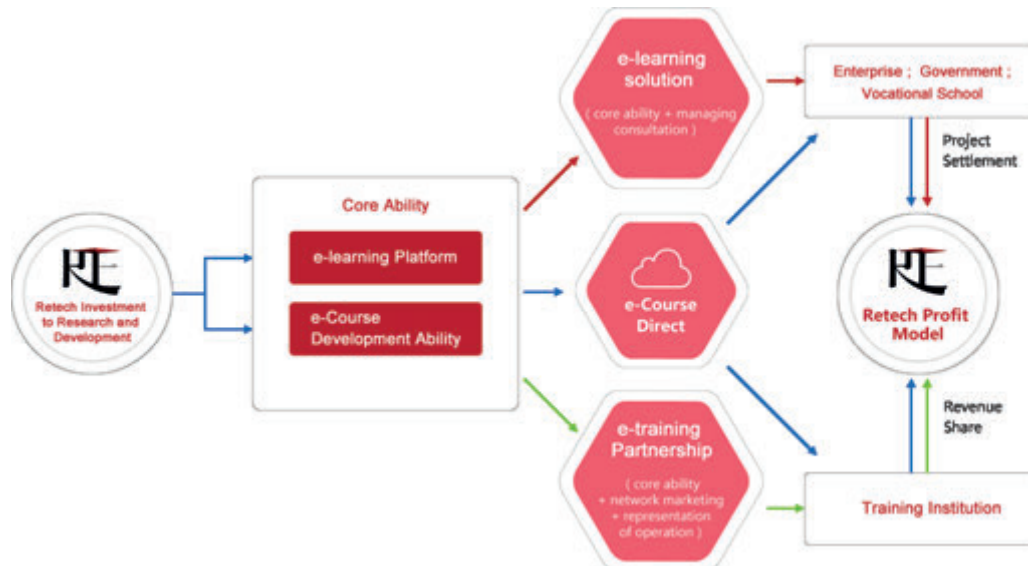


An overview of each of Retech's business channels (including the scope of alternative sources of revenue) is provided below:



Full detail of Retech's business channels including how those business channels generate revenue is detailed in Section 3.2 below.

Retech offers its E-Learning Solution business channel and intends to offer its other business channels (E-Training Partnership and E-Course Direct) to a diversified user base as detailed below.



## 3.2. The business channels

### E-Learning Solutions

Retech's e-Learning Solutions are designed to provide solutions to facilitate the electronic delivery of training that support its Clients' business objectives and provide platforms that facilitate on-demand access to work-place training to support Clients and their employees.

Retech's traditional E-Learning Solutions business channel provides services to Clients, comprising both customised and "off the shelf" e-Learning software, E-Courseware and hosting and support services.



Retech provides access to its Clients of this training content via its secure E-Learning Platforms or delivers the training content to existing or new clients, through a Client's internally managed platform.

Retech expects the E-Learning Solutions business to grow in future years following significant investment in the refinement of Retech's e-Learning Platforms and E-Courseware. Further detail on Retech's proprietary technology and E-Courseware is contained in Section 3.7.

Retech partners with its Clients to provide an E-Learning Solution in consultation and co-ordination with Clients, the objective of which is to deliver E-Learning designed to improve workplace skills and knowledge with the objective of improving workplace productivity, employee engagement and retention and the prospects of career progression.

In circumstances under which Retech's Client requires courseware to be customised, Retech uses an instructional design model, which is based on proven concepts for performance-oriented E-Learning. In essence, Retech customizes the Client's or third party training content and then either hosts on a dedicated Client E-Learning Platform for Clients to access using a dedicated portal or uploads to the Client's intranet for its internal management and co-ordinated delivery.

The instructional design model draws heavily from adult learning theory and emphasizes motivation, topic relevance, self-management, problem solving, mastery learning and role-playing. Users work at their own pace, learn by observation, model the actions and attitudes of others and take tests to assess their mastery of the selected skills. The learner remains actively engaged through interactive instruction, practice, reinforcement and feedback.

Retech believe that E-Courseware customization and development is dependent on early stage instructional design methodologies. Further use of this model in designing and customizing it for Client's or third party content not only improves the efficacy of the courses, but makes the development of additional courses more efficient.

The below diagram depicts different types of the E-Courseware.



e-Courseware customisation can take any number of forms, including virtual reality, 3D, video, animation, gamification. Retech currently provides each of these forms of customisation to Clients.

Retech, either directly (under its Client Contracts), or through its exclusive Services Agreement with SHR (servicing the SHR Client Contracts), provides E-Learning services through its E-Learning Solutions business channel to a diversified Client base spanning industries and geographies and includes an array of prominent domestic and international clients such as Mercedes Benz, Sephora, McDonald's, Ping An Insurance, Bank of China, and Shanghai Nuclear Engineering Research & Design Institute.

A detailed description of the Services Agreement and Retech's Clients and SHR Serviced Clients are provided in Section 3.5 and Section 3.6.

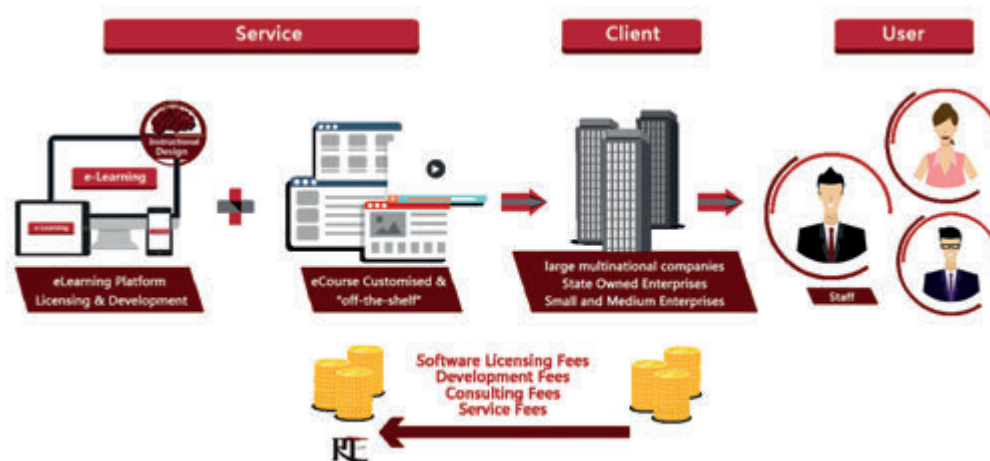
While contract durations in the E-Learning Solutions business channel can vary between 3 months and up to 3 years, some Client relationships have spanned many years.

From its E-Learning Solutions business channel Retech derives the following fees:

- From Clients (under the Client Contracts and Assigned Client Contracts):
  - Software Licensing Fees;
  - Development Fees;
  - Consulting / Design Fees;
  - Hosting Service Fees; and
  - Maintenance Fees.
- From SHR Serviced Clients:
  - From the services fee paid by SHR to Retech Digital under the Services Agreement.

The level of revenue that may be generated through the service offering of the E-Learning Solutions business channel is variable as contracts for services are typically negotiated on a project-by-project basis depending on a range of factors including the nature and scope of the project, length of time involved and the uniqueness and value of the customisation or intellectual property contributed by Retech or both.

The below diagram depicts the E-Learning Solutions business process.



For information on the intellectual property of Retech, refer to Sections 3.7. For information on Retech's Clients and the SHR Serviced Clients refer to Sections 3.5 and 3.6 respectively.

As part of its growth strategy, Retech proposes to expand its business model via the E-Training Partnership business channel and the E-Course Direct business channel.

## E-Training Partnership

Retech intends to apply funds raised under the Offer to accelerate the development and expansion of its E-Training Partnership business channel.

Retech has recently established its E-Training Partnership business channel through which Retech proposes to form joint ventures or similar arrangements with either:

- providers of off-line face-to-face training content which Retech will digitize and customise before offering on a E-Learning Platform to Clients or for delivery directly onto a Client's internally managed platform; or

- providers of training who are seeking to increase the scope and nature of their product and service offering both in terms of the scope of the training and the mediums of delivery.

Retech will share revenues from its E-Training Partnership business channel with its partners.

From its E-Training Partnership business channel, Retech earns revenue from the following sources:

- A percentage of the fees paid to Retech's E-Training Partners derived from fees earned by the partner from its clients resulting from the delivery by the partner of training.
- Fees earned from delivering the content of a content provider through an Retech E-Learning Platform or directly onto a Client's internally managed platform (less a percentage of those fees paid away to the content provider). This is what is currently proposed in regards to TAFE Queensland, namely that fees will be earned by delivering the TAFE Queensland content through a Retech E-Learning Platform or directly onto a Client's internally managed platform (less a percentage of those fees paid away to TAFE Queensland). As at the date of this Prospectus, TAFE Queensland and Retech have not reached agreement on the fee structuring for the proposed delivery of content provided by TAFE Queensland.

#### *TAFE Queensland – Content provider*

As at the date of this Prospectus, Retech Digital has entered into a Memorandum of Understanding with TAFE Queensland under which Retech Digital and TAFE Queensland agreed to collaborate to develop a partnership in online/virtual learning in the Chinese market and potential pathways for Chinese students to continue their study with TAFE Queensland in Australia. TAFE (Technical and Further Education) is a protected term used to describe public providers of vocational and technical education (VET) in Australia. TAFE Institutes are established by State governments to support the delivery of high quality vocational education and training. VET diplomas are issued by Registered Training Organisations (including TAFE Institutes) under the Australian Qualification Framework, the national policy for regulated qualifications in the Australian education and training system. The Australian diploma qualification is similar to China's higher vocational education diploma. TAFE providers are an important part of higher education sector in Australia. The Australian vocational education system, receives significant investment and regulatory oversight by both federal and state governments.

TAFE Queensland is made up of 6 regions delivering services across its 55 campuses in Queensland. These regions include TAFE Queensland Brisbane; TAFE Queensland SkillsTech; TAFE Queensland Gold Coast; TAFE Queensland East Coast; TAFE Queensland South West; and TAFE Queensland North. Noticeably, TAFE Queensland is the largest and most experienced continuing education and training service organization in Queensland. TAFE Queensland features multi-learning opportunities, annually providing practical industry-related training to more than 125,000 students from more than 90 countries and areas.

TAFE Queensland is a government-owned vocational institution, as well as the largest registered vocational education institution in Queensland. It possesses over 130-year history of vocational education and training, 90% of the graduates can find jobs or carry on further education. TAFE helps enterprises to enhance the productivity, promote the practical skills of the staff, strengthen the concept of workplace safety and health for employees, and to maximize retention of the staff. Teachers of TAFE Queensland received numerous honors and accumulated a wealth of industry experience; they keep a very close relationship with the industry as well.

Pending the finalisation of contractual arrangements with TAFE Queensland, Retech proposes to digitise and potentially deliver training courses provided by TAFE Queensland in the food safety, workplace safety and healthcare services fields through an E-Learning Platform that Retech is designing and developing in conjunction with one of its clients. TAFE Queensland has significant intellectual property in the above course areas through its teaching and assessment materials that could be adapted by Retech for the Chinese market.

As at the date of this Prospectus, TAFE Queensland and Retech have not reached agreement on the fee structuring for the proposed delivery of content provided by TAFE Queensland through an E-Learning Platform designed and developed by Retech.

A summary of the terms of the Memorandum of Understanding is detailed in Section 4.

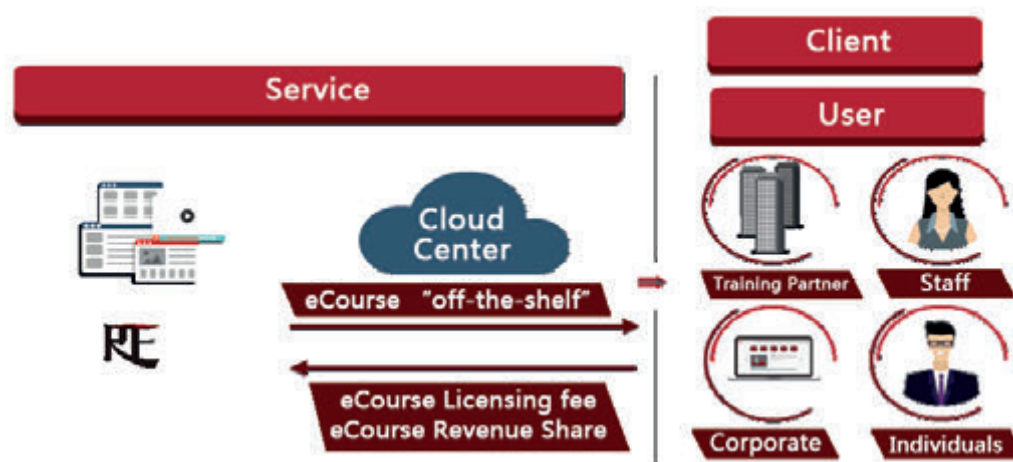
The below diagram depicts the E-Training Partnership business process.



## E-Course Direct

The E-Course Direct business channel will be Retech's full service business channel. This business channel is in its infancy but is a natural evolution of Retech's E-Learning Solutions business channel and its E-Training Partnership business channel.

The below diagram depicts the E-Course Direct business process.



A proportion of the funds raised under the Offer will be deployed to continue to develop and expand the E-Course Direct business channel.

Retech will deliver its proprietary customised workforce based training and development content to employees of existing and new Clients. Retech will develop and host its standardised and customised training content in a cloud environment that it will design, develop and build. Retech proposes to provide products and services accessible on its cloud environment via a secure E-Learning Platform or deliver these products and services to existing and new clients, through a client's internally managed platform.

Retech's E-Course Direct business channel will provide quality, customised content in digitised form to facilitate online delivery. To ensure, as far as it may, that its content is of sufficiently high quality, Retech will source content using the following methods:

- **In-house development:** Retech will engage a full-time team of content specialists who will develop training, assessment and measurement materials for consumers of training.
- **Development of licensed content:** Retech will develop existing content provided by its partners to produce specific customised content if to do so will result in the highest quality content outcome. This may include content provided by TAFE Queensland under a formalised arrangement with TAFE Queensland.

This content will be digitised for online delivery through Retech's cloud environment or licenced to end users.

From its E-Course Direct business channel, Retech will earn revenue from:

- licensing fees; and
- Fees earned from delivering the content of a content provider through a Retech E-Learning Platform or directly onto a Client's internally managed platform (less a percentage of those fees paid away to the content provider).

### 3.3. Retech utilisation of systems

Retech believes that the future of training delivery will occur in an online environment, on-demand and through mobile mediums. Accordingly, Retech has and will continue to invest significantly to prepare for this shift to online delivery platforms.

Retech believes that the benefits of its investment in technology and intellectual property has facilitated improved client experience, enhanced flexibility for users, greater efficiency, and real-time accurate reporting.

Retech's E-Learning Platforms are scalable and Retech intends to leverage E-Learning Solutions across its E-Training Partnership business channel and its E-Course Direct business channel.

### 3.4. Competitor analysis

Retech's competitive advantage is its superior instruction design driven courseware and customization capabilities. Few of Retech's competitors have both of these capabilities. The table below summarises Retech's competitors, their product offerings and capabilities sourced from publicly available information.

Company Name	Established	eLearning Solution	mLearning Solution	Wechat Solution	Blended Learning	Custom Courseware	Off-the-Shelf Courseware
<b>Retech</b>	<b>2007</b>	✓	✓	✓	✓	✓	✓
<b>Sunon<sup>1</sup></b>	<b>2003</b>	✓	✓	✓	×	✓	✓
<b>Cobo<sup>2</sup></b>	<b>2002</b>	✓	×	✓	✓	×	×
<b>Ubiquiotus<sup>3</sup></b>	<b>2001</b>	✓	✓	✓	✓	×	✓
<b>Yizhi<sup>4</sup></b>	<b>2008</b>	✓	✓	×	✓	✓	✓
<b>Newway<sup>5</sup></b>	<b>2003</b>	✓	✓	✓	×	✓	×
<b>Times Bright CreSueccess<sup>6</sup></b>	<b>2002</b>	✓	✓	×	✓	✓	✓
<b>SinoView<sup>7</sup></b>	<b>2004</b>	✓	✓	×	×	✓	✓
<b>Cyberwisdom<sup>8</sup></b>	<b>2013</b>	✓	✓	✓	✓	✓	✓
<b>Newvane<sup>9</sup></b>	<b>2005</b>	✓	✓	✓	×	✓	✓
<b>Whaty<sup>10</sup></b>	<b>2002</b>	✓	✓	×	×	×	✓
<b>NetsChina<sup>11</sup></b>	<b>2013</b>	✓	✓	×	✓	×	✓
<b>Skillsoft<sup>12</sup></b>	<b>1998</b>	✓	✓	×	✓	✓	✓
<b>Sumtotal<sup>13</sup></b>	<b>1985</b>	✓	×	×	✓	×	✓

<sup>1</sup> Sunon, detail is provided at [www.sunontalent.com](http://www.sunontalent.com) .

<sup>2</sup> Cobo, detail is provided at [www.cobocn.com](http://www.cobocn.com) .

<sup>3</sup> Ubiquiotus, detail is provided at [www.parim.net](http://www.parim.net) .

<sup>4</sup> Yizhi, detail is provided at [www.kmelearning.com](http://www.kmelearning.com) .

<sup>5</sup> Newway, detail is provided at [www.newv.com.cn](http://www.newv.com.cn) .

<sup>6</sup> Times Bright CreSueccess, detail is provided at [www.21tb.com](http://www.21tb.com) .

<sup>7</sup> SinoView, detail is provided at [www.sinoview.cn](http://www.sinoview.cn) .

<sup>8</sup> Cyberwisdom, detail is provided at [pwww.cyberwisdom.net.cn](http://pwww.cyberwisdom.net.cn) .

<sup>9</sup> Newvane, detail is provided at [www.newvane.com.cn](http://www.newvane.com.cn) .

<sup>10</sup> Whaty, detail is provided at [www.whaty.com](http://www.whaty.com) .

<sup>11</sup> NetsChina, detail is provided at [www.netschina.com](http://www.netschina.com) .

<sup>12</sup> Skillsoft, detail is provided at [www.skillsoft.com](http://www.skillsoft.com) .

<sup>13</sup> Sumtotal, detail is provided at [www.sumtotalsystem.com](http://www.sumtotalsystem.com) .



### 3.5. Retech's Clients

#### Client Contracts

As at the date of this Prospectus, Retech, through Retech Digital has entered into 7 Client Contracts for the provision of E-Learning Solutions. Detail of these Client Contracts is provided below:

Client	Contracting entity	Industry	Nature of the E-Learning Services	Contract amount RMB or A\$	Completion of works date	Invoiced amount RMB or A\$ (as at 31 October 2016)	Difference between Contract amount & Invoiced amount <sup>1</sup>	Anticipated final invoice date
China Architecture & Building Press	Retech Digital	Publishing	micro-video course production	320,000 (A\$62,660)	20/9/2016	160,000 (A\$31,330)	Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by August, 2017
Beijing gardener home culture development Co., Ltd.	Retech Digital	Publishing	website development	463,765 (A\$90,800)	8/10/2016	230,000 (A\$45,030)	Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by June, 2017
Shandong Zhiyang Electric Co.,Ltd.	Retech Digital	Electrical	CMMI3 authentication and consultancy service	135,000 (A\$26,430)	6/9/2016	-	Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by March, 2017
Beijing FLTRP online education technology Co., Ltd.	Retech Digital	Publishing	online course production	140,000 (A\$27,410)	31/10/2016	-	Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by April, 2017
Beijing FLTRP online education technology Co., Ltd	Retech Digital	Publishing	online course production	140,000 (A\$27,410)	31/10/2016	-	Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by April, 2017
Beijing FLTRP online education technology Co., Ltd.	Retech Digital	Publishing	online course production	130,000 (A\$25,450)	31/10/2016	-	Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by April, 2017
China Citic Bank	Retech Digital	Finance	e-courseware production	32,886 (A\$6,440)	1/11/2016	-	Full amount was invoiced by 31 December 2016.	-

Notes:

1. For detail of the process where the final invoice is to be issued on acceptance of contracted works by a Client, please refer to the information provided below in this Section 3.5

Of the above, Beijing FLTRP online education technology Co., Ltd. and China Citic Bank have been clients of GRP Group for approximately 1.5 years.

#### Assigned Client Contracts (assigned)

As at the date of this Prospectus, Retech Digital has been assigned 11 Assigned Client Contracts for the provision of E-Learning Solutions. Detail of these Assigned Client Contracts is provided below:

Client	Contracting entity	Industry	Nature of the E-Learning Services	Contract amount RMB or A\$	Completion of works date	Invoiced amount RMB or A\$ (as at 31 October 2016)	Difference between Contract amount & Invoiced amount <sup>1</sup>	Anticipated final invoice date
Zhejiang Zhenshan Technology Co., Ltd.	SHR & Retech Digital	IT	CMMI5 consultancy and assessment	680,000 (A\$133,140)	30/6/2016	408,000 (A\$79,890)	Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by July 2017
Zhuhai Zantong Technology Co., Ltd.	SHR & Retech Digital	IT	CMMI4 consultancy and assessment	430,000 (A\$84,200)	30/6/2016	129,000 (A\$25,260)	Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by July 2017
Hangzhou Hopechart Digital Co., Ltd.	SHR & Retech Digital	Telecommunications	CMMI3 authentication and consultancy service	200,000 (A\$39,160)	31/10/2016	54,000 (A\$10,570)	On 23 December 2016, the invoiced amount was RMB 180,000.	Final invoice to be issued by May 2017
Mediinfo I.t.Co.,Ltd.	SHR & Retech Digital	Medical	Engineering implementation and consultation	100,000 (A\$19,580)	30/11/2016	30,000 (A\$5,874)	Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by July 2017
China Communication Press	SHR & Retech Digital	Publishing	Outsourcing technology service	648,000 (A\$126,880)	31/12/2016	281,100 (A\$55,040)	The payment is settled quarterly . Quarter 4 will end on 31 December , 2016,	The invoice must be settled by April 2017
Chinese PLA General Hospital	SHR & Retech Digital	Medical		1,350,000 (A\$264,330)	30/9/2016	945,000 (A\$185,030)	Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by April 2017
Beijing Whaty Technology Development Co.,Ltd.	SHR & Retech Digital	IT	Video courseware production	250,000 (A\$48,950)	30/9/2016	75,000 (A\$14,680)	On 31 December 2016 the invoiced amount was RMB 125,000.  Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by June 2017
Economic Science Press	SHR & Retech Digital	Publishing		1,450,000 (A\$283,910)	31/10/2016	725,000 (A\$141,960)	Full amount was invoiced on 26 December 2016.	-
Zhongshan University Press	SHR & Retech Digital	Publishing	Courseware development	5,462,000 (A\$1069,460)	31/3/2017	2,730,000 (A\$534,530)	Project ongoing	-
Yiyantang Healthcare Technology Co., Ltd.	SHR & Retech Digital	Medical	Courseware development	1,600,000 (A\$313,280)	15/11/2016	800,000 (A\$156,640)	Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by the end of June 2017
Guangzhou Ming&Dao Medical Technology Co., Ltd.	SHR & Retech Digital	Medical	Software development	612,600 (A\$119,950)	30/9/2016	183,780 (A\$35,980)	Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by the end of June 2017



Notes:

1. For detail of the process where the final invoice is to be issued on acceptance of contracted works by a Client, please refer to the information provided below in this Section 3.5

Of the above, 5 are repeat clients of GRP Group as follows:

- Mediinfo I.t.Co.,Ltd has been a client of GRP Group for approximately 2 years;
- Zhejiang Zhenshan Technology Co., Ltd., China Communication Press and China Citic Bank have been clients of GRP Group for approximately 1.5 years.
- Zhuhai Zantong Technology Co., Ltd has been a client of GRP Group for approximately 1 year.

Process where the final invoice is to be issued on acceptance of contracted works by a Client

Where a final invoice is to be issued on acceptance of contracted works by a Client, the process is as follows:

- The Client reviews the works provided by Retech Digital (including as assignee) pursuant to the acceptance standards detailed in the Assigned Client Contract or Client Contract (as relevant) and within the acceptance period detailed in the Assigned Client Contract or Client Contract (as relevant). The acceptance standards and acceptance period differs between each Assigned Client Contract or Client Contract (as relevant);
- During the acceptance period, the Client either accepts the works or has the right to propose reasonable revisions to the works for completion by Retech Digital (including as assignee). The revisions must be completed within the acceptance period and must be less than 8% of the works the subject of the Assigned Client Contract or Client Contract (as relevant). If greater than 8%, Retech Digital (including as assignee) is entitled to an additional fee (subject to negotiation). No notification within the acceptance period constitutes deemed acceptance;
- The Client may revert up to 3 times with reasonable revisions to the Works during the acceptance period. In the event the Client is unsatisfied with the revised works reasonably performed by Retech Digital (including as assignee) at the end of the acceptance period, the Client has the right to extend the acceptance period (and allow additional time for the revision to the works) or terminate the Assigned Client Contract or Client Contract (as relevant). Where all reasonable endeavours have been made by Retech Digital (including as assignee) to revise the works in accordance with the instructions of the Client and the Client terminates the Assigned Client Contract or Client Contract (as relevant) and does not pay the balance outstanding on the Assigned Client Contract or Client Contract (as relevant), Retech Digital has the right to sue the Client for payment of the amount outstanding.

### **3.6. E-Learning Solutions provided under the Services Agreement to SHR Serviced Clients**

As at the date of this Prospectus, Retech Digital provides all services (pursuant to the terms of the Services Agreement) to SHR Serviced Clients under the SHR Client Contracts for the provision of E-Learning Solutions.

Retech (through Retech Digital and Retech Information Technology) owns all the assets and intellectual property (Acquired Intellectual Property, Licensed Intellectual Property and the Fixed Assets) required to fulfil the obligations of SHR under the relevant SHR Client Contracts.

In consideration for providing services to SHR Serviced Clients, Retech Digital receives 100% (commences from 1 August 2016 and ends on 30 June 2017) reducing to 95% (commences from 1 July 2017) of the revenue paid to SHR under the terms of the SHR Client Contracts with the SHR Serviced Clients.

Detail of the services provided by Retech Digital to SHR Serviced Clients pursuant to the terms of the Services Agreement is provided below.

SHR Serviced Client	Contracting entity	Industry	Nature of the E-Learning Services	Contract amount RMB or A\$	Completion of works date	Invoiced amount RMB or A\$ (as at 31 October 2016)	Total amount anticipated to be paid to Retech Digital under the Services Agreement RMB or A\$	Difference between Contract amount & Invoiced amount <sup>1</sup>	Anticipated final invoice date
Beijing Automotive Industry Corporation, INTL	Signed with SHR	Automotive	courseware production framework contract	300,000 (A\$58,740)	13/4/2017	19,725 (A\$3,862)	182,230, (A\$35,700)	Project ongoing	The invoice must be settled by end April 2017
Ping An Insurance (Group) Company of China, Ltd.	Signed with GRP and novated to SHR as part of the Restructure	Finance	courseware service	1,800,000 (A\$352,440)	31/12/2017	200,000 (A\$39,160)	1,600,000 (A\$313,280)	Project ongoing	-
China Human Resources and Social Security Publishing Group.	Signed with SHR	Publishing	commissioned development	343,000 (A\$67,160)	31/12/2016	274,400 (A\$53,730)	274400 (A\$53,730)	Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by April 2017
China Light Industry Press	Signed with SHR	Publishing	platform development	1,720,000 (A\$336,780)	31/12/2016	860,000 (A\$168,390)	860,000 (A\$168,390)	Final amount was invoiced on 23 December 2016	-
Beijing FLTRP online education technology Co., Ltd.	Signed with SHR	Publishing	online courses development	132,800 (A\$26,000)	30/9/2016	66,400 (A\$13,000)	132,800 (A\$26,000)	Final amount was invoiced on 22 December 2016	-
FIFEDU Co., Ltd.	Signed with SHR	IT	micro-courseware development	292,500 (A\$57,270)	30/9/2016	175,500 (A\$34,360)	175500 (A\$34,360)	Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by March 2017
Beijing Benz Automotive Industry Co., Ltd.	Signed with SHR	Automotive	software service	195,000 (A\$38,180)	30/12/2016	195,000 (A\$38,180)	195,000 (A\$38,180)	-	-
Mercedes-Benz (China) Ltd.)	Signed with GRP and novated to SHR as part of the Restructure	Automotive	system optimization	508,545 (A\$99,580)	30/12/2016	508,545 (A\$99,580)	508 , 545 (A\$99,580)	-	-

China Minsheng Bank	Signed with GRP and novated to SHR as part of the Restructure	Finance	courseware development	300,000 (A\$58,740)	30/6/2017	244,000 (A\$47,780)	300,000 (A\$58,740)	The payment is settled quarterly Quarter 4 will end on 31 December 2016,	The invoice must be settled by March 2017
China Agriculture Press	Signed with SHR	Publishing	courseware and platform development	995,865 (A\$194,990)	30/11/2016	697,105 (A\$136,490)	697,105 (A\$136,490)	Final amount was invoiced on 23 December 2016	-
Mengtian Garment Co., Ltd. (Shanghai)	Signed with SHR	Retail	E-learning platform licensing	300,000 (A\$58,740)	30/12/2016	50,000 (A\$9,790)	150,000 (A\$29,400)	Final amount was invoiced on 31 December 2016	-
Bank of China	Signed with GRP and novated to SHR as part of the Restructure	Finance	software development	3,451,180 (A\$675,740)	16/12/2016	2,415,826 (A\$473,020)	3, 451,180 (A\$675,740)	Final invoice will be issued upon acceptance of contracted work by Client	Final invoice to be issued by September 2017
China Citic Bank	Signed with SHR	Finance	technology service	132,250 (A\$25,900)	28/2/2017	66,125 (A\$12,950)	66,125 (A\$12,950)	Ongoing	Final invoice to be issued by March 2017
Beijing FLTRP online education technology Co., Ltd.	Signed with SHR	Publishing	online courses development	132,800 (A\$26,000)	8/11/2016	66,400 (A\$13,000)	132,800 (A\$26,000)	Final amount was invoiced on 31 December 2016	-
Beijing FLTRP online education technology Co., Ltd.	Signed with SHR	Publishing	online courses development	132,800 (A\$26,000)	20/12/2016	66,400 (A\$13,000)	132,800 (A\$26,000)	Full amount was invoiced on 15 December 2016	-

Notes:

1. For detail of the process where the final invoice is to be issued on acceptance of contracted works by a Client, please refer to the information provided below in this Section 3.6.

Of the above, 8 are repeat clients of GRP Group, namely:

- Beijing Benz Automotive Industry Co., Ltd. and Mercedes-Benz (China) Ltd.) which have been clients of GRP Group for approximately 2.5 years;.
- Beijing Automotive Industry Corporation, INTL, and Ping An Insurance (Group) Company of China, Ltd which have been clients of GRP Group for approximately 2 years;.
- Beijing FLTRP online education technology Co., Ltd. and China Citic Bank which have been clients of GRP Group for approximately 1.5 years;. and
- China Human Resources and Social Security Publishing Group and Mengtian Garment Co., Ltd. (Shanghai) which have been clients of GRP Group for approximately 1 year.

#### Process where the final invoice is to be issued on acceptance of contracted works by a Client

Where a final invoice is to be issued on acceptance of contracted works by a Client, the process is as follows:

- The SHR Serviced Client reviews the works provided by Retech Digital (under the Services Agreement) pursuant to the acceptance standards detailed in the SHR Client Contract and within the acceptance period detailed in the SHR Client Contract. The acceptance standards and acceptance period differs between each SHR Client Contract;
- During the acceptance period, the SHR Serviced Client either accepts the works or has the right to propose reasonable revisions to the works for completion by Retech Digital (under the Services Agreement). The revisions must be completed within the acceptance period and must be less than 8% of the works the subject of the SHR Client Contract. If greater than 8%, SHR (under the SHR Client Contract and passed through to Retech Digital under the Services Agreement) is entitled to an additional fee (subject to negotiation). No notification within the acceptance period constitutes deemed acceptance;
- The SHR Serviced Client may revert up to 3 times with reasonable revisions to the Works during the acceptance period. In the event the SHR Serviced Client is unsatisfied with the revised works reasonably performed by Retech Digital (under the Services Agreement) at the end of the acceptance period, the SHR Serviced Client has the right to extend the acceptance period (and allow additional time for the revision to the works) or terminate the SHR Client Contract. Where all reasonable endeavours have been made by Retech Digital (under the Services Agreement) to revise the works in accordance with the instructions of the Client and the Client terminates the SHR Client Contract and does not pay the balance outstanding on the SHR Client Contract, SHR has the right to sue the Client for payment of the amount outstanding.

### 3.7. Intellectual Property Rights

#### Acquired Intellectual Property

Shanghai Ruijian Information Technology Co., Ltd (**Ruijian Information Technology**) owns the following Acquired Intellectual Property which it acquired from entities within the GRP Group pursuant to the terms of several Intellectual Property Transfer Agreements entered into from 5 May 2016 to 16 May 2016:

Holder	Intellectual property	Detail (including documentation transferring ownership to Ruijian Information Technology)
<b>Ruijian Information Technology</b>	20 software copyrights, 62 coursewares and 1 domain name	Pursuant to the terms of the Intellectual Property Transfer Agreement signed by SHR and Ruijian Information Technology dated 5 May 2016.
<b>Ruijian Information Technology</b>	1 software copyright and 3 patent-pending technologies.  The patent-pending technologies are for mobile learning, online course on-demand system and micro-curriculum online	Pursuant to the terms of the Intellectual Property Transfer Agreement signed by Jiangsu Retech Digital Industrial Park Co., Ltd. and Ruijian Information Technology dated 16 May 2016.
<b>Ruijian Information Technology</b>	6 domain names	Pursuant to the terms of the Intellectual Property Transfer Agreement signed by GRP and Ruijian Information Technology dated 16 May 2016
<b>Ruijian Information Technology</b>	5 software copyrights and 2 domain names	Pursuant to the terms of the Intellectual Property Transfer Agreement signed by Jiangsu Retech Education Technology Co., Ltd. and Ruijian Information Technology dated 16 May 2016

<b>Ruijian Information Technology</b>	1 patent-pending technology for online training management systems and methods	Pursuant to the terms of the Intellectual Property Transfer Agreement signed by Wuxi Retech Technology Co., Ltd. and Ruijian Information Technology dated 16 May 2016
<b>Ruijian Information Technology</b>	1 patent-pending technology for web concurrent data transmission methods and web application systems	Pursuant to the terms of the Intellectual Property Transfer Agreement signed by Yancheng Retech Digital Technology Co., Ltd. and Ruijian Information Technology dated 16 May 2016
<b>Ruijian Information Technology</b>	2 software copyrights and 3 patent-pending technologies for secure online data transmissions, data indexing methods and information security delivery systems and methods.	Pursuant to the terms of the Intellectual Property Transfer Agreement signed by Zhenjiang Retech Asset Management Co., Ltd. and Ruijian Information Technology dated 16 May 2016

A summary of the terms of the Intellectual Property Transfer Agreements is provided in Section 4.

## Licensed Intellectual Property – Retech Trademarks

Retch Digital licenses the following Retech Trademarks pursuant to the terms of the Trademark License Agreement entered into on 16 July 2016:

Holder	Licensee	Intellectual property	Detail (including documentation licensing the Intellectual property to Retech Digital)
<b>SHR</b>	Retch Digital	3 Retech Trademarks	SHR licences these Retech Trademarks to Retech Digital pursuant to the Trademark Licensing Contract.

The above Retech Trademarks are in the process of being transferred to Retech Information Technology and are detailed in the table below.

A summary of the terms of the Trademark License Agreement is provided in Section 4.

## Transferring Intellectual Property – Retech Trademarks

The following Transferring Intellectual Property is in the process of being transferred to Ruijian Information Technology pursuant to the terms of the Trademark Transfer Agreement entered into on 30 September 2016. Until transfer of the Transferring Intellectual Property has been perfected, 3 of the Retech Trademarks are the subject of the Trademark License Agreement entered into on 16 July 2016 and detailed in the table above.

Holder	Transferee	Intellectual property	Detail (including documentation transferring the Intellectual property to Ruijian Information Technology)
<b>SHR</b>	Ruijian Information Technology	6 Retech Trademarks	Pursuant to the terms of the Trademark Transfer Agreement

A summary of the terms of the Trademark Transfer Agreement is provided in Section 4.

## Incorporation by reference and obtaining copies

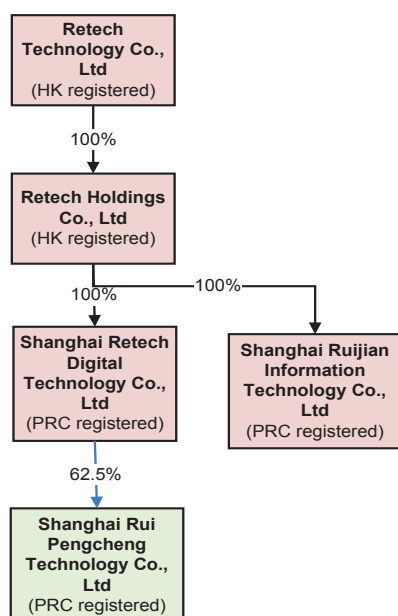
The AllBright Legal Opinion is incorporated by reference into this Prospectus and has been lodged with ASIC. A copy of the AllBright Legal Opinion is available on Retech's website at [www.retech-rte.com](http://www.retech-rte.com) or by contacting Retech's Offer Information Line. Retech will also send you a free paper copy of the AllBright Legal Opinion should you request a copy during the Offer Period.

The Allbright Legal Opinion opines on the Acquired Intellectual Property, Trademark Transfer Agreement, Trademark Licence Agreement and the IP Licence Agreements (as each of these are detailed in this Prospectus) and provides the following:

- The Acquired Intellectual Property is legally owned by Ruijian Information Technology without any ownership defects, disputes or ambiguity;
- The Trademark Transfer Agreement signed between SHR and Ruijian Information Technology is legal, binding and effective. Upon the completion of ownership transferring procedures and publication of such transfer by the Chinese Trademark Authority, Ruijian Information Technology will legally possess all rights and interests related to the Retech Trademarks which are transferred from SHR; and
- The Trademark Licence Agreement and the IP Licence Agreements (Patent Pending, Software, Courseware) are legal, valid and enforceable and Retech Digital duly owns the rights to use the Retech Trademarks, the patent pending, software and courseware the subject of these agreements.

## 3.8. Corporate structure of the Retech Group

The corporate structure of the Retech Group as at the date of this Prospectus is as follows:



A brief snapshot of the incorporation details and services provided by Retech, Retech Holdings, Retech Digital and Ruijian Information Technology is provided below:

Entity	Incorporation date	Detail
<b>Retech Technology Co., Limited</b> (Retech)	10 May 2016	Retech Technology Co., Ltd was incorporated in Hong Kong and is the parent company of the Retech Group and holds 100% of the issued share capital in Retech Holdings.
<b>Retech Holdings Co., Limited</b> (Retech Holdings)	11 May 2016	Retech Holdings Co., Limited was incorporated in Hong Kong and holds 100% of the issued share capital in Retech Digital and Ruijian Information Technology
<b>Shanghai Retech Digital Technology Co., Ltd</b> (Retech Digital)	15 July 2016	Retech Digital Technology Co., Ltd was incorporated in the PRC and is the wholly-owned subsidiary of Retech Holdings, and was incorporated as the key operating entity of the Retech Group.
<b>Shanghai Ruijian Information Technology Co., Ltd</b> (Ruijian Information Technology)	6 May 2016	Shanghai Ruijian Information Technology Co., Ltd was incorporated in the PRC and is the wholly-owned subsidiary of Retech Holdings and was incorporated to hold the Acquired Intellectual Property and Licensed Intellectual Property.
<b>Shanghai Ruipengcheng Technology Co., Ltd.</b> (Shanghai Ruipengcheng Technology)	8 September 2016	<p>Retech Digital acquired 62.5% of this entity on incorporation for nominal consideration. This entity was established as a potential vehicle to develop E-Courseware.</p> <p>Of the remaining 37.5%:</p> <ul style="list-style-type: none"> <li>• 3.75% is held by Ms Chen Yanqun; and</li> <li>• 33.75% is held by Shanghai Xinpengcheng Information Technology Co., Ltd.</li> </ul> <p>The above are unrelated to the Retech Group.</p> <p>As at the date of this Prospectus, Shanghai Ruipengcheng Technology is a shell company and conducts no business.</p>

### 3.9. The Restructure

In 2016, prior to the date of the Prospectus, a Restructure was completed for the purpose of the IPO of Retech. A summary of the Restructure is provided below:

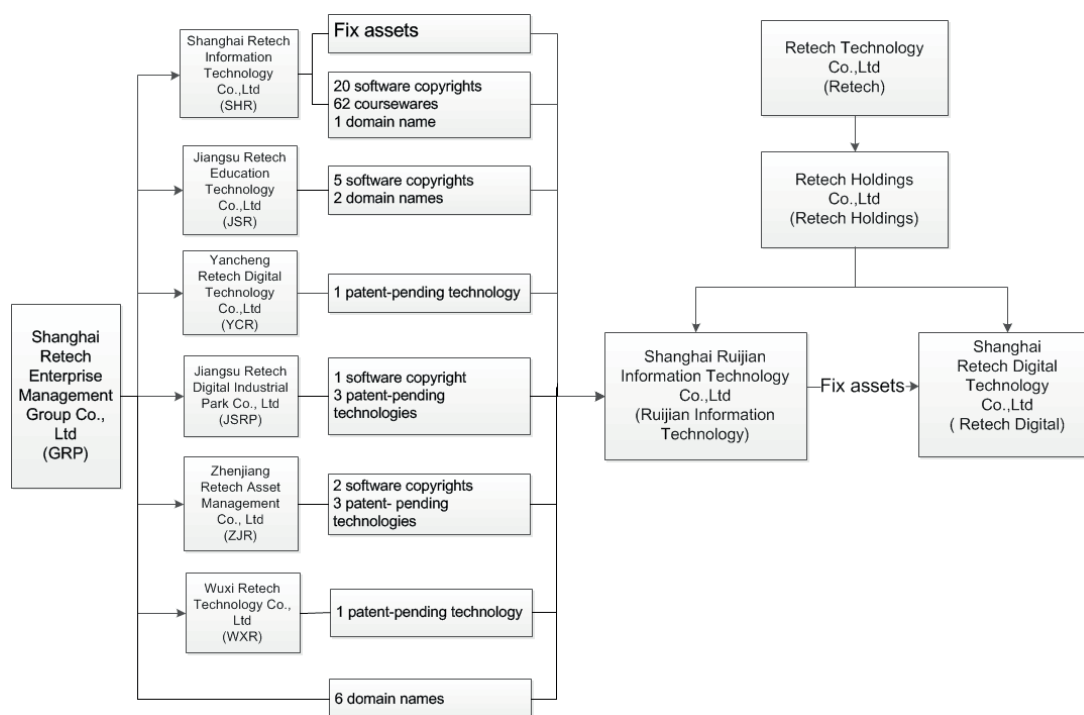
Step	Item	Detail and documentation
<b>Step 1</b>	<b>Incorporation</b>  The Retech Group entities were incorporated	<p>As detailed above, the incorporations of the Retech Group occurred between May and July 2016.</p> <p>Retech was initially established separately to Retech Holdings and its subsidiaries Retech Digital and Ruijian Information Technology.</p> <p>Retech and Retech Holdings were established with the same Shareholders, being the same shareholders that control the GRP Group.</p> <p>The controllers of GRP injected capital into the Retech Group to fund the acquisition price of the Acquired Intellectual Property and the Fixed Assets detailed below. This amount represents the amount spent in developing the Acquired Intellectual Property and the Fixed Assets.</p>
<b>Step 2</b>	<b>Intellectual Property transfer</b>  The Acquired Intellectual Property was transferred from entities within the GRP Group to Ruijian Information Technology	<p>The Acquired Intellectual Property was transferred to Ruijian Information Technology pursuant to the terms of 7 Intellectual Property Transfer Agreements on 5 May 2016 and 16 May 2016.</p> <p>The acquisition price for the Ruijian Information Technology was paid from the capital injected into the Retech Group.</p> <p>The Acquired Intellectual Property is detailed in Section 3.7. The Intellectual Property Transfer Agreements are further detailed in Section 4.</p>
	<b>Trademark transfer</b>  The Trademark Transfer Agreement was entered into transfer	<p>The Trademark Transfer Agreement was entered into on 30 September 2016. This documents the transfer of 6 Retech Trademarks to Ruijian Information Technology, being all trademarks necessary for the operation of the Retech Group.</p> <p>The Retech Trademarks are detailed in Section 3.7. The Trademark Transfer Agreement is further detailed in Section 4.</p>
	<b>Licence of Retech Trademarks</b>  The Trademark Licence Agreement was entered into	<p>The Trademark Licence Agreement was entered into on 16 July 2016 documenting the licence of 3 Retech Trademarks from SHR to Retech Digital. The Trademark Licence Agreement operates until such time as the Trademark Transfer Agreement has completed and the 3 Retech Trademarks the subject of that agreement are owned by Ruijian Information Technology.</p> <p>The Retech Trademarks are detailed in Section 3.7. The Trademark Licence Agreement is further detailed in Section 4.</p>



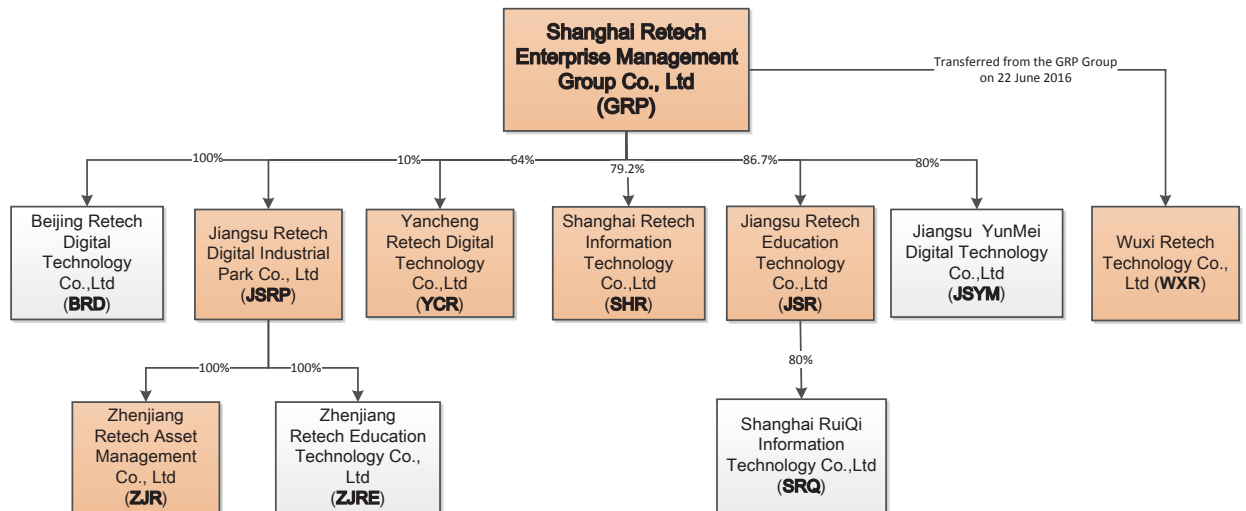
	<p><b>IP License Agreements</b></p> <p>The IP License Agreements were entered into</p>	<p>The IP License Contracts (courseware, software and patent-pending technologies) were entered into on 16 November, 2016. The IP License Contracts licence the Acquired Intellectual Property from Ruijian Information Technology to Retech Digital.</p>
<b>Step 3</b>	<p><b>Assignment of Assigned Client Contracts</b></p> <p>The Assigned Client Contracts were assigned to Retech Digital</p>	<p>Between the period from 12 September 2016 to 15 November 2016, 11 Assigned Client Contracts were assigned from SHR to Retech Digital.</p> <p>The Assigned Client Contracts are detailed in Section 3.5.</p>
<b>Step 4</b>	<p><b>Transfer of Fixed Assets</b></p> <p>The Fixed Assets were transferred from SHR (a subsidiary of GRP) to Retech Digital</p>	<p>The Fixed Asset Transfer Agreement 1 was entered into on 25 July 2016. This documents the transfer of the Fixed Assets from SHR to Ruijian Information Technology necessary for the operation of the Retech Group.</p> <p>The Fixed Asset Transfer Agreement 2 was entered into on 25 September 2016, this documents the transfer of the Fixed Assets from Ruijian Information Technology to Retech Digital necessary for the operation of the Retech Group.</p> <p>Such assets consisted in the main of technical and office equipment. The acquisition price for the Fixed Assets was paid from the capital injected into the Retech Group.</p>
<b>Step 5</b>	<p><b>Entry into of the Services Agreement</b></p> <p>The Services Agreement was entered into</p>	<p>Retech, through its wholly owned subsidiary Retech Digital, entered into the Services Agreement with SHR on 16 November 2016 whereby Retech Digital agreed to provide the complete services to SHR Serviced Clients under the terms of the SHR Client Contracts.</p> <p>Retech, through its wholly owned subsidiaries Retech Digital and Ruijian Information Technology own all of the Acquired Intellectual Property, Fixed Assets (including all employees) in order to provide the services pursuant to the terms of the SHR Client Contracts.</p> <p>The SHR Serviced Clients are detailed in Section 3. The Services Agreement is further detailed in Section 4.</p>
<b>Step 6</b>	<p><b>Share swap</b></p>	<p>On 14 November 2016, the shareholders of Retech Holdings transferred all of their shares in Retech Holdings to Retech in consideration for the issue of shares in Retech.</p> <p>As a result of the share swap, Lumina Looque Knowledge Hubs Pte Ltd received 54,000,000 Shares in consideration for payment of the expenses of the Offer. This equals \$0.043 per share (on the basis of the Maximum Subscription being obtained).</p>

		<p>31,443,350 of these Shares were then transferred to each of the following Existing Holders:</p> <ul style="list-style-type: none"> <li>• Calvin Cheng (Director);</li> <li>• See Thiam Soon David</li> <li>• Ng Kian Ming</li> <li>• Lim Der Shing</li> <li>• Liu Yining</li> <li>• ICH Capital Pte Ltd</li> <li>• POEMS Pte Ltd</li> <li>• Catcha Group Pte Ltd</li> <li>• Vickers Venture Fund IV, L.P.</li> <li>• Lee Kah Hui</li> <li>• Investorlink Securities Ltd</li> <li>• Stradbroke Plaza Pty Limited as trustee for Ryan Retirement Fund</li> <li>• Vensup Pty Ltd as trustee for Edin Super Fund</li> </ul> <p>Refer to Section 11.2 for further information of the holdings of the Existing Holders. Refer to Sections 4.1 and 4.2 for a summary of the Funding Agreement between GRP, Shanghai Zhiyuan Investment Co., Ltd (a shareholder of SHR) and Lumina Looque Knowledge Hubs Pte. Ltd.</p> <p>By way of this step, Retech became the 100% holder of Retech Holdings which in turn became the 100% owner of both of Retech Digital and Ruijian Information Technology.</p>
--	--	--

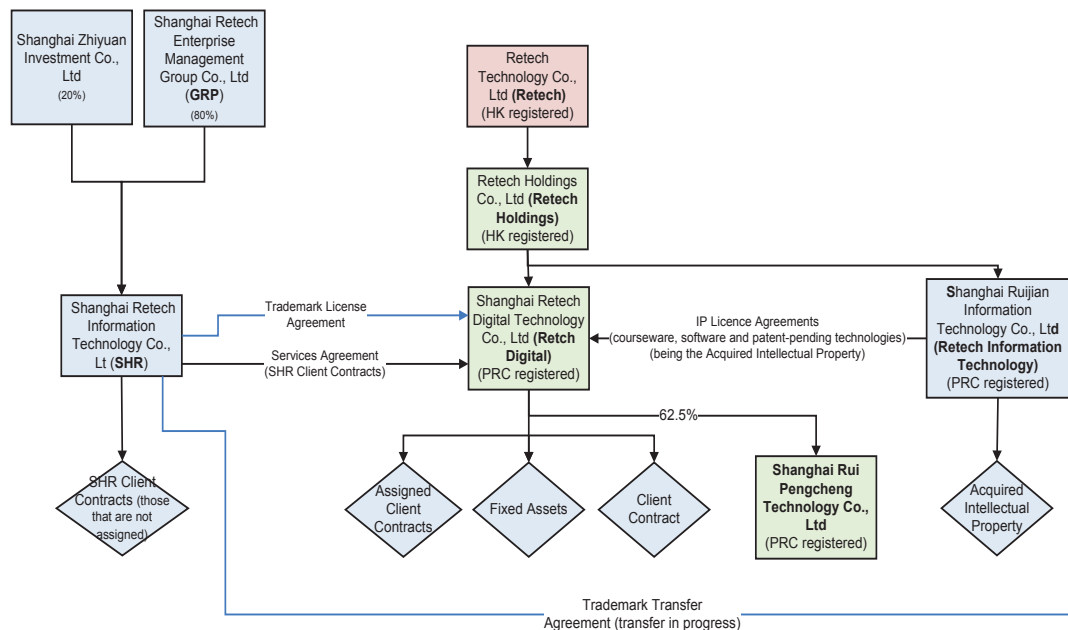
A diagram depicting the transfer of the Fixed Assets and Acquired Intellectual Property from the GRP Group to the Retech Group is provided below:



The corporate structure provided below details the entities controlled by GRP and highlights those entities, being the GRP Group entities, that transferred Acquired Intellectual Property and Fixed Assets, licensed the Licenced Intellectual Property and assigned the Assigned Client Contracts to entities within the Retech Group:



A diagram depicting the assets and contracts in place post the Restructure is detailed below:



A summary of the contracts detailed above are contained in Section 4. Detail of the intellectual property is contained in Section 3.7.

