

21 December 2022

Further Delay in releasing the Appendix 4D

Retech Technology Co., Limited (ASX : RTE) (“**Retech**”), as detailed in its response to the ASX Query Letter, lodged on 20 December 2022, advises that the Appendix 4D, half-year report for the 6 months ended 30 June 2022 (“**Appendix 4D**”) is still not yet available for release to the market in accordance with the ASX Listing Rule 4.2A.

The reason for this delay had previously been due to that the continued Covid-19 outbreak in Shanghai and other areas in China which resulted in local government and schools implementing stringent travel restrictions, quarantine and other measures such as lockdowns and mass mandatory testing, especially in the Yangpu district, where the Retech head office is located. This impacted the ability for Retech's auditors and staff to travel between locations.

Since that date however, City Savvy initiated proceedings against Retech for non-payment under the convertible note agreement dated 9 November 2017 (**Convertible Note Agreement**) and a winding up petition was received by Retech (**Winding Up Petition**) To that end Retech refers to the ASX Announcement of 28 November 2022.

As a consequence, the auditors have exercised their duty under the requirements under HKSRE2410.29, which states that when a matter comes to the auditor's attention that leads the auditor to question whether a material adjustment should be made for the interim financial information to be prepared, in all material respects, in accordance with the applicable financial reporting framework, the auditor should make additional inquiries or perform other procedures to enable the auditor to express a conclusion in the review report.

In compliance with HKSRE2410.29, Retech's auditors have sought the following additional information (**Information Request**):

- A legal opinion on the potential outcome and impact of City Savvy's Winding Up Petition should Retech fail to negotiate a withdrawal of the Winding Up Petition or arrange settlement before the commencement of Winding Up Petition being heard; and
- Detail of any agreement with City Savvy regarding a payment plan and the withdrawal of the Winding Up Petition should Retech be unable to pay the amount owing in full on or before 1 February 2023 due to ongoing issues with capital approval required from the Chinese Government Authority for a cross-border cash transfer.

Retech and its Hong Kong lawyers are working to finalise responses to the Information Request and Retech will keep the market updated.

In respect to the non-payment under the Convertible Note Deed, the Board would like to reiterate that the reason for the default in payment has been driven by the delay in the capital approval requirement from the Chinese Government Authority for a cross-border cash transfer. As at the date of this announcement, the bank account has been approved to change from an FTN account (Free Trade Non-Resident Account) to an NRA (Non-Resident Account) and Retech has submitted all documents required by the Shanghai Pudong Development Bank (**SPDB**) to complete this change. As at the date

of this announcement, Retech is waiting for the completion of the approval and signature processes of the SPDB. It is expected that this procedure will be completed in early January 2023. The NRA account is expected to be opened in February 2023.

In addition, to mitigate any risks of a delay with the SPDB and to run a dual track process, RTE has also applied for another new cross-border cash pooling account with the Bank of China (**BOC**). After several months of communication and document preparation, on 19 December 2022, Retech provided the supplementary information as requested by the bank and is awaiting feedback from BOC. If there are no further requirements and the approval process of BOC goes smoothly, the BOC account is expected to be opened in February 2023.

Retech has full financial capacity to repay the amount owing to City Savvy and intends to do so before 1 February 2023 in the event the cross-border account is opened at that time, being the date City Savvy's Winding Up Petition is due to be heard in the High Court of the Hong Kong Special Administrative Region. The fact that the Company has full financial capacity to repay the amount owing to City Savvy and that Retech will be able to meet its financial obligations as they fall due for the foreseeable future, will be reflected in the Appendix 4D once lodged. In the event the cross-border account is not opened at that time or agreement has not been reached with City Savvy for an extension of payment terms to allow time for the opening of the cross-border account, Retech will vigorously defend City Savvy's petition.

Given the ongoing issues related to the finalisation of the consolidated financial statements, it is anticipated that Retech may not be in a position to lodge its interim report for the 6 months ended 30 June 2022 until 17 February 2023. This date will, however, be brought forward in the event the Information Requirements are satisfied or the payment in full under the Convertible Note is made earlier.

Retech will provide an update to the market on a weekly basis setting out the status of the consolidated financial statements and updates on the Winding Up Petition.

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..