

ASX Announcement

28 November 2022

Winding up Petition of Retech Technology Co., Limited received

Retech Technology Co., Limited (ASX: RTE) (**Retech**) advises that pursuant to a convertible note agreement dated 9 November 2017 (**Convertible Note Agreement**), it issued convertible notes to City Savvy Limited (**City Savvy**) with a principal amount of HK\$39,000,000 (**Principal Amount**) with a conversion right to convert into CHESSE Depository Interests (**CDIs**) of Retech.

City Savvy has exercised its right to redeem its convertible notes (**Redemption**). As a result of the Redemption, Retech became obliged to repay City Savvy the Principal Amount on 20 November 2021 (**Due Date**), as detailed in the Annual Report lodged on 29 April 2022.

The main situation is:

1. Retech's capital is predominantly in the Mainland China, while payment of the left amount requires Retech to make an overseas funds transfer to City Savvy. According to the China's regulatory rules, domestic funds can only leave the country after being supervised and approved.

2. After City Savvy exercised its right to repayment on 20 November 2021, Retech has made a number of partial payments to City Savvy as follows:

- Till 7 February 2022, Retech had paid City Savvy a further amount of HK\$11million,

The payment requires Retech to make an overseas funds transfer to City Savvy, but after the last payment, the cross-border bank account of Retech has been locked by the bank, which makes it impossible for Retech's domestic funds to pay abroad.

3. Retech's headquarter is located in Shanghai and due to the COVID-19 situation in Shanghai and the lockdown in the second half of C2022, the cross-border bank account restructuring was heavily affected.

4. Retech and City Savvy have major differences on the penalty of delay repayment. The difference is that both parties agree the delay in the repayment will result in the default interest of 15% per annum, but Retech disputes the one-off 15% penalty payment with City Savvy.

5. In the second half of C2022, Retech and City Savvy have actively negotiated, but did not come to agreement on an acceptable repayment plan.

6. Retech is actively negotiating with its bank to complete the cross-border bank account restructuring, but until now is still awaiting the approval. Due to the delay, Retech has been unable to pay the left amount to City Savvy until now.

The Board confirms that the delay in payment of the amount is due to its inability to make a cross-border payment of the left amount and is not representative of any financial inability of Retech to make payment of the left amount to City Savvy. To that end, the directors reiterate their statement in the Annual Report notwithstanding the amount, that the Retech Group will be able to meet its financial obligations as they fall due for the foreseeable future.

While negotiations were on-going, City Savvy Limited issued a notice dated 5 August 2022 to Retech advising that in the event the left amount was not repaid within 21 days of service, it would commence proceedings to initiate winding up of Retech.

The said period has since expired and as of today's date the left amount has still not been repaid. **In response, on 22 November 2022, City Savvy initiated proceedings in the High Court of the Hong Kong Special Administrative Region to have Retech wound up. The petition indicates that the hearing will commence on 1 February 2023.**

Retech has engaged a HK law firm to carry out legal actions on major differences in the agreement.

The Board would like to reiterate that the reason for default has been driven by the delay in the capital approval requirement from the Chinese Government Authority for a cross-border cash transfer. **The Company has full financial capacity to repay the left amount and intends to do so as soon as possible.**

Retech will continue to work with the Chinese Government Authority and will keep the market updated.

The release of this announcement has been authorised by the Board of Directors.

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About Retech

Retech Technology Co., Limited is a leading Chinese e-learning services and technology provider. Retech is incorporated in Hong Kong with its operating subsidiaries located in mainland China, Australia and Hong Kong. Retech's products include e-learning solutions,

learning analytics, customized and pre-prepared training courses, English Language learning (AiEnglish) for K-12 kids, Industry and Education integration cooperation with vocational schools and digital ESG reporting and training. Customers include Bank of China, Ping An Insurance, Mercedes Benz, RISE English, Pearson and etc..