### 3.10. The jurisdictions in which Retech operates

Retech operates solely in the People's Republic of China.

### 3.11. Retech's competitive advantages

A summary of Retech's competitive advantage is provided below:

- Firstly, Retech's founders have developed a relationship with several large and well-known multi-national and state-owned Clients, namely state-owned Clients such as Ping An Insurance and Bank of

China, together with multi national Clients such as Mercedes Benz, McDonalds and Sephora. Retech management believe this gives Retech an advantage in any tender process looking for a vendor with deep experience and known to the issuer of the tender. Those relationships were built and developed over several years and management are of the view that such relationships and experiences are likely to be difficult to replicate quickly.

- Secondly, Retech has built up specialized capabilities in three industries: Automotive, Retail and Finance. This allows Retech to exploit economies of scale in these fields. Technological platforms built for one bank are fungible and may be deployed for use by another bank at decreasing marginal costs. Our expertise in certain industries allows Retech to attract and retain large clients in those industries. Retech, for example, counts as its clients Mercedes Benz in the automotive industry, Bank of China in the finance industry and Sephora in the retail industry.
- Thirdly, Retech invests in developing its own intellectual property. It owns 8 patent-pending technologies, 28 softwares, 62 coursewares and 9 domain names in China. Please refer to Section 3.7 for full detail of the Acquired Intellectual Property, Licensed Intellectual Property and Transferring Intellectual Property of the Retech Group.
- Fourthly, Retech partners with well-known content owners to provide courseware to its clients. Retech has recently entered into arrangements with TAFE Queensland under which it intends to negotiate a final agreement under which content is provided, customised and digitalised by Retech for sale to existing and new clients or who may access the content via an online portal.

### 3.12. Barriers to entry

Retech's management believe that its competitive advantage described in Section 3.11 also operate as a barrier to entry. Additional barriers to entry include:

- Retech covers a broad geographical footprint within China which provides a competitive advantage, particularly in the large corporate and government sectors. Retech's extensive client list that has been developed over several years and comprises multiple contact points within those clients means that a new entrant will find it more difficult to compete with it in any tender issued by any of these clients. This is especially so with large companies who look for a strong portfolio of past clients and experience.
- Retech's experienced staff are well remunerated and the experience it has accumulated over the years in serving large clients is also difficult to replicate.
- Retech's brand recognition in the industry through years of successful operation offers another barrier to new entrants looking for a share of the market.
- Its software copyrights offer another layer of protection against competitors.
- Retech continually invests in its own product innovation and development, as well as collaborates with well-known content owners to protect itself from its competitors.

### 3.13. Significant dependencies of Retech

The significant dependencies of Retech are as follows:

- The E-Learning Client Agreements with New Clients and SHR Serviced Clients;
- The Services Agreement in place with respect to the SHR Client Contracts;
- The Acquired Intellectual Property, the Transferring Intellectual Property and the Licensed Intellectual Property detailed in Section 3.7.
- The key employees of Retech Group with expertise in software development, marketing, design and management.

### 3.14. Growth strategies

To achieve growth in revenue in its E-Learning Solutions business channel, Retech proposes to:

- **firstly** – leverage existing client relationships to generate new business and actively identify and develop new business relationships;
- **secondly** – to participate in formal and informal requests to tender for e-Learning Solutions;
- **thirdly** – to carry out direct marketing through both traditional advertising (for example, trade shows, guest speakers at technology or E-Learning conferences, media and flyers) and online advertising (for example, WeChat and Baidu). As part of its growth strategy, Retech proposes to expand its e-Learning business model via the e-Training Partnership business channel and the E-Course Direct business channel; and
- **fourthly** – through cooperation with the leading institutions to leverage their influence in the market to explore and secure new Clients and enhance Retech's brand.

### 3.15. Research and development

A core element of Retech's business and an element of Retech's growth strategy is its continual development of its E-Learning Platforms and its E-Learning Solutions, and investment in innovation to expand its portfolio of intellectual property and technology.

Retech management believe that the quality, breadth and depth of Retech's intellectual property and technologies has driven and will continue to drive its success.

Retech intends to increase its investment in research and development, specifically in the field of instructional design and new technologies such as virtual reality and 3D to enhance Retech's E-Learning Solutions for its Clients.

### 3.16. Financing Retech's operations

Retech does not rely on any debt funding for its operations. Retech's operations are funded from its operating cashflow and equity capital.

Refer to the Section 2 for detail on how the funds raised under the Offer will be used.

### 3.17. Design and implementation quality control

To ensure as far as possible, the delivery of E-Learning Solutions of the highest quality, the quality of product delivery and to improve Client satisfaction, Retech continues to revise and improve the QMS (Quality Management System), to guide the operation of the departments and projects. The PMO (Project Management Office) appoints a project specialist to monitor and manage the delivery of activities to an appropriate standard, collect quality data, initiate the quality improvement, and form the quality standards. In the QMS, activities must be carried out as follows:

#### Quality control

At each stage of project planning and implementation, project quality control specialists within the Retech Group will monitor and control the quality of the E-Learning Solution delivery.

Inspection items	Inspection content	Inspection time	Inspection mode
<b>Requirements Review</b>	Requirements Prototype Requirements specifications	The requirements are completed.	Client requirements are reviewed and documented Client to review and accept requirements
<b>Design review</b>	Preliminary design Detailed design	Design is completed	The design is submitted to customer for review and acceptance
<b>Code walkthrough</b>	Code	Module development is completed.	Software code is checked by supervisors, corrected, and perfected
<b>System testing</b>	Test environment system	The development is completed.	The completed product is tested and burnt in. Any defects are corrected, and tested again
<b>User acceptance</b>	Acceptance	The test is finished.	Team presents completed product to Client Client has chance to review and make changes once, unless mistake is made by company. Client accepts

## Phase review

The implementation of an E-Learning Solution is carried out on a phase gate basis. Accordingly, at key milestones along the E-Learning Solution delivery plan, Retech determines (in consultation with the Client) whether the project should enter the next stage, with quality objectives in all the stages taken into consideration.

Review node	Review content	Review mode
<b>Requirement phase</b>	Defect data of requirement review Requirement changes Requirement risk	<ul style="list-style-type: none"> <li>The project monitoring commissioner collects the review contents and organizes the relevant stakeholders' assessment.</li> <li>Participants of review: Customer Representative, Department Manager, Deputy Director of PMO, Project Manager and Requirement Leader</li> <li>The review should draw a conclusion - whether to enter the next stage.</li> </ul>
<b>Design phase</b>	Defect data of design review Design changes Design risk	<ul style="list-style-type: none"> <li>The project monitoring commissioner collects the review contents and organizes the relevant stakeholders' assessment.</li> <li>Participants of review: Department Manager, Deputy Director of PMO, Project Manager and Design Leader</li> <li>The review should draw a conclusion - whether to enter the next stage.</li> </ul>
<b>Development phase</b>	Defect data of code walkthrough Development risk	<ul style="list-style-type: none"> <li>The project monitoring commissioner collects the review contents and organizes the relevant stakeholders' assessment.</li> <li>Participants of review: Department Manager, Deputy Director of PMO, Project Manager and Development Leader.</li> <li>The review should draw a conclusion - whether to enter the next stage.</li> </ul>
<b>Testing phase</b>	Defect data of testing	<ul style="list-style-type: none"> <li>The project monitoring commissioner collects the review contents and organizes the relevant stakeholders' assessment.</li> <li>Participants of review: Department Manager, Deputy Director of PMO, Project Manager, Testing Leader, Development Leader, Design Leader and Requirement Leader.</li> <li>The review should draw a conclusion - whether to enter the next stage.</li> </ul>
<b>Acceptance phase</b>	Acceptance of defect data	According to the defect data of project acceptance, the customer assesses whether to sign the acceptance report and enter the closing.

### 3.18. After sales services

#### Service system

Retech allocates a team of experts to ensure effective and efficient delivery of the E-Learning Solutions agreement with the Client.

#### Professional service management

Retech has established an efficient professional services management system in order to provide Clients with personal and efficient support services this includes the services below:

- **Help desk services** - These services comprise phone and email services to respond to non-complex queries.
- **Remote access support services** - These services comprise remote access by technical support staff to assist fault diagnostics and troubleshooting.
- **On-site services** – A fault escalation measure, Retech will assign technical personnel to the scene within two hours for troubleshooting.
- **Maintenance service period** – Retech provides a one year free maintenance service period commencing from the date the parties' sign the acceptance report. On expiry the parties may enter into an operation and maintenance services contract.

### 3.19. Certificates, licence and permits

The table below sets out a summary of the valid certificates, licenses and permits held by Retech and the Retech Group as at the date of this Prospectus.

Licence/Permit/Qualification	Issuing authority	Summary of use	Retech entity holder
<b>Business License</b>	Shanghai Administration for Industry and Commerce	Use for conducting its operations	Retech Digital
<b>Registration Certificate of Business</b>	Shanghai Branch of SAFE	Use for its Foreign Exchange registration	Retech Digital
<b>Bank Account Opening License</b>	Shanghai Branch of the People's Bank of China	Use for opening its bank account	Retech Digital
<b>Business License</b>	Shanghai Administration for Industry and Commerce	Use for conducting its operations	Ruijian Information
<b>Registration Certificate of Business</b>	Shanghai Branch of SAFE	Use for its Foreign Exchange registration	Ruijian Information
<b>Bank Account Opening License</b>	Shanghai Branch of the People's Bank of China	Use for opening its bank account	Ruijian Information

Retech Digital and Ruijian Information hold all certificates/licences to conduct its operations and are not required to hold any other certificates, licences or permits to conduct its business as it is conducted as at the date of this Prospectus.



### 3.20. Employees and office locations

Retech's offices are located in Shanghai.

As at the date of this Prospectus, Retech (though Retech Digital and Retech Information Technology) has a total of 160 full-time employees (excluding Retech Directors). The following table provides a breakdown of Retech employees by division:

Number of employees		
Division	Retech entity	Total
Management Office	Retech Digital	4
Marketing Department	Retech Digital	9
Consulting Department	Retech Digital	3
Courseware development department	Retech Digital	57
Product research and development department	Retech Digital	67
Project management office	Retech Digital	4
Quality department	Retech Digital	1
Management department	Ruijian Information Technology	2
Intellectual property department	Ruijian Information Technology	2
R&D department	Ruijian Information Technology	4
Comprehensive management department	Ruijian Information Technology	7

All employees have been retained pursuant to the terms of an employment agreement containing usual and customary confidentiality provisions. All employees which have been identified as 'key employees' are also subject to restraint provisions which restricts them from working for a competitor of Retech (or procuring another Retech employee for working for a competitor) within specified timeframes post their employment with Retech. All intellectual property developed under the terms of these employment agreements, belongs to Ruijian Information Technology.

### 3.21. Insurance

Retech Digital and Ruijian Information Technology have paid the social insurance for their employees. There are no other relevant business insurances in place which is usual and customary for the business in which the Retech Group operates in China.

## 4 Material contracts

### 4.1. Overview

A table of the Material Contracts relating to the Retech Group is provided below. A summary of each of these Material Contracts is provided In Section 4.2. The summaries are not intended to be exhaustive.

Contract	Parties	Purpose	Related party contract
<b>Material Restructure agreements</b>			
<b>Intellectual Property Transfer Agreements</b>	Ruijian Information Technology and entities within the GRP Group	The Intellectual Property Transfer Agreements document the transfer of the Acquired Intellectual Property from the GRP Group (including SHR), to Ruijian Information Technology.	Yes
<b>Fixed Asset Transfer Agreement 1</b>	SHR and Ruijian Information Technology	The Fixed Asset Transfer Agreement 1 documents the transfer of the Fixed Assets from SHR to Ruijian Information Technology.	Yes
<b>Fixed Asset Transfer Agreement 2</b>	Ruijian Information Technology and Retech Digital	The Fixed Asset Transfer Agreement 2 documents the transfer of the Fixed Assets from Ruijian Information Technology to Retech Digital.	Yes
<b>Trademark Transfer Agreement</b>	Ruijian Information Technology and SHR	The Trademark Transfer Agreement documents the transfer of the 6 Retech Trademarks from SHR to Ruijian Information Technology.	Yes
<b>Trademark Licence Agreement</b>	Retech Digital and SHR	The Trademark Licence Agreement documents the licence of 3 Retech Trademarks from SHR to Retech Digital. This agreement will be in place until such time as the Trademark Transfer Agreement is completed.	Yes
<b>IP Licence Agreements (Patent Pending, Software, Courseware)</b>	Ruijian Information Technology and Retech Digital	The IP Licence Agreements (Patent Pending, Software, Courseware) document the licence from Ruijian Information to Retech Digital of the Acquired Intellectual Property.	Yes
<b>Services Agreement</b>	SHR, Retech Digital and Ruijian Information Technology	The SHR Services Agreement documents the agreement between SHR, Retech Digital and Ruijian Information Technology for the provision of services by Retech Digital and Ruijian Information Technology to satisfy the obligations of SHR under the SHR Client Contracts.	Yes
<b>Personal Guarantee</b>	Retech, Ai Shungang (Co-Chairman), Retech Digital and Ruijian Information Technology	The Personal Guarantee documents the guarantee and indemnity provided by Ai Shungang for the prompt performance by Ai Shungang Affiliated Entities of the terms of the Services Agreement and any other document entered into between Ai Shungang Affiliated Entities and Retech Digital or Ruijian Information Technology, provide for or entered into in connection with the Services Agreement.	Yes

<b>Deed of Non-Competition</b>	Ai Shungang (Co-Chairman), Retech, Retech Digital and Ruijian Information Technology	The Deed of Non-Competition restricts Ai Shungang (and the Ai Shungang Controlled Entities) from providing any services similar to or competitive with the business provided by Retech Group, anywhere within any jurisdiction.	Yes
<b>Commitment Letter (SHR)</b>	SHR	This Commitment Letter contains a commitment from SHR whereby it commits not to engage in any business similar or identical to that of Retech Digital or Ruijian Information Technology. SHR will bear all economic loss caused to Retech Digital if it violates such a commitment.	Yes
<b>Commitment Letter (GRP)</b>	GRP	This Commitment Letter contains a commitment from GRP whereby it commits not to engage in any business similar or identical to that of Retech Digital or Ruijian Information Technology. GRP will bear all economic loss caused to Retech Digital if it violates such a commitment.	Yes
<b>Funding Agreement</b>	Lumina Looque Knowledge Hubs Pte Ltd  Shanghai Retech Enterprise Management Group Co., Ltd (GRP).  Shanghai Zhiyuan Investment Co., Ltd (a minority shareholder of SHR)	<p>This Funding Agreement was a commitment from GRP (that following the Restructure), Retech issue 54,000,000 Shares in consideration for payment of the costs associated with the Offer (with the exception of the capital raising costs).</p> <p>The costs contributed by Lumina Looque Knowledge Hubs Pte Ltd are not repayable by Retech in the event the IPO does not complete and Retech is not admitted to the official list of the ASX.</p> <p>This equals \$0.043 per Retech Share (on the basis of the Maximum Subscription being obtained). This price reflects the risk assumed early in the IPO process by Lumina Looque Knowledge Hubs Pte Ltd and that Lumina brings the following to the Retech Group:</p> <ul style="list-style-type: none"> <li>• Industry knowledge;</li> <li>• Corporate finance capability;</li> <li>• Global markets experience; and</li> <li>• International directors.</li> </ul>	Yes
<b>Material E-Partnership Solutions agreement</b>			
<b>TAFE Queensland Memorandum of Understanding</b>	TAFE Queensland  Retech Digital	Documents the non-binding agreement between Retech Digital and TAFE Queensland to collaborate to develop a partnership in online/virtual learning in the Chinese market and potential pathways for Chinese students to continue their study with TAFE Queensland in Australia.	No
<b>Non-Executive Services Agreements</b>			
<b>Letter of Appointment (Ai Shungang)</b>	Retech  Ai Shungang	Documents the terms pursuant to which Ai Shungang is appointed as a Non-Executive Director of Retech.	Yes
<b>Letter of Appointment (Calvin Cheng)</b>	Retech  Calvin Cheng	Documents the terms pursuant to which Calvin Cheng is appointed as a Non-Executive Director of Retech.	Yes

<b>Letter of Appointment (Liu Qing)</b>	Retech Liu Qing	Documents the terms pursuant to which Liu Qing is appointed as a Non-Executive Director of Retech.	Yes
<b>Letter of Appointment (Chris Ryan)</b>	Retech Chris Ryan	Documents the terms pursuant to which Chris Ryan is appointed as a Non-Executive Director of Retech.	Yes
<b>Letter of Appointment (Neville Ide)</b>	Retech Neville Ide	Documents the terms pursuant to which Neville Ide is appointed as a Non-Executive Director of Retech.	Yes

## 4.2. Material restructure agreements

### Intellectual Property Transfer Agreements

There have been a number of Intellectual Property Transfer Agreements executed on 5 May 2016 and 16 May 2016 that have resulted in Ruijian Information Technology owning all intellectual property rights in Retech's main technological assets, being the Acquired Intellectual Property.

The Intellectual Property Transfer Agreements can be summarised as follows:

- By way of Intellectual Property Transfer Agreement entered into on 16 May 2016, Zhenjiang Retech Asset Management Co., Ltd transferred the following intellectual property assets for the consideration of RMB 628,300:

Description	IP Asset/Registration Number
<b>Retech Internal Sale Training Platform Software for Garment Enterprise Store</b>	Software Copyright registration no. 2013SR127061
<b>Retech Mixed Training Platform Software V. 1</b>	Software Copyright registration no. 2016SR070572
<b>Method for on-line secured transmission of data</b>	Patent-Pending Technology registration no. 20120398382.9
<b>A data indexing method based on feature analysis</b>	Patent-Pending Technology registration no. 201210408561.6
<b>Information security transmission system method based on HTML 5</b>	Patent-Pending Technology registration no. 201410293935.3

- By way of Intellectual Property Transfer Agreement entered into on 16 May 2016, Yancheng Retech Digital Technology Co., Ltd transferred the WEB concurrent data transmission method and WEB application system (Patent-Pending Technology registration no. 201210315917.1) to Ruijian Information Technology for the consideration of RMB 25,500;
- By way of Intellectual Property Transfer Agreement entered into on 16 May 2016, Wuxi Retech Technology Co., Ltd transferred an online training management system and method based on process tracking (Patent-Pending Technology registration no. 201210380467.4) to Ruijian Information Technology for the consideration of RMB 25,500;
- By way of Intellectual Property Transfer Agreement entered into on 16 May 2016, Jiangsu Retech Digital Industrial Park Co., Ltd transferred the following intellectual property assets for the consideration of RMB 134,400:

Description	IP Asset/Registration Number
<b>Ruiyi E-learning Platform Software</b>	Software Copyright registration no. 2014SR050579
<b>Mobile learning method and system</b>	Patent-Pending Technology no. 201410293219.5
<b>Online Course Selection and Broadcast System</b>	Patent-Pending Technology registration no. 201410297112.8
<b>Micro curriculum on-line design system</b>	Patent-Pending Technology registration no. 201410298072.9

- By way of Intellectual Property Transfer Agreement entered into on 16 May 2016, Jiangsu Retech Education Technology Co., Ltd transferred to Ruijian Information Technology for the consideration of RMB660,110:

Description	IP Asset/Registration Number
<b>Retech E-learning Management System Software v1.0</b>	Software Copyright registration no. 2013SR102311
<b>Retech Mobile-learning Management Platform Software</b>	Software Copyright registration no. 2014SR004260
<b>Retech Financial Industry Mobile-learning Platform Software</b>	Software Copyright registration no. 2016SR081058
<b>Retech General Education Platform Software for Training Institute V1.0</b>	Software Copyright registration no. 2016SR074058
<b>Retech Talent Service On-Line Platform Software v1.0</b>	Software Copyright registration no. 2016SR074114
<b><u>www.etrainingpartner.com</u></b>	Domain name registration expiring on 30 August 2018
<b><u>www.elearningcn.com</u></b>	Domain name registration expiring on 19 March 2019

- By way of Intellectual Property Transfer Agreement entered into on 16 May 2016, Shanghai Retech Enterprise Management Group Co., Ltd transferred the following domain names to Ruijian Information Technology for the consideration of RMB 418:
  - www.dp-park.com expiring on 25 June 2017;
  - www.iocourse.com expiring on 25 June 2017;
  - www.52learning.cn expiring on 15 August 2017;
  - www.52learning.com.cn expiring on 15 August 2017;
  - www.52learning.com expiring on 20 August 2017; and
  - www.1177xue.com expiring on 27 August 2017.

- By way of Intellectual Property Transfer Agreement entered into on 5 May 2016, SHR transferred the following intellectual property assets to Ruijian Information Technology for the consideration of RMB9056,651:

Description	IP Asset/Registration Number
<b>Retech Academy Talents Training Software V1.0</b>	Software Copyright registration no. 2013SR035876
<b>Retech Multimedia Networking On-line Knowledge Service Platform Software V1.0</b>	Software Copyright registration no. 2013SR036085
<b>Retch Lifelong On-line Education Platform Software V1.0</b>	Software Copyright registration no. 2013SR042888
<b>Retech Platform Software V1.0 of On-line Training and Learning on Examination Certificate</b>	Software Copyright registration no. 2015SR225121
<b>Retech Garment Store E-learning Platform Software V1.0</b>	Software Copyright registration no. 2015SR225120
<b>Retech Automobile Talents Training Academy E-learning System Software</b>	Software Copyright registration no. 2015SR225123
<b>Retech WeClass E-learning Platform Software V1.0</b>	Software Copyright registration no. 2016SR055157
<b>Retech Chain Enterprise Training Management Platform Software V1.0</b>	Software Copyright registration no. 2016SR055170
<b>Retech Real Estate Training System and Management Platform Software V1.0</b>	Software Copyright registration no. 2016SR055166
<b>Retech On-line Educational Administration General Service Platform Software V1.0</b>	Software Copyright registration no. 2016SR055163
<b>Retech Mobile-learning Platform Software V1.0</b>	Software Copyright registration no. 2015SR290444
<b>Retech Academy Talents Training Software V2.0</b>	Software Copyright registration no. 2016SR055161
<b>Retech Ruiyi E-learning Platform Software V2.0</b>	Software Copyright registration no. 2016SR046655
<b>Retech Ruiyi Mobile-learning Platform Software V2.0</b>	Software Copyright registration no. 2016SR046658
<b>Retech Ruiyi Mobile-learning Platform Software V2.0(For Iphone)</b>	Software Copyright registration no. 2016SR046651
<b>Retech Financial Institute Mobile-learning Platform Software V1.0</b>	Software Copyright registration no. 2015SR269224

<b>Retech Press E-learning Platform Software V1.0</b>	Software Copyright registration no. 2015SR269221
<b>Retech Enterprise College E-learning Platform Software V1.0</b>	Software Copyright registration no. 2015SR269238
<b>Retech Press Question Tank Management Platform Software V1.0</b>	Software Copyright registration no. 2015SR269235
<b>Retech Financial Institute E-learning Platform Software V1.0</b>	Software Copyright registration no. 2015SR269231
<b>How to help clients to choose auto loan</b>	Courseware Copyright registration no. 2015-I-00493322
<b>How to make a smooth delivery of new car</b>	Courseware Copyright registration no. 2015-I-00493323
<b>How to handle disagreement of client</b>	Courseware Copyright registration no. 2015-I-00493324
<b>How to understand thoroughly the essence of clients' bargaining</b>	Courseware Copyright registration no. 2015-I-00494093
<b>How to help client to obtain a car plate</b>	Courseware Copyright registration no. 2015-I-00494423
<b>How to deal with different type of clients</b>	Courseware Copyright registration no. 2015-I-00507161
<b>How to recommend vehicle insurance for clients</b>	Courseware Copyright registration no. 2015-I-00507162
<b>How to use basic business etiquette</b>	Courseware Copyright registration no. 2015-I-00507163
<b>How to introduce the car parameters</b>	Courseware Copyright registration no. 2015-I-00507164
<b>How to introduce the gearbox</b>	Courseware Copyright registration no. 2015-I-00507165
<b>How to introduce mainstream vehicle brands and factions</b>	Courseware Copyright registration no. 2015-I-00507166
<b>How to introduce maintenance knowledge to clients</b>	Courseware Copyright registration no. 2015-I-00507167
<b>How to develop potential clients</b>	Courseware Copyright registration no. 2015-I-00507168
<b>How to handle clients' complain</b>	Courseware Copyright registration no. 2015-I-00507169
<b>How to understand vehicle sales procedure</b>	Courseware Copyright registration no. 2015-I-00507170
<b>How to understand vehicle structure quickly</b>	Courseware Copyright registration no. 2015-I-00507171
<b>How to introduce 3-guarantees policies to clients</b>	Courseware Copyright registration no. 2015-I-00507172
<b>How to analyze clients' requirements</b>	Courseware Copyright registration no. 2015-I-00507173



How to introduce the suspension of vehicle	Courseware Copyright registration no. 2015-I-00507174
How to introduce the vehicle comfort configuration	Courseware Copyright registration no. 2015-I-00507175
How to introduce the safety configuration	Courseware Copyright registration no. 2015-I-00507176
How to understand consultant sales	Courseware Copyright registration no. 2015-I-00507177
How to improve service quality with MOT key experience points	Courseware Copyright registration no. 2015-I-00507178
How to introduce a vehicle with 6-dimensional method	Courseware Copyright registration no. 2015-I-00521984
How to introduce vehicles with the FAB method	Courseware Copyright registration no. 2015-I-00522573
How to use four skills for communication	Courseware Copyright registration no. 2015-I-00521478
How to replace second-handed vehicles	Courseware Copyright registration no. 2015-I-00522154
How to answer enquiry phone calls of clients	Courseware Copyright registration no. 2015-I-00521986
How to do a good following up	Courseware Copyright registration no. 2015-I-00521598
How to control the topics in communication	Courseware Copyright registration no. 2015-I-00521985
How to test clients' intention after trail drive	Courseware Copyright registration no. 2015-I-00522606
How to conduct performance evaluation for sales tasks	Courseware Copyright registration no. 2015-I-00521492
How to negotiate the price for a deal	Courseware Copyright registration no. 2015-I-00522607
How to prepare before delivering a new vehicle	Courseware Copyright registration no. 2015-I-00522059
How to conduct maintenance for vehicle on display	Courseware Copyright registration no. 2015-I-00522214
How to do a good job in customer reception	Courseware Copyright registration no. 2015-I-00522036
How to provide good customer experience in test drive	Courseware Copyright registration no. 2015-I-00521491
How to prepare for the test drive	Courseware Copyright registration no. 2015-I-00521490
How to introduce the driving configuration	Courseware Copyright registration no. 2015-I-00522243
How to introduce the engine configuration	Courseware Copyright registration no. 2015-I-00521493

How to do a good job in pre delivery inspection (PDI)	Courseware Copyright registration no. 2015-I-00522058
How to create a good personal image	Courseware Copyright registration no. 2015-I-00522330
How to introduce the multimedia configuration of the vehicle	Courseware Copyright registration no. 2015-I-00521577
How to improve seven sales skills	Courseware Copyright registration no. 2015-I-00522646
How to attract target customers	Courseware Copyright registration no. 2015-I-00521784
How to use sales tools effectively	Courseware Copyright registration no. 2015-I-00523071
How to introduce conventional products	Courseware Copyright registration no. 2015-I-00521554
How to break down the sales target	Courseware Copyright registration no. 2015-I-00521780
How to do a good job in signing vehicle purchasing contract	Courseware Copyright registration no. 2015-I-00521617
Six steps for clothes sales - closer distance	Courseware Copyright registration no. 2015-I-00522073
Six steps for clothes sales - attempt to recommend	Courseware Copyright registration no. 2015-I-00522215
Six steps for clothes sales - introduction of details	Courseware Copyright registration no. 2015-I-00522679
Six steps for clothes sales - matching collocation	Courseware Copyright registration no. 2015-I-00522681
Six steps for clothes sales - deal confirmation	Courseware Copyright registration no. 2015-I-00522099
Six steps for clothes sales -sent customers warmly	Courseware Copyright registration no. 2015-I-00521504
Salesperson's body language	Courseware Copyright registration no. 2015-I-00522682
listening and speaking game of Salesperson	Courseware Copyright registration no. 2015-I-00522683
Salesperson's time management	Courseware Copyright registration no. 2015-I-00521725
Salesperson's performance management	Courseware Copyright registration no. 2015-I-00522332
Salesperson's communication management	Courseware Copyright registration no. 2015-I-00521833
Salesperson's KPI management	Courseware Copyright registration no. 2015-I-00522333
How to quickly understand a 4S auto stores	Courseware Copyright registration no. 2016-I-1851
<a href="http://www.sephoraemail.com">www.sephoraemail.com</a>	Domain name registration expiring on 18 December 2018

***Fixed Asset Transfer Agreement 1***

On 25 July 2016, SHR transferred to Ruijian Information Technology the Fixed Assets for RMB140,387. The Fixed Assets are unencumbered and comprises plant and equipment required by the Retech Group for its operations.

***Fixed Asset Transfer Agreement 2***

On 25 September 2016, Ruijian Information Technology transferred to Retech Digital the Fixed Assets for RMB132,978. The Fixed Assets are unencumbered and are the same assets as transferred under the Fixed Asset Transfer Agreement 1 and comprises plant and equipment required by the Retech Group for its operations.

***Trademark Transfer Agreement***

By way of Trademark Transfer Agreement entered into on 30 September 2016, SHR transferred six (6) Retech Trademarks with the status of registered or applied (registration in process) to Ruijian Information Technology. The transfer fee (consideration) paid by SHR to Ruijian Information Technology was the amount of RMB100.00.

SHR has agreed to appropriate protections to ensure that no encumbrance over the trademarks or act that would devalue or threaten the intellectual property protection of the trademarks is effected or undertaken whilst the transfer of the trademarks is occurring and the ownership details on the public record are being updated.

***Trademark Licence Agreement***

By way of a Trademark Licence Contract entered into on 16 July 2016, SHR granted a licence for three (3) Retech Trademarks to Retech Digital. The licence fee is 10 RMB per year. The purpose of this contract is to provide Retech Digital with the right to utilise the trademarks in the operation of the business whilst the trademarks are being transferred to Ruijian Information Technology (under the terms of the Trademark Transfer Agreement). As stipulated by the laws of the People's Republic of China, there is a period by which transfer of ownership of trademarks is advertised, and subsequently registered. This period can take up to one (1) year.

The Trademark Licence Contract commences from its signing date to enable Retech Digital to utilise the Retech Group branding whilst the transfer (under the terms of the Trademark Transfer Agreement) is taking effect, and will end at the expiration date of such trademarks since Ruijian Information Technology consents to undertake such obligations of SHR according to the Trademark Transfer Agreement signed by and between SHR and Ruijian Information Technology.

***IP Licence Agreements (Patent Pending, Software, Courseware)***

On 16 November 2016 Ruijian Information Technology and Retech Digital entered into the following IP Licence Agreements:

- Software Copyright Licence Contract;
- Courseware Copyright Licence Contract;
- Licence Contract for Exploitation of Patent-Pending Technologies.

The courseware, copyright and patent-pending technologies licenced under these IP Licence Agreement, together constitute a licence of all of the Acquired Intellectual Property (acquired by Ruijian Information Technology under the Intellectual Property Transfer Agreements) to Retech Digital. The licence fee under each of the IP Licence Agreements is 5% of the total amount of the Client Contracts signed by Retech Digital

where such Client Contracts include a licence for the IP the subject of the relevant IP Licence Agreements. The terms of each of these IP Licence Agreements is 10 years and the commencing dates are as follows:

- Software Copyright Licence Contract: commencing from October 1st, 2016;
- Courseware Copyright Licence Contract: commencing from August 1st, 2016;
- Licence Contract for Exploitation of Patent-Pending Technologies: commencing from November 1st, 2016.

### **Services Agreement**

By way of Service Agreement entered into on 16 November 2016, SHR engaged Retech Digital as its exclusive service provider to deliver SHR with technical and consultation services. Under the Services Agreement, SHR is to pay Retech Digital 100% of its revenues as a service fee from the period of 1 August 2016 to 30 June 2017. SHR will then pay Retech Digital 95% of its revenues from 1 July 2017 until the agreement is terminated.

Under this agreement, the SHR and Retech Digital have acknowledged and agreed that all intellectual property rights that arise as a result of the service engagement will vest automatically in Ruijian Information Technology. Further, SHR and Retech Digital will assign all incidental intellectual property rights that vest (because of their nature) in Ruijian Information Technology.

The term of this agreement is stipulated as ten (10) years, commencing from August 1st, 2016, unless terminated earlier in accordance with the termination provisions outlined. Under the Service Agreement, SHR has the right to terminate the agreement with thirty (30) days' written notice or immediately if Retech Digital causes SHR to incur heavy losses (as a result of fraud).

### **Personal guarantee**

On 16 November 2016, Mr Ai Shungang entered into the Personal Guarantee with Retech, Retech Digital and Ruijian Information Technology on the following terms and conditions:

- Ai Shungang irrevocably and unconditionally guarantees to Retech Digital and Ruijian Information Technology the prompt performance by the enterprises controlled by or under the influence of him (**Ai Shungang Controlled Entities**) of the terms of the Services Agreement and any agreements between any Ai Shungang Controlled Entities and Retech Digital or Ruijian Information Technology, or for the benefit of the Retech Digital or Ruijian Information Technology, that is provided for, or entered into in connection with the Services Agreement (**Transaction Documents**).
- Ai Shungang agrees to indemnify and keep indemnified Retech Digital and Ruijian Information Technology in full and on demand from and against all and any losses, costs, claims, liabilities, damages, demands and expenses suffered or incurred by Retech Digital and Ruijian Information Technology arising out of, or in connection with, any failure of the enterprises controlled by or under his influence to perform or discharge any of its obligations or liabilities under the terms of the terms of the Services Agreement and the Transaction Documents.
- The guarantee and indemnity will extend for the period any obligations of the Ai Shungang Controlled Entities exist.

### Deed of Non-Competition

On 16 November 2016, Mr Ai Shungang, as the controller of the GRP Group entered into the Deed of Non-competition with Retech, Retech Digital and Ruijian Information Technology on the following terms and conditions:

- Non-Competition

For the period commenced on the signing date of the Deed of Non-competition and ending ten (10) years from that date (**Restriction Period**), Ai Shungang ceases to control (directly or indirectly) any securities in Retech, Ai Shungang shall not, and shall cause each Ai Shungang Controlled Entities to, directly or indirectly own any interest in, provide financing or financial assistance to, operate, manage, control, participate in, consult with, advise, provide services to, or in any other manner carry on, engage in or assist any business (whether individually or through or in association with any other person or entity) that is the same as, similar to or competitive with the business provided by Retech Group, anywhere within any jurisdiction.

This restriction does not apply where:

- SHR acts solely as a counterparty to a contract to provide the business to clients who cannot contract directly with Retech Technology or Retech Digital or Ruijian Information Technology (**Client Contract**); and
- a Services Agreement is entered into between SHR and Retech Digital and Ruijian Information Technology whereby Retech Digital provides all services to SHR in order to satisfy the obligations of SHR under the Client Contract such that the Client Contract is for the benefit of the Retech Group.

- Non-Solicitation

In addition, during the Restriction Period, Ai Shungang will not directly or indirectly through any other person or entity:

- induce or attempt to induce any employee a member of the Retech Group, to leave such employment, or in any way interfere with the relationship between any member of the Retech Group and any of its respective employees;
- hire any person who was an employee of a member of the Retech Group within three months following the termination of the employment of such person with such member, as the case may be: or
- induce or attempt to induce any customer, supplier, licensee, licensor, franchisee or other person or entity having business relations with the Retech Group to cease doing business with Retech Group, or in any way interfere with the relationship between any member of the Retech Group and any such customer, supplier, licensee, licensor, franchisee or person or entity having business relations with the member of the Retech Group (including, without limitation, making any negative or disparaging statements or communications regarding the Retech Group or any member of the Retech Group).

- Remedies

Retech Group shall each be entitled to equitable relief by way of temporary or permanent injunction, without having to prove damages, in addition to any other remedies (including damages) to which the Retech Group may be entitled at law or in equity.

If Ai Shungang is in breach of this Deed, the running of the Non-Disclosure Period and Restriction Period shall be stayed and shall recommence upon the date he ceases to be in breach thereof, whether voluntarily or by injunction.

Retech Group may enforce this Deed against Ai Shungang without proof of any agreements entered into contrary to the terms of the Deed.

- Set-Off

If at any time Ai Shungang is in breach of this Deed, any member of Retech Group may withhold payment of any amounts payable to him, pursuant to any agreement, until he shall have ceased to be in breach of the terms of this Deed and Retech Group may set off against any amounts so payable all losses, damages, costs, charges and expenses suffered or incurred by Retech Group as a result of such breaches by him

#### **Commitments Letter (SHR & GRP)**

On 17 November 2016 SHR entered into a Commitment Letter whereby SHR commits not to engage in any business similar or identical to that of Retech Digital or Ruijian Information Technology. SHR will bear all economic loss caused to Retech Digital if it violates such a commitment.

On 17 November 2016 GRP entered into a Commitment Letter whereby GRP commits not to engage in any business similar or identical to that of Retech Digital or Ruijian Information Technology. GRP will bear all economic loss caused to Retech Digital if it violates such a commitment.

#### **Funding Agreement**

On or about 1 May 2016, Lumina Looque Knowledge Hubs Pte. Ltd and Retech entered into a Funding Agreement containing a commitment from GRP and Shanghai Zhiyuan Investment Co., Ltd (a minority shareholder of SHR) that following the Restructure, Retech issue 54,000,000 Shares to Lumina Looque Knowledge Hubs Pte. Ltd in consideration for payment by Lumina Looque Knowledge Hubs Pte. Ltd of the costs associated with the Offer (with the exception of the capital raising costs).

This equals \$0.043 per share (on the basis of the Maximum Subscription being obtained).

Refer to Sections 3.9 and 11.2 for detail of the Shares issued to Lumina Looque Knowledge Hubs Pte. Ltd.

### **4.3. Material E-Partnership Solutions agreement**

#### **TAFE Queensland Memorandum of Understanding**

On 11 October 2016, Retech Digital and TAFE Queensland entered into a Memorandum of Understanding. This non-binding agreement documents the agreement between Retech Digital and TAFE Queensland to collaborate to develop a partnership in online/virtual learning in the Chinese market and potential pathways for Chinese students to continue their study with TAFE Queensland in Australia.

## 4.4. Non-Executive Services Agreements

A summary of the key terms of the Non-Executive Letters of Appointment with Retech's Non-Executive Directors are set out below.

### Ai Shungang

On 15 November 2016, Ai Shungang entered into a Letter of Appointment to serve as a Non-Executive Director of Retech. Ai Shungang's Letter of Appointment provides for, amongst other things:

- Ai Shungang's appointment as a Non-Executive Director of Retech.
- Ai Shungang is to be paid an annual director's fee of RMB80,000 (approximately A\$15,664).
- The Letter of Appointment is effective from the date of Ai Shungang's appointment as Non-Executive Director of Retech and continues until the date that Ai Shungang ceases to hold office as a director of Retech.
- Ai Shungang may resign as a director of Retech at any time by written notice.

The Letter of Appointment otherwise contains provisions that are usual for appointment letters of this nature.

### Calvin Cheng

On 30 November 2016, Calvin Cheng entered into a Letter of Appointment to serve as a Non-Executive Director of Retech. Calvin Cheng's Letter of Appointment provides for, amongst other things:

- Calvin Cheng's appointment as a Non-Executive Director of Retech.
- Calvin Cheng is to be paid an annual director's fee of A\$100,000 (approximately RMB510,725).
- The Letter of Appointment is effective from the date of Calvin Cheng's appointment as a Non-Executive Director of Retech and continues until the date that Calvin Cheng ceases to hold office as a director of Retech.
- Calvin Cheng may resign as a director of Retech at any time by written notice.

The Letter of Appointment otherwise contains provisions that are usual for appointment letters of this nature.

### Liu Qing

On 13 November 2016, Liu Qing entered into a Letter of Appointment to serve as a Non-Executive Director of Retech. Liu Qing's Letter of Appointment provides for, amongst other things:

- Liu Qing's appointment as a Non-Executive Director of Retech.
- Liu Qing is to be paid an annual director's fee of RMB70,000 (approximately A\$13,706) plus an additional RMB10,000 (approximately A\$1,958) given Liu Qing is appointed as Chair of the Nomination and Remuneration Committee.
- The Letter of Appointment is effective from the date of Liu Qing's appointment as a Non-Executive Director of Retech and continues until the date that Liu Qing ceases to hold office as a director of Retech.
- Liu Qing may resign as a director of Retech at any time by written notice.

The Letter of Appointment otherwise contains provisions that are usual for appointment letters of this nature.



### **Neville Ide**

On 5 December 2016, Neville Ide entered into a Letter of Appointment to serve as a Non-Executive Director of Retech. Neville Ide's Letter of Appointment provides for, amongst other things:

- Neville Ide's appointment as a Non-Executive Director of Retech.
- Neville Ide is to be paid an annual director's fee of A\$60,000 (approximately RMB\$306,435 plus an additional A\$10,000 (approximately RMB\$51,073) given Neville Ide is appointed as chairman of the Audit and Risk Management Committee.
- The Letter of Appointment is effective from the date of Neville Ide's appointment as a Non-Executive Director of Retech and continues until the date that Neville Ide ceases to hold office as a director of Retech.
- Neville Ide may resign as a director of Retech at any time by written notice.

The Letter of Appointment otherwise contains provisions that are usual for appointment letters of this nature.

