

28 February 2018

Net profit quadruples in FY2017

Highlights

- **Strong growth in FY2017 with net profit almost quadrupling to RMB37.8mn (A\$7.6mn) due to the Company's improved branding and competitive advantage in the E-Learning market.**
- **Revenues more than double to RMB104.2mn (A\$21.0mn).**
- **Landmark agreement with PetroChina Company for the provision of customised E-Course package for its operations in Anhui province.**
- **Retech secures fourth commercial agreement with leading commercial bank, China CITIC Bank for provision of a WeChat University Program.**
- **Huarong subsidiary becomes major shareholder, opening up potential commercial opportunities for Retech with Huarong's Chinese corporate network.**
- **Company looking to expand further into Chinese and global markets and is targeting larger and more profitable projects.**

Retech Technology Co., Ltd (ASX:RTE, "Retech" or "The Company") a leading Shanghai-based technology solutions company, is pleased to provide a market update to accompany its full-year results for the period ended 31 December 2017.

Retech reported strong results due for FY2017 due to the improved branding of the Company after its ASX listing and its comparative competitive advantages in E- Learning technology and E-Courses. In 2017, the Company also developed its E-Learning solution targeting vocational and training schools.

The Company posted a 264% increase in full year net profit to RMB37.8 million (\$A7.6 million), while revenues increased 134% to RMB104.2 million (\$A21.0 million).

Operational overview

Listing on the ASX

In June, Retech commenced trading on the ASX following a capital raising and Initial Public Offer, led by RM Corporate Finance and Investorlink Group.

Retech raised a total of A\$17.9 million through the issue of 35.8 million CHESS Depository Interests (CDIs) at \$0.50 per CDI. The capital raising received backing from a number of prominent global institutional and high net worth investors, including Asian venture capital firm, Vickers Venture Partners and Chinese conglomerate Hailiang Group.

Agreement with Petrochina to provide customized E-Course package

In August, Retech secured a landmark agreement with PetroChina Company Limited, a subsidiary of the leading global oil group, China National Petroleum Company (CNPC), to provide a customised E-Course package for its operations in China's Anhui province.

The move was a significant milestone for Retech in terms of its market reach in the petroleum industry and will assist the Company to grow in this sector. It also added another leading corporation to Retech's established client base, which includes China state-owned enterprises such as Ping An Insurance and Bank of China and multinational companies such as Mercedes Benz, McDonalds and Sephora.

Pursuant to the agreement, Retech is providing PetroChina with training to improve security, corporate culture and human resources functions at PetroChina's branch in Anhui province aimed at equipping it with the skills and capabilities needed in the future and creating sustainable value for the business in the long term.

Fourth agreement secured with China CITIC Bank International

Also during the year, Retech significantly expanded its partnership with China CITIC Bank International [SHA:601998; HKG:0998; RMB295.10bn market cap (A\$59.16 billion)]. Retech signed its fourth commercial agreement with the leading commercial bank.

China CITIC Bank International is China's seventh-largest lender in terms of total assets with HK\$327.6 billion (A\$53.2 billion) in assets under management as at 1H2017. The bank operates in almost 130 countries and maintains a strong foothold in China's mainland banking industry.

Retech has been working with China CITIC Bank since 2014 to design tailor-made training and evaluation systems for the bank employees via a variety of channels.

Under this latest agreement, Retech will launch a WeChat University Program for China CITIC Bank, which will leverage the leading Chinese mobile-messaging service to provide a broader range of education, training and evaluation services for the bank's employees on mobile and WeChat channels.

Retech expects the program will enable China CITIC Bank to further develop its human resources management system which will enable it to maintain competitiveness, lower training costs, upgrade staff skills and efficiency over the long term.

City Savvy becomes major shareholder

In November, the wholly-owned subsidiary of Huarong Investment Stock Corporation (Huarong), City Savvy Limited, became a major shareholder in Retech with a 12.00% interest in Retech's issued capital and the ability to achieve a maximum holding of 18.16% of all Retech CHES Depository Interests (CDIs) on a fully diluted basis (subject to the conversion of a convertible note).

It is anticipated that the transaction may open up commercial opportunities for Retech with Huarong's Chinese corporate network.

Corporate and Financials

The Company posted a net profit of RMB37.8 million (\$A7.6 million) for FY2017, a 264% increase compared to FY2016's level (RMB10.4 million; \$A2.1 million).

FY2017 revenues also grew strongly with a 134% increase year-on-year to RMB104.2 million (\$A21.0 million).

The strong results are due to the improved branding of the Company after its ASX listing and its comparative competitive advantages in E- Learning technology and E-Courses. In 2017, the Company also developed its E-Learning solution targeting vocational and training schools.

Operating expenses increased by 74% to RMB23.4 million (A\$4.7 million), with the increase mainly due to the employment of new sales force and administrative personnel to build sales channels and improve the services of Retech's logistic department.

Outlook

The Company expects strong growth to continue in FY2018 as it continues to leverage off the continued expansion in the global corporate training market.

Retech continues to engage with potential clients including large companies, governments and social organisations as it builds its sales pipeline and its client base, including targeting larger and more profitable projects both in China and elsewhere across the globe.

The Company expects to deliver another solid performance in FY2018 as it builds its revenues and profits on the back of adding new clients.

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About Retech

Retech is one of the largest technology solutions providers in China and provides solutions to companies that enables them to deliver corporate training online. The Company delivers solutions to a diversified and established user base via three channels: E-Learning Solutions, E-Training Partnership and E-Course Direct.