

18 April 2023

Market update – Statutory Demand Received

Retech Technology Co., Limited (ASX: RTE) (“**Retech**”) refers to the non-payment under the convertible note agreement dated 9 November 2017 (**Convertible Note Agreement**).

Update on repayment under Convertible Note Agreement

As previously disclosed, Retech executed a Deed of Undertaking dated 31 January 2023 (**Deed of Undertaking**) whereby it agreed to pay the amount owing under the Convertible Note Agreement in line with the below payment plan (**Payment Plan**):

- (a) Retech agreed to pay City Savvy Limited (**City Savvy**) HK\$1,000,000 on 1 February 2023;
- (b) Retech agreed to pay City Savvy 40% of the principle and default interest before 31 March 2023;
- (c) Retech agreed, to pay City Savvy the balance principle and default interest before 28 April 2023; and

City Savvy attended the High Court of the Hong Kong Special Administrative Region and withdrew the winding up petition on the basis that Retech would honor the Payment Plan.

In line with the Payment Plan, Retech paid City Savvy HK\$1,000,000 on 1 February 2023.

Retech confirms that due to the ongoing issues relating to the cross-border cash transfer, it was unable to pay the principle and default interest amount due on 31 March 2023.

Statutory Demand

As a result, on 6 April 2023, Retech was issued a statutory demand (**Statutory Demand**) under section 178(i)(a) or 327(4)(a) of the *Companies (Winding Up and Miscellaneous Provisions) Ordinance* for payment of the sum of HK\$40,224,167.04 (**Claimed Amount**). The Claimed Amount is comprised of:

- (a) the principal amount of HK\$35,119,236.78; and
- (b) default interest of HK\$5,104,930.25.

As per the Statutory Demand, the Claimed Amount must be paid within 21 days from the date of service, meaning payment must be made by Saturday, 29 April 2023. If Retech fails to do so, City Savvy will proceed with a winding up petition.

The Statutory Demand also noted that Retech has breached the Deed of Undertaking, and that pursuant to Clause 4 of the Deed of Undertaking, Retech is now disbarred from raising any defence against City Savvy's claims for and/or in relation to and/or enforcement of the outstanding debts against Retech, in whatever forum (or fora) City Savvy shall choose to commence or continue such claims or enforcement.

Update on the cross-border account

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

Retech confirms that with respect to the capital approval requirement from the Chinese Government Authority necessary for the cross-border cash transfer to pay City Savvy under the terms of the Convertible Note Agreement:

- (a) Retech's bank account with Shanghai Pudong Development Bank (**SPDB**) has been approved to change from an FTN account (Free Trade Non-Resident Account) to an NRA (Non-Resident Account) Due to the foreign currency control policy, cross-border cash transfer payments have been delayed. The company is still actively working on the establishment of cross-border account.
- (b) Retech's new cross-border cash pooling account with the Bank of China (BOC), being opened as a back-up account in the event of any delay with the SPDB, is still in the process of being opened. This process is also delayed due to the foreign currency control policy. Retech is actively liaising with professionals to complete this process.

Retech will continue to keep the market updated.

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

ENDS

For more information, please contact:

Enquiries

Investor Relations
Retech Technology Co., Ltd
18/F, Building 2, Fudan Technology Park,
335 Guoding Road, Yangpu District, Shanghai
T: +86 21 5566 6166 (Ext)1610
E: investors@retech-rte.com

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..