### **Chris Ryan**

On 5 December 2016, Chris Ryan entered into a Letter of Appointment to serve as a Non-Executive Director of Retech. Chris Ryan's Letter of Appointment provides for, amongst other things:

- Chris Ryan's appointment as a Non-Executive Director of Retech.
- Chris Ryan is to be paid an annual director's fee of A\$60,000 (approximately RMB\$306,435).
- The Letter of Appointment is effective from the date of Chris Ryan's appointment as a Non-Executive Director of Retech and continues until the date that Chris Ryan ceases to hold office as a director of Retech.
- Chris Ryan may resign as a director of Retech at any time by written notice.

The Letter of Appointment otherwise contains provisions that are usual for appointment letters of this nature.

## 5 Industry overview

### 5.1. China's online education market overview

Online education (e-Learning) refers to using an educational thinking and learning approach to deliver educational resources through the internet. E-Learning uses digital content and conducts non-face-to-face education activities in virtual classrooms and online training centers.

In 2015, China had a population of about 1.37 billion<sup>14</sup>. In 2016, internet users in China reached 721 million<sup>15</sup>, and online education users in China reached 118 million<sup>16</sup> (see Chart 1 below).

In 2015, China's Gross Domestic Product (GDP) was approximately RMB 67.7 trillion (if converted with the annual FX rate of 4.73 = AUD 14.3 trillion<sup>17</sup>), and education expenditure was approximately RMB 2.6 trillion<sup>18</sup> (if converted with the annual FX rate of 4.73 = AUD 550 billion). Expenditure on e-Learning was RMB 111.1 billion<sup>19</sup> (If converted with the annual FX rate of 4.73 = AUD 23.5 billion), which accounted for only 4.3% of total education expenditure in China in 2015 (see Chart 2 below).

Chart 1 Chinese online education users size in 2016

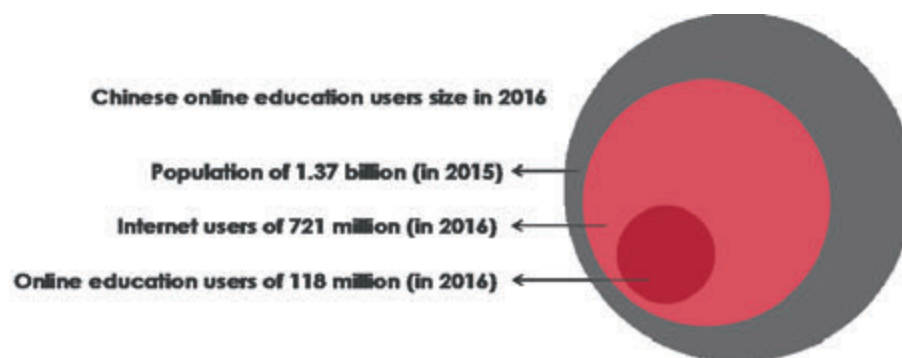


Chart 2 Chinese online education expenditure in 2015

<sup>14</sup> National Data. (2013). *Chinese Population*. Retrieved 23 11, 2016, from: <http://data.stats.gov.cn/search.htm?s=%E4%B8%AD%E5%9B%BD%E4%BA%BA%E5%8F%A3>

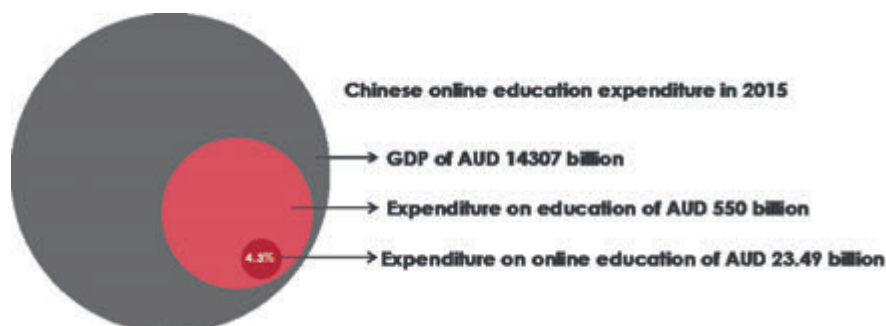
<sup>15</sup> NetEase. (2016, September 17). The Number of Internet Users in China reached 721 million people in the world. Retrieved 23 11, 2016, from NetEase: <http://news.163.com/16/0917/11/C15NV0VF00014SEH.html>

<sup>16</sup> Sohu. (2016). *China's Online Education Users Scale of 118 million*. Retrieved 23 11, 2016, from Sohu: <http://mt.sohu.com/20160808/n463166590.shtml>

<sup>17</sup> China Economic Net. (2016). National Bureau of Statistics: 2015 China's GDP grew 6.9%. Retrieved 24 11, 2016, from Sohu: <http://news.sohu.com/20160229/n438826008.shtml>

<sup>18</sup> Zheng. (2016). *China 's Education Spending in 2015 Exceeded 2.6 Trillion*. Retrieved 23 11, 2016, from US China Express: <http://news.uschinapress.com/2016/0305/1056166.shtml>

<sup>19</sup> Today's Report. (2016, August 1). Analysys Think Tank: China's Internet Vocational Education Market Research Report 2016. Retrieved 23 11, 2016, from Today's Report: <http://www.imxdata.com/archives/11261>



Having regard to these figures, there appears to be a significant opportunity available for future e-Learning expenditure, facilitated by the development and improved accessibility of the internet within China.

Furthermore, China's internet penetration rate increased from 23% in 2008 to more than 50% in 2015<sup>20</sup>. This rapid increase in internet adoption by the Chinese public is likely to shift demand away from offline education towards online education.

As mentioned above, in 2015, the size of China's online education market reached RMB 111.1 billion<sup>21</sup> (or AUD 23.5 billion), with an average compound annual growth rate from 2010 to 2015 of 32.9%<sup>22</sup>. It is expected that China's internet education market will reach RMB 268.0 billion in 2018 (if converted with the annual FX rate of 4.73 = AUD 56.7 billion in 2018)<sup>23</sup> (See the Chart 3 below).

ANALYSYS (a global data analytics company in the telecoms, media and technology industry) expects that over the next few years, China's internet education market is expected to maintain this growth rate, and continue to grow steadily thereafter.<sup>24</sup>

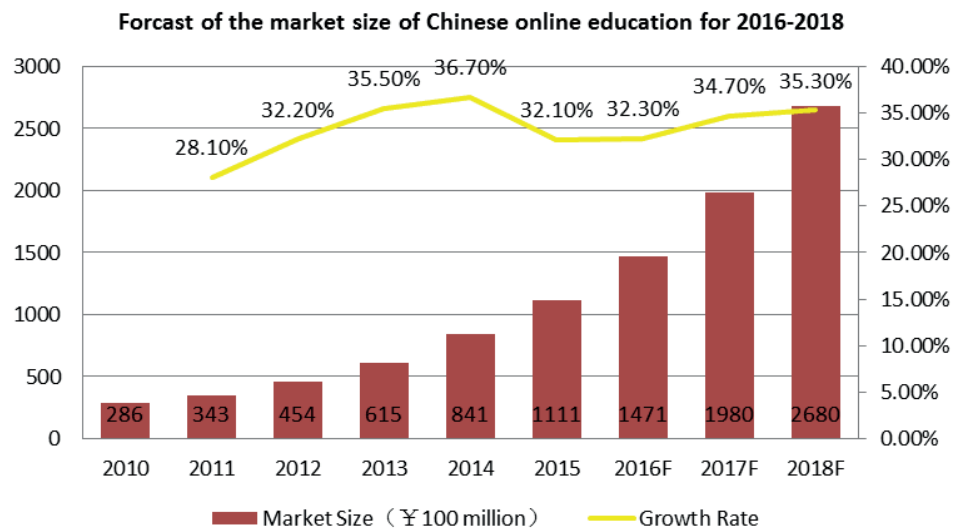
<sup>20</sup> InternetLiveStats. (2015). *Internet Users by Country (2015)*. Retrieved 23 11, 2016, from InternetLiveStats: <http://www.internetlivestats.com/internet-users-by-country/2015/>

<sup>21</sup> Today's Report. (2016, August 1). *Analysys Think Tank: China's Internet Vocational Education Market Research Report 2016*. Retrieved 23 11, 2016, from Today's Report: <http://www.imxdata.com/archives/11261>

<sup>22</sup> Today's Report. (2016, August 1). *Analysys Think Tank: China's Internet Vocational Education Market Research Report 2016*. Retrieved 23 11, 2016, from Today's Report: <http://www.imxdata.com/archives/11261>

<sup>23</sup> Today's Report. (2016, August 1). *Analysys Think Tank: China's Internet Vocational Education Market Research Report 2016*. Retrieved 23 11, 2016, from Today's Report: <http://www.imxdata.com/archives/11261>

<sup>24</sup> *Analysys Think Tank: China's Internet Vocational Education Market Research Report 2016*, August 2016, page 5  
<http://www.imxdata.com/archives/11261>

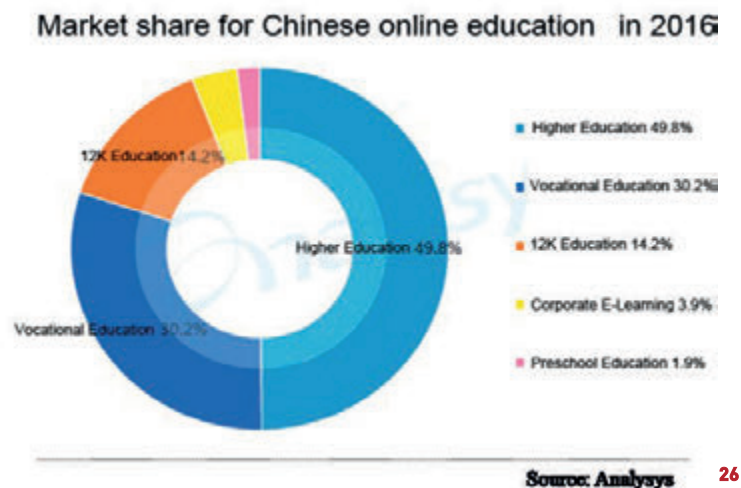
Chart 3 Forecast of the market size of Chinese online education for 2016-2018<sup>25</sup>

## 5.2. Market opportunities in the Chinese online education industry

The online education industry can be subdivided into several categories based on the purpose and function of the target market.

According to ANALYSYS's report (see chart 4 below), vocational education represents the second largest market share (30.2%) and corporate e-learning represents a 3.9% market share. Retech is focusing on these two areas (with a total market share of 34.1% in 2016).

Chart 4 Market share for Chinese online education in 2016



26

<sup>25</sup> Analysys Think Tank: China's Internet Vocational Education Market Research Report 2016, August 2016, page 5

<http://www.imxdata.com/archives/11261>

<sup>26</sup> Analysys Think Tank: China's Internet Vocational Education Market Research Report 2016, August 2016, page 6

<http://www.imxdata.com/archives/11261>

## Corporate e-Learning

The growth in corporate training in general is driven by:

- The evolution of the Chinese economy to a service-based and knowledge-based economy, in which the skill of the workforce often represents the most important corporate asset;
- The increasing recognition of businesses that it is imperative to continually improve the skills of their employees in order to remain competitive;
- The rapidly evolving business environment, which necessitates continual training and education of the employee base; and
- The increased competition in today's economy for skilled employees and the recognition that effective training can be used to recruit and retain employees.

Despite significant growth in recent years, China is currently lagging behind the United States in the adoption of Corporate e-Learning. Based on data by the Internet Data Center, 92% of large enterprises in the United States are using or beginning to use online-based learning. Of these companies, 60% utilise e-Learning as the primary method for training<sup>27</sup>.

In China, currently only 10.8% of enterprises with over 500 staff have e-Learning access<sup>28</sup>. This is a large discrepancy compared to the United States and indicates significant potential to develop the e-Learning industry in China. Retech's management believes that given the growing demand for training in increasingly complex working environments, properly designed and deployed e-Learning solutions will be the key in bridging this gap.

## Vocational Education

Online vocational education aims to deliver workplace-specific knowledge and skills through an online platform. The aim is to provide users with the necessary skills in joining or re-joining the workforce, upgrading skills in their chosen field or moving into a different career.

Vocational education makes up the second largest market share (30.2%) within the Chinese online education market in 2016<sup>29</sup>.

The Chinese government is actively introducing policies to promote and stimulate development in this field. For example, on 22 June 2014, the State Council of China promulgated the *Decision on Accelerating the Development of Modern Vocational Education*, and comprehensively deployed and accelerated the development of modern vocational education<sup>30</sup>. On 19 October 2015, China's Ministry of Education released the *Action Plan for Innovative Development of Higher Vocational Education (2015-2018)*, to promote the innovation and development of higher vocational education.<sup>31</sup>

---

<sup>27</sup> Information in this section has been sourced from Internet Data Center, please see <http://www.aieln.com/article-2720-1.html>.

<sup>28</sup> Information has been sourced from consulting information via email with Online-Education Consulting (<http://www.online-edu.org/>), China's Third-Party Online Education Advisory Institution.

<sup>29</sup> Today's Report. (2016, August 1). *Analysys Think Tank: China's Internet Vocational Education Market Research Report 2016*. Retrieved 23 11, 2016, from Today's Report: <http://www.imxdata.com/archives/11261>

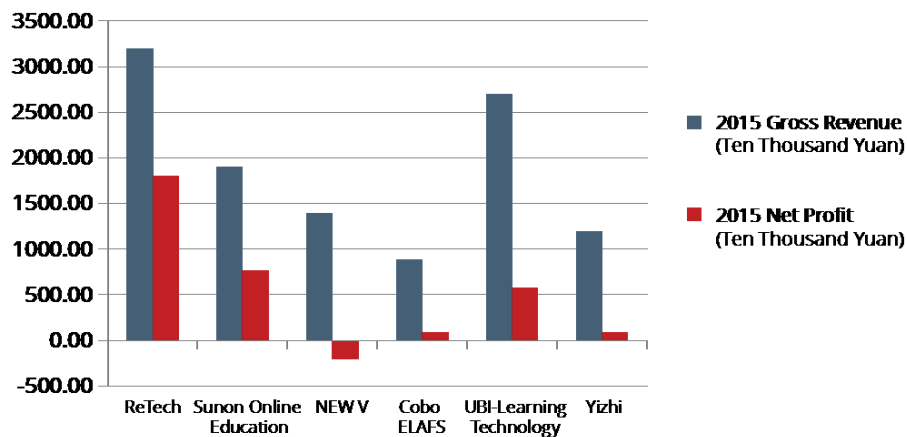
<sup>30</sup> Today's Report. (2016, August 1). *Analysys Think Tank: China's Internet Vocational Education Market Research Report 2016*. Retrieved 23 11, 2016, from Today's Report: <http://www.imxdata.com/archives/11261>

<sup>31</sup> Higher Technical and Vocational Education in China.(2015). The Action Plan for Innovative Development of Higher Vocational Education (2015-2018). Retrieved 30 11, 2016, from: [http://www.tech.net.cn/web/articleview.aspx?id=20151103121307627&cata\\_id=N003](http://www.tech.net.cn/web/articleview.aspx?id=20151103121307627&cata_id=N003)

According to the research report on *China's Training Market Research and Evaluation and Investment Direction* (published by Zhiyan Consulting, a consulting company in China), in 2013, there were 140,000 training institutions in mainland China<sup>32</sup>, which represents a large market potential in the vocational education field.

### 5.3. Retech's position in the Chinese e-Learning market

Currently there are five listed companies engaged in e-Learning in China. They are Sunon Online Education<sup>33</sup>, New V<sup>34</sup>, Cobo ELAFS<sup>35</sup>, UBI-Learning Technology<sup>36</sup>, and Yizhi<sup>37</sup>. From the figure below, Retech exceeds its competitors in the FY2015 financial year both in terms of gross revenue and net profit.



<sup>32</sup> CHYXX. (2015). *China's Training Market Research and Evaluation and Investment Direction 2016-2022*. Retrieved 23 11, 2016 from CHYXX: <http://www.chyxx.com/research/201509/345927.html>

<sup>33</sup> QiChacha (a corporate information searching tool of Suzhou Langdong Net Technology., Ltd )

[http://www.qichacha.com/firm\\_3965b27f081e90a31233b77a4f0445f5.shtml#finance](http://www.qichacha.com/firm_3965b27f081e90a31233b77a4f0445f5.shtml#finance)

<sup>34</sup> QiChacha (a corporate information searching tool of Suzhou Langdong Net Technology., Ltd )

[http://www.qichacha.com/firm\\_5ccc5058f3d2fed4d960d4573f2de5a7.shtml#finance](http://www.qichacha.com/firm_5ccc5058f3d2fed4d960d4573f2de5a7.shtml#finance)

<sup>35</sup> QiChacha (a corporate information searching tool of Suzhou Langdong Net Technology., Ltd )

[http://www.qichacha.com/firm\\_ff443bfedcc9fba014f9c68e692966a8.shtml#finance](http://www.qichacha.com/firm_ff443bfedcc9fba014f9c68e692966a8.shtml#finance)

<sup>36</sup> QiChacha (a corporate information searching tool of Suzhou Langdong Net Technology., Ltd )

[http://www.qichacha.com/firm\\_842e985dca5c9796473debbd97d72801.shtml#finance](http://www.qichacha.com/firm_842e985dca5c9796473debbd97d72801.shtml#finance)

<sup>37</sup> NetEase Finance.( 2016). Yizhi's net profit achieved RMB 950 thousand in 2015. Retrieved 23 11, 2016, from NetEase Finance:

<http://money.163.com/16/0616/15/BPMKQQMT00253E5C.html>

## 6 Regulatory overview

---

### 6.1. General

Retech's operations are carried out in the PRC, and are subject to PRC laws, rules and regulations. A summary of the material laws, rules and regulations applicable to Retech's business is set out below.

### 6.2. Principal regulatory authorities

The principal governmental authorities in the PRC that regulate the business of the Retech Group are:

- Shanghai Administration for Industry and Commerce
- Shanghai Municipal Commission of Commerce
- Shanghai Municipal Office of SAT and Shanghai Municipal Bureau of Local Taxation
- Shanghai Municipal Commission of Economic and Information Technology
- Shanghai Branch of SAFE

### 6.3. Principal laws and regulations of the sector in which Retech operates

- Enterprise Income Tax Law of the People's Republic of China
- Interim Regulation of the People's Republic of China on Land Value-added Tax (2011Revision)
- Law of the People's Republic of China on Wholly Foreign-Owned Enterprises
- Regulation of the People's Republic of China on Foreign Exchange Administration
- Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, Social Insurance Law of the People's Republic of China
- Trademark Law of the People's Republic of China, Copyright Law of the People's Republic of China, Patent Law of the People's Republic of China and Regulation on Computers Software Protection Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Round-Trip Investment Conducted by Domestic Residents Through Special-Purpose vehicles (2014)
- Provisions of the Ministry of Commerce on M&A of a Domestic Enterprise by Foreign Investors

Each of these are broadly summarised below.

### 6.4. Foreign currency exchange

The principal regulations governing foreign currency exchange in China are the *Regulation of the People's Republic of China on Foreign Exchange Administration*. Under these regulations, Renminbi is convertible for current account items (such as the distribution of dividends, interest payments, and trade and service-related foreign exchange transactions) but not for most capital account items (such as direct investment, loans, repatriation of investment and investment in securities outside China) unless:

- prior registration with State Administration of Foreign Exchange (SAFE) is completed; and
- prior approval is obtained from SAFE.

Any loans to foreign invested enterprises must not, in aggregate, exceed the difference between their respective approved total investment amount and their respective approved registered capital amount.



Foreign loans must also be registered with SAFE for the loan to be effective. Any increase in the amount of the total investment and registered capital must be approved by MOFCOM.

Dividends paid by a subsidiary to its shareholders are deemed shareholder income and are taxable in China. Pursuant to the *Administration Rules of the Settlement, Sale and Payment of Foreign Exchange*, foreign invested enterprises in China may purchase or remit foreign exchange for settlement of current account transactions without the approval of SAFE (subject to a cap set by SAFE).

SAFE's *Circular on Simplifying and Improving the Foreign Currency Management Policy on Direct Investment* (effective from 1 June 2015) cancelled the administrative approvals system for foreign exchange registration of direct domestic investment and direct overseas investment. It also simplified the procedure of registration of foreign exchange. PRC Investors must register with banks to effect registration of foreign exchange under the condition of direct domestic investment and direct overseas investment.

In 2016, the SAFE issued Notice on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange Settlement, adopting willingness-based settlement policy for foreign exchange under capital account, pursuant to which, all foreign exchange under capital account may be settled by banks based on the enterprise's actual operational needs.

While implementing a willingness-based foreign exchange settlement of capital, a foreign-invested enterprise may still opt to use its foreign exchange capital according to the system of foreign exchange settlement by payment. The foreign-invested enterprise shall, in principle, open a corresponding capital account for pending payment with a bank to deposit RMB funds obtained from willingness-based exchange settlement and go through various payment formalities via that account. The capital account with the same name, the domestic assets realization account and the domestic reinvestment account opened by the foreign-invested enterprise with the same outlet of the bank may share the same foreign exchange settlement account for pending payment.

## 6.5. Dividend distribution

The principal regulations governing the distribution of dividends by foreign holding companies include the *Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC*, the *Wholly Foreign-owned Enterprise Law of the PRC* and the implementation rules thereunder. Under these regulations, foreign invested enterprises in the PRC may pay dividends only out of their retained profits (if any) determined in accordance with PRC accounting standards and regulations. In addition, foreign invested enterprises in the PRC are required to set aside at least 10% of their after-tax profit, until the cumulative amount of such reserves reaches 50% of the registered capital of the enterprise. These reserves are not distributable as cash dividends. A PRC company must not distribute any profits until losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

The dividends paid by a subsidiary to its shareholders are deemed shareholder income and are taxable in China. According to the *Implementation Regulations for the Enterprise Income Tax Law of the People's Republic of China*, an income tax rate of 10% will normally be applicable to dividends declared on non-PRC resident investors which do not have an establishment or place of business in the PRC (to the extent such dividends are derived from sources within the PRC). However, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under the *Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes*, the 10% withholding tax on the dividends the Hong Kong resident enterprise received from a PRC resident enterprise may be reduced to 5%. Pursuant to SAFE's 2016 Notice on *Further Promoting Trade and Investment Facilitation and Improving Authenticity Review*, when a foreign-invested enterprise intends to remit dividends exceeding USD50,000 abroad, a bank shall, based on the principle of authentic transaction, examine the board resolution on dividend distribution, the original tax record-filing form and the financial statements as proof of the profits involved in the remittance.

Under Retch's corporate structure, its income is primarily derived from dividend payments from PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of Retch's PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to Retch, or otherwise satisfy their foreign currency-denominated obligations. If the foreign exchange control system prevents Retch's PRC subsidiaries from obtaining sufficient foreign currency to satisfy Retch's currency demands, Retch may not be able to pay dividends in foreign currencies to its shareholders. In addition, since a significant amount of the Retch Group's future cash flow from operations will be denominated in Renminbi, any existing and future restrictions on currency exchange policy may limit its ability to purchase goods and services outside of the PRC or otherwise fund Retch's business activities that are conducted in foreign currencies.

## 6.6. Circular 37

Pursuant to SAFE's *Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Round-Trip Investment Conducted by Domestic Residents Through Special-Purpose vehicles (2014)*, 'special-purpose vehicles' refer to overseas enterprises directly established or indirectly controlled by PRC-resident shareholders (including PRC institutions and individuals) for the purpose of overseas investment and financing by utilizing the domestic or overseas assets or equity interests they legally hold. Prior to making capital contributions to special-purpose vehicles with their lawful domestic assets or equity interests, PRC-resident shareholders should register with SAFE in connection with their direct establishment or indirect control of offshore special-purpose vehicles. Where there is a change to the basic information of PRC-resident shareholders (for example, their names or terms of operation, or any major events such as increases or decreases in capital, equity transfers or swaps, consolidations or splits of shares) PRC-resident shareholders should, in a timely manner, update their foreign exchange registrations with SAFE.

Under Circular 37, failure to comply with the registration procedures may result in:

- the imposition of restrictions on a PRC subsidiary's foreign exchange activities and ability to distribute dividends to non-PRC SPVs; and
- penalties including orders of remittance of foreign exchange illegally paid out of China back into China and the imposition of fines.

## 6.7. M&A regulations and overseas listings

On 22 June 2009, the Ministry of Commerce issued the *Provisions of the Ministry of Commerce on M&A of a Domestic Enterprise by Foreign Investors (M&A Rules)*. The M&A Rules provide that if any offshore company legally established or controlled by any PRC domestic company or citizen intends to acquire equity interests or assets of any domestic company affiliated with such PRC company or citizen, then the acquisition must be submitted to MOFCOM (rather than local regulators) for approval. In addition, the M&A Rules require that any listing on an overseas stock exchange of an offshore special purpose vehicle, or the SPV, directly or indirectly controlled by any PRC domestic company or citizen is subject to the CSRC's approval.

## 6.8. Tax laws

- **Enterprise Income Tax**

On 1 January 2008, the *New Enterprise Income Tax Law of the PRC (EIT Law)*, and the *Implementing Regulations for the PRC Enterprise Income Tax Law, (Implementation Rules)* became effective. Pursuant to the EIT Law, the income tax rate for both domestic-funded enterprises and foreign-funded enterprises is 25%.

Under the EIT Law and the Implementation Rules, China-sourced income of foreign enterprises that:

- are “non-PRC resident enterprises”; and
- do not have an established place of business in China or, despite the existence of such established place of business in China, whose relevant income is not actually connected with such place of business (such as dividends paid by a PRC subsidiary to its overseas parent),

are generally subject to a 10% withholding tax unless the jurisdiction of such foreign enterprise has a tax treaty with China that provides for a different withholding arrangement. Under an arrangement between China and the Hong Kong Special Administrative Region such dividend withholding tax rate is reduced to 5% for dividends paid by a PRC company to a Hong Kong resident enterprise if the Hong Kong entity directly owns at least 25% of the equity interest of the PRC company.

SAT has issued a *Notice on Relevant Issues concerning Implementation of Dividend Clauses under Tax Treaties (2009) (2009 Notice)*. Pursuant to the 2009 Notice, transactions or arrangements with the purpose of obtaining preferential tax treatment do not justify the application of preferential treatment stipulated in dividend clauses under tax treaties. If the taxpayer improperly enjoys preferential treatment under tax treaties as a result of these arrangements, the tax authority is entitled to make an adjustment.

SAT has also issued *Interim Measures for the Administration of Withholding of Enterprise Income Tax for Non-resident Enterprises (2009) (Interim Measures)*. The Interim Measures provide that if a non-resident enterprise receives income originating from China, or other taxable income including equity investment income such as:

- dividends;
- profits;
- interest;
- rental and royalty income;
- income from property transfer; and/or
- other incomes,

the EIT payable on the taxable income must be withheld by the enterprise or the individual who is directly obligated to make payment to the non-resident enterprise.

MOFCOM and SAT have issued a *Notice on Certain Issues Concerning the Handling of Enterprise Income Tax in Enterprise Restructuring (2009) (Circular 59)*, which took effect retroactively on 1 January 2008, and amended on 1 January 2014. Circular 59 provides that, where an enterprise is involved in restructuring (including equity acquisition, asset acquisition, merger, ect.), special taxation provisions could be applied if all of the following requirements are satisfied:

- the transaction has reasonable business purpose without taking deduction, exemption or deferment of tax payment as the primary purpose;
- the proportion of the assets or equity purchased, merged or separated conforms to the proportion prescribed by Circular 59;
- the original substantive business activities are maintained for 12 consecutive months after the enterprise restructuring;
- the amount of payment by equity interest involved in the restructuring conforms to the proportion prescribed by Circular 59; and
- the former substantial shareholders who have obtained the payment by equity interests in the enterprise restructuring may not, within 12 consecutive months after the restructuring, transfer the equity interests obtained.

SAT has issued an *Announcement of the State Administration of Taxation Concerning Matters Relating to Enterprise Income Tax on Indirect Transfer of Properties by Non-tax Resident Enterprises* (2015) ((**Circular 7**)). Circular 7 provides that where a non-TRE indirectly transfers its equity interests in a TRE and other properties in China through the implementation of a scheme, without reasonable commercial purposes, and this results in the avoidance of corporate income tax (**CIT**) liability, that indirect transfer should be re-determined based on its nature as a direct transfer of equity interests in the TRE and other properties in China in accordance with Article 47 of the *CIT Law*.

Violation of the above-mentioned laws, rules or notices may result in the imposition of fines, penalties, suspension of operations, an order to cease operations, or even criminal liability in severe cases.

- **Value added tax**

Pursuant to the *Notice on Full Launch of the Pilot Scheme on Levying Value-added Tax in Place of Business Tax* (**Circular 36**) jointly issued by China's Ministry of Finance and SAT on 24 March 2016, the transition from business tax to value added tax applies to the Software Services and Development of Information Technology industry, and the applicable value added tax rate for any newly incorporated company under such industry above-mentioned is initially approved by the Tax Bureau at 3%. The applicable value added tax rate is then increased by the Tax Bureau from 3% to 6% or 17%. Value added tax is effectively assessed on a net basis (outputs less inputs). On Oct 1st and Nov 22, 2016, Retch Digital and Ruijian Information Technology were approved on the change of its applicable value added tax rates to 6% and 17% respectively.

## 6.9. Labor, social insurance and housing provident fund

The PRC has many labor and safety laws, including *PRC Labor Law*; *Labor Contract Law*; *PRC Social Insurance Law*; *Regulation of Insurance for Work-Related Injury*; *Unemployment Insurance Law*; *Provisional Measures on Insurance for Maternity of Employees*; *Interim Provisions on Registration of Social Insurance*; *Interim Regulation on the Collection, Payment of Social Insurance Premiums*; *Regulation on Administration of Housing Provident Funds* and other related regulations, rules and provisions issued by the relevant government authorities from time to time for operations in the PRC.

According to the *PRC Labor Law* and *Labor Contract Law*, labor contracts must be in writing and executed to establish labor relationships between employers and employees. Wages cannot be lower than local minimum wage. The employer must establish a system for labor safety and sanitation, strictly abide by state standards, and provide relevant training to its employees. Employers are also required to provide safe and sanitary working conditions meeting State rules and standards, and carry out regular health examinations of employees engaged in hazardous occupations.

As required under the *PRC Social Insurance Law*, the *Regulation of Insurance for Work-Related Injury*, the *Provisional Measures on Insurance for Employee Maternity*, the *Interim Regulation on the Collection and Payment of Social Insurance Premiums*, the *Interim Provisions on Registration of Social Insurance*, and the *Regulation on Administration of Housing Provident Funds*, employers are obliged to provide employees in the PRC with welfare schemes covering pensions, unemployment, maternity, work-related injury, medical care and housing provident funds.

## 6.10. Copyright law

Pursuant to the *Copyright Law of the People's Republic of China (2010 Amendment)*, the Copyright Owner may permit others to exercise certain rights of Copyright, and may receive remuneration as agreed upon in the contract or in accordance with the relevant provisions in this law. According to the law, anyone who uses the copyright without the permission of the Copyright Owner should have the duty of infringement unless it was fair use or statutory license. The infringer shall, in accordance with the regulations, cease the infringement, take remedial action, and pay damages.

## 6.11. Trademark law

Pursuant to the *Trademark Law of the PRC (2013 Revision 2014)*, the right to exclusive use of a registered trademark shall be limited to trademarks which have been approved for registration and to goods for which the use of trademark has been approved. The period of validity of a registered trademark is ten years from the day the registration is approved. According to the *Trademark Law of the PRC*, using a trademark that is identical or similar to a registered trademark in connection with the same or similar goods without the authorization of the owner of the registered trademark constitutes an infringement of the owner's exclusive right to use the registered trademark. The infringer shall, in accordance with the regulations, cease the infringement, take remedial action, and pay damages.

## 6.12. Patent law

Pursuant to the *Patent Law of the PRC (2008 Revision)*, after the grant of the patent right for an invention or utility model, except where otherwise provided for in the *Patent Law of the PRC*, no entity or individual may, without the authorization of the patent owner, exploit the patent. Exploitation includes:

- making, using, offering to sell, selling or importing the patented product;
- using the patented process; or
- using, offering to sell, selling or importing any product which is a direct result of the use of the patented process,

for production or business purposes.

After a patent right is granted for a design, no entity or individual shall, without the permission of the patent owner, exploit the patent (that is, for production or business purposes, manufacture, offer to sell, sell, or import any product containing the patented design). Where the infringement of a patent is determined, the infringer shall, in accordance with the regulations, cease the infringement, take remedial action, and pay damages.

## 7 Financial information

---

### 7.1. Introduction

This section sets out the Historical Financial Information and Forecast Financial Information (collectively, the Financial Information) for Retech Technology Co., Limited (**Company**).

The financial information below has been prepared on a consolidated basis for inclusion in this Prospectus and has been derived from the carve out of the Assigned Client Contracts, Acquired Intellectual Property and Fixed Assets from the GRP Group.

#### 7.1.1. Historical Financial Information

- Pro forma historical consolidated income statements for the years ended 31 December 2013 (FY2013), 31 December 2014 (FY2014), 31 December 2015 (FY2015), and the 6 months ended 30 June 2016 (1HY2016); (**Historical Pro Forma Consolidated Income Statement**);
- Reviewed historical statement of financial position as at 30 June 2016;
- Pro forma historical consolidated statement of financial position as at 30 June 2016 (**Pro Forma Consolidated Statement of Financial Position**); and
- Pro forma historical consolidated cash flow for FY2013, FY2014, FY2015 and 1HY2016 (Historical Pro Forma Consolidated Cash Flow Statement).

Together referred to as the “Historical Financial Information”.

#### 7.1.2. Forecast Financial Information

- Pro forma and statutory forecast consolidated income statements for the six months ending 31 December 2016 (2HY2016) and 30 June 2017 (1HY2017) (**Pro forma and Statutory Forecast Income Statements**); and
- Pro forma and statutory forecast consolidated net cash flows for the six months ending 31 December 2016 (2HY2016) and 30 June 2017 (1HY2017) (**Pro forma and Statutory Forecast Cash Flows**);

together referred to as the “Forecast Financial Information”.

The Historical Financial Information and the Forecast Financial Information together form the “**Financial Information**”.

Also summarised in this section are:

- The basis of preparation and presentation of the Financial Information (Section 7.2);
- Management discussion and analysis of the Historical Financial Information (Section 7.11);
- The Directors’ best estimate assumptions underlying the Forecast Financial Information (Section 7.12);
- Key sensitivities in respect of the Forecast Financial Information (Section 7.13);
- Dividend policy (Section 7.14).

All amounts disclosed in this Section are presented in RMB and A\$, and unless otherwise noted are rounded to the nearest 1,000.

This Section has been prepared based on the Minimum Subscription of A\$17.5 million unless otherwise stated.



The Financial Information was prepared by management and adopted by the directors. The directors are responsible for the inclusion of all financial information in this prospectus.

The Financial Information has been reviewed by the Investigating Accountant, whose Independent Limited Assurance Report is contained in **Section 10**. Investors should note the scope and limitations of that report. The information in this **Section 7** should also be read in conjunction with the risk factors set out in **Section 9** and other information contained in this Prospectus.

## 7.2. Basis of preparation of the Financial Information

The Financial Information included in this section has been prepared in accordance with the recognition and measurement principles prescribed by the International Accounting Standards Board (including other authoritative pronouncements issued by the IASB).

The Company's significant accounting policies relevant to the Financial Information are noted in Section 11.17 to this Prospectus. The Company's accounting policies have been consistently applied throughout the periods presented.

The Financial Information is presented in an abbreviated form and does not contain all of the disclosures, statements or comparative information required by Australian Accounting Standards applicable to financial reports prepared in accordance with the Corporation Act 2001.

The Financial Information has been prepared for the purpose of the Offer.

## 7.3. Preparation of the Historical Financial Information

The Pro Forma Historical Financial Information has been prepared for inclusion in this Prospectus and has been derived from the carve out of the Assigned Client Contracts, Acquired Intellectual Property and Fixed Assets from Shanghai Retech Information Technology Co., Ltd, Shanghai Retech Enterprise Management Group Co., Ltd, Jiangsu Retech Education Technology Co., Ltd, Yancheng Retech Digital Technology Co., Ltd, and Zhenjiang Retech Asset Management Co., Ltd.

The financial information presented in this Section 7 has been derived from the following which have been prepared in accordance with the recognition and measurement principles in Hong Kong Financial Reporting Standards (which are consistent with International Financial Reporting Standards):

- The audited historical report and consolidated financial statements of Shanghai Retech Information Technology Co., Ltd. for FY2013, FY2014, and FY2015.
- The audited historical report and financial statements of Shanghai Retech Enterprise Management Group Co., Ltd. for FY2013, FY2014 and FY2015
- The audited historical report and consolidated financial statement of Jiangsu Retech Education Technology Co., Ltd. for FY2013, FY2014 and FY2015
- The reviewed historical report and consolidated financial statements of Shanghai Retech information Technology Co., Ltd for 1HY2016
- The reviewed historical report and financial statements of Retech Technology Co., Limited for the period from 10 May 2016 (date of incorporation) to 30 June 2016
- The unaudited management financial statements of Yancheng Retech Digital Technology Co., Ltd, and Zhenjiang Retech Asset Management Co., Ltd. for FY2013, FY2014 and FY2015.

A reconciliation of the NPAT for each entity from their financial reports to the Pro Forma NPAT is provided at Section 7.15. The SHR, GRP and JSR Financial Reports are incorporated by reference into this Prospectus and have been lodged with ASIC. A copy of the SHR, GRP and JSR Financial Reports are available on Retech's



website at [www.retech-rte.com](http://www.retech-rte.com) or by contacting Retech's Offer Information Line. Retech will also send you a free paper copy of the SHR, GRP and JSR Financial Reports should you request a copy during the Offer Period.

The Company was incorporated in Hong Kong on 10 May 2016 and acquired Retech Holdings Co., Limited on 14 November 2016. Subsequent to the acquisition all Assigned Client Contracts, Acquired Intellectual Property and Fixed Assets are undertaken by the Company as the result of the corporate Restructure discussed in **Section 3.9** of the prospectus (referred to as the "Restructure"). The Restructure has been evaluated to be outside of the criteria in AASB 3: "Business Combinations" and it has been determined that the underlying substance of the affiliated entities is unchanged. The Restructure therefore has no impact on the book value of net assets as recorded prior to the Restructure. The Restructure will be accounted for using the predecessor carrying values of the net assets of the affiliated entities at the time of the Restructure. The carrying value of the net assets will continue to be recorded at their book values.

Retech Holdings Co., Limited is a company with its main business operations conducted by its wholly owned subsidiaries Shanghai Retech Digital Technology Co., Ltd. (a company incorporated in Shanghai, China) and Shanghai Ruijian Information Technology Co., Ltd. (a company incorporated in Shanghai, China). Refer to **Section 3** of the prospectus for an overview of the Company's corporate structure.

The Historical Financial Information illustrates the financial performance and position of the Company as if the current structure of the Company had been in existence since 1 January 2013. Investors also should note that the Company's financial year (**FY**) is from 1 January to 31 December.

The extracts from the historical financial statements are presented in an abbreviated form insofar as they do not include all the disclosure and notes required in an annual financial report prepared in accordance with IFRS, Corporations Act and Hong Kong Companies Ordinance. The Historical Financial Information below is based on past performance, and is not a guide to future performance.

## 7.4. Preparation of the Forecast Financial Information

The Forecast Financial Information is presented on both a statutory and pro forma basis. The pro forma forecast consolidated income and cash flow statements have been derived from the statutory forecast consolidated income and cash flow statements after adjusting for the pro forma adjustments to reflect the Company's operations following completion of the Offer as set out in this Section.

The pro forma forecast consolidated income statement which is set out in **Section 7.7**, differs from the statutory forecast consolidated income statement because the pro forma forecast consolidated income statement reflects the full year effect of the operating, and equity structure that will be in place upon completion of the Offer, but excludes costs directly attributable to the Offer and other non-recurring items which are not expected to occur in the future. Refer to **Section 7.7.2** for reconciliations between the statutory and pro forma Forecast Income Statements and **Section 7.10** for reconciliations between the statutory and pro forma Forecast Cash Flows.

The Forecast Financial Information has been prepared by the directors based on an assessment of present economic and operating conditions, and on a number of best estimate assumptions regarding future events, to the best of their knowledge as the date of this prospectus.

The directors believe that the Forecast Financial Information has been prepared with due care and attention, and consider all best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Presentation of the Directors' best estimate assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this

may have a material positive or negative effect on the Company's actual financial performance, cash flows or statement of financial position.

Accordingly, neither the Company, the Directors, nor any other person can give investors any assurance that the outcomes discussed in relation to the Forecast Financial Information will arise. Investors are advised to review the Forecast Financial Information and the Directors' best estimate assumptions as set out in **Section 7.12**, the sensitivities as set out in **Section 7.13**, the risk factors as set out in **Section 9** and other information in this prospectus. The Company has no intention to update or revise the Forecast Financial Information or other forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

## 7.5. Explanation of certain non IFRS financial measures

Investors should be aware that certain financial data included in this **Section 7** is "non IFRS financial information" under Regulatory Guide 230: "*Disclosing non IFRS financial information*" published by ASIC. The Company believes that this non IFRS financial information provides useful information to users in measuring the financial performance and conditions of the Company. As non IFRS measures are not defined by recognised standard setting bodies, they do not have a prescribed meaning. Therefore, the way in which the Company calculates these measures may be different to the way other companies calculate similarly titled measures. Investors are cautioned not to place undue reliance on any non IFRS financial information and ratios.

In particular the following non IFRS financial data is included EBITDA which means earnings before interest, taxation depreciation and amortisation, as well as one off expenses.

## 7.6. Foreign Currency Conversion

The Financial Information contained in this Prospectus has been presented in Chinese Renminbi (which is the functional currency) and in Australian Dollars for ease of reference only. The exchange rates utilised in this **Section 7** are as follows:

Table 7.1 Foreign exchanges rates utilised for convenience translation

RMB:A\$	Period average		Period end spot
FY2013	0.1680		0.1847
FY2014	0.1797		0.1966
FY2015	0.2115		0.2108
1HY2016	0.2085		0.2027
2HY2016	0.1965		0.1958
1HY2017	0.1958		0.1958
RMB:HK\$	Period average		Period end spot
2HY2016	0.8656		0.8892
1HY2017	0.8892		0.8892

## 7.7. Pro Forma Consolidated Historical and Forecast Income Statements

The tables below set out the Historical Pro Forma Consolidated Income Statement for FY2013, FY2014, FY2015 and 1HY2016 and the Pro Forma Forecast Income Statements for 2HY2016 and 1HY2017:

Table 7.2: Pro Forma Historical and Forecast Income Statements in RMB'000s

	FY2013	FY2014	FY2015	1HY2016	2HY2016	FY2016	1HY2017
RMB'000s	Pro forma historical	Pro forma historical	Pro forma historical	Pro forma historical	Pro forma Forecast	Pro forma Forecast	Pro forma Forecast
Revenue	9,188	15,605	32,729	25,988	44,964	70,952	53,133
Cost of sales	(3,194)	(4,003)	(10,056)	(10,222)	(18,374)	(28,596)	(22,943)
<b>Gross profit</b>	<b>5,994</b>	<b>11,602</b>	<b>22,673</b>	<b>15,766</b>	26,590	42,356	30,190
Gross margin %	65%	74%	69%	61%	59%	60%	57%
Selling and distribution costs	(904)	(1,500)	(2,460)	(1,347)	(1,869)	(3,216)	(2,144)
Administration and other expenses	(7,166)	(8,061)	(8,453)	(2,891)	(4,008)	(6,899)	(4,788)
<b>Operating income</b>	<b>(2,076)</b>	<b>2,041</b>	<b>11,760</b>	<b>11,528</b>	20,713	32,241	23,258
Other income	4,682	3,316	8,388	1	522	523	7,058
<b>EBITDA</b>	<b>2,606</b>	<b>5,357</b>	<b>20,148</b>	<b>11,529</b>	21,235	32,764	30,316
Depreciation and amortisation	(387)	(376)	(117)	(97)	(41)	(138)	(61)
<b>NPBT</b>	<b>2,219</b>	<b>4,981</b>	<b>20,031</b>	<b>11,432</b>	21,194	32,626	30,255
Taxes	(333)	(747)	(3,005)	(2,858)	(5,299)	(8,157)	(7,564)
<b>NPAT</b>	<b>1,886</b>	<b>4,234</b>	<b>17,026</b>	<b>8,574</b>	15,895	24,469	22,691

Table 7.3: Pro Forma Historical and Forecast Income Statements in A\$'000s

	FY2013	FY2014	FY2015	1HY2016	2HY2016	FY2016	1HY2017
A\$'000s	Pro forma historical	Pro forma historical	Pro forma historical	Pro forma historical	Pro forma Forecast	Pro forma Forecast	Pro forma Forecast
Revenue	1,544	2,805	6,923	5,419	8,835	14,254	10,404
Cost of sales	(537)	(719)	(2,127)	(2,131)	(3,610)	(5,741)	(4,492)
<b>Gross profit</b>	<b>1,007</b>	<b>2,086</b>	<b>4,796</b>	<b>3,288</b>	<b>5,225</b>	<b>8,513</b>	<b>5,912</b>
Gross margin %	65%	74%	69%	61%	59%	60%	57%
Selling and distribution costs	(152)	(270)	(520)	(281)	(367)	(648)	(420)
Administration and other expenses	(1,204)	(1,449)	(1,788)	(603)	(788)	(1,391)	(937)
<b>Operating income</b>	<b>(349)</b>	<b>367</b>	<b>2,488</b>	<b>2,404</b>	<b>4,070</b>	<b>6,474</b>	<b>4,555</b>
Other income	787	596	1,774	-	103	103	1,382
<b>EBITDA</b>	<b>438</b>	<b>963</b>	<b>4,262</b>	<b>2,404</b>	<b>4,173</b>	<b>6,577</b>	<b>5,937</b>
Depreciation and amortisation	(65)	(68)	(25)	(20)	(8)	(28)	(12)
<b>NPBT</b>	<b>373</b>	<b>895</b>	<b>4,237</b>	<b>2,384</b>	<b>4,165</b>	<b>6,549</b>	<b>5,925</b>
Taxes	(56)	(134)	(636)	(596)	(1,041)	(1,637)	(1,481)
<b>NPAT</b>	<b>317</b>	<b>761</b>	<b>3,601</b>	<b>1,788</b>	<b>3,124</b>	<b>4,912</b>	<b>4,444</b>

Refer to **Section 7.7.2** for reconciliation between the pro forma and statutory net profit after tax for 2HY2016 and 1HY2017

### 7.7.1 Description of key financial terms

Set out below is a description of the key financial terms used in the presentation of the Financial Information

- **Revenue:** includes the service revenue earned through Software Licensing Fees, Development Fees, Consulting / Design Fees, Hosting Service Fees and Maintenance Fees and selling its E-Courseware and in sharing revenue with its E-Training Partnership industry training partners and content producers.
- **Cost of sales:** consists of the direct costs associated with the revenue including direct labour, outsourcing fees, and operating taxes and surcharges.
- **Gross profit:** is revenue less Costs of sales.
- **Selling and distribution costs expenses:** are the sales and marketing labour, travel, and marketing expenses incurred in relation to sales activities.
- **Administrative expenses:** consists of head office costs including indirect labour, office related costs, professional fees and other costs incurred with the general management of the Company including costs directly incurred as a result of the other income earned by the Company.
- **Operating income:** is the gross profit less the selling and distribution expenses and administration expenses.
- **Other income:** consists of revenue from government projects and government grant income from state and federal governments.
- **Depreciation and amortisation:** relates to the depreciation of property plant and equipment, and amortisation of intangible assets.
- **Taxes:** has been calculated on a pro forma basis of 15% from FY2013 through FY2015 and increasing to 25% from 1HY2016 onwards, as the Company is no longer eligible for the preferential corporate income tax rate.

