

31 January 2018

## December Quarter Update

### Highlights

- **Subsidiary of leading Hong Kong-based investment holding company Huarong Investment Stock Corporation (Huarong) becomes major shareholder.**
- **Move strengthens Retech's brand awareness in Hong Kong and China and opens up commercial opportunities within Huarong's vast network.**
- **As part of the transaction, finance and banking specialist, Mr. Ma Hok Wang appointed to Retech's Board.**
- **Company secures 29 new clients during the quarter, mainly in the banking and education sectors.**
- **Cash balance as at 31 December of RMB 159.3m (A\$ 31.2m); strong balance sheet sufficient to support the Company's growth plans.**
- **Retech expects continued revenue and profit growth in FY2018 as it continues to expand its client base and geographical reach.**

Retechnology Co., Ltd (ASX:RTE, "Retechnology" or "The Company") a leading Shanghai-based E-Learning technology solutions company, is pleased to provide an update for the quarter ended 31 December 2017 to accompany the Company's quarterly cash flow report.

### Operational Overview

During the quarter, a subsidiary of leading Hong Kong-based investment holding company, Huarong Investment Stock Corporation (Huarong), became a major shareholder in the Company strengthening Retech's brand awareness in Hong Kong and China and opening up commercial opportunities with Huarong's vast network of Chinese private corporations and state-owned enterprises.

Under the move, Huarong subsidiary City Savvy Limited took a 12.00% stake in Retechnology's issued capital and the ability to achieve a maximum of 18.16% of all Retechnology CHESS Depository Interests (CDIs) on a fully diluted basis (that is, following the transfer and issue of the maximum number of CDIs to City Savvy under the Transaction Documents).

Huarong is involved in the direct investment, financial services and foundation and substructure construction businesses in Hong Kong and China. It is ultimately controlled by Ministry of Finance of the People's Republic of China.

The transaction was structured in three parts:

- Part 1: An off-market acquisition by Huarong of circa 5.89% of the CHESS Depository Interests (CDIs) in Retech held by Miao Shi Investment Group Company Limited, an entity unrelated to Retech (Off-Market Acquisition);
- Part 2: The subscription by Huarong for circa 6.95% of new CDIs (CDI Acquisition); and
- Part 3: The issue to Huarong of a Convertible Note convertible with a maximum CDI issue number, resulting in, on conversion, the issue of a maximum of circa 8.05% of new CDIs in order to comply with ASX Listing Rule 7.1 (Convertible Note Acquisition).

Proceeds from the stake are being used to fund Retech's strategic expansion, namely across Australia, Hong Kong and Japan, as well as research and development costs.

As part of the transaction, Retech also appointed Mr. Ma Hok Wang (Ernest Ma) as a Non-Executive Director to its Board. Mr. Ma is a Managing Director in Poseidon Hill Capital Limited and was a Director with Huarong Investment. Prior to Huarong Investment, he worked in the Global Investment Banking department of Merrill Lynch (Asia Pacific). He also worked in EMEA investment banking in London and direct investment in Beijing.

Retech also added 29 new clients during the quarter, mainly in the education, retail and finance sectors.

### **Corporate and Financials**

The Company had RMB**159.3** million (A\$**31.2** million) in cash as at 31 December 2017 with the Company's strong balance sheet sufficient to support its ongoing growth and commercialisation needs.

### **Outlook**

Retech expects a strong performance in FY2018 with revenue and profit growth as it continues to expand its global client base and leverage off the growth in the corporate training market worldwide.

The Company will also continue to work to develop strategic relationships with key offline industry training partners and content providers with the goal of deriving increased revenue from its existing E-Learning Solutions platform and increased sales of its courseware, E-Course Direct.

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For more information, please contact:

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**About Retech**

Retech is one of the largest technology solutions providers in China and provides solutions to companies that enables them to deliver corporate training online. The Company delivers solutions to a diversified and established user base via three channels: E-Learning Solutions, E-Training Partnership and E-Course Direct.