

ASX Announcement

31 October 2018

Q3 Quarter Update

Retech Technology Co. (ASX:RTE, 'Retech' or 'the Company') a leading Shanghai-based learning courseware technology solutions company, is pleased to provide the following operation and financial update ended 30 Sep 2018 to accompany the company's quarterly cash flow report.

Highlights

- Net operating cash flow increased to RMB 10.39 million (A\$2.1 million¹)
- Reputable industrial clients (Mercedes-Benz, Bank of China, Ping An Group, etc.) continued to select RTE as their supplier
- RTE online courseware solution was rolled-out to vocational schools in this quarter, which is a new growth engine in the future

Financial Update

The net operating cash flow in FY2018 Q3 was RMB 10.39 million (A\$2.1million), which was a vast improvement compared with last quarter.

- Through stronger internal controls , the company strengthened the management of accounts receivable and ensured a steady operating cash inflow; operating costs and general administration expenses were also effectively controlled. The cash outflow for general administration expenses was down to RMB 2.28 million (A\$0.46 million). This was a reduction of 32% comparing with last quarter.
- In Q3, RMB 1,011k (A\$203.8K) tax returns were received from the government.

Operational Update

Continuous growth was delivered within E-Learning solutions for industrial clients and vocational schools, as a result of high-quality services and market expansion.

Clients from financial and automobile industries showed continuous demand for E-Learning solutions and coursewares. The Company signed the second phase of our service agreement

¹ A\$ 1 – RMB 4.96 (28 September 2018)

with Bank of China for its E-Learning platform's upgrading. Ping An also renewed the online courseware development agreement. Also, due to our continued strong reputation in the financial services industry, the Company acquired contract of Bank of Communications head office in Shanghai.

Mercedes-Benz continues to cooperate with Retech on online courseware development, aiming at jointly improving talent building system and popularizing compliance knowledge learning and sharing through current E-Learning platform.

As vocational schools increasingly prioritize online learning, the Company designed online learning solutions for them, integrating the off-line curriculums with online interactive courses. Both Shanghai Communications Polytechnic College and Shanghai Civil Aviation College signed contracts with Retech for an advanced E-Learning environment deployment and coursewares design.

Outlook

The September quarter has delivered increased cash flow results with growth of the business.

Retech continues to acquire new clients and focus on business development to further enhance its position as one of the leaders in the corporate training and educational market.

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About Retech

Retech is one of the largest technology solutions providers in China and provides solutions to companies that enable 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.