### 7.7.2 Statutory Consolidated Forecast Income Statements

The tables below set out the Forecast Statutory Consolidated Income Statement for 2HY2016 and 1HY2017:

Table 7.4 Statutory and pro forma consolidated forecast income statements in RMB'000s

RMB'000s	2HY2016 Statutory forecast	1HY2017 Statutory forecast	2HY2016 Pro forma forecast	1HY2017 Pro forma forecast
Revenue	41,038	53,133	44,964	53,133
Cost of sales	(16,878)	(22,943)	(18,374)	(22,943)
<b>Gross profit</b>	<b>24,160</b>	<b>30,190</b>	<b>26,590</b>	<b>30,190</b>
Gross margin %	59%	57%	59%	57%
Selling and distribution costs	(1,619)	(2,144)	(1,869)	(2,144)
Administration and other expenses	(9,808)	(8,684)	(4,008)	(4,788)
<b>Operating income</b>	<b>12,733</b>	<b>19,362</b>	<b>20,713</b>	<b>23,258</b>
Other income	522	7,058	522	7,058
<b>EBITDA</b>	<b>13,255</b>	<b>26,420</b>	<b>21,235</b>	<b>30,316</b>
Depreciation and amortisation	(37)	(61)	(41)	(61)
<b>NPBT</b>	<b>13,218</b>	<b>26,359</b>	<b>21,194</b>	<b>30,255</b>
Taxes	(4,884)	(7,564)	(5,299)	(7,564)
<b>NPAT</b>	<b>8,334</b>	<b>18,795</b>	<b>15,895</b>	<b>22,691</b>
<b>Reconciliation to pro forma</b>				
Add back offer costs	6,320	3,896		
Add July NPAT	1,242	-		
<b>NPAT - pro forma</b>	<b>15,895</b>	<b>22,691</b>		

Table 7.5 Statutory and pro forma consolidated forecast income statements in A\$'000s

	2HY2016	1HY2017	2HY2016	1HY2017
A\$'000s	Statutory forecast	Statutory forecast	Pro forma forecast	Pro forma forecast
Revenue	8,064	10,404	8,835	10,404
Cost of sales	(3,317)	(4,492)	(3,610)	(4,492)
<b>Gross profit</b>	<b>4,747</b>	<b>5,912</b>	<b>5,225</b>	<b>5,912</b>
Gross margin %	59%	57%	59%	57%
Selling and distribution costs	(318)	(420)	(367)	(420)
Administration and other expenses	(1,927)	(1,700)	(788)	(937)
<b>Operating income</b>	<b>2,502</b>	<b>3,792</b>	<b>4,070</b>	<b>4,555</b>
Other income	103	1,382	103	1,382
<b>EBITDA</b>	<b>2,605</b>	<b>5,174</b>	<b>4,173</b>	<b>5,937</b>
Depreciation and amortisation	(7)	(12)	(8)	(12)
<b>NPBT</b>	<b>2,598</b>	<b>5,162</b>	<b>4,165</b>	<b>5,925</b>
Taxes	(960)	(1,481)	(1,041)	(1,481)
<b>NPAT</b>	<b>1,638</b>	<b>3,681</b>	<b>3,124</b>	<b>4,444</b>
<b>Reconciliation to pro forma</b>				
Add back offer costs	1,242	766		
Add July NPAT	244	-		
<b>NPAT - pro forma</b>	<b>3,124</b>	<b>4,444</b>		

The reconciliation between the statutory forecast consolidated net profit after taxation ("NPAT") to pro forma forecast consolidated NPAT consists of:

- The statutory forecast income statement includes one off offer costs of RMB 10.2 million (A\$2.0 million) with RMB 6.3 million (A\$1.2 million) incurred in 2HY2016 and RMB 3.9 million (A\$0.8 million) in 1HY2017.
- The net profit after tax of RMB 1.2 million (A\$0.24 million) for the month of July 2016 has been excluded from the statutory forecast income statement as the operations were captured outside of the Company's consolidated group prior to the Restructure and the operations were undertaken by Shanghai Retech Information Technology Co., Ltd.
- If the Maximum Subscription occurs the NPAT for 2HY2016 and 1HY2017 would be RMB 8.6 million (A\$1.7 million) and RMB 18.9 million (A\$3.7 million) respectively.

## 7.8. Statutory Historical and Pro Forma Consolidated Statement of Financial Position

The table below has been extracted from the reviewed historical statement of financial position of the Company as at 30 June 2016 and adjusted to reflect the impact of the Offer (assuming the Minimum Subscription) offer and Restructure as if it had taken place as at 30 June 2016.

Table 7.6 Statutory Historical and Pro Forma Consolidated Statement of Financial Position RMB'000s

As at 30 June 2016 RMB'000s	Retech Technology Co (prior to the Restructure)	Impact of the Restructure	Impact of the Offer	Consolidated pro forma
<b>Current assets</b>				
Cash and cash equivalents	-	3,362	84,016	87,378
Trade and other receivables	-	8,271	-	8,271
Due from holding company	6	-	-	6
Due from shareholders	3	-	-	3
Due from related parties	-	313	-	313
<b>Total current assets</b>	<b>9</b>	<b>11,946</b>	<b>84,016</b>	<b>95,971</b>
<b>Non current assets</b>				
Property and equipment,	-	277	-	277
Intangible assets	-	9	-	9
Deferred tax assets	-	2,616	-	2,616
<b>Total non current assets</b>	<b>-</b>	<b>2,902</b>	<b>-</b>	<b>2,902</b>
<b>Total assets</b>	<b>9</b>	<b>14,848</b>	<b>84,016</b>	<b>98,873</b>
<b>Current liabilities</b>				
Trade and other payables	2	4,387	-	4,389
Amounts due to related parties	-	500	-	500
Taxes payable	-	710	-	710
<b>Total current liabilities</b>	<b>2</b>	<b>5,597</b>	<b>-</b>	<b>5,599</b>
<b>Total liabilities</b>	<b>2</b>	<b>5,597</b>	<b>-</b>	<b>5,599</b>
<b>Net assets</b>	<b>7</b>	<b>9,251</b>	<b>84,016</b>	<b>93,274</b>
<b>Shareholders' equity</b>				
Share capital	9	13,338	87,507	100,854
Capital reserve	-	(10,474)	6,725	(3,749)
Accumulated deficit	(2)	6,387	(10,216)	(3,831)
<b>Total shareholders' equity</b>	<b>7</b>	<b>9,251</b>	<b>84,016</b>	<b>93,274</b>

Table 7.7 Statutory Historical and Pro Forma Consolidated Statement of Financial Position A\$'000s



As at 30 June 2016 A\$'000s	Retech Technology Co (prior to the Restructure)	Impact of the Restructure	Impact of the Offer	Consolidated pro forma
<b>Current assets</b>				
Cash and cash equivalents	-	660	16,450	17,110
Trade and other receivables	-	1,619	-	1,619
Due from holding company	1	-	-	1
Due from shareholders	1	-	-	1
Due from related parties	-	61	-	61
<b>Total current assets</b>	<b>2</b>	<b>2,340</b>	<b>16,450</b>	<b>18,792</b>
<b>Non current assets</b>				
Property and equipment, net	-	54	-	54
Intangible assets	-	2	-	2
Deferred tax assets	-	512	-	512
<b>Total non current assets</b>	<b>-</b>	<b>568</b>	<b>-</b>	<b>568</b>
<b>Total assets</b>	<b>2</b>	<b>2,908</b>	<b>16,450</b>	<b>19,360</b>
<b>Current liabilities</b>				
Trade and other payables	-	859	-	859
Amounts due to related parties	-	98	-	98
Taxes payable	-	139	-	139
<b>Total current liabilities</b>	<b>-</b>	<b>1,096</b>	<b>-</b>	<b>1,096</b>
<b>Total liabilities</b>	<b>-</b>	<b>1,096</b>	<b>-</b>	<b>1,096</b>
<b>Net assets</b>	<b>2</b>	<b>1,812</b>	<b>16,450</b>	<b>18,264</b>
<b>Shareholders' equity</b>				
Share capital	2	2,612	17,133	19,747
Capital reserve	-	(2,051)	1,317	(734)
Accumulated deficit	-	1,251	(2,000)	(749)
<b>Total shareholders' equity</b>	<b>2</b>	<b>1,812</b>	<b>16,450</b>	<b>18,264</b>

The following transactions and events had not occurred prior to 30 June 2016, but have taken place or will take place on or before the Allotment Date. The Pro Forma Consolidated Statement of Financial Position assumes that the following transactions occurred on or before 30 June 2016:

- Impact of the Restructure: On 14 November 2016, 100% of the 101,000,000 outstanding shares of Retech Holdings Co., Limited with share capital of RMB 13.3 million (A\$2.6 million) and a capital reserve of RMB 10.5 million (A\$2.1 million) were exchanged for 125,000,000 shares of the Company as the final step of the Restructure discussed further in Section 3.9 of this prospectus. As a result the acquisition of Retech Holdings Co., Limited, its financial position has been consolidated into that of the Company's. The Restructure has been evaluated to be outside of the criteria in AASB 3: "Business Combinations" and it has been determined that the underlying substance of the affiliated entities is unchanged. The Restructure therefore has no impact on the book value of net assets as recorded prior to the Restructure. The Restructure will be accounted for using the predecessor carrying values of the net assets of the affiliated entities at the time of the Restructure.
- Impact of the offer including:
  - Cash increased by net cash proceeds of A\$16.5 million (RMB 84.0 million) as a consequence of the Offer through the issues of 35,000,000 CDIs (representing 35,000,000 shares). This represents the capital raise of A\$17.5 million (RMB 89.4 million) net of the capital raise fee of A\$ 1.1 million (RMB 5.4 million) paid by Retech Technology Co., Limited;
  - Share capital increased by RMB 87.5 million (A\$ 17.1 million) as a result of:
    - The issuance of share capital of RMB 5.1 million (A\$1.0 million) to Lumina Looque Knowledge Hubs Pte. Ltd in relation to 54,000,000 shares provided in exchange for payment of the costs associated with the offer (including advisory, legal, accounting, administrative, translation, and Restructure related costs, and excluding the capital raise fee)
    - The issues of share capital of A\$17.5 million (RMB 89.4 million) issued in relation to the Offer; and
    - The offset of offer costs of approximately RMB 7.0 million (A\$1.4 million) related to the issuance of new shares which have been netted against the raised share capital
  - The capital reserve relates to the costs of the Offer paid by Lumina Looque Knowledge Hubs Pte in excess of the issued share capital of RMB 5.1 million (A\$ 1.0 million), which is estimated at RMB 6.7 million (A\$1.3 million)
  - The accumulated deficit relates to the expensed portion of the offer costs paid by Lumina Looque Knowledge Hubs Pte. Ltd of RMB 10.2 million (A\$2.0 million)

The following table shows the impact on the key balances within the statement of financial position based on the Minimum Subscription and Maximum Subscription:

Table 7.8 Pro Forma Consolidated Statement of Financial Position impact of Minimum and Maximum Subscription of the Offer

	Minimum Subscription Consolidated pro forma	Maximum Subscription Consolidated pro forma	Minimum Subscription Consolidated pro forma	Maximum Subscription Consolidated pro forma
	RMB 000's	RMB 000's	A\$'000s	A\$'000s
Cash and cash equivalents	87,378	111,382	17,110	21,810
Total current assets	95,971	119,975	18,792	23,492
Total assets	98,873	122,877	19,360	24,060
Net assets	93,274	117,278	18,264	22,964
Share capital	100,854	124,493	19,747	24,376
Capital reserve	(3,749)	(3,749)	(734)	(734)
Accumulated deficit	(3,831)	(3,476)	(749)	(680)
Total shareholder's equity	93,274	117,278	18,264	22,964

The table above shows that under the Maximum Subscription cash and net assets will increase by A\$ 4.7 million (RMB 24.0 million) as a consequence of an additional A\$ 5.0 million (RMB 25.5 million) capital raise net of a A\$0.3 million (RMB 1.5 million) increase in offer costs.

#### 7.8.1 Calculation of pro forma share capital

The pro forma share capital and additional paid in capital shown in **Section 7.8** are based on the following adjustments:

Table 7.9 Calculation of pro forma share capital under Minimum Subscription of A\$17.5 million

	Notes	Shares No.	Share capital RMB 000's	Capital reserve RMB 000's	Share capital A\$'000s	Capital reserve A\$'000s
As at 30 June 2016	1	1,000,000	9	-	2	-
Issued to advisor in association with IPO costs	2	54,000,000	5,086	6,725	995	1,317
Share swap	3	125,000,000	13,338	(10,474)	2,612	(2,051)
<b>Total prior to public offer</b>		<b>180,000,000</b>	<b>18,433</b>	<b>(3,749)</b>	<b>3,609</b>	<b>(734)</b>
Common stock issued in association with the offer	4a	35,000,000	89,377	-	17,500	-
Offer costs	5a	-	(6,956)	-	(1,362)	-
<b>Consolidated pro forma</b>		<b>215,000,000</b>	<b>100,854</b>	<b>(3,749)</b>	<b>19,747</b>	<b>(734)</b>

Table 7.10 Calculation of pro forma share capital under Maximum Subscription

	Notes	Shares No.	Share capital RMB 000's	Capital reserve RMB 000's	Share capital A\$'000s	Capital reserve A\$'000s
As at 30 June 2016	1	1,000,000	9	-	2	-
Issued to advisor in association with IPO costs	2	54,000,000	5,086	6,725	995	1,317
Share swap	3	125,000,000	13,338	(10,474)	2,612	(2,051)
<b>Total prior to public offer</b>		<b>180,000,000</b>	<b>18,433</b>	<b>(3,749)</b>	<b>3,609</b>	<b>(734)</b>
Common stock issued in association with the offer	4b	45,000,000	114,913	-	22,500	-
Offer costs	5b	-	(8,853)	-	(1,733)	-
<b>Consolidated pro forma</b>		<b>225,000,000</b>	<b>124,493</b>	<b>(3,749)</b>	<b>24,376</b>	<b>(734)</b>

Notes:

- As at 30 June 2016, 1,000,000 shares were issued with share capital of HK\$ 10,000 (RMB 9,000).
- On 12 October 2016, Lumina Looque Knowledge Hubs Pte.Ltd acquired 54,000,000 shares with share capital of \$5.1 million (A\$1.0 million) in exchange for payment of the costs associated with the offer (including advisory, legal, accounting, administrative, translation, and Restructure related costs) expensed and charged against share capital. The total offer costs to be paid by Lumina is an estimated RMB 11.8 million (A\$2.3 million), which has given rise to a RMB 6.7 million (A\$1.3 million) capital reserve being the offer costs paid in excess of the issued share capital.
- On 14 November 2016, 100% of the outstanding shares of Retech Holdings Co., Limited with share capital of RMB 13.3 million (A\$2.6 million) and a capital reserve of RMB 10.5 million (A\$2.1 million) were exchanged for 125,000,000 shares of the Company as the final step of the Restructure discussed further in Section 3.9 of this prospectus.
- On completion of the Offer the Company expects to raise:
  - A\$17.5 million (RMB 89.4 million) under the Minimum Subscription of the Offer involving the issue of 35,000,000 CDIs (representing 35,000,000 shares); or
  - A\$22.5 million (RMB 114.9 million) under the Maximum Subscription of the Offer involving the issue of 45,000,000 CDIs (representing 45,000,000 shares).
- As a result of the offer, offer costs of approximately:
  - A\$1.4 million (RMB 7.0 million) under the Minimum Subscription of the Offer related to the issuance of new shares have been netted against the raised share capital; or
  - A\$1.7 million (RMB 8.9 million) under the Maximum Subscription of the Offer related to the issuance of new shares have been netted against the raised share capital.

## 7.9. Historical Cash Flows

The tables below set out the Historical Pro Forma Consolidated Cashflow Statement for FY2013, FY2014, FY2015 and 1HY2016. The Historical Pro Forma Consolidated Cashflow Statements do not include financing cashflows as Management consider that the historical funding structure is not consistent with the future operations of the Company.

Table 7.11 Historical Pro forma cash flows in RMB

	FY2013	FY2014	FY2015	1HY2016
RMB'000s	Pro forma	Pro forma	Pro forma	Actual
<b>Operating cash flows</b>				
NPBT	2,219	4,981	20,031	11,432
Depreciation and amortisation	387	376	117	97
Bad debt expense	376	313	-	-
Taxes paid	-	-	-	(944)
Change in working capital	4,936	(486)	(8,099)	(12,000)
<b>Operating cash flows</b>	<b>7,918</b>	<b>5,184</b>	<b>12,049</b>	<b>(1,415)</b>
<b>Investing cash flows</b>				
Purchase of property, plant and equipment	(622)	(110)	(56)	(1,474)
<b>Investing cash flows</b>	<b>(622)</b>	<b>(110)</b>	<b>(56)</b>	<b>(1,474)</b>
<b>Free cash flow (excluding financing)</b>	<b>7,296</b>	<b>5,074</b>	<b>11,993</b>	<b>(2,889)</b>

Table 7.12 Historical Pro forma cash flows in A\$

	FY2013	FY2014	FY2015	1HY2016
A\$ '000s	Pro forma	Pro forma	Pro forma	Actual
<b>Operating cash flows</b>				
NPBT	373	895	4,237	2,384
Depreciation and amortisation	65	68	25	20
Bad debt expense	63	56	-	-
Taxes paid	-	-	-	(197)
Change in working capital	829	(87)	(1,713)	(2,502)
<b>Operating cash flows</b>	<b>1,330</b>	<b>932</b>	<b>2,548</b>	<b>(295)</b>
<b>Investing cash flows</b>				
Purchase of property, plant and equipment	(104)	(20)	(12)	(307)
<b>Investing cash flows</b>	<b>(104)</b>	<b>(20)</b>	<b>(12)</b>	<b>(307)</b>
<b>Free cash flow (excluding financing)</b>	<b>1,226</b>	<b>912</b>	<b>2,537</b>	<b>(602)</b>

## 7.10. Pro forma and Statutory Forecast Cash Flows

The tables below set out the Statutory and Pro Forma Forecast Cash Flows Statements for 2HY2016 and 1HY2017:

Table 7.13 Statutory and pro forma forecast cash flows

	2HY2016 Statutory forecast RMB'000s	1HY2017 Statutory forecast RMB'000s	2HY2016 Statutory forecast A\$'000s	1HY2017 Statutory forecast A\$'000s
Operating cash flows				
NPBT	13,218	26,359	2,598	5,162
Non cash offer costs	6,320	3,896	1,243	763
Depreciation and amortisation	37	61	7	12
Taxes paid	(5,493)	(8,784)	(1,079)	(1,720)
Change in working capital	(10,800)	5,474	(2,122)	1,072
<b>Operating cash flows</b>	<b>3,282</b>	<b>27,006</b>	<b>647</b>	<b>5,289</b>
Investing cash flows				
Purchase of property, plant and equipment	(299)	(70)	(59)	(14)
Payment for acquisition of subsidiary	(11,000)	-	(2,162)	-
<b>Investing cash flows</b>	<b>(11,299)</b>	<b>(70)</b>	<b>(2,221)</b>	<b>(14)</b>
Financing cash flows				
Proceeds from shares issued	13,329	84,014	2,619	16,450
<b>Financing cash flows</b>	<b>13,329</b>	<b>84,014</b>	<b>2,619</b>	<b>16,450</b>
<b>Statutory net increase/(decrease) in cash and cash equivalents under Minimum Subscription</b>	<b>5,312</b>	<b>110,950</b>	<b>1,045</b>	<b>21,725</b>
Additional financing cash flows from Maximum Subscription		24,004		4,699
<b>Statutory net increase/(decrease) in cash and cash equivalents under Maximum Subscription</b>	<b>5,312</b>	<b>134,954</b>	<b>1,045</b>	<b>26,424</b>
Reconciliation to pro forma increase in cash and cash equivalents				
Statutory net increase/(decrease) in cash and cash equivalents under Minimum Subscription	5,312	110,950	1,045	21,725
Less: proceeds from shares issued	(13,329)	(84,014)	(2,619)	(16,450)
Add: cash paid to related parties	305	-	60	-
Less: working capital not transferred to the Company	8,906	-	1,749	-
Add: cash invested in acquisition of Shanghai Ruijian Information Technology Co., Ltd	11,000	-	2,162	-
Less: Cash generated from July 2016 operations captured in Shanghai Retech Information Technology Co., Ltd.	1,246	-	245	-
<b>Pro forma net increase in cash and cash equivalents</b>	<b>13,440</b>	<b>26,936</b>	<b>2,642</b>	<b>5,275</b>

- Operating activities: include the forecast net profit before tax plus the offer costs incurred by the Company however paid in exchange for shares to Lumina Looque Knowledge Hubs Pte.Ltd and therefore not cash. In addition is RMB 10.8 million (A\$2.1 million) increase in working capital. Included in the increase in statutory working capital is the RMB 8.9 million (A\$1.7 million) use of cash to fund the working capital that was not transferred to the Company during the Restructure.
- Investing activities: relates to the purchase of primarily computer equipment to support the forecast continued growth in revenues, as well as RMB 11.0 million (A\$2.2 million) paid for the acquisition of Shanghai Ruijian Information Technology Co., Ltd from Shanghai Retech Information Technology Co., Ltd in association with the Restructure.
- Financing activities: include proceeds from shares issued of RMB13.3 million (A\$2.6 million) invested by existing shareholders prior to the offer in 2HY2016 and proceeds from shares issued of A\$ 17.5 million (RMB 89.4 million) as a consequence of the Minimum Subscription of the Offer net of cash paid offer costs of A\$1.1 million (RMB 5.4 million) in 1HY2017. Under the Maximum Subscription of the Offer, proceeds from shares issued would total RMB 108.0 million in relation to the raise of A\$22.5 million (RMB 114.9 million) net of cash paid offer costs of A\$1.4 million (RMB 6.9 million) in 1HY2017.

The reconciliation between the statutory forecast consolidated net cash flows to pro forma consolidated cash flows includes:

- Proceeds from shares issued: relate to the Restructure and proposed Offer, and are not representative of operating cash flows.
- Cash paid to related parties: relate to the Restructure and are not representative of operating cash flows.
- Working capital not transferred to the Company: relates to the operating working capital which was not transferred to the Company's consolidated Company during the restructure.
- Cash invested in acquisition of Shanghai Ruijian Information Technology Co., Ltd: relates to the cash paid to acquire Shanghai Ruijian Information Technology Co., Ltd from Shanghai Retech Information Technology Co., Ltd in association with the Restructure.
- Cash generated from July 2016 operations captured in Shanghai Retech Information Technology Co., Ltd.: relates to the cash earned under the consolidated Company of Shanghai Retech Information Technology Co., Ltd. prior to the restructure.



Table 7.14 Pro forma forecast cash flows

	2HY2016	1HY2017	2HY2016	1HY2017
	Pro forma Forecast	Pro forma Forecast	Pro forma Forecast	Pro forma Forecast
	RMB'000s	RMB'000s	A\$'000s	A\$'000s
<b>Operating cash flows</b>				
NPBT	21,194	30,255	4,165	5,925
Non cash offer costs	-	-	-	-
Depreciation and amortisation	41	61	8	12
Taxes paid	(7,130)	(8,784)	(1,401)	(1,720)
<b>Change in working capital</b>	<b>(365)</b>	<b>5,474</b>	<b>(72)</b>	<b>1,072</b>
<b>Operating cash flows</b>	<b>13,740</b>	<b>27,006</b>	<b>2,700</b>	<b>5,289</b>
<b>Investing cash flows</b>				
Purchase of property, plant and equipment	(299)	(70)	(59)	(14)
Payment for acquisition of subsidiary	-	-	-	-
<b>Investing cash flows</b>	<b>(299)</b>	<b>(70)</b>	<b>(59)</b>	<b>(14)</b>
<b>Pro forma net increase/(decrease) in cash and cash equivalents</b>	<b>13,441</b>	<b>26,936</b>	<b>2,641</b>	<b>5,275</b>

## 7.11. Management discussion and analysis of Pro Forma Historical Financial Information

Below is a discussion of the main factors which affected the Company's operations and financial performance in FY2013, FY2014, FY2015 and 1HY2016.

The discussion of these general factors is intended to provide a brief summary only and does not detail all the factors that affected the Company's historical operating and financial performance, or everything which may affect the Company's operations and financial performance in the future.

Where there are variances in the percentage change shown in \$A compared to the percentage change in RMB, this is due to the exchange rate applied in each time period.

### 7.11.1 Pro Forma historical income statement: FY2014 compared with FY2013

Table 7.15 Pro forma historical income statement: FY2014 compared with FY2013

	FY2013	FY2014	FY2013-FY2014		FY2013	FY2014	FY2013-FY2014	
	Pro forma historical RMB'000s	Pro forma historical RMB'000s	Change RMB'000s	% change	Pro forma historical A\$'000s	Pro forma historical A\$'000s	Change A\$'000s	% change
Revenue	9,188	15,605	6,417	70%	1,544	2,805	1,261	82%
Cost of sales	(3,194)	(4,003)	(809)	25%	(537)	(719)	(182)	34%
<b>Gross profit</b>	<b>5,994</b>	<b>11,602</b>	<b>5,608</b>	<b>94%</b>	<b>1,007</b>	<b>2,086</b>	<b>1,079</b>	<b>107%</b>
<i>Gross margin %</i>	65%	74%			65%	74%		
Selling and distribution costs	(904)	(1,500)	(596)	66%	(152)	(270)	(118)	78%
Administration and other expenses	(7,166)	(8,061)	(895)	12%	(1,204)	(1,449)	(245)	20%
<b>Operating income</b>	<b>(2,076)</b>	<b>2,041</b>	<b>4,117</b>	<b>(198%)</b>	<b>(349)</b>	<b>367</b>	<b>716</b>	<b>(205%)</b>
Other income	4,682	3,316	(1,366)	(29%)	787	596	(191)	(24%)
<b>EBITDA</b>	<b>2,606</b>	<b>5,357</b>	<b>2,751</b>	<b>106%</b>	<b>438</b>	<b>963</b>	<b>525</b>	<b>120%</b>
Depreciation and amortisation	(387)	(376)	11	(3%)	(65)	(68)	(3)	5%
<b>NPBT</b>	<b>2,219</b>	<b>4,981</b>	<b>2,762</b>	<b>124%</b>	<b>373</b>	<b>895</b>	<b>522</b>	<b>140%</b>
Taxes	(333)	(747)	(414)	124%	(56)	(134)	(78)	139%
<b>NPAT</b>	<b>1,886</b>	<b>4,234</b>	<b>2,348</b>	<b>124%</b>	<b>317</b>	<b>761</b>	<b>444</b>	<b>140%</b>

- Revenue increased as a result of growth in the size and volume of E-Learning Solutions customers, being primarily large Chinese companies.
- Cost of sales increased in association with the revenue growth. Labour and purchase costs decreased as a percentage of revenue as a result of less time spent developing the product and staff being more efficiently utilised.

- Gross profit margin increased due to the improved efficiencies of labour, and a reduced reliance on outsourcing.
- Selling and distribution costs increased as the Company spent more on marketing activities, assisting with the increased sales.
- Administration and other expense increased primarily as a result of an increase in labour costs associated with a greater headcount.
- Operating income increased as a result of the increased revenue and improved efficiencies leading to improved margins.
- Other income decreased as a result of a reduction in government funding/grants.
- Pro forma EBITDA increased as a result of the increased sales and better margins and slightly offset by a reduction in government funding/grants.

#### 7.11.2 Pro forma historical income statements: FY2015 compared with FY2014

Table 7.16 Pro forma historical income statements: FY2015 compared with FY2014

	FY2014	FY2015	FY2014-FY2015		FY2014	FY2015	FY2014-FY2015	
	Pro forma	Pro forma	Change		Pro forma	Pro forma	Change	
	RMB'000s	RMB'000s	RMB'000s	% change	A\$'000s	A\$'000s	A\$'000s	% change
Revenue	15,605	32,729	17,124	110%	2,805	6,923	4,118	147%
Cost of sales	(4,003)	(10,056)	(6,053)	151%	(719)	(2,127)	(1,408)	196%
<b>Gross profit</b>	<b>11,602</b>	<b>22,673</b>	<b>11,071</b>	<b>95%</b>	<b>2,086</b>	<b>4,796</b>	<b>2,710</b>	<b>130%</b>
Gross margin %	74%	69%			74%	69%		
Selling and distribution costs	(1,500)	(2,460)	(960)	64%	(270)	(520)	(250)	93%
Administrative expenses	(8,061)	(8,453)	(392)	5%	(1,449)	(1,788)	(339)	23%
<b>Operating income</b>	<b>2,041</b>	<b>11,760</b>	<b>9,719</b>	<b>476%</b>	<b>367</b>	<b>2,488</b>	<b>2,121</b>	<b>578%</b>
Other income	3,316	8,388	5,072	153%	596	1,774	1,178	198%
<b>EBITDA</b>	<b>5,357</b>	<b>20,148</b>	<b>14,791</b>	<b>276%</b>	<b>963</b>	<b>4,262</b>	<b>3,299</b>	<b>343%</b>
Depreciation and amortisation	(376)	(117)	259	(69)%	(68)	(25)	43	(63)%
<b>NPBT</b>	<b>4,981</b>	<b>20,031</b>	<b>15,050</b>	<b>302%</b>	<b>895</b>	<b>4,237</b>	<b>3,342</b>	<b>373%</b>
Taxes	(747)	(3,005)	(2,258)	302%	(134)	(636)	(502)	375%
<b>NPAT</b>	<b>4,234</b>	<b>17,026</b>	<b>12,792</b>	<b>302%</b>	<b>761</b>	<b>3,601</b>	<b>2,840</b>	<b>373%</b>

- Revenues increased as a result of continued growth in the size and volume of the E-Learning solutions customers, supplemented with the introduction of E-Training partnership and a large E-Course direct centre customer during the year.
- Cost of Sales increased in association with the growth in revenues. Purchase costs increased as a percentage of revenues as Retech outsourced a greater portion of content digitisation and course development, while focusing primarily on the technical aspects of the platform.
- Gross profit margins decreased as the company outsourced a greater proportion of the low skilled work of digitisation and course development to 3<sup>rd</sup> parties reducing the gross profit percentage.

- Selling and distribution costs increased primarily as a result of an increase in labour and travel as the Company centralised operations in Shanghai, which required more interstate travel of sales staff.
- Administration and other expenses increased as a result of the corporate restructuring that took place during the year and increased costs associated with an increase in government funded (grants) projects.
- Operating income increased primarily as a result of the increase in gross profit.
- Other income: Other income increased in association with a number of government projects which gave rise to the increase in other expenses.
- Pro forma EBITDA increased significantly due to the significant revenue increase and the business beginning to achieve economies of scale.

### 7.11.3 Pro forma historical income statements: 1HY2016 compared with 1HY2015 and 2HY2015

Table 7.17 Pro forma historical income statements: 1HY2016 compared with 1HY2015 and 2HY2015 in RMB'000s

RMB'000s	1HY2015	2HY2015	1HY2016	1HY2015 vs 1HY2016		2HY2015 vs 1HY2016	
	Pro forma historical	Pro forma historical	Reviewed	Change	% change	Change	% change
Revenue	10,324	22,405	25,988	15,664	152%	3,583	16%
Cost of goods sold	(4,074)	(5,982)	(10,222)	(6,148)	151%	(4,240)	71%
<b>Gross profit</b>	<b>6,250</b>	<b>16,423</b>	<b>15,766</b>	<b>9,516</b>	<b>152%</b>	<b>(657)</b>	<b>(4)%</b>
<i>Gross margin %</i>	<i>61%</i>	<i>73%</i>	<i>61%</i>				
Selling and distribution costs	(1,206)	(1,254)	(1,347)	(141)	12%	(93)	7%
Administrative expenses	(1,891)	(6,562)	(2,891)	(1,000)	53%	3,671	(56)%
<b>Operating income</b>	<b>3,153</b>	<b>8,607</b>	<b>11,528</b>	<b>8,375</b>	<b>266%</b>	<b>2,921</b>	<b>34%</b>
Other income	-	8,388	1	1	N/A	(8,387)	(100)%
<b>EBITDA</b>	<b>3,153</b>	<b>16,995</b>	<b>11,529</b>	<b>8,376</b>	<b>266%</b>	<b>(5,466)</b>	<b>(32)%</b>
Depreciation and amortisation	(58)	(59)	(97)	(39)	67%	(38)	64%
<b>NPBT</b>	<b>3,095</b>	<b>16,936</b>	<b>11,432</b>	<b>8,337</b>	<b>269%</b>	<b>(5,504)</b>	<b>(32)%</b>
Taxes	(464)	(2,541)	(2,858)	(2,394)	516%	(317)	12%
<b>NPAT</b>	<b>2,631</b>	<b>14,395</b>	<b>8,574</b>	<b>5,943</b>	<b>226%</b>	<b>(5,821)</b>	<b>(40)%</b>

Table 7.18 Pro forma historical income statements: 1HY2016 compared with 1HY2015 and 2HY2015 in A\$'000s

A\$'000s	1HY2015	2HY2015	1HY2016	1HY2015 vs 1HY2016		2HY2015 vs 1HY2016	
	Pro forma historical	Pro forma historical	Reviewed	Change	% change	Change	% change
Revenue	2,184	4,739	5,419	3,235	148%	680	14%
Cost of goods sold	(862)	(1,265)	(2,131)	(1,269)	147%	(866)	68%
<b>Gross profit</b>	<b>1,322</b>	<b>3,474</b>	<b>3,288</b>	<b>1,966</b>	<b>149%</b>	<b>(186)</b>	<b>(5)%</b>
<i>Gross margin %</i>	<i>61%</i>	<i>73%</i>	<i>61%</i>				
Selling and distribution costs	(255)	(265)	(281)	(26)	10%	(16)	6%
Administrative expenses	(400)	(1,388)	(603)	(203)	51%	785	(57)%
<b>Operating income</b>	<b>667</b>	<b>1,821</b>	<b>2,404</b>	<b>1,737</b>	<b>260%</b>	<b>583</b>	<b>32%</b>
Other income	-	1,774	-	-	N/A	(1,774)	(100)%
<b>EBITDA</b>	<b>667</b>	<b>3,595</b>	<b>2,404</b>	<b>1,737</b>	<b>260%</b>	<b>(1,191)</b>	<b>(33)%</b>
Depreciation and amortisation	(12)	(13)	(20)	(8)	67%	(7)	54%
<b>NPBT</b>	<b>655</b>	<b>3,582</b>	<b>2,384</b>	<b>1,729</b>	<b>264%</b>	<b>(1,198)</b>	<b>(33)%</b>
Taxes	(98)	(538)	(596)	(498)	508%	(58)	11%
<b>NPAT</b>	<b>557</b>	<b>3,044</b>	<b>1,788</b>	<b>1,231</b>	<b>221%</b>	<b>(1,256)</b>	<b>(41)%</b>

- Revenue increased by RMB 15.7 million (A\$3.2 million) over 1HY2015 with strong growth in the E-Training partnerships where revenues increased by 47% and in E-Learning solutions with growth of 52%. Revenue growth from 2HY2015 to 1HY2016 was lower at RMB 3.6 million (A\$0.7 million) as a result of the seasonality inherent in the businesses, with the 2<sup>nd</sup> half of each financial year being substantially higher than the 1<sup>st</sup> half.
- Cost of Sales: Purchase costs increased to 22% of revenue as the Company focused on providing the technical skills internally while outsourcing less technical aspects of the various contracts. Labour costs also increased as a percentage of revenues as a result of the volume of complex technical work that was completed in 1HY2016.
- Gross profit margin decreased to 61% as the company outsourced a greater proportion of the low skilled work of digitisation and course development to 3rd parties, while incurring greater costs internally as a result of more technical work being performed by staff.
- Selling and distribution costs: Travel increased by RMB 0.1 million as Retech centralised operations in Shanghai, which required more interstate travel of sales staff.
- Administration and other expenses: Administration expenses decreased in 1HY2016 as a result of the corporate restructure reducing the effective cost base.
- Other income: Other income in 1HY2015 and 1HY2016 was nil as a result of government grants and projects typically being awarded late in the year.
- Pro forma EBITDA increased by RMB 8.4 million (A\$1.7 million) over 1HY2015, and decreased by RMB 5.5 million (A\$1.2 million) over 2HY2015 as a result of the seasonality experienced by the Company.

## 7.12. Forecast Financial Information

The forecast financial information is based on various best estimate assumptions concerning future events, including those set out below. The assumptions below do not represent all factors that will affect the Company's forecast financial performance. This information is intended to be a representation that the assumptions will occur. It should be read in conjunction with the basis of preparation of the Forecast Financial Information set out in **Section 7.12**, the general and specific assumptions set out below and the risk factors set out in **Section 9**. The following is a summary only and does not represent all factors that will affect the Company's financial performance. These assumptions should also be read with consideration of the "Sensitivity analysis" set out in **Section 7.13**.

### 7.12.1 General Assumptions

In preparing the Forecast Financial Information the following general assumptions have been adopted for the forecast period:

- no material change to the competitive operating environment in which the Company operates;
- no significant deviation from current market expectations of general economic and business conditions including levels of inflation, employment and interest rates;
- no material changes in any government legislation or regulation (including tax legislation) or government policy that has a material impact on financial performance or cash flow, statement of financial position, or the accounting policies of the Company;
- no loss of key management personnel and the Company maintains its ability to recruit and retain the required personnel to support future growth;
- no material changes in applicable International Financial Reporting Standards or other mandatory professional reporting requirements which have a material effect on the Company's financial performance, statement of financial position, accounting policies, financial reporting or disclosure during the forecast period;
- no material industry disturbances, environmental costs, contingent liabilities or legal claims will arise or be settled to the detriment of the Company;
- no material acquisitions, divestments, restructuring or investments other than as set out in, or contemplated by, this Prospectus;
- no material changes to the Company's corporate and funding structure other than as set out in, or contemplated by, this prospectus;
- no material disruptions to the continuity of operations of the Company nor other material changes in its business;
- no material amendment to or termination of any material agreement, contract or arrangement other than set out in, or contemplated by, this Prospectus;
- none of the risks listed in **Section 9** eventuate, or if they do, none of them has a material adverse impact on the operations of the Company; and
- no material movement in the Australian dollar / Chinese Renminbi foreign exchange rate.

### 7.12.2 Specific assumptions

The tables below set out the summary pro forma consolidated income statements for 2HY2016 and 1HY2017.

Table 7.19 Pro forma forecast Profit & Loss: 2HY2016 vs 1HY2017 in RMB'000s

RMB'000s	1HY2016	2HY2016	1HY2017	1HY2016 vs 2HY2016		2HY2016 vs 1HY2017	
	Reviewed	Pro forma historical	Pro forma historical	Change	% change	Change	% change
Revenue	25,988	44,964	53,133	18,976	73%	8,169	18%
Cost of goods sold	(10,222)	(18,374)	(22,943)	(8,152)	80%	(4,569)	25%
<b>Gross profit</b>	<b>15,766</b>	<b>26,590</b>	<b>30,190</b>	10,824	69%	3,600	14%
<i>Gross margin %</i>	61%	59%	57%				
Selling and distribution costs	(1,347)	(1,869)	(2,144)	(522)	39%	(275)	15%
Administrative expenses	(2,891)	(4,008)	(4,788)	(1,117)	39%	(780)	19%
<b>Operating income</b>	<b>11,528</b>	<b>20,713</b>	<b>23,258</b>	9,185	80%	2,545	12%
Other income	1	522	7,058	521	52,100%	6,536	1,252%
<b>EBITDA</b>	<b>11,529</b>	<b>21,235</b>	<b>30,316</b>	9,706	84%	9,081	43%
Depreciation and amortisation	(97)	(41)	(61)	56	(58)%	(20)	49%
<b>NPBT</b>	<b>11,432</b>	<b>21,194</b>	<b>30,255</b>	9,762	85%	9,061	43%
Taxes	(2,858)	(5,299)	(7,564)	(2,441)	85%	(2,265)	43%
<b>NPAT</b>	<b>8,574</b>	<b>15,895</b>	<b>22,691</b>	7,321	85%	6,796	43%



Table 7.20 Pro forma forecast profit &amp; loss: 2HY2016 vs 1HY2017 in A\$'000s

A\$'000s	1HY2016	2HY2016	1HY2017	1HY2016 vs 2HY2016		2HY2016 vs 1HY2017	
	Reviewed	Pro forma historical	Pro forma historical	Change	% change	Change	% change
Revenue	5,419	8,835	10,404	3,416	63%	1,569	18%
Cost of goods sold	(2,131)	(3,610)	(4,492)	(1,479)	69%	(882)	24%
<b>Gross profit</b>	<b>3,288</b>	<b>5,225</b>	<b>5,912</b>	<b>1,937</b>	<b>59%</b>	<b>687</b>	<b>13%</b>
<i>Gross margin %</i>	<i>61%</i>	<i>59%</i>	<i>57%</i>	-	0%	-	0%
Selling and distribution costs	(281)	(367)	(420)	(86)	31%	(53)	14%
Administrative expenses	(603)	(788)	(937)	(185)	31%	(149)	19%
<b>Operating income</b>	<b>2,404</b>	<b>4,070</b>	<b>4,555</b>	<b>1,666</b>	<b>69%</b>	<b>485</b>	<b>12%</b>
Other income	-	103	1,382	103	N/A	1,279	1,242%
<b>EBITDA</b>	<b>2,404</b>	<b>4,173</b>	<b>5,937</b>	<b>1,769</b>	<b>74%</b>	<b>1,764</b>	<b>42%</b>
Depreciation and amortisation	(20)	(8)	(12)	12	(60)%	(4)	50%
<b>NPBT</b>	<b>2,384</b>	<b>4,165</b>	<b>5,925</b>	<b>1,781</b>	<b>75%</b>	<b>1,760</b>	<b>42%</b>
Taxes	(596)	(1,041)	(1,481)	(445)	75%	(440)	42%
<b>NPAT</b>	<b>1,788</b>	<b>3,124</b>	<b>4,444</b>	<b>1,336</b>	<b>75%</b>	<b>1,320</b>	<b>42%</b>

### 7.12.3 Forecast assumptions for 2HY2016 compared with 1HY2016

- Revenue is forecast to increase by RMB 19.0 million (A\$3.4 million) based on completed contracts, contracts currently in progress, projects with existing clients and pending projects (formalisation of documentation not complete or final terms to be completed). The pending projects have supporting documentation such as email confirmations and less than 1% of total forecasted revenue does not have confirmation from the potential client. In 2HY2016, E-Learning solutions is forecast to contribute RMB 13.1 million (48% of total revenue) while eLearning partnership is forecast to contribute RMB 17.0 million (38% of total revenue).
- Cost of goods sold are forecast to increase by 2% of revenues from 1HY2016 as a result of increased labour costs, while outsourcing will remain consistent as a percentage of revenue.
- Gross profit margin is forecast to decline as a result of the increase in labour costs as a percentage of revenue.
- Selling and distribution costs are forecast to increase by RMB 0.5 million (A\$86,000) compared with 1HY2016 primarily in association with increased travel and entertainment costs as the Company prepares to expand operations into Hong Kong.
- Administration and other expenses are forecast to increase by RMB 1.1 million (A\$0.2 million) almost entirely as a result of increased labour costs to support the growth in operations.
- Operating income is forecast to increase by RMB 9.2 million (A\$1.7 million) as gross profit growth of RMB 10.8 million (A\$1.9 million) outpaced the RMB1.1 million (A\$ 0.2) million increase in administration and other expenses.
- Other income is forecast to increase by RMB 0.5 million (A\$0.1 million) as a result of expected government funding and grants.

- EBITDA is forecast to increase by RMB 9.7 million (A\$ 1.8 million) as a result of the forecast growth in operations.

#### 7.12.4 Forecast assumptions for 1HY2017 compared with 2HY2016

- Revenue is forecast to increase by RMB 8.2 million (A\$1.6 million) over 2HY2016 based on completed contracts, contracts currently in progress, projects with existing clients and pending projects (formalisation of documentation not complete or final terms to be completed). The pending projects have supporting documentation such as email confirmations and less than 7% of total forecasted revenue does not have confirmation from the potential client. E-Learning solutions is forecast to contribute RMB 24.5 million in 1HY2017 (46% of total revenue) while eLearning partnership is forecast to contribute RMB 22.7 million (43% of total revenue).
- Cost of goods sold are forecast to increase by 2% of revenues from 2HY2016 as a result of increased outsourcing while labour costs are forecast to decrease as a percentage of revenue.
- Gross profit margin is forecast to decline as a result of the increase in outsourcing as a percentage of revenue.
- Selling and distribution costs are forecast to increase by RMB 0.28 million (A\$53,000) in relation to increased travel costs in association with new sales.
- Administration and other expenses are forecast to increase by RMB 0.78 million (A\$0.15 million) almost entirely as a result of increased labour and professional fees in association with the year-end audit.
- Operating income is forecast to increase by RMB 2.5 million (A\$0.5 million) as gross profit growth of RMB 3.6 million (A\$0.7 million) outpaced the RMB0.8 million (A\$0.2) million increase in administration and other expenses.
- Other income is forecast to increase by RMB 6.5 million (A\$1.3 million) as a result of expected government funding and grants. The Company has received advice from the Chinese government supporting the funding of RMB 5 million subject to the successful listing of Retech.
- EBITDA is forecast to increase by RMB 9.1 million (A\$1.8 million) primarily as a result of the forecast increase in other income and growth in operations.

### 7.13. Sensitivity analysis

The Forecast Financial Information is based on a number of estimate and assumptions, as described in **Section 7.12**. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, the Directors and Management. These assumptions are also based on assumptions with respect to future business decisions, which are subject to change.

The following sensitivity analysis sets out the impact on 2HY2016 and 1HY2017 Pro forma forecast EBITDA from a movement in forecast revenue, cost of sales, selling and distribution costs expenses, administration and other expenses and other income to EBITDA. This information is intended to provide a guide only and variations in actual performance could exceed the ranges shown below.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely impact on the Forecast Financial Information, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions and assumes a full year impact. In practice, changes in assumptions may offset each other or be additive, and it is likely that the Company's management would respond to any changes to seek to minimise the net effect. For the purposes of the analysis below, the effect of the changes in key assumptions is based on the 2HY2016 Pro forma EBITDA and 1HY2017 EBITDA of Retech.

- 1% increase or 1% decrease in revenues
- 1% increase or 1% decrease in cost of sales
- 1% increase or 1% decrease in selling and distribution costs expenses
- 1% increase or 1% decrease in administration and other expenses
- 1% increase or 1% decrease in other income

Table 7.21 Pro forma EBITDA sensitivities

		2HY2016	1HY2017	2HY2016	1HY2017
		Pro forma forecast	Pro forma forecast	Pro forma forecast	Pro forma forecast
Assumption		RMB'000s	RMB'000s	A\$'000s	A\$'000s
<b>Revenue</b>	1% increase / (1%) decrease	450	531	88	104
<b>Cost of goods sold</b>	1% increase / (1%) decrease	(184)	(229)	(36)	(45)
<b>Selling and distribution costs</b>	1% increase / (1%) decrease	(19)	(21)	(4)	(4)
<b>Administrative expenses</b>	1% increase / (1%) decrease	(40)	(48)	(8)	(9)
<b>Other income</b>	1% increase / (1%) decrease	5	71	1	14

## 7.14. Dividend policy

The payment of a dividend by the Company is at the discretion of Directors and will be a function of a number of factors including the general business environment, the operating results and financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Directors may consider relevant.

