

ASX Announcement

27 June 2019

Retech completes strategic acquisition of 51% of the XJS Coaching School

Highlights

- On 26 June 2019, Retech acquired 51% of the Victoria-based XJS Coaching School by way of a share acquisition.
- XJS Coaching School is a tutoring institution providing language and subjects tuition, located in 6 locations in Victoria.
- The acquisition is strategic and will integrate Retech's e-learning solutions with an Australia-based education operator.

Retech Technology Co., Ltd (ASX: RTE, "**Retech**"), a leading Chinese e-Learning technology provider, is pleased to announce that on 26 June 2019 its wholly owned subsidiary, Retech Holdings Co., Limited entered into the transaction documents for, and completed, the acquisition of 51% of the issued share capital in Aushen Group Pty Ltd ACN 165 859 245 from Suns Group Corporation Pty Ltd ACN 123 653 029 (**Acquisition**).

Aushen Group Pty Ltd ACN 165 859 245 (**Aushen**) is an Australian registered entity that owns the XJS Coaching School located in Victoria, Australia.

XJS Coaching School is a private tutoring institution, with over 20 years history, that offers programs for students from grade 1 to year 12. Subjects offered include English, Mandarin, mathematics, writing and scholarship testing. Courses are currently provided in a classroom environment, taught in English and Chinese, at 6 locations across Victoria, Australia. As of end May 2019, XJS Coaching School had approximately over one thousand students.

Retech Technology Co., Limited is a leading Chinese e-learning services and technology provider. Retech's products include e-learning solutions, learning analytics, customized and pre-prepared training courses and digital ESG reporting and training.

The Acquisition will allow Retech to apply its market-leading e-learning solutions to the large and growing market for online language training. Australia has the largest English-speaking population of qualified language teachers within a similar time zone to China. The application of Retech's technology to this market will enable XJS Coaching School to offer high quality online English lessons into China, and high-quality Chinese lessons into global markets. Australia is home to more than 1.2 million people of Chinese ancestry and Mandarin Chinese is the fastest-growing language in Australia's schools.

Mr Ai, the non-executive Chairman of Retech said as follows:

"We are very pleased to be able to seal this partnership with Aushen. We believe that the XJS Training School is Australia's leading Chinese tutoring company, and we are excited to be working with them to apply our e-learning solutions to this large and growing market. With our technology, qualified Australian teachers will also reach into China, meeting the needs of China's consumers for high quality international education. "

Mr Sun Haoliang, the executive Director of Aushen said as follows:

"We are delighted to be working with Retech to develop and extend our business into the new digital age. XJS has built a solid brand as the largest Chinese language teaching group in Melbourne. Working with Retech, we will take our business into the new era of digital education".

The material terms of the Acquisition are detailed below:

Sale Shares	51% of the issued share capital in Aushen, which owns the XJS Coaching School (Sale Shares).
Parties	Suns Group Corporation Pty Ltd ACN 123 653 029 (Suns Group) Retech Holdings Co., Limited (Retech Holdings) Mr SUN Haoliang, controller of Suns Group.
Approval requirements	The ASX provided confirmation that the Acquisition did not require the approval of CDI Holders.
Purchase Price	A maximum purchase price of \$1,600,000, payable in two tranches. <ul style="list-style-type: none"> • First payment: \$408,000, paid on 26 June 2019. This amount was funded from cash at bank. • Second payment: The balance payment of \$1,192,000 is subject to adjustment (down only) based on the performance of Aushen over the FY2020, FY2021 and FY2022. <p>This Second Payment is not due and payable until after the production of the audited accounts of Aushen for FY2022.</p>
Conditions precedent to Completion (all satisfied)	The following material conditions precedents have all been satisfied and consist of the following: <ul style="list-style-type: none"> • (Due Diligence Investigation): Retech Holdings has completed its due diligence investigation and is satisfied with the results in its absolute discretion. • (Shareholders Deed): Retech Holdings, the Suns Group and Aushen have entered into the Shareholders Deed. • (Intellectual Property Assignment Deed): Hao Liang Sun and Golden Land Group Pty Ltd (related parties of Aushen) have assigned all intellectual property necessary for the business of Aushen to Aushen for nil consideration. • (Release of related party liabilities): All liabilities of Aushen to related parties are forgiven and the liabilities released. • (No breach of the Warranties): There has been no circumstances arising which would constitute or give rise to a breach of any of the warranties provided by Suns Group in a material respect.

