



睿泰科技

RETECH TECHNOLOGY

Summary of Expenses / Commitments

The following table sets out the expenditure commitments of Retechnology Co., Limited (**Retechnology**) based on the amount raised under the offer contained in the Prospectus dated 27 January 2017 (**Offer**).

	A\$
Existing cash reserves	0
Funds raised from the Offer	A\$17,875,472
TOTAL	A\$17,875,472
Allocation of funds	
Research and development costs associated with Retechnology's E-Partnership Solutions and E-Course Direct business channels	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)
Advertising and marketing costs associated with the three business channels of Retechnology	A\$2,200,000 (RMB11,240,000)
Costs associated with the development of an office in Hong Kong	A\$2,500,000 (RMB12,770,000)
Capital raising costs	A\$1,072,528 (RMB5,477,673)
Provision of general working capital	A\$2,402,944 (RMB12,266,872)
TOTAL	A\$17,875,472 (RMB 91,294,545)

* Further detail is provided below

Research and development costs associated with Retechnology's E-Partnership Solutions and E-Course Direct business channels

Research and development costs associated with Retechnology's E-Partnership Solutions and E-Course Direct business channels will be applied as follows:

- E-Partnership Solutions business channel - funds will be expended on research and development of the best ways in which to digitize content.
- 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.

Research and development costs associated with the integration of intellectual property

Research and development costs associated with the integration of intellectual property will be applied as follows:

- 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.

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.

Costs associated with the development of an office in Hong Kong

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.

Provision of general working capital

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.