The Board anticipates the quantum of annual dividends will approximate 30% of net profit after tax.

It is not intended that a dividend will be paid following the Company's listing in respect of the 2016 financial year.

Retech will declare any dividends in HK\$. Retech will pay any dividends in HK\$ or A\$ depending on the country of residence of the CDI holder. If the CDI holder in Australia wishes to receive dividends in HK\$ they must complete an appropriate election form and return it to Retech's Share Registry, no later than the close of business on the dividend record date.

No assurance can be given by any person, including the Directors, about the payment of any dividend.

## 7.15. Reconciliation of NPAT

The following tables provide reconciliations from the audited and reviewed accounts of SHR, GRP and JSR and the unaudited accounts of YCR and ZJR to the Pro-forma net profit after tax for the Company:

Table 7.22 Reconciliation of Pro forma NPAT in RMB

	RMB '000s	JSR	GRP	SHR	YCR	ZJR	Total
FY2013	NPAT	(10,429)	(22,534)	(2,279)	(9,875)	(402)	(45,519)
	Adjustment	(11,184)	(22,316)	(1,605)	(12,231)	(402)	(47,738)
	Pro forma Adjustment						(333)
	<b>Pro forma NPAT</b>	<b>755</b>	<b>(218)</b>	<b>(674)</b>	<b>2,356</b>	<b>0</b>	<b>1,886</b>
FY2014	NPAT	(10,394)	(18,434)	(1,271)	(1,652)	0	(31,751)
	Adjustment	(14,947)	(17,609)	(1,429)	(2,737)	0	(36,722)
	Pro forma Adjustment						(737)
	<b>Pro forma NPAT</b>	<b>4,553</b>	<b>(825)</b>	<b>158</b>	<b>1,085</b>	<b>0</b>	<b>4,234</b>
FY2015	NPAT	(2,316)	(11,626)	10,651	(3,075)	0	(6,366)
	Adjustment	(9,079)	(13,127)	(833)	(3,075)	0	(26,114)
	Pro forma Adjustment						(2,722)
	<b>Pro forma NPAT</b>	<b>6,763</b>	<b>1,501</b>	<b>11,484</b>	<b>0</b>	<b>0</b>	<b>17,026</b>
1HY2016	NPAT	(4,527)	(7,986)	8,252	(2,088)	0	(6,349)
	Adjustment	(4,527)	(7,986)	(322)	(2,088)	0	(14,923)
	Pro forma Adjustment						0
	<b>Pro forma NPAT</b>	<b>-</b>	<b>-</b>	<b>8,574</b>	<b>-</b>	<b>-</b>	<b>8,574</b>

Table 7.23 Reconciliation of Pro forma NPAT in A\$

	A\$ '000s	JSR	GRP	SHR	YCR	ZJR	Total
FY2013	NPAT	(1,752)	(3,786)	(383)	(1,659)	(68)	(7,647)
	Adjustment	(1,879)	(3,749)	(270)	(2,055)	(68)	(8,020)
	Pro forma Adjustment						(56)
	<b>Pro forma NPAT</b>	<b>127</b>	<b>(37)</b>	<b>(113)</b>	<b>396</b>	<b>0</b>	<b>317</b>
FY2014	NPAT	(1,868)	(3,313)	(228)	(297)	0	(5,706)
	Adjustment	(2,686)	(3,164)	(257)	(492)	0	(6,599)
	Pro forma Adjustment						(132)
	<b>Pro forma NPAT</b>	<b>818</b>	<b>(148)</b>	<b>28</b>	<b>195</b>	<b>0</b>	<b>761</b>
FY2015	NPAT	(490)	(2,459)	2,253	(650)	0	(1,346)
	Adjustment	(1,920)	(2,776)	(176)	(650)	0	(5,523)
	Pro forma Adjustment						(576)
	<b>Pro forma NPAT</b>	<b>1,430</b>	<b>317</b>	<b>2,429</b>	<b>0</b>	<b>0</b>	<b>3,601</b>
1HY2016	NPAT	(944)	(1,665)	1,721	(435)	0	(1,324)
	Adjustment	(944)	(1,665)	(67)	(435)	0	(3,111)
	Pro forma Adjustment						0
	<b>Pro forma NPAT</b>	<b>0</b>	<b>0</b>	<b>1,788</b>	<b>0</b>	<b>0</b>	<b>1,788</b>

Notes:

- The adjustments in each year relate to excluding the business operations that did not form part of the Restructure. In determining the adjustments the following allocations were made:
  - The allocation of revenues, other income and direct costs has been based on actual contracts and associated direct costs incurred.
  - All other indirect costs have been allocated based on a percentage of the estimated total labour hours spent on the business relative to total labour hours.
- From 1 April 2015, SHR was the dedicated entity for the business operations, accordingly the majority of the net profit after tax for FY2015 and all of the 1HY2016 net profit after tax for the business is derived in SHR.
- The pro forma adjustments primarily relate to a pro forma adjustment for tax as the business was profitable and would have paid tax. In FY2013, FY2014 and FY2015 the tax adjustment was at 15% due to a tax reduction provided by the Chinese government which expired at the end of FY2015.
- The ZJR NPAT in FY2013 is for the four months of trading prior to JSR acquiring ZJR. Following the acquisition, the ZJR results have been included in the consolidated NPAT of JSR.

## 8 Board, management and governance

### 8.1. Board of Directors

The Board have a broad experience base covering development, marketing, design and management, finance and investment. The Board is well positioned to implement Retech's strategic objectives. The following table provides information regarding the Directors, including their date of appointment and positions.


Name	Appointment date	Position	Independence <sup>1</sup>
<b>Ai Shungang</b>	16 December 2016	Co-Chairman Non-Executive Director	Non-Independent
<b>Calvin Cheng</b>	16 December 2016	Co-Chairman Non-Executive Director	Non-Independent
<b>Liu Qing</b>	16 December 2016	Non-Executive Director	Independent
<b>Chris Ryan</b>	16 December 2016	Non-Executive Director	Independent
<b>Neville Ide</b>	16 December 2016	Non-Executive Director	Independent

Note:

1. Retech considers that a Director is an independent director where that Director is free from any business or other relationship that could materially interfere, or be perceived to interfere with, the independent exercise of the Director's judgement. Retech has also assessed the independence of its Directors regarding the requirements for independence which are set out in Principle 2 of the ASX Corporate Governance Principles.

## 8.2. Details of Directors

Details of each of the Directors are set out below.

<b>Mr Ai Shungang</b> 	
Role	Co-Chairman Non-Executive Director
Expertise	<p>Mr. Ai Shungang, as the founder of GRP Group, is the Non-executive Co-Chairman of Retech and Chairman of the Board and President of GRP. Mr Ai Shungang controls the largest shareholder of Retech.</p> <p>Mr Ai brings more than 14 years' practical experience in the fields of software, consulting and online education in China. Firstly, Mr. Ai started his own business in April 2000 when he was still being a sophomore in the university. He founded Nanjing Siluo Information Technology Co., Ltd, and then led and moved his team to Shanghai and founded Shanghai Retech Information Technology Co., Ltd. In 2010, he set up Jiangsu Retech Digital Industrial Park Co., Ltd and developed "Digital Publishing Industrial Park", which has now become China's National Digital Publishing Base. While in 2011, he founded GRP and incorporated his other entities into GRP Group, which formed an integrated consortium specialized in technologies.</p> <p>Mr. Ai graduated from Nanjing University of Posts and Telecommunications. In 2014, he was rewarded as the "Leading Talent of Digital Publishing" in China.</p>
Independence or affiliations	Ai Shungang controls Retech Investment Group Co.,Ltd, Retech's largest shareholder and is therefore not considered to be independent.
Interests in Shares	Ai Shungang holds an interest in Shares of Retech as detailed in Section 8.3.
Legal or disciplinary action	Nil
Insolvent companies	Nil



Mr Calvin Cheng



Role	Co-Chairman Non-executive Director
Expertise	<p>Calvin Cheng was an appointed Member of Parliament of Singapore in the Eleventh Parliament.</p> <p>He has also served on various Ministerial advisory boards including the Media Literacy Council, the Singapore Media Festival, Screen Singapore and the Government Feedback REACH supervisory council.</p> <p>Calvin is the Executive Director of Lumina-Looque International, an integrated media company with offices in Singapore, Malaysia and China, which owns event companies, model agencies and a publishing company. Previously, Calvin was the Asia-Pacific Head of Elite Model Management, the world's largest modelling agency.</p> <p>Calvin was also the Managing Director and Founder of Jue Rui Bao Si, a training company in China that trains some of the leading companies in China in soft skills. Jue Rui Bao Si has also partnered with some of China's leading movie studios, including Bona Film Group, Enlight Media and Stellar Media Group, to train their artistes in deportment, image and communication. It was also the official training partner for China's inaugural season of X-Factor.</p> <p>In December 2014, Calvin, together with Singapore's Tembusu Partners and China's Nasdaq listed Bona Film Group, launched one of the world's first media funds focused on China.</p> <p>Calvin graduated from the University of Oxford with a Master of Arts in Philosophy, Politics and Economics, and a Master of Science in Management. Calvin is also a Young Global Leader of the World Economic Forum at Davos</p>
Independence or affiliations	Calvin Cheng, is the largest shareholder of Lumina Looque Knowledge Hubs Pte. Ltd. and is therefore not considered to be independent.
Interests in Shares	Calvin Cheng holds an interest in Shares of Retech as detailed in Section 8.3.
Legal or disciplinary action	Nil
Insolvent companies	Nil

Ms Liu Qing



Role	Non-executive Director
Expertise	<p>Ms Liu Qing has over 20 years of experience in equity, securities and finance. Liu Qing was the deputy general investment manager of the Shenzhen Special Economic Zone Securities Company. In 1997, Liu Qing became the VP of the US Cyber Investment Group to manage a venture capital.</p> <p>Liu Qing worked as the Chief Representative and Vice President of Sun Hung Kai Financial Group, China from 2003 to 2008 and is currently the co-director of Sun Hung Kai Financial Group, assisting the Group CEO in Chinese equity investment projects.</p> <p>Liu Qing was also the partner of OFC, the top 10 "Best Local Investment Institution" in China, with a management capital of RMB 7 billion, over 100 investment projects and a number of projects listed or merged drop out.</p> <p>Liu Qing graduated from Huazhong University of Science and Technology with a master's degree in management. In 2009 Liu Qing was hired as an MBA part-time professor at Lanzhou University of Finance and Economics.</p>
Independence or affiliations	Liu Qing has no interest in, or affiliations with, Retech and is therefore considered to be independent.
Interests in Shares	Nil
Legal or disciplinary action	Nil
Insolvent companies	Nil

**Mr Chris Ryan**

Role	Non-executive Director
Expertise	<p>Chris is an Executive Director of Investorlink Group Limited, a Sydney-based corporate finance and advisory firm. Chris has diverse experience and expertise in mergers &amp; acquisitions together with initial public offerings.</p> <p>Chris has advised on ASX listings since 1986. Chris has served as Chairman of ASX listed Bravura Solutions Limited and China Waste Corporation Limited and is currently Co-Chairman of ASX listed TTG Fintech Limited (ASX:TTG) and a Non-Executive Director of eCargo Holdings Limited (ASX:ECG) and a non-executive director of Propertylink Holdings Limited (ASX:PLG). Chris holds a Bachelor of Financial Administration from the University of New England and is a Fellow of the Institute of Chartered Accountants Australia and New Zealand.</p>
Independence or affiliations	<p>Chris is a director of Investorlink Corporate Limited, the Corporate Advisor. Chris does not control this company.</p> <p>Chris has no other affiliations.</p> <p>Notwithstanding Chris's directorship of Investorlink Corporate Limited and the interest in Shares Chris holds indirectly in Retech (as detailed in Section 8.3), the Board is of the view that such position and such a small holding will not interfere, or reasonably be seen to interfere, with Chris's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Retech and its security holders generally. As such, Chris is deemed to be an independent director.</p>
Interests in Shares	Chris Ryan holds an interest in Shares of Retech as detailed in Section 8.3.
Legal or disciplinary action	Nil
Insolvent companies	Nil

Mr Neville Ide



Role	Non-executive Director
Expertise	<p>Neville's industry knowledge and experience over some 40 years covers banking, insurance, infrastructure and corporate treasury including financial risk management. He held senior executive roles in the private sector and government through to 2009. Neville has been performing non-executive director roles since 2006 and undertaking specialist advisory work.</p> <p>Neville is currently a non-executive director of RACQ Insurance Limited, QT Mutual Bank Limited and SunWater Limited, and is engaged by ANZ institutional bank.</p> <p>Neville holds a Bachelor of Business (Accounting) from Brisbane College of Advanced Education (now part of the Queensland University of Technology) and a Master of Commerce (Accounting and Finance) from Griffith University. He is a Fellow of the Australian Society of Certified Practising Accountants and a Fellow of the Australian Institute of Company Directors.</p>
Independence or affiliations	<p>Neville holds an interest in Shares as detailed in Section 8.3 and has no other affiliations.</p> <p>Notwithstanding the interest in Shares Neville holds indirectly in Retech, the Board is of the view that such a small holding will not interfere, or reasonably be seen to interfere, with Neville's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Retech and its security holders generally. As such, Neville is deemed to be an independent director.</p>
Interests in Shares	Neville Ide holds an interest in Shares of Retech as detailed in Section 8.3.
Legal or disciplinary action	Nil
Insolvent companies	Nil

### 8.3. Interests of Directors and remuneration

Other than as set out below or elsewhere in the Prospectus, no Director:

- has or had at any time during the two years preceding the date of this Prospectus an interest in the formation or promotion of Retech, or in any property acquired or proposed to be acquired by Retech or in the Offer; and
- has been paid or agreed to be paid any amount, or has been given or agreed to be given any other benefit, either

to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the formation or promotion of Retech or the Offer.

#### *Executive and Non-Executive Directors' fees and remuneration*

Below is a table detailing the amount of remuneration each Director of Retech is entitled to receive per annum at the date of this Prospectus.

The fees and remuneration paid by Retech to its Non-Executive Directors reflects the Non-Executive Director compensation package adopted by the Board on 21 December 2016.

Name	Position	Amount <u>per annum</u>	Other compensation (including options)
<b>Ai Shungang</b>	Non-Executive Co-Chairman	RMB\$80,000 (approximately A\$15,664)	Nil
<b>Calvin Cheng</b>	Non-Executive Co-Chairman	A\$100,000 (approximately RMB\$510,725)	Nil
<b>Liu Qing</b>	Non-Executive Director	RMB\$70,000 (approximately A\$13,706)	Nil
	Chairman of Nomination and Remuneration Committee	RMB\$10,000 (approximately A\$1,958)	
<b>Chris Ryan</b>	Non-Executive Director	A\$60,000 (approximately RMB\$306,435)	Nil
<b>Neville Ide</b>	Non-Executive Director	A\$60,000 (approximately RMB\$306,435)	Nil
	Chairman of Audit and Risk Management Committee	A\$10,000 (approximately RMB\$51,073)	

Each Non-Executive Director is also entitled to be reimbursed for reasonable travel and other expenses incurred in connection with attending meetings of the Board and any committee on which he or she serves.

Refer to Section 4.2 of this Prospectus for a summary of the Letters of Appointment of Each of the Directors.

**Directors' interests in securities**

The table below sets out the interests of the Directors as at the date of this Prospectus and their percentage interest in Retech assuming the Minimum Subscription and Maximum Subscription is raised. Refer to Section 11.2 for further details.

Director	Number of Shares and equivalent CDIs <sup>1&amp;2</sup> held directly	Number of Shares and equivalent CDIs <sup>1&amp;2</sup> held indirectly	% of Shares and equivalent CDIs at the date of this Prospectus)	% of Shares and equivalent CDIs (assuming Minimum Subscription being raised)	% of Shares and equivalent CDIs (assuming Maximum Subscription being raised)
Ai Shungang <sup>3</sup>	Nil	88,768,850	49.32%	41.29%	39.45%
Calvin Cheng <sup>4</sup>	9,076,796	22,556,650	17.57%	14.71%	14.06%
Liu Qing	Nil	Nil	0%	0%	0%
Chris Ryan <sup>5</sup>	Nil	333,333	0.19%	0.16%	0.15%
Neville Ide <sup>6</sup>	Nil	333,333	0.19%	0.16%	0.15%

Notes:

1. The Directors may subscribe for additional CDIs under the Offer.
2. Assuming all Shares held were converted to CDIs.
3. Ai Shungang holds 69.77% of Retech Investment Group Co., Ltd, the largest Existing Holder. Having regard to section 608(3) of the Corporations Act, given Ai Shungang holds more than 20% of Retech Investment Group Co. Ltd, Ai Shungang is deemed to hold a relevant interest in all of the shares held by Retech Investment Group Co., Ltd.
4. Calvin Cheng holds 40.24% of Lumina Looque Knowledge Hubs Pte Ltd, an Existing Holder. Having regard to s608(3) of the Corporations Act, given Calvin Cheng holds more than 20% of Lumina Looque Knowledge Hubs Pte Ltd, Calvin Cheng is deemed to hold a relevant interest in all of the shares held by Lumina Looque Knowledge Hubs Pte Ltd.
5. Chris Ryan controls Stradbroke Plaza Pty Limited as trustee for Ryan Retirement Fund, an Existing Holder.
6. Neville Ide controls Vensup Pty Ltd as trustee for Edin Super Fund, an Existing Holder.

**Indemnification of Directors and officers**


The Hong Kong Companies Ordinance provides that any provision contained in the company's articles, or in any contract with the company or otherwise, for exempting any director of the company from, or indemnifying him or them against, any liability for negligence, default, breach of duty, or breach of trust, in relation to the company or an associated company is void. A company may purchase insurance for any of its directors against any liability to the company, an associated company, or any other party in respect of any negligence, default, breach of duty, or breach of trust (except fraud) in relation to the company or the associated company and against liability incurred by him in respect of defending any such proceedings.

Retech has obtained director and officer liability insurance to cover liabilities Directors and officers may incur in connection with their services to Retech. The Hong Kong Companies Ordinance also provides that a company may indemnify its directors against the costs incurred by them in defending any proceedings, civil or criminal, in which judgment is given in their favour or in which they are acquitted. Retech's Articles of Association have made provision for such an indemnity.

## 8.4. Details of management

Retech has agreed to employ an experienced management team. Senior management positions in the organisation chart provided below are occupied by personnel with extensive experience in development, marketing, design and management.

Details of key executive management team members are set out below.

<b>Liu Cheng</b> 	
Role	Chief Executive Officer
Responsibility	<p>Liu Cheng is responsible for company operations and management, and the execution of resolutions of the Board at Retech, including: comprehensively developing, organising, and implementing corporate strategy and targets; participating in Board meetings and reporting business operation status to the Board, managing and supervising the signing of business contracts with clients, developing and enhancing corporate culture and team building, preparing proposals for the appointment of senior managers for the approval of the Board (if necessary), and company daily operation and management.</p>
Expertise	<p>Liu Cheng has more than 10 years of experience and specializes in sales, marketing, business management and strategic management.</p> <p>In 2000, Liu Cheng co-founded Nanjing Siluo Information Technology Co., Ltd with Mr. Ai Shungang, and worked as Sales and Marketing Director.</p> <p>Since 2010, Liu Cheng worked as general manager of Shanghai Retech Information Technology Co.,Ltd, where he was responsible for strategy development and implementation. Liu Cheng is currently the chief executive officer of Retech Technology, and is responsible for developing, organising, and implementing corporate strategy and targets, and reporting business operation status to the Board.</p> <p>He holds a Master degree in Business Management from Nanjing University of Posts and Telecommunications. He is also a member of Jiangsu Youth Federation.</p>

**Lin Yan**

Role	Chief Financial Officer
Responsibility	Lin Yan is responsible for accounting management, operation and financial reporting at Retech, including accounting, budgeting and planning, managing operational projects; cash flow management and tax planning, and improving finance systems.
Expertise	<p>Lin Yan has over 10 years of experience in accounting, finance and business management.</p> <p>Prior to joining Retech, she worked for Capgemini (China) Consulting Co., Ltd. and Ernst &amp; Young (China) Consulting Co., Ltd, where she was responsible for offering solutions to clients, including accounting, financial reports and consolidation, budget and forecast, and strategic finance.</p> <p>Lin Yan is a qualified Certified Management Accountant (CMA) and holds a Master degree in Business Management from Shanghai Finance and Economy University.</p>

**Wang Gongshi**

Role	Vice President
Responsibility	Wang Gongshi is responsible for sales and marketing at Retech, including: participating in the development and implementation of the company's marketing plans and target achievements, managing the sales team and improving sales systems, promoting brand marketing and expanding market share, conducting analysis, research and study on clients, market and competitors and providing data resources for new product development, and supporting the Chief Executive Officer in driving strategic initiatives.
Expertise	<p>Wang Gongshi has over 10 years of experience in the field of sales and marketing.</p> <p>Before he joined GRP in 2010, he was vice Sales Director covering Jiangsu Province of Yulong Computer Communication Co., Ltd affiliated to China Wireless Group. His outstanding sales performance was leading at national level.</p> <p>Wang Gongshi graduated from Nanjing University of Posts and Telecommunications with a Bachelor degree in Marketing.</p>



**Guo Mingmin**

Role	Vice President
Responsibility	Guo Mingmin is responsible for research and development of E-Learning products at Retech including project implementation and management, communication and outsourcing management as well as supporting the Chief Executive Officer in driving strategic initiatives.
Expertise	<p>Guo Mingmin has more than 10 years of experience in project management, outsourcing management, software development and business management.</p> <p>In 2003, Guo Mingmin firstly worked as the programmer and project manager of Wuxi Huayang Software Co., Ltd, he then worked as International Business Unit Director to expand overseas business in Japan. In 2007, he became the deputy general manager of Wuxi Huayang Software Co., Ltd, responsible for project implementation, product development and team management.</p> <p>From 2007 to 2013, Guo Mingmin was the deputy general manager of Wuxi Softstone Technology Co., Ltd, a company providing IT Solutions.</p> <p>In 2015, Guo Mingmin joined the GRP Group as the deputy general manager of Shanghai Retech Information Technology Co., Ltd and Jiangsu Retech Education Technology Co., Ltd, responsible for the research and development of Ruiwing products. He is currently the Vice President of Retech Digital, supporting the Chief Executive Officer in driving strategic initiatives.</p>

**Chen Hong**

Role	Design Director
Responsibility	Chen Hong is responsible for eCourseware customization project management at Retech including implementing solutions and development, problem solving, and training the design team.
Expertise	<p>Chen Hong has over 15 years of working experience in corporate training, design, course development and project management.</p> <p>Prior to Retech, from 2012 to 2015, Chen Hong was Content Center Director and Research &amp; Development Director at Beijing Times Bright CreSuccess, a training company targeted at B2B E-Learning Solutions in China, where she led and supported its content research and development.</p> <p>Chenhong graduated from Capital University of Economics and Business in 2002 with a master's degree in Business Management.</p>

## 8.5. Corporate governance

This part of the Prospectus explains how the Board oversees the management of Retech's business. The Board is responsible for the overall corporate governance of Retech, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of Retech and oversees its business strategy, including approving the strategic goals of Retech and considering and approving an annual business plan (including a budget). The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return and sustaining the growth and success of Retech. In conducting Retech's business with these objectives, the Board seeks to ensure that Retech is properly managed to protect and enhance Shareholder interests, and that Retech and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Retech, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for Retech business and which are designed to promote the responsible management and conduct of Retech.

The ASX Corporate Governance Council has developed and released its third edition of the ASX Corporate Governance Principles and Recommendations for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Corporate Governance Principles and Recommendations are not prescriptions, but guidelines.

However, under the ASX Listing Rules, Retech will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Corporate Governance Principles and Recommendations in the reporting period. Where Retech does not follow a recommendation, it must identify the recommendation that has not been followed and provide reasons for not following it. This Section sets out a brief summary of the approach currently adopted by Retech in relation to the ASX Corporate Governance Principles and Recommendations.

### **Board**

#### *Composition of the Board*

The Board is comprised of 5 Non-Executive Directors, including the two Co-Chairmen. Detailed biographies of the Directors are provided in Section 8.2.

Each Director has confirmed to Retech that he or she anticipates being available to perform his or her duties as a Non-Executive Director without constraint from other commitments.

#### *Independence of the Board*

The Board is responsible for the overall governance of Retech. Issues of substance affecting Retech are considered by the Board, with advice from external advisers as required. Each Director must bring an independent view and judgement to the Board and must declare all actual or potential conflicts of interest on an ongoing basis. Any issue concerning a Director's ability to properly act as a Director must be discussed at a Board meeting as soon as practicable, and a Director may not participate in discussions or resolutions pertaining to any matter in which the Director has a material personal interest.

In accordance with the Board Charter, it is intended that the Board will be comprised of a majority of independent directors. The Board considers an independent Director to be a Non-Executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent and unfettered exercise of their judgement. The Board has adopted a definition of independence that is based on the definition set out in the ASX Corporate Governance Principles and Recommendations. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board assesses independence of directors upon appointment and annually through attestation from each director.

The Board considers that each of Chris Ryan, Neville Ide, and Liu Qing are free from any interest, position, association or relationship that may influence or reasonably be perceived to influence, the independent

exercise of the Director's judgement and that each of them is able to fulfil the role of independent Director for the purpose of the ASX Corporate Governance Principles and Recommendations.

Ai Shungang and Calvin Cheng are considered by the Board not to be independent on the basis that Ai Shungang controls Retech Investment Group Co.,Ltd, a major shareholder of Retech and Calvin Cheng is a substantial shareholder of Retech.

Accordingly as at the time of Retech's listing, the Board will consist of a majority of independent Directors consistent with Recommendation 2.4 of the ASX Corporate Governance Principles and Recommendations.

#### *Board Charter*

The responsibilities of the Board are set out in Retech's Board Charter, which has been prepared having regard to the ASX Corporate Governance Principles and Recommendation. A copy of Retech's Board Charter is available on Retech's website at [www.retech-rte.com](http://www.retech-rte.com).

#### *Board's role in risk oversight*

The Board's role in risk oversight includes receiving reports from management and the Risk and Audit Committee on a regular basis regarding material risks faced by Retech and applicable mitigation strategies and activities. Those reports detail the effectiveness of the risk management program and identify and address material business risks such as technological, strategic, business, operational, financial, human resources and legal/regulatory risks. The Board and its committees consider these reports, discuss matters with management and identify and evaluate any potential strategic or operational risks including appropriate activity to address those risks.

#### *Board committees*

The Board has established two standing committees to facilitate and assist the Board in fulfilling its responsibilities as set out below. The Board may also establish other committees from time to time to assist in the discharge of its responsibilities.

Each of these committees has the responsibilities described in the relevant committee charters, set out in the Corporate Governance Plan.

As at the date of this Prospectus, an employee incentive scheme has been considered although no such scheme has been approved by the Board of Retech. The implementation of any such employee incentive scheme, including the approval of such a scheme and the issue of securities pursuant to such a scheme, will need to be in accordance with the Hong Kong Companies Ordinance and the ASX Listing Rules. In any event, the Board will seek advice and undertake a benchmarking exercise of entities of a similar size and operation prior to proceeding with any employee incentive scheme.

Committee	Overview	Members
<b>Audit and Risk Management Committee</b>	<p>Responsible for monitoring and advising the Board on Retech's risk management, audit and regulatory compliance policies and procedures.</p> <p>Key roles of this committee include:</p> <ul style="list-style-type: none"> <li>• exercising oversight over the compliance of the financial statements with the requirements of the Corporations Act and any other mandatory professional reporting requirements, including making informed decisions regarding accounting and regulatory policies, practice and disclosures;</li> <li>• reviewing the scope and results of internal and external audit reviews;</li> <li>• assessing the effectiveness of Retech's internal controls; and</li> <li>• assessing the effectiveness of Retech's risk management framework.</li> </ul>	<p>Neville Ide (Chairman)</p> <p>Chris Ryan</p> <p>Liu Qing</p>
<b>Nomination and Remuneration Committee</b>	<p><b>Remuneration:</b></p> <p>This committee establishes, amends, reviews and approves the compensation and benefit plans with respect to senior management and employees of Retech including determining individual elements of total compensation of the Chief Executive Officer and other members of senior management.</p> <p>The Nomination and Remuneration Committee is responsible for forming a view and making a recommendation to the Board on the most appropriate compensation for key employees. For instance, the Nomination and Remuneration Committee may determine that non-monetary compensation, such as employee options or employee shares, is an appropriate compensation as a way of:</p> <ul style="list-style-type: none"> <li>• recognising ongoing contributions by key employees to the achievement by Retech of long term strategic goals;</li> <li>• aligning the interests of participants with other holders of shares in Retech through the sharing of a personal interest in the future growth and development of Retech; and</li> <li>• providing a means of attracting and retaining skilled and experienced employees.</li> </ul> <p>The Nomination and Remuneration Committee is also responsible for reviewing the performance of Retech's executive officers with respect to these elements of compensation.</p> <p><b>Nomination:</b></p> <p>The Nomination and Remuneration Committee recommends the Director nominees for each annual general meeting and ensures that the Audit and Risk Management Committee and Nomination and Remuneration Committees of the Board have the benefit of qualified and experienced independent directors.</p>	<p>Liu Qing (Chairwomen)</p> <p>Chris Ryan</p> <p>Neville Ide</p>

### Corporate governance policies and charters

Retech has also adopted the following policies and charters. Each of these policies and charters are set out in the Corporate Governance Plan adopted by the Board on 21 December 2016 and has been prepared having regard to the ASX Corporate Governance Principles. The Corporate Governance Plan is incorporated by reference into this Prospectus.

Policy & Charters	Detail
<b>The Board Charter</b>	This charter sets out the principles for the operation of the Board and the functions and responsibilities of the Board and management of Retech. The Board Charter contains the Board skills matrix.
<b>Code of Conduct</b>	This policy sets out the standards of ethical behaviour that Retech expects from its directors, officers and employees.
<b>Share Trading Policy</b>	This policy is designed to maintain investor confidence in the integrity of Retech's internal controls and procedures and to provide guidance on avoiding any breach of the insider trading laws in Australia.
<b>Audit and Risk Management Committee Charter</b>	This charter sets out the principles for the operation of the Audit and Risk Management Committee.
<b>Nomination and Remuneration Committee Charter</b>	This charter sets out the principles for the operation of the Nomination and Remuneration Committee.
<b>Continuous Disclosure Policy and Communications Strategy</b>	<p>Once listed on ASX, Retech will comply with the continuous disclosure requirements of the Listing Rules and the Corporations Act to ensure Retech discloses to ASX any information concerning Retech which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the CDIs.</p> <p>This policy sets out certain procedures and measures which are designed to ensure that Retech complies with its continuous disclosure obligations.</p> <p>This policy also sets out practices which Retech will implement to ensure effective communication with its Shareholders.</p>
<b>Diversity Policy</b>	This policy sets out practices which Retech will implement to establish measurable objectives for achieving gender diversity.

### Policy for approval of related party transactions

Retech's Audit and Risk Management Committee is responsible for reviewing and approving all transactions in which Retech is a participant and in which any parties related to Retech, including its executive officers, Directors, beneficial owners of more than 5% of Retech's Shares, immediate family members of the foregoing persons and any other persons whom the Board determines may be considered related parties of Retech, has or will have a direct or indirect material interest.

The Audit and Risk Management Committee or its chairman, as the case may be, will only approve those related party transactions that are determined to be in, or are not inconsistent with, the best interests of Retech and its Shareholders, after taking into account all available facts and circumstances as the Audit and Risk Management Committee or its chairman determines in good faith to be necessary.

Transactions with related parties will also be subject to Shareholder approval to the extent required by the Listing Rules. That said, Retech is committed to best practice corporate governance and other than in the event of an inconsistency between Hong Kong and Australian law, will endeavour to seek Shareholder approval of material transactions with related parties in accordance with Australian legal requirements under

the Corporations Act and ASIC regulatory instruments notwithstanding the fact Retech is not be subject to such legislation or regulation.

### ASX Corporate Governance Principles

The Board has evaluated Retech's current corporate governance policies and practices in light of the ASX Corporate Governance Principles.

The Board considers that Retech generally complies with the ASX Corporate Governance Principles and, where Retech does not comply, this is primarily due to the current relative size of Retech and scale of its current operations. Comments on compliance and departures are set out below.

Retech acknowledges that it is required to provide a statement in future annual reports disclosing the extent to which Retech has followed the ASX Corporate Governance Principles.

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<b>Principle 1 – Lay solid foundations for management and oversight</b>		
<b>Recommendation 1.1:</b> Companies should disclose: <ul style="list-style-type: none"> <li>the respective roles and responsibilities of its board and management; and</li> <li>those matters expressly reserved to the board and those delegated to management.</li> </ul>	Complies	<p>The Board's responsibilities are set out in Retech's Board Charter. Retech's Board Charter is set out in the Corporate Governance Plan.</p> <p>The functions of the Board and Chairman and those delegated to management are specifically set out in the Board Charter.</p>
<b>Recommendation 1.2:</b> Companies should: <ul style="list-style-type: none"> <li>undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	Complies	<p>The Board's responsibilities in relation to director appointments are set out in Retech's Board Charter. Retech's Board Charter is set out in the Corporate Governance Plan. Appropriate checks, including bankruptcy checks and police checks are part of the listing process.</p> <p>As Retech is recently incorporated, directors have not yet been elected or re-elected at an Annual General Meeting of Retech.</p>
<b>Recommendation 1.3:</b> Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	Retech has entered into such agreements with each Director and senior executive.
<b>Recommendation 1.4:</b> The Company Secretary must be directly accountable to the Board, through the chair on all matters to do with the proper functioning of the board.	Complies	The Company Secretary is accountable to the Board.

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<p><b>Recommendation 1.5:</b> Companies should:</p> <ul style="list-style-type: none"> <li>• have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>• disclose that policy or a summary of it; and</li> <li>• disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them.</li> </ul>	Complies	The Board has established a Diversity Policy. The Diversity Policy is set out in the Corporate Governance Plan. Disclosure of the measurable objectives will be provided in Retech's annual report.
<p><b>Recommendation 1.6:</b></p> <p>Companies should:</p> <ul style="list-style-type: none"> <li>• have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>• disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Complies	The Board has established these processes. Further information will be provided in Retech's annual report.
<p><b>Recommendation 1.7:</b></p> <p>Companies should:</p> <ul style="list-style-type: none"> <li>• have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>• disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Complies	The Board has established these processes. Further information will be provided in Retech's annual report.

Principles/recommendations	Does Retch comply?	Particulars of compliance & if not why not
<b>Principle 2 – Structure the board to add value</b>		
<p><b>Recommendation 2.1:</b> The board should establish a nomination committee which</p> <ul style="list-style-type: none"> <li>• consists of a majority of independent directors;</li> <li>• is chaired by an independent director; and</li> <li>• has at least three members.</li> </ul> <p>The board must disclose the charter of the committee, the members of the committee, the number of times the committee has met throughout a reporting period and the individual attendances of the members at those meetings.</p>	Complies	<p>The Board has established a Nomination and Remuneration Committee.</p> <p>The function of the Nomination and Remuneration Committee is set out in the Nomination and Remuneration Committee Charter. Retch's Nomination and Remuneration Committee Charter is set out in the Corporate Governance Plan.</p> <p>The Nomination and Remuneration Committee is chaired by Liu Qing, an independent director.</p> <p>The Nomination and Remuneration Committee consists of three non-executive directors. Of these members, all are independent Non-Executive Directors.</p> <p>Retch has disclosed in this Prospectus the names and relevant qualifications and experience of the members of the Nomination and Remuneration Committee.</p> <p>Retch will disclose in its Annual Report details of the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.</p>
<p><b>Recommendation 2.2:</b> Companies should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Complies	<p>The Board maintains a Board Skills Matrix, Retch's Board Skills Matrix is set out in the Board Charter which is set out in the Corporate Governance Plan.</p>
<p><b>Recommendation 2.3:</b> Companies should disclose:</p> <ul style="list-style-type: none"> <li>• the names of the directors considered by the board to be independent directors;</li> <li>• if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</li> <li>• the length of service of each director.</li> </ul>	Complies	<p>This information has been provided in the Prospectus. Retch will disclose the information set out in Recommendation 2.3 in future annual reports.</p>
<p><b>Recommendation 2.4:</b> A majority of the board should be independent directors.</p>	Complies	<p>The full Board determines the size and composition of the Board, subject to limits imposed by Retch's Constitution.</p> <p>Of the five directors, three are Non-Executive Directors and all three Non-Executive Directors are deemed by the Board to be independent. As such half of the Board is independent.</p> <p>This Board structure will be reviewed at the appropriate stages of Retch's development.</p>



Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<b>Recommendation 2.5:</b> The chair of the Board should be an independent director and should not be the same person as the Chief Executive Officer.	Does not comply	<p>The Co-Chairmen of the Board are both Non-Executive Directors but are not considered independent under the ASX Corporate Governance Principles.</p> <p>The Board considers that having a Co-Chairmen is good for business development and decision making in Hong Kong. Retech has adequate procedures to ensure the independence of the Chairman's decisions.</p> <p>Neither the Co-Chairmen are the Chief Executive Officer of Retech.</p>
<b>Recommendation 2.6:</b> Companies should have a program for inducting new directors and providing appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively.	Complies	<p>The directors that have been recently appointed to the board, namely Calvin Cheng, Neville Ide, Chris Ryan, and Liu Qing and have been provided with a formal letter of appointment setting out the key terms and conditions of appointment, including duties, rights, responsibilities and the Board's expectations regarding their involvement with committee work.</p> <p>A formal induction is provided to all new directors, including meetings with the Chief Executive Officer, Chairman and information on key corporate and Board policies, and visits to Retech's operations.</p>
<b>Principle 3 – Act ethically and responsibly</b>		
<b>Recommendation 3.1:</b> Companies should: <ul style="list-style-type: none"> <li>• establish a code of conduct for its directors, senior executives and employees; and</li> <li>• disclose the code or a summary of the code or a summary of it.</li> </ul>	Complies	<p>The Board has established a Code of Conduct, which is set out in the Corporate Governance Plan.</p> <p>The Code of Conduct provides that the Directors will act with honesty and integrity, will avoid conflicts of interest, protect confidential and proprietary information and treat others equitably and with professionalism courtesy and respect.</p>

Principles/recommendations	Does Retch comply?	Particulars of compliance & if not why not
<b>Principle 4 – Safeguard integrity in corporate reporting</b>		
<p><b>Recommendation 4.1:</b> The board should establish an audit committee which:</p> <ul style="list-style-type: none"> <li>• consists of at least three members all of whom are non-executive directors, the majority of independent directors;</li> <li>• is chaired by an independent director who is not the chairman of the Board.</li> </ul> <p>The board must disclose the charter of the audit committee, the relevant qualifications and experience of the members of the committee and the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.</p>	Complies	<p>The Board has established an Audit and Risk Management Committee.</p> <p>The function of the Audit and Risk Management Committee is set out in the Audit and Risk Management Committee Charter. Retch's Audit and Risk Management Committee Charter is set out in the Corporate Governance Plan.</p> <p>The Audit and Risk Management Committee is chaired by Neville Ide, an independent director who is not chairman of the Board.</p> <p>The Audit and Risk Management Committee consists of three members. Of these members, all are independent Non-Executive Directors.</p> <p>Retch has disclosed in this Prospectus the names and relevant qualifications and experience of the members of the Audit and Risk Management Committee.</p> <p>Retch will disclose in its Annual Report details of the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.</p>
<p><b>Recommendation 4.2:</b> Before approving a company's financials, the Board must receive declarations from Retch's Chief Executive Officer and Chief Financial Officer that in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Will comply	<p>Prior to approving the Annual Accounts and Half Yearly Accounts, the Board must receive the necessary declaration from the Chief Executive Officer and Chief Financial Officer.</p>
<p><b>Recommendation 4.3:</b> Companies must ensure that its external auditor attends its Annual General Meeting and is available to answer questions from security holders relevant to the audit.</p>	Will comply	<p>Retch's auditor will attend its Annual General Meeting to answer questions.</p>

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<b>Principle 5 – Make timely and balanced disclosure</b>		
<b>Recommendation 5.1:</b> Companies should: <ul style="list-style-type: none"> <li>• have a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules; and</li> <li>• disclose that policy or a summary of it.</li> </ul>	Complies	<p>The Board has adopted a Continuous Disclosure Policy and Communications Strategy which is set out in the Corporate Governance Plan.</p> <p>Retech respects the rights of its shareholders and facilitates the exercise of those rights, Retech is committed to communicating effectively with shareholders, providing shareholders with ready access to balanced and understandable information about Retech and corporate proposals and making it easier for shareholders to participate in general meetings of Retech.</p>
<b>Principle 6 – Respect the rights of security holders</b>		
<b>Recommendation 6.1:</b> A listed entity should provide information about itself and its governance to investors via its website.	Complies	Retech has established on its website, <a href="http://www.retech-rte.com">www.retech-rte.com</a> , a corporate governance landing page from where all relevant corporate governance material can be accessed.
<b>Recommendation 6.2:</b> Companies should design and implement an investor relations program to facilitate effective two-way communication with investors.	Will comply	Retech intends to establish an investor relations program.
<b>Recommendation 6.3:</b> Companies should disclose the policies it has in place to facilitate and encourage participation at meetings of shareholders.	Complies	<p>The shareholders communication policy is set out in the Continuous Disclosure Policy and Communications Strategy set out in the Corporate Governance Plan and is designed to ensure that shareholders are informed of all relevant developments.</p> <p>Retech intends to establish on its website a facility for all shareholder communications.</p>
<b>Recommendation 6.4:</b> Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Will comply	Retech will give shareholders the option to receive communications from Retech electronically.

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<b>Principle 7 – Recognise and manage risk</b>		
<p><b>Recommendation 7.1:</b> The board should establish a risk management committee which:</p> <ul style="list-style-type: none"> <li>• has at least 3 members, the majority of whom are independent directors;</li> <li>• is chaired by an independent director.</li> </ul> <p>The board must disclose the charter of the risk management committee, members of the risk management committee, the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings</p>	Complies	<p>The Board has established an Audit and Risk Management Committee.</p> <p>The function of the Audit and Risk Management Committee is set out in the Audit and Risk Management Committee Charter. Retech's Audit and Risk Management Committee Charter is set out in the Corporate Governance Plan.</p> <p>The Audit and Risk Management Committee is chaired by Neville Ide, an independent director who is not chairman of the Board.</p> <p>The Audit and Risk Management Committee consists of three members. Of these members, all are independent Non-Executive Directors.</p> <p>Retech has disclosed in this Prospectus the names and relevant qualifications and experience of the members of the Audit and Risk Management Committee.</p> <p>Retech will disclose in its Annual Report details of the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.</p>
<p><b>Recommendation 7.2:</b> The board should:</p> <ul style="list-style-type: none"> <li>• review the company's risk management framework at least annually; and</li> <li>• disclose whether such review has taken place.</li> </ul>	Will comply	<p>The Board will review the Risk Management Policy at least annually and disclose whether such a review has been undertaken.</p>
<p><b>Recommendation 7.3:</b> Companies should disclose;</p> <ul style="list-style-type: none"> <li>• their internal audit function, how the function is structured and what role it performs; or</li> <li>• if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	Will comply	<p>Retech will disclose its internal audit function.</p>
<p><b>Recommendation 7.4:</b> Companies should disclose whether they have any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Complies	<p>Material exposure to economic, environmental and social sustainability risks are disclosed in the Corporate Governance Plan.</p>

Principles/recommendations	Does Retech comply?	Particulars of compliance & if not why not
<b>Principle 8 – Remunerate fairly and responsibly</b>		
<p><b>Recommendation 8.1:</b> The board should establish a remuneration committee which:</p> <ul style="list-style-type: none"> <li>• have at least 3 members, the majority of whom are independent directors;</li> <li>• is chaired by an independent director.</li> </ul> <p>The board must disclose the charter of the remuneration committee, members of the remuneration committee, the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.</p>	Complies	<p>The Board has established a Nomination and Remuneration Committee.</p> <p>The function of the Nomination and Remuneration Committee is set out in the Nomination and Remuneration Committee Charter set out in the Corporate Governance Plan.</p> <p>The Nomination and Remuneration Committee is chaired by Liu Qing, an independent director.</p> <p>The Nomination and Remuneration Committee consists of three non-executive directors. Of these members, all are independent, Non-Executive Directors.</p> <p>Retech has disclosed in this Prospectus the names and relevant qualifications and experience of the members of the Nomination and Remuneration Committee.</p> <p>Retech will disclose in its Annual Report details of the number of times the committee has met during a reporting period and the individual attendances of the members at those meetings.</p>
<p><b>Recommendation 8.2:</b> Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors from that of executive directors and other senior executives.</p>	Will comply	<p>Retech will distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives in compliance with this recommendation in future annual reports.</p>
<p><b>Recommendation 8.3:</b> Companies which have equity-based remuneration schemes should have and disclose a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p>	Complies	<p>Retech does not have an equity based remuneration scheme.</p>

#### ***Incorporation by reference and obtaining copies***

A copy of the Retech Corporate Governance Plan, which includes all of the corporate governance policies and the charters detailed above is incorporated by reference into this Prospectus and is available on Retech's website at [www.retech-rte.com](http://www.retech-rte.com) or by contacting Retech's Offer Information Line. Retech will also send you a free paper copy of its Corporate Governance Plan should you request a copy during the Offer Period.

## 9 Risk factors

---

### 9.1. Overview

An investment in Retech will be exposed to a number of risks.

Risks that the Directors believe are key risks are described under the headings "Risks related to Retech's business and risks related to the industry in which Retech operates" (see Section 9.2 of this Prospectus), "Risks related to doing business in China" (see Section 9.3 of this Prospectus) and "Risks related to the Offer and an investment in CDIs and Shares" (see Section 9.4 of this Prospectus).

The key risks are the risks that senior management and the Directors focus on when managing the business of the Retech Group and have the potential, if they occurred, to result in significant consequences for the Retech Group and an investment in it.

There are also risks that are common to all investments in shares and which are not specific to an investment in Retech; for example, the general volatility of share prices including as a result of general economic conditions (including monetary and fiscal policy settings as well as exchange and interest rates) in Australia and overseas and other events outside the usual course of the Retech Group's business such as acts of terrorism or war.

Investors should note that the occurrence or consequences of some of the risks described in this section of the Prospectus are partially or completely outside the control of Retech, its Directors and senior management. Further, investors should note that this description focuses on the risks referred to above and does not purport to list every risk that Retech may have now or in the future. It is also important to note that there can be no guarantee that Retech will achieve its stated objectives or that any forward looking statements or forecasts contained in this Prospectus will be realised or otherwise eventuate.

Investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section of the Prospectus, and have regard to their own investment objectives, financial circumstances and taxation position before investing in Retech. If you do not understand any part of this Prospectus, or are in any doubt as to whether to invest in CDIs or not, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional advisor before deciding whether to invest.

The risks are detailed below:

## 9.2. Risks related to Retech's business and risks related to the industry in which Retech operates

The risks related to Retech's business and risks related to the industry in which Retech operates are detailed below.