Seller warranties	Suns Group and its controller, Mr SUN Haoliang, provided all usual and customary warranties for a transaction of this nature.												
Governance items	<p>The operations of Aushen are subject to the terms contained in the Shareholders' Deed. The material terms are detailed below:</p> <table border="1"> <tr> <td>Directors:</td> <td> <p>Aushen must have no more than 3 Directors.</p> <p>Retech Holdings is entitled to appoint two Directors and Suns Group is entitled to appoint one Director.</p> <p>As at the date of completion of the Acquisition, the directors of Aushen are:</p> <ul style="list-style-type: none"> • Mr Ai Shungang (nominee of Retech Holdings) • Mr Kang Li (nominee of Retech Holdings) • Mr SUN Haoliang (nominee of Suns Group) </td> </tr> <tr> <td>Chair:</td> <td> <p>The Directors are entitled to appoint the Chairperson.</p> <p>The Chairperson will not have a casting vote at meetings of the Board.</p> </td> </tr> <tr> <td>Quorum:</td> <td> <p>The quorum for a Board meeting is a majority of directors, one of whom must be a Director appointed by Retech Holdings.</p> </td> </tr> <tr> <td>Board resolutions:</td> <td> <p>All resolutions at meetings of the Board must be decided by:</p> <ul style="list-style-type: none"> • a simple majority vote with; and • at least one representative appointed by Retech Holdings. </td> </tr> <tr> <td>Shareholder reserved matters:</td> <td> <p>The Shareholders' Deed lists a number of material items that require Shareholder approval.</p> <p>Such items include the issue of securities, reconstructions, material change in business direction, large contractual and finance arrangements and liquidity events.</p> </td> </tr> <tr> <td>Transfer of Shares:</td> <td> <p>Customary rights of pre-emption apply to the transfer of shares in Aushen.</p> </td> </tr> </table>	Directors:	<p>Aushen must have no more than 3 Directors.</p> <p>Retech Holdings is entitled to appoint two Directors and Suns Group is entitled to appoint one Director.</p> <p>As at the date of completion of the Acquisition, the directors of Aushen are:</p> <ul style="list-style-type: none"> • Mr Ai Shungang (nominee of Retech Holdings) • Mr Kang Li (nominee of Retech Holdings) • Mr SUN Haoliang (nominee of Suns Group) 	Chair:	<p>The Directors are entitled to appoint the Chairperson.</p> <p>The Chairperson will not have a casting vote at meetings of the Board.</p>	Quorum:	<p>The quorum for a Board meeting is a majority of directors, one of whom must be a Director appointed by Retech Holdings.</p>	Board resolutions:	<p>All resolutions at meetings of the Board must be decided by:</p> <ul style="list-style-type: none"> • a simple majority vote with; and • at least one representative appointed by Retech Holdings. 	Shareholder reserved matters:	<p>The Shareholders' Deed lists a number of material items that require Shareholder approval.</p> <p>Such items include the issue of securities, reconstructions, material change in business direction, large contractual and finance arrangements and liquidity events.</p>	Transfer of Shares:	<p>Customary rights of pre-emption apply to the transfer of shares in Aushen.</p>
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For more information, please contact:

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About Retech

Retech Technology Co., Limited is a leading Chinese e-learning services and technology provider. Retech's products include e-learning solutions, learning analytics, customized and pre-prepared training courses and digital ESG reporting and training. Customers include Bank of China, Ping An Insurance and Mercedes Benz. Based in Shanghai, Retech has around 260 staff by 2018. In the year to December 2018, Retech's net profit was RMB 48.27 million (A\$ 10.03mn equivalent)¹. As at 26 June 2019, Retech's market capitalisation was A\$89 million.

¹ Exchange Rate: A\$ 1 – RMB 4.81 (26 June 2019)