

ASX Announcement

11 May 2023

Winding up Petition of Retech Technology Co., Limited 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**).

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 was unable to pay the principle and default interest amount due on 31 March 2023.

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 Thursday, 27 April 2023. If Retech failed to do so, City Savvy would proceed with a winding up petition.

The said period has since expired and as of today's date the Claimed Amount has still not been repaid. **In response, on 28 April 2023, City Savvy initiated proceedings in the High Court of the Hong Kong Special Administrative Region to have Retech wound up (Petition). The Petition indicates that the hearing will commence on 5 July 2023.**

As previously disclosed, 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. This means that Retech will be unable to defend the Petition.

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 Claimed Amount and intends to do so as soon as possible.**

Retech's management team would like to note that, in the event that the Claimed Amount is repaid by the Hearing Date, it is conceivable that City Savvy may consider withdrawing the Petition. Retech's management team remains fully committed to working towards a resolution with City Savvy and settling the outstanding debt at the earliest possible opportunity. Possible solutions include negotiating the settlement of the debt in RMB. Retech will provide updates to the market as the situation develops.

Meanwhile, Retech will continue to work closely with the relevant Chinese Government Authority to obtain the necessary approvals for the establishment of a cross-border bank account.

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.