Risks related to Retech's business and risks related to the industry in which Retech operates		
Risk	Description of risk	Risk mitigation strategies
<b>Risk that Retech's marketing strategy to retain Clients is not effective and as a result the timing of Client acquisition is slower than anticipated</b>	There is a risk that Retech's marketing strategy to engage Clients is not successful. This would result in the timing of Client engagement under Client Contracts being slower than anticipated and the Retech Group failing to meet revenue targets. This would have a material and adverse effect on the operating results of the Retech Group.	Retech has a clear marketing strategy in place. In the event such a marketing strategy proves to be unsuccessful in engaging Clients, Retech would refocus and look to advisors in the industry to assist to refine its marketing strategy aimed at achieving the outcomes anticipated by Retech and disclosed in this Prospectus.
<b>Risk that Retech's management and key personnel may discontinue their services</b>	Retech's business and future success heavily depends upon the continued services of management and other key personnel. In particular, the Retech Group relies on the expertise and experience of Ai Shungang the Co-Chairman, Liu Cheng the Chief Executive Officer and other senior management.  If one or more of Retech's management or key personnel were unable or unwilling to continue in their present positions, Retech might not be able to replace them easily or at all. Retech's business may be severely disrupted, its financial condition and results of operations may be materially adversely affected, and it may incur additional expenses to recruit, train and retain personnel.	Retech has a Nomination and Remuneration Committee. In the event any key personnel were to leave Retech, the Nomination and Remuneration Committee would aim to ensure a suitable replacement were found within the timeframes required and not at unreasonable cost to Retech.  In the event a key person were to breach the restrictive covenants in their employment agreements, Retech would weigh up the cost/benefit ratio of enforcing such provisions.
<b>Risk of loss of major Clients</b>	As at the date of the Prospectus, 15 Clients have entered into Client Contracts (both direct and assigned) with Retech and 13 SHR Serviced Clients are serviced by Retech under the terms of the Services Agreement. As such, the loss of one or more of the major Clients could have a materially adverse effect on future revenues.	This risk is somewhat mitigated by the fact that Retech will meet regularly with key Clients to ensure the close relationship with such key Clients continues.

Risks related to Retech's business and risks related to the industry in which Retech operates		
Risk	Description of risk	Risk mitigation strategies
<b>Risk that defects in software, errors in systems integration or failure to perform professional services could result in a loss of Clients and decrease in revenues, unexpected expenses and a reduction in market share.</b>	<p>Reteck's software solutions are complex and may contain defects and bugs when first introduced to the market or to a particular Client, or as new versions are released. Because Retech cannot test for all possible scenarios, its solutions may contain errors which are not discovered until after they have been installed and Retech may not be able to correct these problems on a timely basis. These defects or bugs could interrupt or delay completion of projects, or adversely affect Clients. In addition, Retech's reputation may be damaged and it may fail to secure new projects from existing Clients or new Clients.</p> <p>Reteck also provides a range of IT services and must meet stringent quality requirements for performing these services. If Retech fails to meet these requirements, it may be subject to claims for breach of contract with its Clients. Any such claim or adverse resolution of such claim against Retech may negatively impact Retech's reputation and have a material adverse effect on its business.</p>	<p>Reteck will conduct regular testing to ensure its software does not contain defects or bugs. In the event a defect or bug is identified, Retech will ensure that any defects or bugs identified are remedied as quickly as possible to minimise Retech down time.</p> <p>With respect to IT quality requirements, Retech has employees dedicated to ensuring all quality requirements are met.</p>
<b>Risk that any significant failure in Retech's information technology systems could subject it to contractual liabilities to Clients, harm reputation and adversely affect its results of operations.</b>	<p>Reteck's business and operations are highly dependent on the ability of its information technology systems to timely process various transactions across different markets and solutions. The proper functioning of Retech's customer service and other data processing systems, is critical to its business and ability to compete effectively. Retech's business activities may be materially disrupted in the event of a partial or complete failure of any of these primary information technology or communication systems, which could be caused by, among other things, software malfunction, computer virus attacks, conversion errors due to system upgrading, damage from fire, earthquake, power loss, telecommunications failure, hacking or other unauthorised entry or other events beyond Retech's control. Loss of all or part of the systems for a period of time could have a material adverse effect on the business and business reputation of Retech.</p>	<p>Reteck has technology and information security processes and disaster recovery plans in place to mitigate its risk to these vulnerabilities.</p>



Risks related to Retech's business and risks related to the industry in which Retech operates		
Risk	Description of risk	Risk mitigation strategies
<b>Risk that Retech's intellectual property may be used without authorisation or stolen.</b>	<p>Retech relies on a combination of copyright, nondisclosure agreements and other methods to protect its intellectual property rights.</p> <p>To protect its proprietary information, employees, consultants, advisors and collaborators are required to enter into confidentiality agreements. These agreements might not provide meaningful protection for the trade secrets, know-how or other proprietary information in the event of any unauthorised use, misappropriation or disclosure of such trade secrets, know-how or other proprietary information.</p> <p>Implementation of intellectual property related laws in China has historically been lacking, primarily because of ambiguities in the Chinese laws and difficulties in enforcement. Accordingly, intellectual property rights and confidentiality protections in China may not be as effective as in Australia or other countries or regions, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Policing unauthorised use of proprietary technology is difficult and expensive. The steps Retech has taken may be inadequate to prevent the misappropriation of its proprietary technology. Reverse engineering, unauthorised copying or other misappropriation of its proprietary technologies could enable third parties to benefit from its technologies without paying for doing so, which could harm Retech business and competitive position. Retech may need to enforce its intellectual property rights through litigation. Litigation relating to its intellectual property may not prove successful and might result in substantial costs and diversion of resources and management attention.</p>	<p>Retech has tried to mitigate the risk of unauthorised use of intellectual property by only disclosing sensitive intellectual property to particular employees, consultants, advisors, collaborators and Clients on a 'needs to know basis'. Retech requires all such employees, consultants, advisors, collaborators and Clients to enter into confidentiality agreements to protect the confidentiality of such intellectual property. Where necessary the Retech Group will enforce its intellectual property rights through litigation or arbitration.</p>
<b>Risks arising from the litigious environment related to intellectual property rights.</b>	<p>The laws relating to intellectual property in China assist to protect Retech's proprietary rights.</p> <p>Retech cannot be certain however that the validity, ownership or authorised use of intellectual property relevant to Retech's business, i.e. its ownership of the its copyright, patent-pending, software or E-Courseware (being the Acquired Intellectual Property) will not be the subject of litigation by a third party.</p> <p>Any litigation could result in substantial costs to Retech and a diversion of its resources. The Retech Group's failure to protect and enforce its intellectual property rights may have a material adverse impact on its reputation, business and results of operations.</p>	<p>Retech has tried to mitigate this risk by obtaining a legal opinion that the copyright, patent-pending, software or E-Courseware are owned by Ruijian Information Technology following the acquisition under the Intellectual Property Transfer Agreements.</p> <p>Further, following such acquisition, the development of such Acquired Information Technology will be enhanced and developed solely by Retech Group employees and consultants pursuant to employment and consultant agreements which stipulate that all intellectual property developed is the property of the Retech Group.</p>

Risks related to Retech's business and risks related to the industry in which Retech operates		
Risk	Description of risk	Risk mitigation strategies
<b>Risk that the transfer of the Retech Trademarks will not complete</b>	SHR and Ruijian Information Technology signed the Trademark Transfer Agreement on 30 September pursuant to which SHR transferred 6 Retech Trademarks to Ruijian Information Technology. SHR and Ruijian Information Technology have submitted the transfer registration application to the PRC Trademark Authority, the transfer procedure is a long process (approximate 1 year). Only upon completion of the ownership transferring procedures as well as the publication of the transfer by the Trademark Authority, will Ruijian Information Technology own the Retech Trademarks. .	The Trademark Transfer Agreement is effective and irrevocable. Until such time as the transfer is complete, SHR has licensed Retech Digital to use the Retech Trademarks.
<b>Risk that changes in technology could adversely affect Retech's business by increasing costs, reducing profit margins and causing a decline in competitiveness.</b>	The markets for software and IT-related services change rapidly because of technological innovation, new product introductions, declining prices and evolving industry standards, among other factors. New solutions and new technology often render existing solutions and services obsolete, excessively costly or otherwise unmarketable. As a result, the success of Retech depends on Retech being able to keep up with the latest technological progress and to develop or acquire and integrate new technologies into its software and IT-related services. Advances in technology also require Retech to commit substantial resources to developing or acquiring and then deploying new technologies for use in operations. Retech must continuously train personnel in new technologies and in how to integrate existing hardware and software systems with these new technologies. Retech may be unable to continue to commit the resources necessary to keep its competitive technological advantages and its ability to effectively compete in the market may suffer as a result.	Retech will try to offset increases in costs by increases in efficiency and productivity.
<b>Risk that the Retech Co-Chairman, Mr Ai, its management or controlling shareholders may compete with the Retech Group's business</b>	Mr Ai Shungang (Co-Chairman), who is and has been involved in the establishment and business of Retech and Retech Digital and Ruijian Information Technology, has direct or indirect control over the GRP Group and various other affiliated companies. As such, there is a risk that the Mr Ai Shungang, its management or controlling shareholders may compete with Retech Group's business.	Retech has attempted to mitigate this risk by requesting that Mr Ai Shungang enter into the Deed of Non-Competition. This deed sets out his obligations in relation to confidentiality, non-competition and non-solicitation vis-à-vis (i) Retech, Retech Digital and Ruijian Information; and (ii) GRP, GRP Group and other entities controlled by him.

Risks related to Retech's business and risks related to the industry in which Retech operates		
Risk	Description of risk	Risk mitigation strategies
<b>Risk that Retech may be unable to effectively execute projects, maintain, expand or renew existing Client engagements and obtain new Clients if it fails to attract, train, motivate and retain quality employees.</b>	Retech depends on highly skilled IT engineers and mid-level managers to effectively develop and deliver Retech's solutions and services. The business of Retech may be limited by its ability to attract, train and retain these qualified individuals. The market for qualified and experienced IT engineers is highly competitive, particularly in the areas of software programming and system engineering. Retech may be unable to retain its current workforce or hire additional personnel as planned. If Retech cannot hire these additional employees, or if Retech fails to provide appropriate training, career opportunities and otherwise motivate and retain its quality employees, it may not be able to execute its growth strategies and the business of Retech could suffer.	Retech acknowledges that it needs to pay key employees a competitive market rate and provide appropriate training in order to attract and retain skilled employees.
<b>Risk that increases in wages for information technology professionals will increase net cash outflow and gross margin and net profit may decline.</b>	Historically, wages for comparably skilled technical personnel in the Chinese and Hong Kong IT services industries have been lower than in developed countries, such as in Australia, the United States of America or Europe. In recent years, wages particularly in China's IT services industry have increased and may continue to increase at faster rates. Wage increases will increase Retech's cost of software solutions and IT services of the same quality and increase its cost of operations. As a result, Retech's gross margin and net profit may decline. In the long term, unless offset by increases in efficiency and productivity of Retech work force, wage increases may also result in increased prices for its solutions and services, making Retech potentially less competitive.	Retech will need to pay employees market rate in order to attract and retain skilled employees. Retech will, however, try to offset increases in wages by increases in efficiency and productivity.
<b>Risk that Retech's counterparties may be unable to meet their obligations.</b>	There is a risk that Retech's counterparties may be unable to meet their obligations. Further, there is no guarantee of Retech being able to obtain damages sufficient to compensate it in full for its losses arising as a result.	Retech will meet regularly with key counterparties to try to avoid or at least mitigate the effect of failure of key counterparties to meet their obligations.

### 9.3. Risks relating to doing business in China

The risks related to doing business in China are detailed below.

Risk relating to doing business in China		
Risk	Description of risk	Risk mitigation strategies
<b>Retech's revenue is anticipated to, in the long term, be mainly derived from its operations in China, Retech is exposed to fluctuations in the economic, legal, political and social conditions of China which may affect its operating results and financial conditions</b>	Since 1978, China has implemented various reforms to its economic system. As a result of the reforms, China's economy has been growing significantly for the past three decades. However, given the unprecedented and experimental nature of the reforms, they are potentially subjected to refinement and changes as the Chinese government deems fit. Political, economic and social factors are also expected to play a role in refinement and changes of these policies. The possibility of such refinement and adjustment may consequently have a material impact on Retech's operation in China and in turn its financial performance. Additionally, its performance may be affected by other key factors relating to changes in the law and regulations or the interpretation or implementation thereof.	Fluctuations in the economic, legal, political and social conditions of China is a matter that is beyond the control of the Board. In the event of such fluctuations, however, the Board will meet to determine how best to address such changes so as to ensure its financial performance is not materially affected.

Risk relating to doing business in China		
Risk	Description of risk	Risk mitigation strategies
<p><b>Uncertainties with respect to the China legal system could have a material adverse effect on the Retech Group.</b></p>	<p>The legal system in China is based on written statutes. Since the late 1970s, the Chinese Government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation since then has significantly enhanced the protections afforded to various forms of foreign investments in China. Retech conducts its business primarily through its subsidiaries established in China. These subsidiaries are generally subject to laws and regulations applicable to foreign investment in China. However, as the legal system in China continues to evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, which may limit the legal protections available to Retech.</p> <p>Further, some regulatory requirements issued by certain Chinese Central Government authorities may not be consistently applied. For example, Retech may have to resort to administrative and court proceedings to enforce a law or contract. However, since China administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection in China than in other more developed legal systems. These uncertainties may impede Retech's ability to enforce the contracts it has, and will have, entered into with its business partners, customers and suppliers.</p> <p>Such uncertainties, including the inability to enforce contracts, together with any development or interpretation of China law that is adverse to the Retech, could materially and adversely affect its business and operations. Furthermore, intellectual property rights and confidentiality protections in China may not be as effective as in more developed countries.</p> <p>Retech cannot predict the effect of future developments in the legal system of China, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof. These uncertainties could limit the legal protections available to Retech and other foreign investors. In addition, any litigation in China may be protracted and result in substantial costs and diversion of the Retech's resources and management attention.</p>	<p>Uncertainties with respect to China's legal system is beyond the control of the Board.</p>

Risk relating to doing business in China		
Risk	Description of risk	Risk mitigation strategies
<b>Governmental control of currency conversion may affect the value of your investment.</b>	The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. Upon the incorporation of Retech China and its commencement of operation, Retech China anticipates receiving a portion of revenues in RMB. Shortages in the availability of foreign currency may restrict the ability of Retech China to remit sufficient foreign currency to pay dividends or other payments to Retech, or otherwise satisfy foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents Retech China from obtaining sufficient foreign currency to satisfy currency demands, Retech may not be able to pay dividends in foreign currencies to shareholders.	Government control of currency conversion is a risk which is beyond the control or mitigation of Retech.
<b>The continued growth of China's Internet market depends on the establishment of an adequate telecommunications infrastructure.</b>	Although private sector Internet service providers currently exist in China, almost all access to the Internet is maintained through state-owned telecommunications operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology. Retech Clients in China rely on this infrastructure to provide data communications capacity primarily through local telecommunications lines. Although the government has announced plans to develop aggressively the national information infrastructure, Retech cannot assure that this infrastructure will be developed as planned or at all. In addition, Retech will have no access to alternative networks and services, on a timely basis if at all, in the event of any infrastructure disruption or failure.	Uncertainties with respect to telecommunications infrastructure in China is a risk which is beyond the control or mitigation of Retech.
<b>Changes in China's economic, political or social conditions or government policies could have a material and adverse effect on Retech's business and operations.</b>	Retech's business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.  The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial	Changes in China's economic, political or social conditions or government policies is a risk which is beyond the control or mitigation of Retech.

Risk relating to doing business in China		
Risk	Description of risk	Risk mitigation strategies
	<p>policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.</p> <p>While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on Retech. For example, Retech's financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, and since 2012, the Chinese economy has slowed down. Any prolonged slowdown in the Chinese economy may reduce the demand for Retech services and adversely affect Retech's business and its operating results.</p>	
<p><b>Retech relies on dividends and distributions from its PRC subsidiaries for its cash flow and income, however under PRC law distributions and dividends from Retech's PRC subsidiaries may be limited</b></p>	<p>As a holding company, Retech conducts substantially all of its business through its consolidated subsidiaries incorporated in the PRC.</p> <p>Retech relies on dividends and other distributions paid by these PRC subsidiaries for its cash needs, including the funds necessary to pay any dividends and other cash distributions to its Shareholders, and to service any foreign currency debt Retech may incur.</p> <p>PRC laws require that dividends be paid only out of net profits, determined according to PRC accounting standards. PRC laws also require Retech's PRC subsidiaries to maintain a statutory reserve fund of at least 10% of its after-tax profits based on PRC Company Law and up to a maximum of 50% of its registered capital. When a PRC subsidiary has drawn a statutory reserve fund from its after-tax profits, it may, subject to a resolution of shareholders, draw a discretionary reserve fund from its after-tax profits. It also has discretion to set aside individual funds for staff welfare, bonuses and development. These funds are not available for distributions as dividends.</p> <p>Retech's PRC subsidiaries may also, from time to time, be subject to other restrictions on their ability to make distributions to their immediate holding company or to Retech (as the case may be) as a result of foreign exchange, legal, regulatory or other restrictions.</p> <p>Retech primarily relies on dividends and other distributions from its PRC subsidiaries for its cash flows and income. Legal and regulatory restrictions on Retech's PRC subsidiaries could have a material adverse effect on its ability to pay dividends as well as on its business, financial condition, operational results and prospects.</p>	<p>This is a risk which is beyond the control or mitigation of Retech.</p>



Risk relating to doing business in China		
Risk	Description of risk	Risk mitigation strategies
Self insurance risk	<p>Retech does not carry the business and operations insurance cover that would usually and customarily be taken by businesses in Australia carrying out a business analogous to the business and operations carried out by Retech,</p> <p>Retech manages its risk by self insuring namely, it self insures against certain operating and business losses out of its own capital. Consequently, if Retech incurs a loss arising out of a liability that would otherwise have been insured by a third party insurance party, Retech will fund that loss out of its own capital. Accordingly, there is a risk that the loss may be so great that Retech is unable to fund out of its existing capital, or even rise capital to fund the liability or loss. Consequently, this may negatively impact the business, operations or assets of Retech.</p>	So far as is possible, Retech manages this risk by appropriate limitation of liability and other risk transfer mechanisms in its contractual arrangements with its Clients.

#### 9.4. Risks relating to the Offer and an investment in CDIs and Shares

The risks related to the Offer and an investment in CDIs and Shares are detailed below.

Risks related to the Offer and an investment in CDIs and Shares		
Risk	Description of risk	Risk mitigation strategies
Significant control by Existing Holders	<p>Immediately after the Offer, the Existing Holders will beneficially own approximately 83.72% of Retech's issued capital (assuming the Minimum Subscription is raised and the minimum number of CDIs are issued under the Offer) and 80% of Retech's issued capital (assuming that the Maximum Subscription is raised and the maximum number of CDIs are issued under the Offer). As a result, these Existing Holders, if they act together, would be able to exert a significant degree of influence over Retech's management and affairs and over matters requiring Shareholder approval, including the election of Directors and approval of significant corporate transactions.</p> <p>This concentration of ownership may harm the market price of the CDIs by delaying or preventing a change in control, even if a change is in the best interests of Retech's other Shareholders.</p>	<p>The Hong Kong Companies Ordinance provides certain safeguards in an effort to ensure that majority power is not abused. Any member of the company can apply to the court for an order under the Hong Kong Companies Ordinance on the ground that the affairs of the company are being or have been conducted in a manner which is unfairly prejudicial to the interests of the members generally or of some part of the members.</p> <p>The Hong Kong Companies Ordinance also has a procedure allowing a member of a company to bring a derivative action, or intervene in any proceedings, in the event of misfeasance.</p>
Dividends and other Shareholder entitlements	<p>As a holding company, the Company will rely principally on dividends from its subsidiaries in the PRC for its cash requirements. Current PRC regulations permit the subsidiaries in PRC to pay dividends only out of accumulated after tax profits less any recovery of accumulated losses and required allocations to statutory reserve funds, if any, determined in accordance with PRC accounting standards and regulations. These reserves are not distributable as cash dividends. The inability of the subsidiaries in PRC to distribute dividends or other payments to the Company could materially adversely limit the Group's ability to pay dividends to investors.</p>	

Risks related to the Offer and an investment in CDIs and Shares		
Risk	Description of risk	Risk mitigation strategies
<b>No prior market for CDIs</b>	<p>There is currently no prior trading market for CDIs within or outside Hong Kong. No assurance can be made on the liquidity of any market that may develop for Retech's CDIs, the ability of holders to sell their CDIs or the prices at which the holders would be able to sell their CDIs. There can be no assurance that Retech CDIs will be accepted for listing and quotation on the anticipated date by the ASX. We have applied to the ASX for the listing of and quotation for the entire enlarged share capital of Retech on the ASX. In the event that CDIs are not admitted to the Official List within three (3) months from the date of the Prospectus and the CDIs have not been issued to the Applicants, we will return the funds paid in respect of any application for CDIs without interest as soon as practicable.</p> <p>It is possible that Retech shares may also trade at prices lower than the Offer Price depending on many factors such as prevailing economic, political, and financial conditions in Hong Kong, China and Australia, Retech operating results and the market for similar securities. Retech has no obligation to be a market maker for the CDIs. No assurance can be made that Retech will be able to maintain its listing on the ASX.</p>	This is a risk which is beyond the control or mitigation of Retech.
<b>Liquidity and realisation risk</b>	<p>Existing Holders have all agreed to convert their Shares to CDIs as only CDIs can be traded on the ASX.</p> <p>Under the escrow requirements of the ASX Listing Rules, two of the Existing Holders, who hold 48.01% (based on the Minimum Subscription being raised) and 45.88% (based on the Maximum Subscription being raised) will not, however, be able to trade their CDIs for a period of 12 months commencing from the date of quotation of Retech. Given the number of CDIs restricted from trading, there will only be liquidity with respect to 51.99% of the CDIs (based on the Minimum Subscription being raised) and 54.12% of the CDIs (based on the Maximum Subscription being raised) until such time as the two Existing Holder's CDIs come out of escrow.</p> <p>The CDIs issued under the Offer will only be listed on ASX and will not be listed for trading on any other securities exchanges in Australia, Hong Kong or elsewhere. As such, there can be no guarantee that an active market in the CDIs will develop or continue, or that the market price of the CDIs will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their CDIs. Furthermore, the market price for CDIs may fall or be made more volatile because of the relatively low volume of trading in Retech's securities. When trading volume is low, significant price movement can be caused by trading in a relatively small number of shares.</p>	This is a risk which is beyond the control or mitigation of Retech.



Risks related to the Offer and an investment in CDIs and Shares		
Risk	Description of risk	Risk mitigation strategies
<b>Country risk and foreign operations</b>	<p>There are risks associated with operating in foreign countries. Country risks include exchange rate risk, economic risk, sovereign risk, political risk, and transfer risk.</p> <p>Retech's operating results and financial conditions are highly susceptible to changes in China's political, economic and social conditions as the majority of Retech's revenue is currently derived from its operations in China.</p> <p>Given that Retech is incorporated in Hong Kong but its business operations are in China, there is the risk of capital being restricted or frozen by government action.</p> <p>There can be no guarantee that the government regulations in Australia, Hong Kong and China, in particular in relation to foreign investment, repatriation of foreign currency, taxation and the regulation of the information technology industry, will not be amended in the future to the detriment of Retech's business. As Retech is incorporated in Hong Kong, changes in Hong Kong laws may have an adverse effect on non-Hong Kong resident holders of CDIs.</p> <p>Reporting requirements of Retech in Hong Kong may impose more onerous obligations on Retech. Costs of compliance with laws and regulations in Australia and Hong Kong may vary from current estimates.</p>	This is a risk which is beyond the control or mitigation of Retech.
<b>Changes in economic conditions and consumer sentiment</b>	<p>Changes in the general economic climate in which Retech operates may adversely affect the financial performance of Retech and the value of its assets. Factors which contribute to that general economic climate include:</p> <ul style="list-style-type: none"> <li>• contractions in the world economy or increases in the rate of inflation;</li> <li>• international currency fluctuations;</li> <li>• changes in interest rates;</li> <li>• new or increased government taxes or duties or changes in taxation laws; or</li> <li>• changes in government regulatory policy.</li> </ul> <p>Since 1978, the Chinese government has undertaken various reforms of its economic systems. Such reforms have resulted in economic growth for China in the last two decades. However, many of the reforms are unprecedented or experimental, and are expected to be refined and modified from time to time. Other political, economic and social factors may also lead to further readjustment of the reform measures. This refinement and adjustment process may consequently have a material impact on the Retech Group's operations in China or a material adverse impact on its financial performance. The Retech Group's business and financial performance</p>	This is a risk which is largely beyond the control or mitigation of Retech, however, Retech will monitor and, to the extent it is able, adjust its business and operations to minimise the impact of the occurrence of this risk.

Risks related to the Offer and an investment in CDIs and Shares		
Risk	Description of risk	Risk mitigation strategies
	<p>may be adversely affected by changes in China's political, economic and social conditions and by changes in policies of Chinese government or changes in laws, regulations or the interpretation or implementation thereof.</p> <p>Retech's growth and profitability depend on the level of consumer confidence and spending in China.</p> <p>Retech's results of operations are sensitive to changes in overall economic and political conditions that impact consumer spending. The retail industry, in particular, is very sensitive to broad economic changes, and retail purchases tend to decline during recessionary periods. Substantially all of the net revenues of Retech are derived from retail sales in China. Many factors outside of its control, including interest rates, volatility of the world's stock markets, inflation and deflation, tax rates and other government policies, and unemployment rates can adversely affect consumer confidence and spending. The domestic and international political environments, including military conflicts and political turmoil or social instability, may also adversely affect consumer confidence and reduce spending, which could in turn materially and adversely affect the growth and profitability of Retech.</p>	
<b>Stock market fluctuations</b>	<p>There are a number of risks associated with any stock market investment. The price of CDIs may rise or fall in relation to the Offer Price and investors who decide to sell their CDIs, after listing of Retech on ASX, may not receive the full amount of their original investment.</p> <p>The value of the CDIs will be determined by the stock market and will be subject to a range of factors beyond the control of Retech and its Directors. These factors include movements in local and international stock exchanges, local interest rates and exchange rates, domestic and international economic and political conditions, government taxation, market supply, competition and demand and other legal, regulatory or policy changes.</p>	This is a risk which is beyond the control or mitigation of Retech.
<b>Provisions of Retech's Articles of Association and Hong Kong Companies Ordinance could make an acquisition of Retech more difficult</b>	Certain provisions of Retech's Articles of Association and Hong Kong Companies Ordinance could discourage, delay or prevent a merger, acquisition or other change of control that Shareholders may consider favourable, including transactions in which Shareholders might otherwise receive a premium for their CDIs. These provisions could also limit the price that investors might be willing to pay in the future for the CDIs, thereby depressing the market price of the CDIs.	This is a risk which is beyond the control or mitigation of Retech.
<b>Other general risks</b>		

Risks related to the Offer and an investment in CDIs and Shares		
Risk	Description of risk	Risk mitigation strategies
<b>Regulatory changes</b>	Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may also have a material adverse effect on Retech's financial performance, financial position and cash flows.	This is a risk which is beyond the control or mitigation of Retech.
<b>Change in applicable tax laws and rates</b>	Changes in tax law (including goods and services taxes), or changes in the way taxation laws are interpreted may impact the tax liabilities of the Company or the tax treatment of an investor's investment. In particular, both the level and basis of taxation may change. In addition, an investment in the CDIs involves tax considerations which may differ for each investor. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in the CDIs. Subject to approval of the relevant PRC authorities, a PRC company may enjoy various company income tax (CIT) incentives.	This is a risk which is beyond the control or mitigation of Retech.
<b>Dependence on general economic conditions</b>	The operating and financial performance of Retech will be influenced by a variety of general economic and business conditions. Any protracted down turn in China and world economic situation could be expected to have a material adverse effect on Retech's financial performance, financial position and cash flows.	This is a risk which is beyond the control or mitigation of Retech.
<b>Market conditions and price of CDIs</b>	<p>Share market conditions may affect the value of the Company's CDIs regardless of the Company's operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> <li>• general economic outlook;</li> <li>• interest rates and inflation rates;</li> <li>• currency fluctuations;</li> <li>• changes in investor sentiment toward particular market sectors;</li> <li>• the demand for, and supply of, capital; and</li> <li>• terrorism or other hostilities.</li> </ul> <p>The market price of CDIs can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Group or any return on an investment in the Group.</p>	This is a risk which is beyond the control or mitigation of Retech.

Risks related to the Offer and an investment in CDIs and Shares		
Risk	Description of risk	Risk mitigation strategies
<b>Retech will incur exchange rate risks relating to listing on the ASX</b>	<p>The proceeds of the Offer will be received in A\$, while Retech's functional currency is RMB. Retech is not currently hedging against exchange rate fluctuations, and consequently Retech will be at the risk of any adverse movement in RMB - A\$ exchange rate between the pricing of the Offer and the closing of the Offer.</p> <p>The Shares in the form of CDIs will be listed on ASX and priced in A\$. However, Retech's functional currency is in RMB. As a result, movements in foreign exchange rates may cause the price of Retech's securities and the earnings per Share to fluctuate for reasons unrelated to Retech's financial condition or performance and may result in a discrepancy between Retech's actual results of operations and investors' expectations of returns on Retech's securities expressed in A\$.</p>	<p>This is a risk which is largely beyond the control or mitigation of Retech, however, Retech will periodically consider the utility of hedging against exchange rate fluctuations.</p>
<b>Political risk</b>	<p>Changes in the general political climate in the countries in which the Group has interests and on a global basis that could impact on economic growth and the food product prices, the rate of inflation, taxation and tariff laws and domestic security, which may affect the value and viability of the operations that are or may be conducted by the Group.</p>	<p>This is a risk which is beyond the control or mitigation of Retech.</p>
<b>General risks</b>	<p>The future viability and profitability of Retech is dependent on a number of other factors which affect the performance of all industries including (but not limited to) the following:</p> <ul style="list-style-type: none"> <li>• financial failure or default by a party to any contract to which Retech is, or may become, a party;</li> <li>• insolvency or other managerial failure by any of the contractors used by Retech in its activities;</li> <li>• industrial disputes;</li> <li>• litigation;</li> <li>• natural disasters; and</li> <li>• acts of terrorism or an outbreak of international hostilities.</li> </ul>	<p>With respect to financial failure or default by a party to any contract to which Retech is, or may become, a party, the management team of Retech is expanding its Client base and convenes regular Board meetings to monitor the financial position of Retech.</p> <p>The Board has also introduced policies which it considers appropriate for the proper governance of Retech to ensure as far as possible that Retech operates its business to the highest standard and in accordance with the law.</p>

## 10 Independent Limited Assurance Report

---



**Grant Thornton**

An instinct for growth™

Board of Directors  
Reteck Technology Co., Limited  
18/F, Building 2,  
335 Guoding Rd  
Shanghai China

24 January 2017

Level 18  
King George Central  
145 Ann Street  
Brisbane QLD 4000  
Correspondence to:  
GPO Box 1008  
Brisbane QLD 4001

T + 61 7 3222 0200  
F + 61 7 3222 0444  
E info.qld@au.gt.com  
W www.grantthornton.com.au

Dear Directors,

**INDEPENDENT LIMITED ASSURANCE REPORT ON THE PRO FORMA  
HISTORICAL AND FORECAST FINANCIAL INFORMATION AND FINANCIAL  
SERVICES GUIDE**

**Introduction**

This report has been prepared at the request of the directors (the “Directors”) of Reteck Technology Co., Limited (the “Company or Reteck”) for inclusion in the prospectus to be dated on or around 20 December 2016 (the “Prospectus”) to be issued by the Company in respect of the initial public offering of CHESS Depositary Interests in the Company (the “Offer”) and listing of the Company on the Australian Securities Exchange.

Grant Thornton Corporate Finance Pty Ltd (“Grant Thornton Corporate Finance”) holds Australian Financial Services Licence (AFS Licence Number 247140). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

**Scope**

You have requested Grant Thornton Corporate Finance to review the following financial information of the Company included in the Prospectus:

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 ACN 003 265 987  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Holder of Australian Financial Services Licence No. 247140

“Grant Thornton” refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another’s acts or omissions. In the Australian context only, the use of the term “Grant Thornton” may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.



### **Pro Forma Historical Financial Information**

The pro forma historical financial information, as set out in the Prospectus comprises:

- The pro forma historical consolidated income statements for the years ended 31 December 2013 (FY2013), 31 December 2014 (FY2014), 31 December 2015 (FY2015), and the 6 months ended 30 June 2016 (1HY2016); and
- The pro forma consolidated balance sheet as at 30 June 2016.
- The pro forma historical consolidated cashflow statements for the years ended 31 December 2013 (FY2013), 31 December 2014 (FY2014), 31 December 2015 (FY2015), and the 6 months ended 30 June 2016 (1HY2016).

(Hereafter the “Pro Forma Historical Financial Information”).

The Pro Forma Historical Financial Information has been derived from:

- a. The audited historical report and consolidated financial statements of Shanghai Retech Information Technology Co., Ltd. for FY2013, FY2014, and FY2015
- b. The audited historical report and financial statements of Shanghai Retech Enterprise Management Group Co., Ltd. for FY2013, FY2014 and FY2015
- c. The audited historical report and consolidated financial statement of Jiangsu Retech Education Technology Co., Ltd. for FY2013, FY2014 and FY2015
- d. The reviewed historical report and consolidated financial statements of Shanghai Retech Information Technology Co., Ltd for 1HY2016
- e. The reviewed historical report and financial statements of Retech Technology Co., Limited for the period from 10 May 2016 (date of incorporation) to 30 June 2016
- f. The unaudited management financial statements of Yancheng Retech Digital Technology Co., Ltd, and Zhenjiang Retech Asset Management Co., Ltd. for FY2013, FY2014 and FY2015.

(Hereafter the “Historical Financial Information”)

- g. reviewed historical balance sheet as at 30 June 2016; and
- h. the pro forma adjustments applied to the reviewed historical balance sheet at 30 June 2016 to illustrate the effects of events and transactions on the Company as described in Section 7 of the Prospectus.




**Grant Thornton**

An instinct for growth™

The Pro Forma Historical Financial Information has been prepared for inclusion in the Prospectus. The historical financial statements of Shanghai Retech Information Technology Co., Limited, Shanghai Retech Enterprise Management Group Co., Limited, and Jiangsu Retech Education Technology Co., Limited for the years FY2013, FY2014, and FY2015 were audited by Grant Thornton China in accordance with International Auditing Standards. The historical financial statements of Shanghai Retech Information Technology Co., Limited for 1HY2016 and the balance sheet of Retech Technology Co., Limited as at 30 June 2016 were reviewed by Grant Thornton China in accordance with International Standards on review engagements. The review conclusions and audit opinions issued to the respective directors were unqualified/ unmodified.

The Pro Forma Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001 (Cth).

As stated in Section 7 of the Prospectus, the basis of preparation is the recognition and measurement principals contained in International Accounting Standards and Retech's adopted accounting policies (included in Section 11 of the Prospectus) applied to the Pro Forma Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of the Prospectus, as if those events or transactions had occurred as at the date of the Pro Forma Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, or cash flows.

We have assumed, and relied on representations from certain members of management and the board of Retech, that all material information concerning the prospects and proposed operations of Retech have been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

#### **Forecast Financial Information**

The pro forma and statutory forecast financial information, as set out in the Prospectus comprises:

- Pro forma forecast consolidated income statements and net cash flows for the six months ending 31 December 2016 (2HY2016) and 30 June 2017 (1HY2017) (the "Pro Forma Forecast Financial Information"); and
- Statutory forecast consolidated income statements and net cash flows for the six months ending 31 December 2016 (2HY2016) and 30 June 2017 (1HY2017) (the "Statutory Forecast Financial Information");

(Hereafter the "Forecast Financial Information").





The Directors' best estimate assumptions underlying the Statutory Forecast Financial Information are described in Section 7 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies (included in Section 11 of the Prospectus).

The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the transactions and/or adjustments described in Section 7 of the Prospectus (the Pro Forma Adjustments).

The stated basis of preparation used in the preparation of the Pro Forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast Financial Information and the events or transactions to which the Pro Forma Adjustments relate, as if those events or transactions had already occurred. Due to its nature the Pro Forma Forecast Financial Information does not represent the Company's actual prospective financial performance and cash flows for the 6 months ending 31 December 2016, and 30 June 2017.

The Forecast Financial Information has been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of Retech for the 6 months ended 31 December 2016, and 30 June 2017. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The Directors' best estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best estimate assumptions. We do not express any opinion on the achievability of the results. The limited assurance conclusion expressed in this report has been formed on the above basis.


**Grant Thornton**

An instinct for growth™

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the prospective financial information. Accordingly prospective investors should have regard to the investment risks set out in Section 9 of the Prospectus and sensitivities set out in Section 7 of the Prospectus. The sensitivity analysis demonstrates the impacts on the Forecast Financial Information of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

#### **Directors' Responsibility**

The Directors are responsible for the preparation and presentation of the Forecast Financial Information, including the best estimate assumptions underlying the Forecast Financial Information and the sensitivity of the Forecast Financial Information to changes in key assumptions.

These responsibilities include establishing and maintaining such internal controls as the Directors determine are necessary to enable the preparation of Forecast Financial Information that is free from material misstatement, whether due to fraud or error.

#### **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Pro Forma Historical Financial Information, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450: "Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information".

A review consists of making enquiries, 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 Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we will not express an audit opinion.





We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

*Pro Forma Historical Financial Information*

- A consistency check of the application of the stated basis of preparation, to the Pro Forma Historical Financial Information;
- A review of work papers, accounting records and other documents;
- Enquiry of directors, management personnel and advisors;
- Consideration of the pro forma adjustments, in particular normalisation adjustments described in Section 7 of the Prospectus; and
- The performance of analytical procedures applied to the Pro Forma Historical Financial Information.

*Forecast Financial Information*

- Enquiries, including discussions with management and Directors of the factors considered in determining the assumptions;
- Analytical and other review procedures we considered necessary including examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Forecast Financial Information;
- Review of the accounting policies adopted and used in the preparation of the Forecast Financial Information; and
- Consideration of the pro forma adjustments applied in preparing the Forecast Financial Information.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

**Conclusions**

**Pro Forma Historical Financial Information**

Based on our procedures, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not presented fairly in all material respects, on the basis of the pro forma adjustments described in Section 7 of the Prospectus and in accordance with the recognition and measurement principles contained in International Accounting Standards and the accounting policies adopted by the Company as disclosed in Section 11 of the Prospectus.



**Grant Thornton**

An instinct for growth™

#### **Statutory Forecast Financial Information**

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- i. the Directors' best estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information;
- ii. in all material respects, the Statutory Forecast Financial Information:
  - a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 7 of the Prospectus;
  - b. is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the accounting policies adopted and used by the Company as disclosed in Section 11 of the Prospectus; and
- iii. the Statutory Forecast Financial Information itself is unreasonable.

#### **Pro Forma Forecast Financial Information**

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- i. the Directors' best estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information do not provide reasonable grounds for the Pro Forma Forecast Financial Information;
- ii. in all material respects, the Pro Forma Forecast Financial Information:
  - a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 7 of the Prospectus;
  - b. is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the accounting policies adopted and used by the Company as disclosed in Section 11 of the Prospectus, applied to the Statutory Forecast Financial Information and the Pro Forma Adjustments as if those adjustments had occurred as at 30 June 2016; and
  - c. the Pro Forma Forecast Financial Information itself is unreasonable.

#### **Restriction on Use**

Without modifying our conclusions, we draw attention to Section 7 of the Prospectus, which describes the purpose of the Pro Forma Historical Financial Information, and Forecast Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose.

#### **Consent**

Grant Thornton Corporate Finance has consented to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is included.

**Grant Thornton**

An instinct for growth™

**Liability**

The liability of Grant Thornton Corporate Finance is limited to the inclusion of this report in the Prospectus. Grant Thornton Corporate Finance makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.

**Disclosure of Interest**

Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Corporate Finance will receive a professional fee for the preparation of this Independent Limited Assurance Report.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

Harley Mitchell  
Partner

Andrew Newman  
Partner – Audit & Assurance





# Grant Thornton

An instinct for growth™

## Appendix A (Financial Services Guide)

This Financial Services Guide is dated 19 December 2016.

Level 18  
King George Central  
145 Ann Street  
Brisbane QLD 4000  
Correspondence to:  
GPO Box 1008  
Brisbane QLD 4001

T + 61 7 3222 0200  
F + 61 7 3222 0444  
E [info.qld@au.gt.com](mailto:info.qld@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

### 1 About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987, Australian Financial Services Licence no 247140) ("Grant Thornton Corporate Finance") has been engaged by Retech Technology Co., Limited ("Retech" or the "Company") to provide general financial product advice in the form of an Independent Limited Assurance Report (the "Report") in relation to the offer of CHESS Depositary Interests in the Company (the "Offer"). This report is included in the Prospectus dated on or about 20 December 2016 (the "Prospectus"). You have not engaged us directly but have been provided with a copy of the report as a retail client because of your connection to the matters set out in the report.

### 2 This Financial Services Guide

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the report, and how complaints against us will be dealt with.

### 3 Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

### 4 General financial product advice

The report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 ACN 003 265 987  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Holder of Australian Financial Services Licence No. 247140

"Grant Thornton" refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term "Grant Thornton" may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.



**Grant Thornton**

An instinct for growth™

2

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail finance product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

## **5 Fees, commissions and other benefits we may receive**

Grant Thornton Corporate Finance charges fees to produce reports, including the report. These fees are negotiated and agreed with the entity who engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this report, Grant Thornton Corporate Finance will receive from the Company a fee of \$220,000 plus disbursements which is based on commercial rates plus reimbursement of out-of-pocket expenses.

Partners, Directors, employees or associates of Grant Thornton Corporate Finance, and related bodies corporate, may receive dividends, salary or wages from Grant Thornton Australia Ltd. None of those persons or entities receives non-monetary benefits in respect of, or that is attributable to the provision of the services described in this FSG.

## **6 Referrals**

Grant Thornton Corporate Finance including its Partners, Directors, employees or associates and related bodies corporate, does not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licenced to provide.

## **7 Associations with issuers of financial products**

Grant Thornton Corporate Finance and its Partners, Directors, employees or associates and related bodies corporate may from time to time have associations or relationships with the issuers of financial products. For example, Grant Thornton Australia Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business.

In the context of the report, Grant Thornton Corporate Finance considers that there are no such associations or relationships which influence in any way the services described in this FSG.

## **8 Complaints**

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the National Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint.

**Grant Thornton**

An instinct for growth™

3

If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

GPO Box 3  
Melbourne, VIC 3001  
Telephone: 1800 367 287

Grant Thornton Corporate Finance is only responsible for the report and FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

**9 Compensation arrangements**

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

**10 Contact Details**

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

National Head of Corporate Finance  
Grant Thornton Corporate Finance Pty Ltd  
Level 17, 383 Kent Street  
Sydney, NSW, 2000



## 11 Additional information

### 11.1. Incorporation and local agent

Retech was incorporated in Hong Kong as a corporation pursuant to Hong Kong Companies Ordinance by certificate of incorporation dated 10 May 2016. The liability of the members of the Company is limited.

On 19 October 2016, Retech registered as a foreign company in Australia pursuant to Chapter 5B of the Corporations Act.

On 15 July 2016, Investorlink Corporate Limited was appointed as the local agent of Retech pursuant to sections 601CF and 601CG of the Corporations Act. As Retech's local agent, Investorlink Corporate Limited is authorised to accept service of process and notices on behalf of Retech. Process and notices served on the local agent are deemed to be served on Retech. The local agent is answerable for the doing of all acts, matters and things that Retech is required by or under the Corporations Act to do and is personally liable for any penalty imposed on Retech if the court or tribunal hearing the matter is satisfied that the local agent should be so liable.

### 11.2. Existing Holder interests

The table below sets out the interests of Existing Holders in Shares at the date of this Prospectus and immediately following the Offer:

Details	Pre Offer		Post Offer (following issue of the Minimum Subscription)		Post Offer (following issue of the Maximum Subscription)	
Existing Holders <sup>10</sup>	Number	%	Number	%	Number	%
Retech Investment Group Co.,Ltd <sup>1</sup>	88,768,850	49.32%	88,768,850	41.29%	88,768,850	39.45%
Retech Management Co.,Ltd <sup>2</sup>	14,451,000	8.03%	14,451,000	6.72%	14,451,000	6.42%
Miao Shi Investment Group Co.,Ltd <sup>3</sup>	12,700,700	7.06%	12,700,700	5.91%	12,700,700	5.64%
Xu Shi Technology Investment Group Co.,Ltd <sup>4</sup>	10,079,450	5.60%	10,079,450	4.69%	10,079,450	4.48%
Lumina Looque Knowledge Hubs Pte Ltd <sup>5</sup>	22,556,650	12.53%	22,556,650	10.49%	22,556,650	10.03%
Calvin Cheng Ern Lee	9,076,796	5.04%	9,076,796	4.22%	9,076,796	4.03%
See Thiam Soon David	4,549,676	2.53%	4,549,676	2.12%	4,549,676	2.02%
Ng Kian Ming	900,000	0.50%	900,000	0.42%	900,000	0.40%
Lim Der Shing	380,000	0.21%	380,000	0.18%	380,000	0.17%
Liu Yining	316,667	0.18%	316,667	0.15%	316,667	0.14%

ICH Capital Pte Ltd	904,762	0.50%	904,762	0.42%	904,762	0.40%
POEMS Pte Ltd	690,909	0.38%	690,909	0.32%	690,909	0.31%
Catcha Group Pte Ltd	316,667	0.18%	316,667	0.15%	316,667	0.14%
Vickers Venture Fund IV, L.P. <sup>6</sup>	10,751,011	5.97%	10,751,011	5.00%	10,751,011	4.78%
Lee Kah Hui	223,529	0.12%	223,529	0.10%	223,529	0.10%
Investorlink Securities Ltd <sup>7</sup>	2,666,667	1.48%	2,666,667	1.24%	2,666,667	1.19%
Stradbroke Plaza Pty Limited as trustee for Ryan Retirement Fund <sup>8</sup>	333,333	0.19%	333,333	0.16%	333,333	0.15%
Vensup Pty Ltd as trustee for Edin Super Fund <sup>9</sup>	333,333	0.19%	333,333	0.16%	333,333	0.15%
Subscribers under the Offer	N/A	N/A	35,000,000	16.28%	45,000,000	20.00%
<b>TOTAL</b>	<b>180,000,000</b>	<b>100%</b>	<b>215,000,000</b>	<b>100%</b>	<b>225,000,000</b>	<b>100%</b>

Notes:

1. Retech Investment Group Co., Limited is controlled (69.77%) by Ai Shungang (Co-Chairman).
2. Retech Management Co., Ltd is controlled (35.71%) by Wang Gongshi.
3. Miao Shi Investment Group Co., Ltd is controlled (100%) by Miao Xiaodong.
4. Xu Shi Technology Investment Group Co., Ltd is controlled (100%) by Xu Shaohua.
5. Lumina Looque Knowledge Hubs Pte Ltd is controlled (40.24%) by Calvin Cheng (Director). Lumina Looque Knowledge Hubs Pte Ltd initially received 54,000,000 Shares in consideration for payment of the expenses of the Offer. This equals \$0.043 per share (on the basis of the Maximum Subscription being obtained). 31,443,350 of these Shares were then transferred to each of the Existing Holders detailed below Looque Knowledge Hubs Pte Ltd. Refer to Section 4.1 and 4.2 for detail of the Funding Agreement entered into between GRP, Shanghai Zhiyuan Investment Co., Ltd (a minority Shareholder of SHR) and Lumina Looque Knowledge Hubs Pte Ltd.
6. Vickers Venture Fund IV, L.P is controlled by the General Partner of the fund, namely Vickers Venture Partners IV Ltd.
7. Of these Shares, Investorlink Securities Ltd holds 1,600,000 as nominee for Vickers Venture Fund IV, L.P.
8. Stradbroke Plaza Pty Limited as trustee for the Ryan Retirement Fund is controlled (100%) by Chris Ryan (Director).
9. Vensup Pty Ltd as trustee for the Edin Super Fund is controlled (100%) by Neville Ide (Director).
10. All Existing Holders with the exception of the first 5 holders listed above, are in the process of finalising the acquisition of their Shares from Lumina Looque Knowledge Hubs Pte Ltd. The final steps include the stamping of share transfer documents and the updating of the register of members. This is a procedural process and is anticipated to complete on or before the Closing Date.

As at the date of this Prospectus, there are no other types of security on issue.

Existing Holders have all agreed to convert their Shares to CDIs as only CDIs can be traded on the ASX.

### 11.3. Escrow arrangements

Retech has a number of CDIs that the holders are restricted from dealing in. These restrictions have been agreed to voluntarily and restrict the ability of those persons to dispose of, create any security interest in or transfer effective ownership or control of the CDIs.

The table below sets out the periods during which the founder Shares will be restricted from dealing in their CDIs pursuant to voluntary restrictions.

Escrowed CDI holders <sup>1&amp;2</sup>	Voluntary Restriction ends
	12 months commencing from the Listing Date
Retech Investment Group Co.,Ltd	All 88,768,850 CDIs held for 12 months.
Retech Management Co.,Ltd	All 14,451,000 CDIs held for 12 months.
Miao Shi Investment Group Co.,Ltd	Nil escrow
Xu Shi Technology Investment Group Co.,Ltd	Nil escrow
Lumina Looque Knowledge Hubs Pte Ltd	Nil escrow
Calvin Cheng Ern Lee	Nil escrow
See Thiam Soon David	Nil escrow
Ng Kian Ming	Nil escrow
Lim Der Shing	Nil escrow
Liu Yining	Nil escrow
ICH Capital Pte Ltd	Nil escrow
POEMS Pte Ltd	Nil escrow
Catcha Group Pte Ltd	Nil escrow
Vickers Venture Fund IV, L.P.	Nil escrow
Lee Kah Hui	Nil escrow
Investorlink Securities Ltd	Nil escrow
Stradbroke Plaza Pty Limited as trustee for Ryan Retirement Fund	Nil escrow
Vensup Pty Ltd as trustee for Edin Super Fund	Nil escrow

Note:

1. This table details all Existing Holders as at the date of this Prospectus.
2. Existing Holders have all agreed to convert their Shares to CDIs as only CDIs can be traded on the ASX.

## 11.4. CHESS Depositary Interests (CDIs)

In order for the Company's Shares to trade electronically on ASX, the Company intends to participate in the electronic transfer system operated by ASX Settlement known as CHESS. With some limited exceptions, CHESS cannot be used directly for the transfer of securities of entities formed in foreign jurisdictions, including Hong Kong. Accordingly, to enable the Company's Shares to be cleared and settled electronically through CHESS, the Company intends to issue depositary interests called CHESS Depositary Interests, or CDIs.

CDIs in respect of foreign securities confer the beneficial ownership in the foreign securities such as the Shares on the CDI holder, with the legal title to such Shares being held by an Australian depositary entity.

The Company will appoint CDN, a subsidiary of ASX, to act as its Australian depositary. Accordingly, by completing an Application Form, an Applicant will apply to be issued with CDIs representing the underlying Shares which will be issued to CDN.

Each CDI holder will receive a Holding Statement which sets out the number of CDIs held by the CDI holder and the reference number of the holding.

These Holding Statements will be provided to a holder when a holding is first established and where there is a change in the holdings of CDIs. The Company will operate a certificated register of Shares in Hong Kong and an uncertificated issuer sponsored subregister of CDIs and an uncertificated CHESS sub-register of CDIs in Australia.

The Company's issuer sponsored sub-register will be maintained by the Share Registry. The certificated register is the register of legal title (and will reflect legal ownership by CDN of the Shares underlying the CDIs) and the two uncertificated sub-registers combined will make up the register of beneficial title of the Shares underlying the CDIs.

A summary of the rights and entitlements of CDI holders in the Company and CDI holders generally is set out below. Further information about CDIs is available from ASX, any stockbroker or the Share Registry.

Detail	
<b>What is the nature of CDIs?</b>	<p>In order for the Shares to trade electronically on ASX, Retech intends to participate in the electronic transfer system known as CHESS operated by ASX Settlement.</p> <p>CHESS cannot be directly used for the transfer of securities of companies domiciled in certain foreign jurisdictions, such as Hong Kong. Accordingly, to enable the Shares to be cleared and settled electronically through CHESS, Retech intends to issue depositary interests called CHESS Depositary Interests or CDIs.</p> <p>CDIs confer the beneficial ownership in foreign securities such as the Shares on the CDI holder, with the legal title to such Shares being held by an Australian depositary nominee.</p>
<b>What is the CDI:Share ratio?</b>	Each CDI will represent an interest in one (1) Share.

<p><b>Who is the depository nominee and what do they do?</b></p>	<p>Retech will appoint CHESS Depository Nominees Pty Limited (<b>CDN</b>), a subsidiary of ASX, and an approved general participant of ASX Settlement to act as its Australian depository.</p> <p>CDN will hold legal title to the Shares on behalf of CDI holders.</p> <p>CDN will receive no fees for acting as the depository for the CDIs.</p> <p>By completing an Application Form, an Applicant will apply for Shares to be issued to CDN, which will in turn issue CDIs to the Applicant.</p>
<p><b>What registers will be maintained recording your interests?</b></p>	<p>Retech will operate a certificated principal register of Shares in Hong Kong, branch register of Shares in Australia, an uncertificated issuer sponsored sub-register of CDIs and an uncertificated CHESS sub-register of CDIs in Australia.</p> <p>Retech's branch register of Shares in Australia, uncertificated issuer sponsored sub-register of CDIs and uncertificated CHESS sub-register of CDIs will be maintained by Computershare Investor Services Pty Limited. The branch register is the register of legal title (and will reflect legal ownership by CDN of the Shares underlying the CDIs with the shares held by CDN recorded on the branch register of Shares in Australia). The two uncertificated sub-registers of CDIs combined will make up the register of beneficial title.</p>
<p><b>How is local and international trading in CDIs effected?</b></p>	<p>CDI holders who wish to trade their CDIs will be transferring the beneficial interest in the Shares rather than the legal title. The transfer will be settled electronically by delivery of the relevant CDI holdings through CHESS. In other respects, trading in CDIs is essentially the same as trading in other CHESS approved securities, such as shares in an Australian company.</p>
<p><b>What will CDI holders receive on acceptance of their Applications?</b></p>	<p>Each CDI holder will receive a holding statement which sets out the number of CDIs held by the CDI holder and the reference number of the holding. These holding statements will be provided to a holder when a holding is first established and where there is a change in the holdings of CDIs.</p>

<p><b>How do CDI holders convert from a CDI holding to a direct holding of Shares on the Hong Kong principal register?</b></p>	<p>CDI holders who wish to convert their ASX listed CDIs to Shares to be held on the Hong Kong principal register can do so by instructing Retech's Share Registry either:</p> <ul style="list-style-type: none"> <li>• directly in the case of CDIs on the issuer sponsored sub-register operated by Retech. CDI holders will be provided with a "notice of transmutation" for completion and return to Retech's Share Registry; or</li> <li>• through their sponsoring participant (usually their broker) in the case of CDIs which are sponsored on the CHESS sub-register. In this case, the sponsoring broker will arrange for completion of the relevant form and its return to Retech's Share Registry.</li> </ul> <p>Retech's Share Registry will then arrange for the Shares to be transferred from CDN into the name of that holder and instruct the Company Secretary to issue a new share certificate on the Hong Kong principal register. This will cause the Shares to be registered in the name of the holder on Retech's principal share register and trading on ASX will no longer be possible.</p> <p>The Shares are not and will not in the near future be quoted on any market in Hong Kong. Any Shares so issued will bear restrictive details in accordance with Hong Kong law. CDIs removed from the Australian register will be placed onto the principal Hong Kong register as per the details of the registered CDIs.</p> <p>Retech's Share Registry will not charge an individual security holder a fee for transferring CDI holdings into Shares held on the Hong Kong principal register. It is expected that this process will be completed within two days, provided that the Share Registry is in receipt of a duly completed and valid "notice of transmutation" pursuant to the ASX Settlement Operating Rules. However, no guarantee can be given about the time required for this conversion to take place.</p> <p>If holders of the Shares wish to convert their holdings to CDIs, they can do so by contacting Retech's Share Registry. Retech's Share Registry will not charge a fee to a holder of Shares seeking to convert the Shares to CDIs (although a fee will be payable by Retech).</p>
--	---

<p><b>What are the voting rights of a CDI holder?</b></p>	<p>If holders of CDIs wish to attend and vote at Retech's general meetings, they will be able to do so. Under the Listing Rules and the ASX Settlement Operating Rules, Retech as an issuer of CDIs must allow CDI holders to attend any meeting of the holders of Shares unless relevant Hong Kong law at the time of the meeting prevents CDI holders from attending those meetings. In order to vote at such meetings, CDI holders have the following options:</p> <ul style="list-style-type: none"> <li>• instructing CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to Retech's Share Registry prior to the meeting; or</li> <li>• informing Retech that they wish to nominate themselves or another person to be appointed as CDN's proxy with respect to their Shares underlying the CDIs for the purposes of attending and voting at the general meeting; or</li> <li>• converting their CDIs into a holding of Shares and voting these at the meeting (however, if thereafter the former CDI holder wishes to sell their investment on ASX it would be necessary to convert the Shares back to CDIs). In order to vote in person, the conversion must be completed prior to the record date for the meeting. See below for further information regarding the conversion process.</li> <li>• As holders of CDIs will not appear on Retech's share register as the legal holders of the Shares, they will not be entitled to vote at Shareholder meetings unless one of the above steps is undertaken. Proxy forms, CDI voting instruction forms and details of these alternatives will be included in each notice of meeting sent to CDI holders by Retech.</li> </ul> <p>These rights exist only under the ASX Settlement Operating Rules, rather than under the Hong Kong Companies Ordinance. Since CDN is the member of Retech but the holders of CDIs are not members themselves as they merely hold a beneficial interest in the applicable shares, the holders of CDIs do not have any directly enforceable rights under Retech's Articles of Association.</p>
<p><b>What dividend and other distribution entitlements do CDI holders have?</b></p>	<p>Despite legal title to the Shares being vested in CDN, the ASX Settlement Operating Rules provide that CDI holders are to receive all direct economic benefits and other entitlements in relation to the underlying Shares, these include dividends and other entitlements which attach to the underlying Shares. These rights exist only under the ASX Settlement Operating Rules, rather than under the Hong Kong Companies Ordinance.</p> <p>Given each CDI will represent an interest in one (1) Share, dividends and other entitlements which attach to each Share will simply flow through to the corresponding CDI and hence to the CDI holder.</p> <p>Retech will declare any dividends in HK\$. Retech will pay any dividends in HK\$ or A\$ depending on the country of residence of the CDI holder. If the CDI holder in Australia wishes to receive dividends in HK\$ they must complete an appropriate election form and return it to Retech's Share Registry, no later than the close of business on the dividend record date.</p>



<b>What corporate action entitlement (such as rights issues and bonus issues) do CDI holders have?</b>	Despite legal title to the Shares being vested in CDN, the ASX Settlement Operating Rules provide that CDI holders are to receive all direct economic benefits and other entitlements in relation to the underlying Shares. These include such as the right to receive the same dividends and entitlement to participate in rights issues, bonus issues and capital reductions. These rights exist only under the ASX Settlement Operating Rules, rather than under the Hong Kong Companies Ordinance.
<b>What rights do CDI holders have in the event of a takeover?</b>	If a takeover bid or similar transaction is made in relation to the Shares of which CDN is the registered holder, under the ASX Settlement Operating Rules, CDN must not accept the offer made under the takeover bid except to the extent that acceptance is authorised by the relevant CDI holder. In the event CDI holders instruct it to do so, CDN must ensure that the offeror processes the takeover acceptance. These rights exist only under the ASX Settlement Operating Rules, rather than under the Hong Kong Companies Ordinance.
<b>What notices and announcement will CDI holders receive?</b>	CDI holders will receive all notices and company announcements (such as annual reports) that Shareholders are entitled to receive from Retech. These rights exist only under the ASX Settlement Operating Rules, rather than under the Hong Kong Companies Ordinance.
<b>What rights do CDI holders have on liquidation or winding up?</b>	In the event of Retech's liquidation, dissolution or winding up, a CDI holder will be entitled to the same economic benefit on their CDIs as Shareholders. These rights exist only under the ASX Settlement Operating Rules, rather than under the Hong Kong Companies Ordinance.
<b>Will CDI holders incur any additional ASX or ASX Settlement fees or charges as a result of holding CDIs rather than Shares?</b>	A CDI holder will not incur any additional ASX or ASX Settlement fees or charges as a result of holding CDIs rather than Shares.
<b>Where can further information be obtained?</b>	<p>For further information in relation to CDIs and the matters referred to above, please refer to the ASX website and the documents entitled</p> <p>(a) "Understanding CHESS Depository Interests" at:  <a href="http://www.asx.com.au/documents/settlement/CHESS_Depositary_Interests.pdf">http://www.asx.com.au/documents/settlement/CHESS_Depositary_Interests.pdf</a></p> <p>(b) ASX Guidance Note 5 at:  <a href="http://www.asx.com.au/documents/rules/gn05_chess_depository_interests.pdf">http://www.asx.com.au/documents/rules/gn05_chess_depository_interests.pdf</a></p> <p>or contact your stockbroker or Retech's Share Registry at the details provided below:</p> <p>Computershare Investor Services Pty Limited</p> <p>Tel: (03) 9415 5000 (from within Australia) or +61 03 9415 5000 (from outside Australia) (between 8:30 am to 5:00 pm, AEST)</p>

## 11.5. Articles of Association, Hong Kong laws and rights attaching to shares

As Retech is incorporated under the laws of Hong Kong, the rights and liabilities attaching to ownership of Shares and CDIs arise from a combination of:

- the provisions of Retech's Articles of Association (its constituent document);
- Hong Kong Companies Ordinance, which is the principal legislation regulating companies in Hong Kong;
- some provisions of the Corporations Act as a foreign Company registered in Australia; and
- on listing on the ASX, the ASX Listing Rules.

Retech's Articles of Association were repealed and replaced on 1 December 2016 to take into account Retech becoming a public company and the requirements of being listed on the ASX. Accordingly, the provisions required under the ASX Listing Rules for constitutions are included in Retech's Articles of Association. In summary, despite anything contained in Retech's Articles of Association, the provisions of the ASX Listing Rules are deemed to be incorporated and the ASX Listing Rules prevail to the extent of any inconsistency.

### *Summary of rights attaching to Shares*

A summary of the significant rights attaching to the Shares and a description of other material provisions of the Articles of Association, the Hong Kong Companies Ordinance and where applicable, the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights of Shareholders. Refer to Section 11.6 for a summary of certain other provisions of Hong Kong Companies Ordinance, including in relation to takeovers. This summary assumes that Retech will be admitted to the Official List of ASX upon Completion of the Offer.

- **Voting**

Any member of a company who is entitled to attend and vote at a meeting is entitled to appoint another person whether a member or not, as his proxy to attend and vote instead of him.

The proxy also has the same right to speak at the meeting as the member who appoints him. At any general meeting, a resolution put to the vote of the meeting is decided on a show of hands unless a poll is demanded before or on the declaration of the result. On a show of hands, every member present in person has one vote irrespective of the number of shares he holds.

If a member appoints more than one proxy, the proxies so appointed are not entitled to vote on the resolution on a show of hands, so they would need to demand a poll, unless the articles of association specified otherwise.

- **Share capital and issue of shares**

Shares in a company have no nominal value.

Share capital may be divided into different types or classes of shares such as ordinary, preference or deferred shares with special rights attached to them as prescribed by the company's articles of association.

The articles of association of a company have effect as a contract under seal between a company and its members and between a member and each other member. Only the legal owner of the applicable share is recognized by a company as its member. No notice of trust (whether express, implied or constructive) may be entered in the register of members of a company or receivable by the Registrar of Companies.

- Membership

To become a member of a company, a person must have the capacity to contract with the company. Capacity is governed by the general law of contract. A subsidiary company is prohibited from being a member of its holding company, and any allotment or transfer of shares in a holding company to its subsidiary is void.

- Transfer of shares

Shares are freely transferrable unless the company's articles of association impose restrictions on their transfer.

The actual transfer of the legal interest in shares should be effected by an instrument of transfer, the actual transfer of the beneficial interest in shares should be effected by bought and sold notes. Stamp duty is required to be paid. The instrument of transfer and the bought and sold notes must be submitted for stamping, together with the applicable supporting documents. When the transfer of legal ownership is registered and the buyer's name is entered on the register of members, he will be the legal owner of the shares. As mentioned above, beneficial owners are not included in the register of members.

- Meetings and notice

Save for special arrangements for the first financial year, every company is required to hold a general meeting as its annual general meeting in respect of each financial year, in the case of a public company within 6 months of the end of its accounting reference period by reference to which the financial year is to be determined. However, it may be conducted by shareholders' written resolution provided that copies of all the documents which would have been laid before the company at that meeting are circulated to each member. A company is also not required to hold a general meeting if it has only one member.

An extraordinary general meeting may be convened at the request of directors, members, auditors, liquidators, the official receiver or by the court.

The Hong Kong Companies Ordinance provides that the length of notice for calling an annual general meeting shall not be less than 21 days' notice in writing. In any other case, the length of notice shall not be less than 14 days' notice in writing.

The Hong Kong Companies Ordinance provides that any member of a company entitled to attend and vote at a meeting of the company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of him, and a proxy so appointed shall also have the same right as the member to speak at the meeting.

A proxy who has been duly appointed by a member entitled to vote on the resolution has one vote. If a member appoints more than one proxy, the proxies so appointed are not entitled to vote on the resolution on a show of hands unless the articles of association of the company specify otherwise.

- Types of transactions that require shareholder approval

The Hong Kong Companies Ordinance and the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance provide that, among other matters, the undertaking of the following matters by a company shall be subject to, among other things, shareholders' approval or approval from a certain class of shareholders (as the case may be):

- alteration of the articles of association of a company;
- change of name of a company;
- a company repurchasing its own shares;
- alteration of the share capital of a company by way of increasing its share capital, convert all of its shares into larger or smaller number of shares or dividing of its shares into different classes, or cancelling shares;
- allotment of shares on a non pro-rata basis;
- reduction of share capital;
- variation of rights of shareholders that are attached to a particular class of shares of a company;
- extend the period on which the register of members of a company is closed to a period beyond 30 days;
- appointment, replacement or removal of an auditor of a company;
- removal of a director before the expiration of his period of office by a company;
- voluntary winding up of a company;
- appointment, removal or replacement of a liquidator; and
- declaring that a company will become dormant.

- Purchase of shares and options by a company and its subsidiaries

The Hong Kong Companies Ordinance provides that, if authorised by its articles, a company may buy back its own shares (including any redeemable shares) provided that it does not result in the company's capital comprising only redeemable shares. The rules which apply when a company buys back its own shares include that:

- the shares must be fully paid;
- the buy-back must generally be financed out of distributable profits or the proceeds of a fresh issue of shares made for the purpose of the buy-back although in certain circumstances buy-backs out of capital are permitted;
- the shares bought must be treated as cancelled on buy-back; and

- the company's share capital will be reduced if the shares were bought back out of capital; the company's profits will be reduced if the shares were bought back out of profits; the company's share capital and profits will be reduced proportionately if the shares were bought back out of both capital and profits, by the total amount of the price paid by the company for the shares;

Generally public companies in Hong Kong must comply with the Hong Kong Code on Share Buy-backs in the event of a share buy-back. It does not have the force of law, but sets out standards expected of participants in the securities markets in Hong Kong.

Public companies may buy-back their own shares:

- in an on-market share buy-back;
- in an off-market share repurchase approved in accordance with rule 2 of the Hong Kong Code on Share Buy-backs;
- in an exempt share buy-back; or
- a share buy-back by way of a general offer in accordance with the General Principles and Rules of the Codes as set out in the Hong Kong Code on Share Buy-backs.

- Appointment of directors

Every public company must have at least two directors. A body corporate must not be appointed a director of a public company. A private company may have just one director but the private company must have at least one director who is a natural person. The Hong Kong Companies Ordinance imposes a minimum age of 18 years for a director and generally prohibits a person who is an undischarged bankrupt from acting as a director. The general power to appoint directors is vested in the members acting in general meeting. The articles of association of a company may provide that directors have the power to fill any casual vacancy and to make additional appointments.

- Takeovers

The Hong Kong Takeovers Code regulates takeovers and mergers in Hong Kong and generally applies to public companies in Hong Kong. It does not have the force of law, but sets out standards expected of participants in the securities markets in Hong Kong.

The Hong Kong Takeovers Code provides that when a person, or two or more persons acting in concert collectively:

- acquire, whether by a series of transactions over a period of time or not, 30% or more of the voting rights of a company; or
- hold not less than 30% but more than 50% of the voting rights of the company and acquires more than 2% of the voting rights of a company from the lowest percentage holding of that person or those persons collectively within a 12 month period,

then a general offer must be made to all other shareholders of the company.

- Financial assistance to purchase shares in a company or its holding company

The Hong Kong Companies Ordinance provides that it is generally unlawful for a company or any of its subsidiaries to:

- give any financial assistance directly or indirectly for the purpose of a person acquiring the company's shares, whether it is given before or at the time of the acquisition; or
- give any financial assistance directly or indirectly for the purpose of reducing or discharging the liability incurred by acquiring the company's shares.

However, this general prohibition is subject to exceptions, which allow all types of company (listed or unlisted) to provide financial assistance, subject to satisfaction of solvency tests and certain specified procedures.

- Dividends and distributions

The basic principle governing all payments by a company to its members is that a company may only make a distribution out of profits available for distribution.

A company's profits available for distribution are its accumulated, realised profits (so far as not previously utilized by distribution or capitalization) less its accumulated, realised losses. Realised profits and losses (so far as not previously written off in a reduction or reorganization of capital) are defined as those profits or losses which are regarded as realised profits or realised losses for the purpose of any financial statements prepared by the directors in accordance with principles generally accepted at the time when the financial statements are prepared.

- How are changes in rights attaching to shares regulated

Where, in the case of a company the share capital of which is divided into different classes of shares, special rights are attached to any such class of shares, such special rights may be varied only in accordance with provisions in the company's articles for the variation of those rights, or if there are no such provisions, with the written consent of holders representing at least 75% of the total voting rights of holders of shares in that class or with the sanction of a special resolution passed at a separate general meeting of the holders in that class.

- Protection of minorities (including from oppressive conduct) and the ability for shareholders to requisition a meeting or to bring or intervene in legal proceedings on behalf of the entity

The Hong Kong Companies Ordinance provides certain safeguards in an effort to ensure that majority power is not abused. For example:

- members who hold 5% of the total voting rights of all the members may request the directors to call a general meeting;
- members who hold 2.5% of the total voting rights of all members may request for a resolution to be considered at the company's next annual general meeting or apply to the court to inspect any records of a company;
- a member is entitled to seek relief from the court if the affairs of the company are being conducted in a manner unfairly prejudicial to the interests of the members generally or of one of more members;
- a member is entitled to bring a statutory derivative action, or intervene in, court proceedings in the event of misconduct committed against a company on behalf of the company; and
- a member may petition for the company to be wound up by the court.
- The law in Hong Kong permits shareholders, with the permission of a court, to start a derivative action on behalf and under the name of a company against directors in breach of their duties.

Hong Kong Companies Ordinance also provides for statutory derivative actions which cover:

- the bringing of proceedings in respect of misconduct committed against a company;
- the bringing of proceedings in respect of any matter where a company fails to bring proceedings in respect of such matter by reason of misconduct committed against the company; and
- the intervention in proceedings in respect of any matter where a company fails to diligently continue, discontinue or defend the proceedings in respect of such matter by reason of misconduct committed against the company,

where in relation to the proceedings brought or intervened in, the cause of action or right to continue, discontinue or defend those proceedings, as the case may be, is vested in the company and relief, if any, is sought on behalf of the company.

- Liquidation rights

The winding-up of a company may be by the court, or it may be done voluntarily.

The Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance provides that a company may be wound up voluntarily:

- where the period, if any, fixed by its articles of association for the duration of the company expires, or an event, if any, occurs on the occurrence in which the articles provide that such company is to be dissolved, and the company has resolved (by ordinary resolution) to be wound up voluntarily;
- if the company resolves by special resolution to be wound up voluntarily; and
- if the company resolves by special resolution that it cannot by reason of its liabilities continue its business and that it is advisable to wind-up.

- Shareholder liability

The Hong Kong Companies Ordinance provides that a company may be registered as limited by shares. If shares are paid for in full when they are issued, even if the company is unable to pay its debts and is wound up, the members are not liable to pay those debts as their liability is limited to the amount paid on the shares, which has already been contributed. In the event the shares are unpaid or only partially paid up, the members may be liable to contribute towards paying the company's debts, but their maximum contribution will be the amount of unpaid on their shares.

- Accounting and auditing requirements

A company is required to keep accounting records which must be sufficient:

- to show and explain the company's transactions;
- to disclose the company's financial position and financial performance; and
- to enable the directors to ensure that the financial statements comply with the Hong Kong Companies Ordinance.

The accounting records must contain (i) daily entries of all sums of money received and expended by the company, and the matters in respect of which the receipt and expenditure takes place; and (ii) a record of the company's assets and liabilities.



The company's accounting records must be kept at the registered office of the company or at such other place as the directors think fit, and shall at all times be open to inspection by the directors without charge.

The Hong Kong Companies Ordinance requires auditors of a company to report to the members on any financial statements prepared by the directors a copy of which is laid before the company in general meeting during the time they hold the office of auditor. The financial statements generally must comply with the requirement of Parts 1 and 2 of Schedule 4 to the Hong Kong Companies Ordinance. Every company is required to appoint auditors. Auditors will be appointed at the company's annual general meeting ("AGM") and they are appointed to hold office from the conclusion of that meeting until the conclusion of the next AGM. If the meeting fails to appoint auditors, any member of the company may apply to the court for an appointment. A person can only be appointed as auditor if he is qualified under the Professional Accountants Ordinance (Cap. 50 of the Laws of Hong Kong) and he is not:

- an officer or employee of the company;
- a person who is a partner or employee of an officer of the company; and
- a person disqualified for appointment as auditor in relation to the company's subsidiary undertaking, its parent undertaking, or a subsidiary undertaking of that parent undertaking.

- **Management**

The general power of managing a company is usually vested in the board of directors which is subject to the Hong Kong Companies Ordinance, the company's articles of association, and to any directions given by a special resolution of the shareholders.

Shareholder approval is required for matters concerning:

- the company's articles of association;
- the company's share capital;
- the appointment and removal of auditors;
- the removal of directors before the end of the director's term of office; and
- voluntary winding-up.

A company's articles of association may specify that certain powers must be exercised by the company in general meeting.

- **Alteration of articles of association**

Subject to the Hong Kong Companies Ordinance, a company may by special resolution alter its articles of association or by ordinary resolution in the case of an increase in the maximum number of shares that the company may issue. However, a company must not alter in its articles the statement that the liability of its members is limited and that the liability of its members is limited to any amount unpaid on the shares held by the members. The alterations must not be inconsistent with any special rights attached to a class of shares unless the procedures for varying class rights are complied with.

## 11.6. Key differences between Australian and Hong Kong company laws and regulations

As Retech is not established in Australia, its general corporate activities (apart from the offering of securities in Australia) are not regulated by the Corporations Act of the Commonwealth of Australia or by ASIC but instead are regulated by the Hong Kong Companies Ordinance, The Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Hong Kong Securities and Futures Commission Ordinance, in the latter case as supervised by the SFC.

Set out below is a table summarising some of the key differences between Australian and Hong Kong company laws and regulations as they apply to Retech.

Australia	Hong Kong
<b>Share issues: The Hong Kong and Australian legal requirements apply</b>	
<p>The Listing Rules permit the Directors to allot equity securities without shareholder approval up to a maximum number in any 12 month period equivalent to 15% of the issued capital of the Company prior to the date of issue.</p> <p>The Company may be able to issue an additional 10% without shareholder approval if it satisfies certain criteria under the Listing Rules. The Listing Rules do not contain any requirement for an offer of new shares to be made to existing shareholders prior to making an offer to persons who are not currently shareholders of the Company.</p>	<p>The Hong Kong Companies Ordinance permits the Directors to allot shares in the company or to grant rights to subscribe for shares of the company without shareholder approval where:</p> <ul style="list-style-type: none"> <li>the allotment or grant is made to existing shareholders on a pro rata basis;</li> <li>allotment of shares to founder member or</li> <li>allotment of shares made in accordance with a grant of a right to subscribe for shares if the right was granted with prior shareholder approval.</li> </ul>
<b>Takeovers: The Hong Kong legal requirements apply</b>	
<p><b>Takeovers</b></p> <p>The Corporations Act governs a takeover of certain listed and unlisted companies registered in Australia. The Corporations Act provides generally that a person must not acquire a 'relevant interest' in voting shares in a Company, if because of the transaction a person's voting power in the Company:</p> <ul style="list-style-type: none"> <li>Increases from 20% or below to above 20%; or</li> <li>Increases from a starting point which is above 20% but less than 90%.</li> </ul> <p>The Corporations Act set out certain exceptions which apply to these rules, such as acquisitions of relevant interests in shares where the acquisition is a creeping acquisition of not more than 3% in any six month period.</p>	<p><b>Takeovers</b></p> <p>The Hong Kong Takeovers Code regulates takeovers and mergers in Hong Kong and applies to public companies in Hong Kong that wish to participate in the Hong Kong securities market. It does not have the force of law, but sets out the standards expected of participants in the securities markets in Hong Kong.</p> <p>The Hong Kong Takeovers Code provides that when a person, or two or more persons acting in concert collectively:</p> <ul style="list-style-type: none"> <li>acquire, whether by a series of transactions over a period of time or not, 30% or more of the voting rights of a company; or</li> <li>hold not less than 30% but more than 50% of the voting rights of the company and acquires more than 2% of the voting rights of a company from the lowest percentage holding of that person or persons collectively within a 12 month period,</li> </ul> <p>then a general offer must be made to all other shareholders of the company.</p>

Australia	Hong Kong
<p>Takeover bids must treat all shareholders alike and must not involve collateral benefits. Various restrictions on conditional offers apply and there are also substantial restrictions on the ability of an offeror to withdraw or suspend a takeover offer. The Corporations Act also permits compulsory acquisition of outstanding securities by 90% holders.</p>	<p>The Hong Kong Takeovers Code is applicable to public companies in Hong Kong and in determining whether a company is a public company in Hong Kong, all the circumstances will be considered and an economic or commercial test will be applied, which shall take into account primarily the number of Hong Kong shareholders and the extent of share trading in Hong Kong as well as other factors. Where the company is uncertain about its status as a public company in Hong Kong, it should consult the SFC.</p>
<p><b>Notices by substantial shareholders: The Australian legal requirements apply</b></p>	
<p><b>Substantial holder notices</b></p> <p>The Corporations Act provides that a shareholder has a ‘substantial holding’ if that person (and that person’s associates) has a relevant interest in 5% or more of the voting shares in the Company. The Corporations Act requires a shareholder who is a substantial shareholder in a listed Company to give written notice in the prescribed form to the Company and ASX within two Business Days or, if there is a takeover bid for the Company, by 9:30am on the next trading day of the ASX, after the person becomes aware that they have become a substantial shareholder.</p> <p>Similar notification requirements apply in the event that a shareholder’s substantial holding increases or decreases by more than 1% of the total votes in a Company or where a person ceases to have a substantial holding.</p> <p><i>NB– It is usual and customary for the ASX to require foreign entities listed on the ASX to comply with Chapter 6C of the Corporations Act in regards to disclosure requirements for persons who have or cease to have a substantial holding in a listed company.</i></p>	<p><b>Substantial holder notices</b></p> <p>Part XV of the Hong Kong Securities and Futures Ordinance requires the disclosure by substantial shareholders, directors, shadow directors and chief executives (collectively “Corporate Insiders”) of a corporation, the securities of which are listed on The Stock Exchange of Hong Kong Limited (“listed corporation”) of their interests in the securities of a listed corporation when their interests reach the notifiable percentage level. The notifiable percentage level is an interest in shares of an aggregate nominal value of 5% or more of the relevant shares in the listed corporation.</p> <p>Section 309(2) of the Hong Kong Securities and Futures Ordinance gives the SFC the power to exempt any listed corporation from all or any of the provisions of Part XV of the Hong Kong Securities and Futures Ordinance, subject to such conditions as it thinks fit. A listed corporation may apply in writing to the SFC for an exemption under Part XV of the Hong Kong Securities and Futures Ordinance and the SFC will take into account of the following matters in deciding whether to grant a full exemption for corporations with a listing in any other jurisdiction:</p> <ul style="list-style-type: none"> <li>• the volume of the applicant corporation’s worldwide share turnover or the anticipated turnover that takes place on any other stock exchange or securities market;</li> <li>• the extent to which an applicant corporation’s Corporate Insiders are subject to statutory disclosure requirements in any other jurisdiction that are comparable to those existing in Hong Kong; and</li> <li>• the reasons for the applicant corporation listing in Hong Kong including whether it intends to raise capital or not.</li> </ul>

Australia	Hong Kong
<b>Compulsory acquisition: The Hong Kong legal requirements apply</b>	
<p>Chapter 6A of the Corporations Act sets out the requirements for any compulsory acquisition process</p> <p>A bidder under a takeover bid may compulsorily acquire any remaining securities in the bid class if during, or at the end of, the offer period, the bidder and their associates have:</p> <ul style="list-style-type: none"> <li>• relevant interests in at least 90% (by number) of the securities in the bid class; and</li> <li>• acquired at least 75% (by number) of the securities that the bidder offered to acquire under the bid (whether the acquisitions happened under the bid or otherwise).</li> </ul>	<p>Division 4 of Part 13 of the Hong Kong Companies Ordinance sets out the procedures in respect of a compulsory acquisition after a takeover offer.</p> <p>If a purchaser makes an offer to acquire all the shares not held by it in a Hong Kong incorporated company and has acquired not less than 90 percent of the shares, for which the offer is made, within the applicable time period, the purchaser may invoke the procedures set out in the Hong Kong Companies Ordinance in order to acquire compulsorily the remaining shares.</p>
<b>Related party transactions: The Hong Kong legal requirements apply</b>	
<p>Chapter 2E of the Corporations Act covers 'related party benefits' – designed to protect the interests of a company's shareholders as a whole, by requiring shareholder approval before giving financial benefits which could otherwise endanger those interests.</p> <p>The Corporations Act requires, for a public company, that:</p> <ul style="list-style-type: none"> <li>• Shareholder approval must be obtained before giving a financial benefit to a related party; and</li> <li>• the benefit must be given within 15 months of the approval; or</li> <li>• the benefit must fall within a specified exception.</li> </ul> <p>The most relevant exception provides that:</p> <ul style="list-style-type: none"> <li>• where any benefit would be reasonable in the circumstances if the public company and the director/related party were dealing at arm's length terms; or</li> <li>• the terms are less favourable to the director/related party than the terms referred to above,</li> </ul> <p>then shareholder approval is not required.</p> <p>Other exceptions include reasonable remuneration payments to directors, director insurance, and small amounts given to directors/related parties.</p>	<p>Under the Hong Kong Companies Ordinance, public companies and private companies which are subsidiaries of a public company cannot:</p> <ul style="list-style-type: none"> <li>• make a loan or quasi-loan, or provide guarantee or security in connection with a loan or quasi-loan, or enter into credit transaction as creditor for (i) a director of the company or of a holding company of that company; (ii) a body corporate controlled by such a director; and (iii) an entity connected with such a director.</li> </ul> <p>The transactions which are exempted from the above prohibitions are as follows:-</p> <p><b>Transaction in ordinary course of business:</b> Where the transaction is entered into in the ordinary course of business of the company and is entered into on arm's length terms.</p> <p><b>Intra-group transaction:</b> Where the transaction is in favour of a company in the same group</p> <p><b>Prescribed approval of members:</b> Where the transaction has been approved by the members of the company in general meeting</p> <p><b>Expenditure on company business:</b> Where the transaction is to provide a director of the company or of a holding company of that company, or a body corporate controlled by such a director, or an entity connected with such a director, with funds to meet expenditure incurred by him, controlled body corporate or connected entity, for the purpose of the company or enabling him, the body corporate controlled or connected entity (as the case may</p>

Australia	Hong Kong
<p>'Related party' is defined in the Corporations Act to include:</p> <ul style="list-style-type: none"> <li>• a director of the company and any controlling entity and their spouses</li> <li>• parents and children (of both directors and/or spouses)</li> <li>• an entity controlled by any of the above</li> <li>• any other entity acting in concert with a related party.</li> </ul>	<p>be) to properly perform his duties as an officer of the company.</p> <p><b>Home loan:</b> Where the transaction is:</p> <ul style="list-style-type: none"> <li>• for the purpose of facilitating the purchase any residential premises for use as the only or main residence of: <ul style="list-style-type: none"> <li>- a director of the company;</li> <li>- an employee of the company who is a director of a holding company of that company; or</li> <li>- an employee of the company who is an entity connected with a director of the company or of a holding company of that company; or</li> </ul> </li> <li>• for the purpose of improving such residential premises.</li> </ul> <p><b>Hire/lease of goods/land:</b> Where the transaction is for leasing or hiring goods, or leasing land to:</p> <ul style="list-style-type: none"> <li>• a director of the company or of a holding company of that company;</li> <li>• a body corporate controlled by such a director; or</li> <li>• an entity connected with such a director,</li> </ul> <p>on arm's length terms and the total exposure amount is less than 10% of the net asset value of the company</p> <p><b>Small loan:</b> A company may make a loan, or give a guarantee or provide security in connection with a loan, if the aggregate of the value of the transaction in question, and the value of any other relevant transaction or arrangement, does not exceed 5% of the net asset value of the company:</p> <p><b>Expenditure for defending proceedings and in connection with investigation or regulatory action:</b> Where the transaction is:</p> <ul style="list-style-type: none"> <li>• to provide a director of the company or of a holding company of the company with funds to meet expenditure incurred or to be incurred by the director (i) in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust by the director in relation to the company or an associated company of the company; (ii) in putting up a defence in an investigation; (iii) or against any action taken or proposed to be taken by a regulatory authority in relation to any alleged misconduct by the director; or</li> <li>• to enable such a director to avoid incurring such expenditure,</li> </ul> <p>provided that:</p> <ul style="list-style-type: none"> <li>• the funds are to be repaid, or any liability of the company incurred in relation to that transaction is to be discharged, if:</li> </ul>

Australia	Hong Kong
	<ul style="list-style-type: none"> <li>○ the director is convicted in the proceedings; or</li> <li>○ judgment is given against the director in the proceedings; or</li> <li>○ the court refuses to grant the director relief on the application; or</li> <li>○ the director is found in the investigation or action to have committed the misconduct; and</li> </ul> <ul style="list-style-type: none"> <li>● that the funds are to be so repaid, or such liability is to be so discharged, not later than the date when the conviction, judgment or refusal of relief or finding becomes final.</li> </ul> <p>There are also restrictions on payments to directors for loss of office and for long service contracts with directors. Furthermore, there are restrictions on directors being interested in material contracts, arrangements and transactions with the company.</p>
<b>Transactions involving Directors: The Hong Kong and Australian listing rule requirements apply</b>	
<p>The Listing Rules will prohibit Retech from acquiring a substantial asset from, or disposing of a substantial asset to, any of its Directors unless it obtains shareholder approval. Additionally, the Listing Rules will prohibit Retech from issuing securities to any of its Directors unless Retech obtains shareholder approval or the share issue is exempt (such as pro rata issues to shareholders).</p> <p>The Corporations Act prohibits a public company from giving a Director a financial benefit unless either the public company obtains shareholders' approval or the financial benefit is exempt.</p>	<p>The Hong Kong Companies Ordinance prohibits Retech from making a loan or quasi-loan to, providing guarantee or security in connection with a loan or quasi-loan, or entering into credit transaction as creditor for (i) a director of the company or of a holding company of that company; (ii) a body corporate controlled by such a director; or (iii) an entity connected with such a director, without the prescribed approval of members.</p>
<b>Protection of minorities: The Hong Kong legal requirements apply</b>	
<p>Under the Corporations Act, any shareholder of an Australian Company can apply for an order from the court in circumstances where the conduct of the Company's affairs, or any actual or proposed act or omission or resolution is either: contrary to the interests of shareholders as a whole; or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any shareholders in that capacity or any other capacity.</p>	<p>The Hong Kong Companies Ordinance provides certain safeguards in an effort to ensure that majority power is not abused. For example:</p> <ul style="list-style-type: none"> <li>● members who hold 5% of the total voting rights of all the members may request the directors to call a general meeting;</li> <li>● members who hold 2.5% of the total voting rights of all members may request for a resolution to be considered at the company's annual general meeting or apply to the court to inspect any records of a company;</li> <li>● a member is entitled to seek relief from the court if the affairs of the company are being conducted in a manner unfairly prejudicial to the interests of the members generally or of one of more members;</li> </ul>



Australia	Hong Kong
	<ul style="list-style-type: none"> <li>• a member is entitled to bring a statutory derivative action, or intervene in, court proceedings in the event of misconduct committed against a company on behalf of the company; and</li> <li>• a member may petition for the company to be wound up by the court.</li> </ul> <p>The law in Hong Kong permits shareholders, with the permission of a court, to start a derivative action on behalf and under the name of a company against directors in breach of their duties.</p> <p>Hong Kong Companies Ordinance also provides for statutory derivative actions which cover:</p> <ul style="list-style-type: none"> <li>• the bringing of proceedings in respect of misconduct committed against a company;</li> <li>• the bringing of proceedings in respect of any matter where a company has failed to bring proceedings in respect of such matter by reason of misconduct committed against the company; and</li> <li>• the intervention in proceedings in respect of any matter where a company has failed to diligently continue, discontinue or defend the proceedings in respect of such matter by reason of misconduct committed against the company, where in relation to the proceedings brought or intervened in, the cause of action or right to continue, discontinue or defend those proceedings, as the case may be, is vested in the company and relief, if any, is sought on behalf of the company.</li> </ul>
<b>Filing documents / access to information: The Hong Kong and Australian legal requirements apply</b>	
<p>The Corporations Act requires a corporation to file various documents with ASIC, including its accounts, notification of changes to its constitution and notifications regarding changes to the director, secretary and share capital.</p> <p>Documents filed with ASIC are available to the public. The Corporations Act also provides for a statutory right permitting the member to inspect the books of a company.</p>	<p>The Hong Kong Companies Ordinance requires a company to file various documents with the Hong Kong Companies Registry including, without limitation: changes to its articles of association, annual returns, notification of change of company secretary and director, and return of allotments.</p> <p>Documents filed with the Hong Kong Companies Registry are available for inspection by the public.</p> <p>The Hong Kong Companies Ordinance also provides members of the company with certain inspection rights in respect of the records of a company.</p>
<b>Notice of meetings: The Hong Kong legal requirements apply</b>	
<p>The Corporations Act requires at least 28 days' notice of a general meeting of a listed company.</p>	<p>The Hong Kong Companies Ordinance provides that the length of notice for calling an annual general meeting shall not be less than 21 days' notice in writing.</p> <p>In the case of a meeting which is not an annual general meeting, the length of notice shall not be less than 14 days' notice in writing.</p>



Australia	Hong Kong
<b>Insider trading: The Australian legal requirements apply</b>	
<p>The Corporations Act insider trading provisions should apply to transactions relating to Retech shares that occur within Australia</p>	<p>The SFO insider dealing provisions are in relation to a corporation which securities are listed on the Stock Exchange of Hong Kong Limited or dual listed on both the Stock Exchange of Hong Kong Limited and outside of Hong Kong.</p>
<b>Removal of directors: The Hong Kong legal requirements apply</b>	
<p>The Corporations Act contains various provisions regarding resignation, removal and retirement of directors.</p> <p>The Corporations Act provides that a director may be removed by resolution at a general meeting, subject to a company receiving at least two months' notice of the intention to move the resolution and Retech notifying the relevant director as soon as possible after receiving notice of that intention.</p> <p>The Corporations Act also provides what is termed the 'two-strikes' law which is designed to hold directors accountable for executive salaries and bonuses. It means an entire company board can face re-election if shareholders disagree with how much executives are being paid.</p> <p>The 'first strike' occurs when a company's remuneration report - which outlines each director's individual salary and bonus - receives a 'no' vote of 25 per cent or more by shareholders at the company's annual general meeting.</p> <p>The 'second strike' occurs when a company's subsequent remuneration report also receives a 'no' vote of 25 per cent or more.</p> <p>When a 'second strike' occurs, the shareholders will vote at the same AGM to determine whether all the directors will need to stand for re-election. If this 'spill' resolution passes with 50 per cent or more of eligible votes cast, then a 'spill meeting' will take place within 90 days.</p> <p>At the spill meeting, those individuals who were directors when the directors' report was considered at the most recent AGM will be required to stand for re-election (other than the managing director, who is permitted to continue to run the company).</p>	<p>The Hong Kong Companies Ordinance contains various provisions regarding resignation, removal and retirement of directors.</p> <p>The Hong Kong Companies Ordinance provides that a company may by ordinary resolution remove a director before the expiration of his period of office.</p> <p>If a member requires a general meeting of the company to consider a resolution removing a director, he must give the company special notice of that proposed resolution at least 28 days before the meeting.</p> <p>The company must, if practicable, give the members notice of the proposed resolution at the same time and in the same manner as it gives notice of the meeting.</p> <p>There is no equivalent of the 'two-strikes' law in Hong Kong.</p>

Australia	Hong Kong
<b>Directors' duties: The Hong Kong legal requirement apply</b>	
<p>The laws governing directors' duties and responsibilities come from three areas, namely; the common law (judge-made law), statute law, under the Corporations Act and a company's constitution.</p> <p>Common law duties include:</p> <ul style="list-style-type: none"> <li>• Duty to act bona fide (in good faith) in the interests of the company as a whole;</li> <li>• Duty not to act for an improper purpose;</li> <li>• Duties of care and diligence;</li> <li>• Duty to retain discretion;</li> <li>• Duty to avoid conflicts of interest;</li> <li>• Duty not to disclose confidential information;</li> <li>• Duty not to abuse corporate opportunities.</li> <li>• Statutory duties include:</li> <li>• Duty of care and diligence and the business judgment rule;</li> <li>• Duty of good faith;</li> <li>• Duty not to make improper use of position;</li> <li>• Duty not to make improper use of information;</li> <li>• Duty not to trade while insolvent;</li> <li>• Disclosure of material personal interests;</li> <li>• Financial benefits to related parties of public companies;</li> <li>• Financial reporting.</li> </ul>	<p>The duties of directors derive from various sources, including the constitution of the company, case law and statute law.</p> <p>Common law duties include:</p> <ul style="list-style-type: none"> <li>• duty to act in good faith for the benefit of the company as a whole;</li> <li>• duty to use powers for a proper purpose for the benefit of members as a whole;</li> <li>• duty not to delegate powers except with proper authorisation and duty to exercise independent judgment;</li> <li>• duty to avoid conflicts of interest between personnel interests and interests of the company;</li> <li>• duty not to enter into transactions in which the directors have an interest except in compliance with the requirements of the law;</li> <li>• duty not to gain advantage from use of position as a director;</li> <li>• duty not to make unauthorised use of the company's property or information;</li> <li>• duty not to accept personal benefit from third parties conferred because of one's position as a director;</li> <li>• duty to observe the company's memorandum and articles of association and resolutions; and</li> <li>• duty to keep proper books of accounts.</li> <li>• Statutory duties include:</li> <li>• duty to exercise care, skill and diligence; and</li> <li>• duty to disclose material personal interests.</li> </ul>

### 11.7. Litigation

To the knowledge of the Directors there is no current, pending or threatened litigation with which Retech is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of Retech.

### 11.8. Related party interests

There are no existing agreements or arrangements and there are no currently proposed transactions in which Retech was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest, other than:

- The compensation arrangements with Directors and executive officers, which are described in Section 4.1 and 4.2 of this Prospectus; and
- The agreements and deeds listed as 'related party agreements' in Section 4.1 of this Prospectus.

## 11.9. Taxation implications of investing under the Offer

The taxation consequences of any investment in CDIs will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in Retech. If you are in doubt as to the course you should follow, you should seek your own professional advice. This overview is based on legislation as currently enacted. The following is general in nature and should not be relied upon or used as advice.

If you have a different investing structure to what is addressed below we would recommend seeking your own independent advice.

### *Australian tax implications*

- Retech implications

Retech was not incorporated in Australia and based on its current operations, it does not carry on any business in Australia. Therefore, there are no Australian income tax implications for Retech arising from the Offer of CDIs and listing on the ASX because Retech is not an Australian tax resident for income tax purposes, it has no presence or permanent establishment in Australia.

Australian income tax implications will need to be considered if Retech has a presence in Australia via a permanent establishment.

- CDI Holder and shareholder income tax implications

#### Dividends received

Retech dividends received by Australian tax resident individuals must be included in their assessable income as foreign income and subject to income tax at their marginal tax rate. No franking credits will be available as Retech will not maintain a franking account.

For Australian tax resident companies that hold an amount of CDIs that gives them the equivalent of less than 10% of the voting power in Retech and receive Retech dividends, the dividends are assessable income in the year the dividends are paid and will be subject to income tax at the company tax rate.

For Australian tax resident companies that hold an amount of CDIs that gives them the equivalent of at least 10% of the voting power in Retech and receive Retech dividends, the dividends will be non-assessable non-exempt income for Australian tax purposes and no Australian tax will be payable.

Non-Australian tax resident individuals, temporary Australian tax resident individuals and non-Australian tax resident company CDI holders will not be assessed on any dividends they receive from Retech because it is not Australian sourced income.

Australian shareholders will not be entitled to any foreign income tax offset in respect of dividends received because Hong Kong does not impose withholding tax.

#### Capital gains tax (CGT) from disposal of CDIs

The conversion between CDI's and Shares by a Shareholder will not trigger any CGT event (because beneficial ownership of the CDIs or Shares will not change). The disposal of CDIs or Shares by Australian tax resident individual, trust or complying superannuation fund through trading on the ASX will trigger CGT event A1. The CDI holder will make a capital gain when the capital proceeds received from the disposal of the CDI or shares exceed its original cost base. Similarly, a capital loss will be incurred if the CDI holder or shareholder receives capital proceeds that are less than the reduced cost base. The cost base, in an arm's length transaction, is generally the value of the consideration paid to acquire (plus transaction costs).

In preparing their Australian income tax return, Shareholders will need to total their individual capital gains and capital losses in a year of income to ascertain whether they have a net capital gain or loss for the year of income.

Australian tax resident individuals and trusts that hold their CDIs for more than 12 months will be entitled to discount any capital gain (after applying any capital losses) by 50%. Australian tax resident complying superannuation funds that hold their CDIs for more than 12 months will be entitled to discount any capital gain (after applying capital losses) by 33 ⅓%. Australian tax resident companies are not entitled to the CGT discount.

Any resulting net capital gain is included in assessable income and for Australian resident individuals is subject to income tax at their personal marginal tax rate. A net capital loss may be carried forward to offset against capital gains derived in future income years. However, a capital loss may not be offset against other income for income tax purposes.

The disposal of CDIs or Shares by an Australian tax resident company will be subject to CGT in Australia in largely the same way as for an Australian tax resident individual (outlined above), except that:

- a company's assessable income is subject to income tax at the company tax rate;
- if the Australian tax resident company holds a direct voting interest of 10% or more in Retech throughout a 12 month period within the 24 months prior to the disposal, the capital gain or loss may be reduced to the extent that Retech has active foreign business assets at the time of the CGT event. This will depend on the mix of assets held by Retech at that time and Shareholders should seek independent professional advice in this respect; and
- the capital gains discount concession is not available to a company.

The disposal of CDIs by non-Australian tax resident entities and temporary Australian tax resident entities will not be taxable in Australia as Retech does not have any property assets in Australia. Therefore the CDIs are not taxable Australian property.

The above analysis is provided the CDIs are held on capital account. If held on revenue account then the gain on disposal will be included in assessable income of Australian resident taxpayers. We would recommend that advice is sought to determine appropriate characterisation on disposal.

- Other Australian tax implications

Please note the Australian accruals taxation system aims to tax Australian residents on an accruals basis on their share of income derived by certain foreign entities which has not been comparably taxed offshore by attributing the entity's income to the Australian resident even if the income has not been distributed.

Broadly, these provisions would generally only have potential application where Retech is a controlled foreign company ("CFC"). Retech could be considered a CFC where:

- Five or fewer Australian shareholders hold more than 50% of the underlying share capital in Retech;
- Single Australian entity (and its associates) has a 40% control interest in the foreign company; or
- Five or fewer Australian entities have actual control of the company.

Retech investors should seek their own independent advice in relation to the potential impact of the Controlled Foreign Company (CFC) rules.

- Stamp duty

Transfer duty is no longer imposed on the transfer of shares in Australia. Furthermore, landholder duty or land rich duty is only imposed where the relevant entity owns land or has an interest in land in Australia.

Retech does not own any land or hold any interests in land in Australia. Retech is also not a default beneficiary of any trusts that owns land or holds any interests in land in Australia.

Accordingly, the acquisition of CDIs by investors will not give rise to a stamp duty liability in any Australian jurisdiction.

- Goods and Services Tax (“GST”)

Under Australian GST Law, the supply of securities (including CDIs) is an input taxed financial supply.

As such, Retech investors will not be required to pay any GST on acquisition of the CDIs.

However, investors may incur GST on brokerage costs and associated services.

Where Retech investors are registered for GST, they may not be entitled to claim input tax credits for costs associated with the acquisition (such as brokerage costs, legal fees or professional fees). It is recommended that investors obtain independent advice in relation to their entitlement to claim input tax credits on these costs.

### *Hong Kong tax implications*

#### Taxation of interest income

On the basis that Retech is not a financial institution, interest income received by Retech from deposits placed in Hong Kong with an authorized institution is exempt from Hong Kong profits tax, after deduction of all allowable outgoings and expenses under the Inland Revenue Ordinance (“IRO”) incurred in producing such interest, provided that the deposit is not used to secure or guarantee money borrowed generating tax deductible interest expenses under the IRO. Interest income received by Retech from offshore bank deposits should be non-taxable on the basis that the provision of credit is made outside Hong Kong.

#### Taxation of dividend income

Dividend income received from local corporations which are chargeable to profits tax under the IRO is specifically exempt from Hong Kong profits tax. In addition, dividend income received from overseas corporations which operate their business outside Hong Kong is regarded as having a non-Hong Kong source and therefore is also not subject to Hong Kong profits tax.

The above tax comments are designed to be general information in nature and do not constitute tax advice. Shareholders should seek professional advice on how the matters considered above apply to them.

## 11.10. Interests of experts and advisors and remuneration

Other than as set out below, no person named in this Prospectus as providing professional or advisory services in connection with the preparation of this Prospectus or any firm in which any such person is a partner:

- has or had at any time during the two years preceding the date of the Prospectus, any interest in the formation or promotion of Retech, or in any property acquired or proposed to be acquired by Retech or the Offer; or
- has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of Retech or the Offer.

Investorlink Corporate Limited has acted as the Corporate Advisor to the Offer and will receive a Corporate Advisor fee of A\$380,000. Investorlink Securities Ltd, a related entity of Investorlink Corporate Limited, holds 2,666,667 (1.19% based on the Maximum Subscription being raised) of the issued share capital of Retech).

BDO (QLD) Pty Ltd has acted as the Corporate Restructure Advisor to the Offer and will receive a Corporate Restructure Advisor fee of A\$220,000.

RM Corporate Finance Pty Ltd AFSL 315235 has acted as the Lead Manager to the Offer and will receive a Lead Manager fee of 6% of the equity funds raised by the Offer. This will equal to A\$1,350,000 in the event the Maximum Subscription under the Offer is raised.

Grant Thornton Corporate Finance Pty Ltd have acted as the Australian Investigating Accountant and provided the Independent Limited Assurance Report in Section 10 of this Prospectus. Retech has paid or agreed to pay an amount of approximately A\$200,000 (plus disbursements) in respect of these services. Further amounts may be paid to Grant Thornton Corporate Finance Pty Ltd in accordance with time-based charges.

Grant Thornton Hong Kong Limited has accepted the appointment to act as the Auditor to Retech. Grant Thornton Hong Kong Limited does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Grant Thornton Hong Kong Limited. Grant Thornton Hong Kong Limited has not provided any audit or other services for the listing or Prospectus purposes or since Retech's incorporation. Grant Thornton Hong Kong Limited has been appointed solely as the Company's auditor for the forthcoming statutory audit and review services.

HWL Ebsworth Lawyers has acted as the Australian legal advisor to Retech and performed work in relation to due diligence enquiries on Australian legal matters. Retech has paid or agreed to pay an amount of A\$200,000 (plus disbursements) in respect of these services. Further amounts may be paid to HWL Ebsworth Lawyers in accordance with time-based charges.

Howse Williams Bowers has acted as Hong Kong legal advisor to Retech and performed work in relation to due diligence enquiries on Hong Kong legal matters. Retech has paid or agreed to pay an amount of approximately HK\$370,000 (approximately A\$64,500) in respect of these services. Further amounts may be paid to Howse Williams Bowers in accordance with time-based charges.

AllBright Law Offices (Shanghai) has acted as China legal advisor to Retech and performed work in relation to due diligence enquiries on relevant intellectual property and China legal matters. Retech has paid or agreed to pay an amount of approximately RMB850,000 (approximately A\$166,670) in respect of these services. Further amounts may be paid to AllBright Law Offices (Shanghai) in accordance with time-based charges.

## 11.11. Offer expenses

The costs associated with the Offer (with the exception of the capital raising costs detailed below) were paid by Lumina Looque Knowledge Hubs Pte. Ltd as part of the consideration for the issue of its Shares. The capital raising costs will be paid out of the funds raised under the Offer. Refer to Sections 3.9 and 11.2 for detail of the Shares issued to Lumina Looque Knowledge Hubs Pte. Ltd.

The table below outlines the expenses of the Offer.

Estimated cost (exclusive of GST)	A\$ (Minimum Subscription)	A\$ (Maximum Subscription)
Capital raising costs <sup>1</sup>	\$1,050,000	\$1,350,000
Corporate advisory <sup>2</sup>	\$465,000	\$465,000
Legal fees <sup>3</sup>	\$340,000	\$340,000
ASX fees <sup>4</sup>	\$138,000	\$140,000
ASIC fees	\$2,350	\$2,350
Investigating accountant and taxation fees	\$249,000	\$249,000
Marketing and advertising costs	\$235,000	\$235,000
Printing and other costs	\$20,000	\$20,000
Other costs <sup>5</sup>	\$863,000	\$863,000
<b>Total estimated costs</b>	<b>\$3,362,350</b>	<b>\$3,664,350</b>

Notes:

1. Consist of brokerage fees paid to the Lead Manager. Refer to Section 11.11 of this Prospectus for further information. These costs will be paid from the funds raised under the Offer.

2. Corporate advisory fees cover the fees payable to the Corporate Advisor and Corporate Restructure Advisor and the management of the IPO process; the selection and management of other advisors; co-ordination and advice on the presentation and marketing of the Company; advice on the offer structure, the amount of equity to be offered, restrictions on equity trading and CDI structure, the dividend policy and capital structure post IPO; advise on the timing and likely pricing of the offering; participation in the due diligence process; preparation of the IPO prospectus and related documentation and assistance in dealings with ASX and ASIC in relation to the IPO.

3. Legal fees cover the fees incurred by each of HWL Ebsworth Lawyers (Australian legal advisor), Howse Williams Bowers (Hong Kong legal advisor) and AllBright Law Offices (Shanghai) (Chinese legal advisor).

4. ASX fees are based on the issue price of the CDIs and the anticipated issued share capital of Retech after allotment of the CDIs.

5. The other costs primarily relate to preparatory costs for the Offer and include audit and accounting fees and restructure costs.

## 11.12. Consents

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in the Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent.

Each of the parties referred to below has not caused the issue of this Prospectus and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described below:



Name of entity	Named as	Reports or statements
Grant Thornton Hong Kong Limited	Auditor	No
Investorlink Corporate Limited	Corporate Advisor	No
BDO (QLD) Pty Ltd	Corporate Restructure Advisor	No
RM Corporate Finance Pty Ltd	Lead Manager	No
Grant Thornton Corporate Finance Pty Ltd	Investigating Accountant	Independent Limited Assurance Report in Section 10
HWL Ebsworth Lawyers	Australian legal advisor to the Offer	No
Howse Williams Bowers	Hong Kong legal advisor to the Offer	No
AllBright Law Offices (Shanghai)	Chinese legal advisor to the Offer	The Allbright Legal Opinion incorporated by reference into this Prospectus
Computershare Investor Services Pty Limited	Share Registry for Retech	No

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named.

Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

On the basis that no statements are included in the Prospectus which are made by TAFE Queensland or based on statements by TAFE Queensland, TAFE Queensland has not given formal consent to be named in this Prospectus.

### 11.13. ASX waivers and confirmations

ASX has granted the following confirmations described below in connection with the Company's admission to the official list of ASX:

- After listing Retech may prepare its financial statements and corresponding disclosures in accordance with HKFRS and in RMB only and will not be required to provide a statement reconciling its accounts to Australian Accounting Standards as defined in the Corporations Act;
- After listing Retech may use Hong Kong Auditing Standards on quality control, auditing, assurance and related services in the preparation of financial accounts.

Following the lodgement of an Application for In-Principle Advice with the ASX, it is likely the ASX will not apply ASX imposed escrow as detailed in Listing Rule 9 and Appendix 9B of the ASX Listing Rules.

No Listing Rules waivers are required

### 11.14. Working capital statement

The Directors believe that, on completion of the Offer, Retech will have sufficient working capital to carry out its objectives as stated in this Prospectus.

### 11.15. Electronic Prospectus

The use of electronic disclosure documents is permitted under Chapter 6D of the Corporations Act. If you have received this Prospectus as an electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact Retech's Offer Information Line on 1300 783 681 (from within Australia) or +61 3 9415 4202 (from outside Australia) and Retech will send to you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Retech reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application moneys received will be dealt with in accordance with section 722 of the Corporations Act.

### 11.16. Governing law

This Prospectus and the contracts that arise from the acceptance of Applications under the Offer are governed by the law applicable in New South Wales, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

### 11.17. Statement of significant accounting policies

#### Basis of preparation

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable 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.

The significant accounting policies that have been used in the preparation of the Financial Information are summarised below. These policies have been consistently applied to all the periods presented unless otherwise stated.

At the date of authorisation of these financial statements, certain new and amended HKFRs have been published but are not yet effective, and have not been early adopted by the Company. Management is currently assessing the possible impact of these amendments of the Company's results and financial position in the first year of application.

The consolidated financial statements have been prepared on the historical cost basis. The measurement bases are fully described in the accounting policies below.

#### Basis of consolidation

The Financial Information incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Company has power over the entity, only substantive rights relating to the entity (held by the Company and others) are considered.

The Company includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the company ceases to control the subsidiary.

Intra-Company transactions, balances and unrealised gains and losses on transactions between Company companies are eliminated in preparing the Financial Information. Where unrealised losses on intra-Company asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Company's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Company has not agreed any additional terms with the holders of those interests which would result in the Company as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Company can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Company are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the owners of the Company.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal Company. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

## Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the

Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

Where the consideration the Company transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounting for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as appropriate, with corresponding gain or loss being recognised in profit or loss.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Company obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

## Associates

An associate is an entity over which the Company has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In consolidated financial statements, an investment in an associate is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Company, plus any costs

directly attributable to the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Company's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the Company's interest in the associate is carried at cost and adjusted for the post-acquisition changes in the Company's share of the associate's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal Company that is classified as held for sale). The profit or loss for the period includes the Company's share of the post-acquisition, post-tax results of the associate for the period, including any impairment loss on the investment in associate recognised for the period. The Company's other comprehensive income for the period includes its share of the associate's other comprehensive income for the period.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associates. Where unrealised losses on assets sales between the Company and its associate are reversed on equity accounting, the underlying asset is also tested for impairment from the Company's perspective. Where the associate uses accounting policies other than those of the Company for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Company when the associate's financial statements are used by the Company in applying the equity method.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Company's interest in the associate is the carrying amount of the investment under the equity method together with the Company's long-term interests that in substance form part of the Company's net investment in the associate.

After the application of equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in its associates. At each reporting date, the Company determines whether there is any objective evidence that the investment in associate is impaired. If such indications are identified, the Company calculates the amount of impairment as being the difference between the recoverable amount (higher of value in use and fair value less costs of disposal) of the associate and its carrying amount. In determining the value in use of the investment, the Company estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including cash flows arising from the operations of the associate and the proceeds on ultimate disposal of the investment.

Under the equity method, the Company's interest in the associate is carried at cost and adjusted for the post-acquisition changes in the Company's share of the associate's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal Company that is classified as held for sale). The profit or loss for the reporting period includes the Company's share of the post-acquisition, post-tax results of the associate for the period, including any impairment loss on the investment in associate recognised for the period. The Company's other comprehensive income for the period includes its share of the associate's other comprehensive income for the period.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associates. Where unrealised losses on assets sales between the Company and its associate are reversed on equity accounting, the underlying asset is also tested for impairment from the Company's perspective. Where the associate uses accounting policies other than those of the Company for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the company when the associate's financial statements are used by the Company in applying the equity method.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made

payments on behalf of the associate. For this purpose, the Company's interest in the associate is the carrying amount of the investment under the equity method together with the Company's long-term interests that in substance form part of the Company's net investment in the associate.

After the application of equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in its associates. At each reporting date, the Company determines whether there is any objective evidence that the investment in associate is impaired. If such indications are identified, the Company calculates the amount of impairment as being the difference between the recoverable amount (higher of value in use and fair value less costs of disposal) of the associate and its carrying amount. In determining the value in use of the investment, the Company estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including cash flows arising from the operations of the associate and the proceeds on ultimate disposal of the investment.

## Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, as follows:

- Computer and office equipment                      3 years
- Furniture and fixtures                                      2 - 3 years
- Leasehold improvement                                  3 - 5 years
- Motor Vehicles    5 years

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

## Intangible assets (Other than goodwill)

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives.

Amortisation commences when the intangible assets are available for use. The following useful lives are applied:

- Software    10 years

Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses. The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Intangible assets, with finite and indefinite useful lives, are tested for impairment as described below.

## Financial assets

The Company's financial assets are classified as loans and receivables.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

## Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

## Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Company about one or more of the following loss events:

- Significant financial difficulty of the debtor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the debtor will enter bankruptcy or other financial Restructure;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- The disappearance of an active market for that financial asset because of financial difficulties; and
- A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.



Loss events in respect of a Company of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the Company of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the Company and, national or local economic conditions that correlate with defaults on the assets in the Company.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in the profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss of the period in which the reversal occurs.

Impairment losses on financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Company is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

## Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

## Financial liabilities

The Company's financial liabilities include trade and other payables, borrowings, amount due to immediate holding company and amount due to a fellow subsidiary. Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the profit or loss.

Trade and other payables, borrowings, amount due to immediate holding company and amount due to a fellow subsidiary

Trade and other payables, borrowings, amount due to immediate holding company and amount due to a fellow subsidiary are recognised initially at its fair value and subsequently measured at amortised cost, using the effective interest method.

## Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Company 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.

### *Classification of assets leased to the Company*

Assets that are held by the Company under leases which transfer to the Company 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 Company are classified as operating leases.

### *Operating lease charges as the lessee*

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

## Paid up capital

Paid up capital is classified as equity. It is determined using the proceeds from capital contributions made by the investors.

## Revenue recognition

Sales of services are recognised in the accounting period in which the services are rendered. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The stage of completion of a transaction is determined by the proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

When services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

Interest income is recognised on a time-proportion basis using the effective interest method.

## Impairment of non-financial assets

The following assets are subject to impairment testing:

- Property, plant and equipment
- Intangible assets; and
- The Company's interest in an associate

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest Company of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Employee benefits

### *Retirement benefits*

Retirement benefits to employees are provided through a defined contribution plan.

The employees of the Company are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute portion of its payroll costs to the central pension scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the period. The Company's obligations under these plans are limited to the fixed percentage contributions payable.

### *Short-term employee benefits*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

## Borrowing costs

Borrowing costs are expensed when incurred.

## Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the tax periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognised as a component of tax expense in the profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax liabilities are not recognised if the temporary difference arises on investment in a subsidiary, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit and loss or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if:

- (a) the Company has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company presents deferred tax assets and deferred tax liabilities in net if, and only if:

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Company if:

- (a) The party, is a person or a close member of that person's family and that person,
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company; or
- (b) The party is an entity where any of the following conditions applies:
  - (i) the entity and the Company are members of the same Company;
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member);
  - (iii) the entity and the Company are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## Critical Accounting Estimates and Judgements

It should be noted that accounting estimates and assumptions are used in preparation of the Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed below.

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

## Significant judgements - Impairment of investments in subsidiaries

Investments in subsidiaries are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. This process requires management's estimate of future cash flows generated by each asset or group of assets. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the statement of profit or loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

## Significant judgements - Impairment of receivables

The Company's management determines impairment of receivables on a regular basis. This estimate is based on the credit history of its customers and current market conditions. Management reassesses the impairment of receivables at each reporting date.

## Significant judgements – Income taxes

The Company is subject to income taxes in jurisdiction in which the Company operates. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

## Significant judgements –non-financial assets

The Company depreciates its non-financial assets in accordance with the accounting policy stated previously. The estimated useful lives reflect management's estimates of the period that the Company will derive future economic benefits from the use of the Company's property, plant and equipment. Management reassesses the estimated useful lives at each reporting date.

## Significant judgements –impairment of goodwill

The Company tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated previously. The recoverable amounts of cash-generating units have been determined based on management's calculations.

**11.18. Statement of directors**

The Directors report that after due enquiries by them, in their opinion since the date of the unaudited financial statements disclosed in Section 7 (Financial Information), there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of Retech, other than as disclosed in this Prospectus.

Each Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of Retech Technology Co., Limited by:



Mr Ai Shungang  
Co-Chairman



Mr Calvin Cheng  
Co-Chairman



## 12 Glossary

In this Prospectus, the following terms and abbreviations have the following meanings, unless the context otherwise requires:

<b>A\$ or AUD</b>	The lawful currency of Australia.
<b>AEST</b>	Australian Eastern Standard Time in Sydney, as adjusted for daylight saving, if applicable.
<b>Applicant</b>	Person who submits a valid Application Form pursuant to this Prospectus.
<b>Application</b>	A valid application to subscribe for CDIs under the Offer pursuant to this Prospectus.
<b>Application Form</b>	The application form attached to or accompanying this Prospectus for investors.
<b>Application Monies</b>	Money submitted by applicants under the Offer in respect of their applications for CDIs.
<b>Acquired Intellectual Property</b>	The intellectual property acquired by Ruijian Information Technology from entities within the GRP Group pursuant to the terms of several Intellectual Property Transfer Agreements. Detail is provided in Section 3.7.
<b>Allbright Legal Opinion</b>	The Legal Opinion issued by AllBright Law Offices (Shanghai) and set out on Retech's website at <a href="http://www.retech-rte.com">www.retech-rte.com</a> . Detail of the legal opinion is provided in Section 3.7.
<b>Articles of Association</b>	The amended and restated articles of association of Retech adopted on 1 December 2016 with effect from 1 December 2016 and as amended from time to time, a summary of the current version of which is set out in Section 11.5 of this Prospectus.
<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>Assigned Client Contracts</b>	Contracts between Clients and Retech Digital for the provision of E-Learning Solutions which have been assigned to Retech Digital by SHR. Detail is provided in Section 3.5.
<b>ASX Settlement</b>	ASX Settlement Pty Limited ACN 008 504 532.
<b>ASX Settlement Operating Rules</b>	The settlement rules of the settlement facility provided by ASX Settlement.
<b>ASX</b>	ASX Limited ACN 008 624 691, or the securities market it operates, as the context requires.
<b>ASX Corporate Governance Principles</b>	The ASX Corporate Governance Principles and Recommendations (3 <sup>rd</sup> Edition) of the ASX Corporate Governance Council as at the date of this Prospectus.
<b>Board</b>	The board of Directors of Retech.
<b>CDI</b>	A CHESS Depositary Interest in one Share.
<b>CDN</b>	CHESS Depositary Nominees Pty Limited ACN 071 346 506, an entity registered in Australia.
<b>Co-Chairmen</b>	Mr Ai Shungang and Mr Calvin Cheng.
<b>CHESS</b>	The Clearing House Electronic Sub-Register System of share transfers operated by ASX Settlement.

<b>CHESS Depository Interest</b>	CHESS Depository Interests represent the beneficial interest in shares in a foreign company such as Retech. Further information is detailed in Section 11.4.
<b>Circular 37</b>	Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Round-Trip Investment Conducted by Domestic Residents Through Special-Purpose vehicles.
<b>Client</b>	A client of Retech.
<b>Client Contracts</b>	Contracts between Clients and Retech Digital for the provision of E-Learning Solutions. These Client Contracts may have been entered into directly or may have been assigned to Retech Digital by SHR (referred to as Assigned Client Contracts). Detail is provided in Section 3.5.
<b>Closing Date</b>	The date the Offer closes as detailed in the timetable on page 9.
<b>Company or Retech</b>	Retech Technology Co., Limited, a company incorporated in Hong Kong with Hong Kong company registration number 2374379 and with ARBN 615 153 332.
<b>Completion</b>	The date on which CDIs are allotted under the Offer.
<b>Conversion Date</b>	1 December 2016.
<b>Corporations Act</b>	The Corporations Act 2001 (Cth), legislation of the Commonwealth of Australia.
<b>Commitment Letter (GRP)</b>	Detail is provided in Section 4.1 and 4.2.
<b>Commitment Letter (SHR)</b>	Detail is provided in Section 4.1 and 4.2.
<b>Corporate Advisor</b>	Investorlink Corporate Limited ACN 097 504 339, an entity registered in Australia.
<b>Corporate Governance Plan</b>	The corporate governance plan adopted by Retech and set out on Retech's website at <a href="http://www.retech-rte.com">www.retech-rte.com</a> . Detail of the corporate governance plan is provided in Section 8.5.
<b>Deed of Non-Competition</b>	Detail is provided in Section 4.1 and 4.2.
<b>Directors</b>	Directors of Retech as at the date of this Prospectus.
<b>E-Course Direct</b>	The business channel described in Section 3.2.
<b>E-Courseware</b>	Training material uploaded onto a physical device (including CD, diskette or DVD) or uploaded to the internet on a secure E-Learning Platform.
<b>E-Learning</b>	Learning conducted via electronic media, typically on the Internet.
<b>E-Learning Platforms</b>	The platforms designed, developed and built by Retech through which Retech delivers E-Learning, these platforms may include social media, internet and mobile phone devices.
<b>E-Learning Solutions</b>	The business channel described in Section 3.2.
<b>E-Training Partnership</b>	The business channel described in Section 3.2.
<b>Existing Holders</b>	Those persons or entities who are Shareholders at the date of this Prospectus.
<b>Exposure Period</b>	The seven day period after the date of lodgement of the Prospectus with ASIC. This period may be extended by ASIC for a further period of up to seven days.

<b>Financial Information</b>	The Historical Financial information and Forecast Financial Information set out in Section 7 (Financial Information).
<b>Fixed Assets</b>	The plant and equipment acquired by Retech Digital under the terms of the Fixed Asset Transfer Agreement 1 and Fixed Asset Transfer Agreement 2.
<b>Fixed Asset Transfer Agreement 1</b>	Detail is provided in Section 4.1 and 4.2.
<b>Fixed Asset Transfer Agreement 2</b>	Detail is provided in Section 4.1 and 4.2.
<b>Forecast Financial Information</b>	<ul style="list-style-type: none"> <li>• pro forma and statutory forecast consolidated income statements for the six months ending 31 December 2016 (2HY2016) and 30 June 2017 (1HY2017) (<b>Pro forma and Statutory Forecast Income Statements</b>); and</li> <li>• pro forma and statutory forecast consolidated net cash flows for the six months ending 31 December 2016 (2HY2016) and 30 June 2017 (1HY2017) (<b>Pro forma and Statutory Forecast Cash Flows</b>);</li> </ul> <p>together referred to as the “<b>Forecast Financial Information</b>”.</p>
<b>GRP</b>	Shanghai Retech Enterprise Management Group Co., Ltd., a company incorporated in Shanghai with PRC company registration number 913100005867626778.
<b>GRP Group</b>	<p>GRP and each of the entities it controls which transferred assets to the Retech Group as part of the Restructure being:</p> <ul style="list-style-type: none"> <li>• Shanghai Retech Information Technology Co., Ltd (<b>SHR</b>), a company incorporated in Shanghai with PRC company registration number 913101106693539329.</li> <li>• Jiangsu Retech Education Technology Co., Ltd (<b>JSR</b>), a company incorporated in Zhenjiang, Jiangsu Province with PRC company registration number 913202000601705035.</li> <li>• Yancheng Retech Digital Technology Co., Ltd (<b>YCR</b>), a company incorporated in Yancheng, Jiangsu Province with PRC company registration number 913209135899897384.</li> <li>• Zhenjiang Retech Assets Management Co., Ltd (<b>ZJR</b>), a company incorporated in Zhenjiang, Jiangsu Province with PRC company registration number 913211005668224091.</li> <li>• Wuxi Retech Technology Co., Ltd (<b>WXR</b>), a company incorporated in Wuxi, Jiangsu Province with PRC company registration number 913202006744325204; and</li> <li>• Jiangsu Retech Digital Industrial Park Co., Ltd. (<b>JSRP</b>), a company incorporated in Zhenjiang, Jiangsu Province with PRC company registration number 91321100554652043F.</li> </ul>
<b>GST</b>	Goods and services tax, being a tax charged on the sale of most goods and services in Australia.

<b>Historical Financial Information</b>	<ul style="list-style-type: none"> <li>• Pro forma historical consolidated income statements for the years ended 31 December 2013 (FY2013), 31 December 2014 (FY2014), 31 December 2015 (FY2015), and the 6 months ended 30 June 2016 (1HY2016); (<b>Historical Pro Forma Consolidated Income Statement</b>);</li> <li>• Reviewed historical statement of financial position as at 30 June 2016;</li> <li>• Pro forma historical consolidated statement of financial position as at 30 June 2016 (<b>Pro Forma Consolidated Statement of Financial Position</b>);</li> <li>• Pro forma historical consolidated cashflow statement for the years ended 31 December 2013 (FY2013), 31 December 2014 (FY2014), 31 December 2015 (FY2015), and the 6 months ended 30 June 2016 (1HY2016); (<b>Historical Pro Forma Consolidated Cash Flow Statement</b>);</li> </ul>
<b>Historical Pro Forma Consolidated Cash Flow Statement</b>	Pro forma historical consolidated cash flow statement for the years ended 31 December 2013 (FY2013), 31 December 2014 (FY2014), 31 December 2015 (FY2015), and the 6 months ended 30 June 2016 (1HY2016)
<b>Historical Pro Forma Consolidated Income Statement</b>	Pro forma historical consolidated income statement for the years ended 31 December 2013 (FY2013), 31 December 2014 (FY2014), 31 December 2015 (FY2015), and the 6 months ended 30 June 2016 (1HY2016)
<b>HK\$</b>	The lawful currency of Hong Kong.
<b>HKFRS</b>	The Hong Kong Financial Reporting Standards, a set of financial reporting standards issued by the Hong Kong Institute of Certified Public Accountants in Hong Kong. These standards are consistent with International Financial Reporting Standards (IFRS).
<b>Hong Kong</b>	The Hong Kong Special Administrative Region of the PRC.
<b>Hong Kong Code on Share Buy-backs</b>	The Code on Share Buy-backs approved and published from time to time by the SFC.
<b>Hong Kong Companies Ordinance</b>	The Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time.
<b>Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance</b>	The Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time.
<b>Hong Kong Securities and Futures Ordinance or SFO</b>	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended supplemented or otherwise modified from time to time.
<b>Hong Kong Takeovers Code</b>	The Hong Kong Codes on Takeovers and Mergers and Share Repurchases issued by the SFC, as amended, supplemented or otherwise modified from time to time.
<b>Independent Limited Assurance Report</b>	Independent Limited Assurance Report on the Financial Information.
<b>Intellectual Property Transfer Agreements</b>	Detail is provided in Section 4.1 and 4.2.

<b>IP Licence Agreements (Patent Pending, Software, Courseware)</b>	Detail is provided in Section 4.1 and 4.2.
<b>IPO</b>	Retech's initial public offering of its CDIs (and the Shares underlying the CDIs).
<b>JSR</b>	Jiangsu Retech Education Technology Co., Ltd ( <b>JSR</b> ), a company incorporated in Zhenjiang, Jiangsu Province with PRC company registration number 913202000601705035.
<b>Lead Manager</b>	RM Corporate Finance Pty Ltd ACN 108 084 386 AFSL 315235, an entity registered in Australia.
<b>Letters of Appointment</b>	The Letters of Appointment entered into by each Non- Executive Director. Detail is provided in Section 4.1 and 4.2.
<b>Licensed Intellectual Property</b>	The intellectual property licenced to Retech Digital and consists of 3 Retech Trademarks licensed pursuant to the terms of the Trademark License Agreement. Detail is provided in Section 3.7.
<b>Listing</b>	The listing of the CDIs on the ASX.
<b>Listing Date</b>	The date on which dealings in the CDIs first commence on the ASX, which is expected to be on or around 9 March 2017.
<b>Listing Rules</b>	The official Listing Rules of the ASX.
<b>M&amp;A Rules</b>	Provisions of the Ministry of Commerce on M&A of a Domestic Enterprise by Foreign Investors.
<b>Material Contracts</b>	Those contracts listed and summarised in Section 4 of this Prospectus.
<b>Maximum Subscription</b>	The maximum subscription amount being sought by Retech under the Offer, being A\$22,500,000.
<b>Minimum Subscription</b>	The minimum subscription amount being sought by Retech under the Offer, being A\$17,500,000.
<b>Offer</b>	The invitation in this Prospectus to subscribe for CDIs (and the Shares underlying the CDIs).
<b>Offer Information Line</b>	The offer information line operated by the Share Registry being 1300 783 681 from within Australia) or +61 3 9415 4202 (from outside Australia)
<b>Offer Period</b>	The period during which investors may subscribe for CDIs under the Offer.
<b>Offer Price</b>	A\$0.50 per CDI (equivalent to A\$0.50 per Share).
<b>Opening Date</b>	The date the Offer opens as detailed in the timetable on page 9.
<b>Original Prospectus</b>	The original Prospectus, dated 23 December 2016 for the issue of a maximum of 45,000,000 CDIs (and the underlying Shares) which is replaced by this Prospectus.
<b>Personal Guarantee</b>	Detail is provided in Section 4.1 and 4.2.
<b>PRC or China</b>	People's Republic of China, which for the purposes of this Prospectus, excludes Hong Kong and Macau Special Administrative Regions and Taiwan.
<b>PRC Government or Chinese Government</b>	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organisations of such government or, as the context requires, all of them

<b>Pro Forma Consolidated Statement of Financial Position</b>	Pro forma historical consolidated statement of financial position as at 30 June 2016.
<b>Pro forma and Statutory Forecast Income Statements</b>	Pro forma and statutory forecast consolidated income statements for the six months ending 31 December 2016 (2HY2016) and 30 June 2017 (1HY2017)
<b>Pro forma and Statutory Forecast Cash Flows</b>	Pro forma and statutory forecast consolidated net cash flows for the six months ending 31 December 2016 (2HY2016) and 30 June 2017 (1HY2017)
<b>Prospectus</b>	This replacement Prospectus, dated 27 January 2017 for the issue of a maximum of 45,000,000 CDIs (and the underlying Shares).
<b>Related Body Corporate</b>	Has the meaning ascribed to that term in the Corporations Act.
<b>Restructure</b>	The restructure completed for the purpose of the IPO of Retech. A summary of the Restructure is provided in Section 3.9.
<b>Retech or Company</b>	Retech Technology Co., Limited, a company incorporated in Hong Kong with Hong Kong company registration number 2374379 and with ARBN 615 153 332.
<b>Retech Digital</b>	Shanghai Retech Digital Technology Co., Ltd., a company incorporated in Shanghai with PRC company registration number 91310000MA1G875LXR.
<b>Retech Group</b>	Each of Retech, Retech Digital, Ruijian Information Technology and Retech Holdings.
<b>Retech Holdings</b>	Retech Holdings Co., Limited Ltd., a company incorporated in Hong Kong with HK company registration number 2375386.
<b>Retech Trademarks</b>	Trademarks containing the word 'Retech', necessary for the operation of the Retech business.
<b>RMB</b>	Renminbi (¥) being the official currency of China.
<b>Ruijian Information Technology</b>	Shanghai Ruijian Information Technology Co., Ltd., a company incorporated in Shanghai with PRC company registration number 91310115MA1K3BECOM.
<b>SAFE</b>	State Administration of Foreign Exchange.
<b>SAT</b>	State Administration of Taxation.
<b>Services Agreement</b>	Detail is provided in Section 4.1 and 4.2.
<b>SFC</b>	Hong Kong Securities and Futures Commission of Hong Kong.
<b>SFO</b>	Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>Shareholder</b>	A holder of Shares or CDIs.
<b>Shares</b>	Shares of fully paid common stock in the capital of Retech.
<b>Share Registry</b>	Computershare Investor Services Pty Limited, an entity registered in Australia.
<b>SHR</b>	Shanghai Retech Information Technology Co., Ltd., a company incorporated in Shanghai with PRC company registration number 913101106693539329.
<b>SHR Client Contracts</b>	Contracts entered into between SHR and SHR Serviced Clients which are serviced by Retech Digital under the terms of the Services Agreement.

**SHR, GRP and JSR  
Financial Reports**

Each of the following:

- The audited historical report and consolidated financial statements of SHR for FY2013, FY2014, and FY2015;
- The audited historical report and financial statements of GRP for FY2013, FY2014 and FY2015;
- The audited historical report and consolidated financial statement of JSR for FY2013, FY2014 and FY2015;
- The reviewed historical report and consolidated financial statements of SHR for 1HY2016;
- The reviewed historical report and financial statements of GRP for 1HY2016; and
- The reviewed historical report and consolidated financial statements of JSR for 1HY2016.

**SHR Serviced  
Clients**

Clients of SHR serviced by Retech Digital under the terms of the Services Agreement.

**TAFE QLD  
Memorandum of  
Understanding**

Detail is provided in Section 4.1 and 4.2.

**Trademark Licence  
Agreement**

Detail is provided in Section 4.1 and 4.2.

**Trademark Transfer  
Agreement**

Detail is provided in Section 4.1 and 4.2.

**Transferring  
Intellectual Property**

The intellectual property in the process of being transferred to Ruijian Information Technology and consists of 6 Retech Trademarks being transferred pursuant to the terms of the Trademark Transfer Agreement. Detail is provided in Section 3.7.



# Application Form

---

## ***Please read all instructions***

Before completing the Application Form the applicant(s) should read this Prospectus to which this application relates.

By lodging the Application Form, the applicant agrees that this application for CDI's in Retech is upon and subject to the terms of the Prospectus and the Articles of Association of Retech, agrees to take any number of CDI's that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

## ***Lodgement of Application***

### **If paying by cheque(s) or bank draft(s):**

Once your Application Form is completed, please send your Application Form and cheque or bank draft for the Application Monies to Retech's Lead Manager at the address set out below:

Retech Technology Co., Limited  
C/o RM Corporate Finance AFSL 315235  
PO Box 154 West Perth  
Western Australia 6872

Cheque(s) or bank draft(s) must be:

- in Australian currency;
- drawn at an Australian branch of a financial institution;
- crossed "Not Negotiable"; and
- made payable: to "Retech Technology Co Limited".

If paying by cheque(s), Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) for Application Monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

### **If paying electronically:**

Once your Application Form is completed, please:

- Send an email to RM Corporate Finance to [nbarbarich@rmcf.com.au](mailto:nbarbarich@rmcf.com.au) or fax to **+61 8 6380 9299**
- In the email or fax, please complete the following:
  - Provide the completed Application Form
  - Detail your expected date of payment (DD/MM/YYYY)
  - Detail the amount of the payment to be made by electronic funds transfer (**EFT**)
- RM Corporate Finance will then email the Applicant with the bank details and a reference number to add to the EFT transaction. This will allow the accurate reconciliation of the bank account.

Neither the Lead Manager or Retech accepts any responsibility if you lodge the Application Form at any other address or by any other means.

**Retech Technology Co., Limited**

ARBN 615 153 332

For all enquiries:

(within Australia) 1300 783 681  
 (outside Australia) +61 3 9415 4202

Offer closes at 5.00pm (AEDT) on Monday 27 February 2017.

**Application Form**

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional advisor without delay. You should read the Retech Technology Co., Limited Prospectus dated 27 January 2017 and any relevant Supplementary Prospectus (if applicable), carefully before completing this Application Form. The Corporations Act prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant Supplementary Prospectus (whether in paper or electronic form).

**A** I/we apply for
         

Number of CHESS Depositary Interests (CDIs) in Retech Technology Co., Limited at A\$0.50 per CDI or such lesser number of CDIs which may be allocated to me/us.

**B** I/we lodge full Application Money
 A\$                   
**C** Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name Given Name(s)

Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

                    
**D** Enter the postal address, include State and Postcode

Unit Street Number Street Name or P.O. Box Other information

City/Suburb/Town

State

Postcode

                    
**E** Enter your contact details

Contact Name

Telephone Number - Business Hours

                    
**F** CHESS Participant

Holder Identification Number (HIN)

 X          

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any CDIs issued as a result of the Offer will be held on the Issuer Sponsored subregister.

**G** Payment details - Please note that funds are unable to be directly debited from your bank account

Drawer

Cheque Number

BSB Number

Account Number

Amount of cheque

Make your cheque, bank draft or money order payable to 'Retech Technology Co., Limited' and cross 'Not Negotiable'.

By submitting this Application Form:

- I/we declare that this Application is complete and lodged according to the Prospectus, and any relevant Supplementary Prospectus, and the declarations/statements on the reverse of this Application Form,
- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate, and
- I/we agree to be bound by the Constitution of Retech Technology Co., Limited.

See overleaf for completion guidelines →

Samples/000001/000001/i12

## How to complete this Application Form

<p><b>A Number of CDIs applied for</b> Enter the number of CDIs you wish to apply for. The Application must be for a minimum of 4,500 CDIs (A\$2,250). Applications for greater than 4,500 CDIs must be in multiples of 1,000 CDIs (A\$500).</p> <p><b>B Application Monies</b> Enter the amount of Application Monies. To calculate the amount, multiply the number of CDIs applied for in Step A by the Issue Price of A\$0.50.</p> <p><b>C Applicant Name(s)</b> Enter the full name you wish to appear on the statement of CDI holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.</p> <p><b>D Postal Address</b> Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.</p> <p><b>E Contact Details</b> Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.</p>	<p><b>F CHES</b> Reteck Technology Co., Limited will apply to the ASX to participate in CHES, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold CDIs issued to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on issue, you will be sponsored by Reteck Technology Co., Limited and allocated a Securityholder Reference Number (SRN).</p> <p><b>G Payment</b> Make your cheque, bank draft or money order payable in Australian dollars to <b>'Reteck Technology Co., Limited'</b> and cross it <b>'Not Negotiable'</b>. Cheques must be drawn from an Australian bank. Cash will not be accepted. The total payment amount must agree with the amount shown in Step B. Complete the cheque details in the boxes provided. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as dishonoured cheques may not be represented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Receipts will not be forwarded. Funds cannot be directly debited from your bank account.</p>
---	--

Before completing the Application Form the Applicant(s) should read the Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for CDIs in Reteck Technology Co., Limited is upon and subject to the terms of the Prospectus and the Constitution of Reteck Technology Co., Limited, agrees to take any number of CDIs that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and correct. It is not necessary to sign the Application Form.

### Lodgement of Application

Application Forms must be received by the Lead Manager by no later than 5.00pm (AEDT) on Monday 24 February 2017. You should allow sufficient time for this to occur. Return the Application Form with cheque, bank draft or money order attached to:

**Reteck Technology Co., Limited**

C/o RM Corporate Finance AFSL 315235

PO Box 154 West Perth

Western Australia 6872

Neither Reteck Technology Co., Limited nor Lead Manager accepts any responsibility if you lodge the Application Form at any other address or by any other means.

### Privacy Notice

The personal information you provide on this form is collected by CRG, as registrar for the securities issuer (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other distributions and communications. In addition, the issuer has authorised us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by ticking the box on the details provided overleaf or emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act 2006 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer or related to the issuer's administration of your security holdings, as is then required or authorised by law. Some of these recipients may be located outside Australia, including the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com.au>.

### Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold CDIs. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Reteck Technology Co., Limited. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

## Corporate directory

---

### Company – Hong Kong Office & Headquarters

Retech Technology Co., Limited  
Room 1405A, 14/F, Lucky Centre,  
165-171 Wanchai Road,  
Wanchai, Hong Kong

### Company – PRC Office & Headquarters

Retech Technology Co., Limited  
Room 1810, 1811 and 1812, 18/F, Building 2, No.355,  
Guoding Road,  
Yangpu District, Shanghai.

### Board of Directors

Name	Position
<b>Ai Shungang</b>	Co-Chairman and Non-Executive Director
<b>Calvin Cheng</b>	Co-Chairman and Non-Executive Director
<b>Liu Qing</b>	Non-Executive Director
<b>Neville Ide</b>	Non-Executive Director
<b>Chris Ryan</b>	Non-Executive Director

### Company Secretary

H & F Management Consultants Limited supported by Grace Lin

### Nominated ASX contact

Quincent Leung

### ASX Code

RTE

### Lead Manager

RM Corporate Finance AFSL 315235  
Level 1,143 Hay Street  
Subiaco, Western Australia 6008



## Corporate Advisor

Investorlink Corporate Limited  
Level 26, 56 Pitt Street  
Sydney, New South Wales 2000



## Corporate Restructure Advisor

BDO (QLD) Pty Ltd  
Level 10, 12 Creek Street  
Brisbane, Queensland 4000



## Auditor

Grant Thornton Hong Kong Limited  
Level 12, 28 Hennessy Road  
Wanchai, Hong Kong.



## Investigating Accountants

Grant Thornton Corporate Finance Pty Ltd  
Level 18, King George Central  
145 Ann Street  
Brisbane, Queensland 4000



## Australian Legal Advisor

HWL Ebsworth Lawyers  
Level 19, 480 Queen Street  
Brisbane, Queensland 4000



## Hong Kong Legal Advisor

Howse Williams Bowers  
27/F Alexandra House  
18 Chater Road  
Central Hong Kong



## China Legal Advisor

AllBright Law Offices (Shanghai)  
11-12/F, Shanghai Tower,  
501 Middle Yincheng Road  
Pudong New Area, Shanghai



## Share Registry

Computershare Investor Services Pty Limited  
452 Johnston Street  
Abbotsford, Victoria 3067