Shentong Robot Education Group Company Limited
神 通 機 器 人 教 育 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8206)

CONTINUING CONNECTED TRANSACTIONS
REVISION OF ANNUAL CAPS

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the circular of the Company dated 31 December 2015 relating to, inter alia, the Heilongjiang Shentong CRC Shentong Card Payment System Contract. Independent Shareholders' approval for the continuing connected transactions and the annual caps assigned under the Heilongjiang Shentong CRC Shentong Card Payment System Contract had been obtained by the Company at the extraordinary general meeting of the Company held on 16 February 2016.

REVISION OF ANNUAL CAPS

During a recent review by the Board on the existing continuing connected transactions of the Group, the Directors found that the transactions amount under the Heilongjiang Shentong CRC Shentong Card Payment System Contract is approaching the annual caps for the financial year ending 31 March 2018 previously approved by the Independent Shareholders.

On 30 November 2017, CCC and Heilongjiang Shentong entered into the Third Supplemental Agreement to revise the annual caps for the continuing connected transactions under the Heilongjiang Shentong CRC Shentong Card Payment System Contract for the year ending 31 March 2018 from RMB4.40 million (equivalent to approximately HK$5.19 million) to RMB6.00 million (equivalent to approximately HK$7.08 million).

IMPLICATIONS UNDER THE GEM LISTING RULES

CCC is a connected person to the Company by virtue of its interest in approximately 24.90% of the issued share capital of the Company through CCI, its wholly-owned subsidiary. The controlling shareholder of CCC is 中國海外貿易哈爾濱王子葡萄酒有限公司 (China Overseas Trade Harbin Province Wine Co. Limited#), a company incorporated in the PRC with limited liability) and its ultimate beneficial owner is 中國海外貿易總公司 (China National Overseas Trading Corporation#), a stated owned company. Mr. He Chenguang, the chairman of the Board and an executive Director, is the legal representative of CCC.

According to Rule 20.52 of the GEM Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders' approval requirements.

Based on the revised annual caps under the Third Supplemental Agreement, as all of the applicable percentage ratios (as defined under the GEM Listing Rules) are less than 25% and the total amount of the revised annual caps is less than HK$10,000,000, the entering into of the Third Supplemental Agreement and the transactions contemplated thereunder are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 20.74(2)(b) of the GEM Listing Rules.

At the Board meeting approving the Third Supplemental Agreement and the transactions contemplated thereunder, Mr. He Chenguang, the chairman of the Board and an executive Director, was considered to have a material interest in the relevant transactions, and had abstained from voting on the relevant board resolution.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the circular of the Company dated 31 December 2015 relating to, inter alia, the Heilongjiang Shentong CRC Shentong Card Payment System Contract. Independent Shareholders' approval for the continuing connected transactions and the annual caps assigned under the Heilongjiang Shentong CRC Shentong Card Payment System Contract had been obtained by the Company at the extraordinary general meeting of the Company held on 16 February 2016.

Principal terms of the Heilongjiang Shentong CRC Shentong Card Payment System Contract are set out below for reference:

Date

1 January 2013 (as amended and supplemented by the Supplemental Agreement and the Further Supplemental Agreement)

Parties

CCC as supplier and Heilongjiang Shentong as purchaser

Services

CCC shall provide Heilongjiang Shentong with the right to use the CRC Shentong Card integrated payment management system to facilitate customer's information maintenance, customer enquiry services and payment processing services.

Term

For the period commencing on 1 January 2013 to 31 March 2018.

Pricing basis

Heilongjiang Shentong shall pay a fee to CCC which is calculated as 6% of its overall income (including income from training and competitions) which payment is made through and processed by the CRC Shentong Card integrated payment management system.

CCC had paid RMB4.5 million (equivalent to approximately HK$5.31 million) of clearing security deposit (結算保證金) to Heilongjiang Shentong. CCC and Heilongjiang Shentong shall undergo settlement reconciliation within seven calendar days after the end of each month and CCC shall pay to Heilongjiang Shentong within 30 calendar days after the end of the relevant month for settlement of the funds.

REVISION OF ANNUAL CAPS

During a recent review by the Board on the existing continuing connected transactions of the Group, the Directors found that the transactions amount under the Heilongjiang Shentong CRC Shentong Card Payment System Contract is approaching the annual caps for the financial year ending 31 March 2018 previously approved by the Independent Shareholders.

Due to the increase in number of students and transactions volume, the usage of CRC Shentong Cards increased accordingly. As such, the transactions amount for the year ending 31 March 2018 is expected to be higher than the level as envisaged at the time of approval of the Heilongjiang Shentong CRC Shentong Card Payment System Contract by the Independent Shareholders.

On 30 November 2017, CCC and Heilongjiang Shentong entered into the Third Supplemental Agreement to revise the annual caps for the continuing connected transactions under the Heilongjiang Shentong CRC Shentong Card Payment System Contract for the year ending 31 March 2018 from RMB4.40 million (equivalent to approximately HK$5.19 million) to RMB6.00 million (equivalent to approximately HK$7.08 million).

Save and except the revised annual caps of the transaction amount between CCC and Heilongjiang Shentong as amended and supplemented by the Third Supplemental Agreement, the other provisions of the Heilongjiang Shentong CRC Shentong Card Payment System Contract shall remain in full force and effect.

Historical transaction amounts and annual caps

The tables below set out (i) the actual transactions amounts and (ii) the existing annual caps and the revised annual caps, under the Heilongjiang Shentong CRC Shentong Card Payment System Contract:

	For the year ended 31 March 2017 *(RMB million)*	**For the seven months ended 31 October 2016** *(RMB million)*	**For the seven months ended 31 October 2017** *(RMB million)*
Actual transactions amounts	2.93	1.69	3.19

	For the year ended 31 March 2017 *(RMB million)*	For the year ending 31 March 2018 *(RMB million)*
Existing annual caps	3.40	4.40
Revised annual cap	–	6.00

The revised annual caps are determined with reference to the following factors:

(a) 6% of the historical revenues generated by the CRC Shentong Cards of, approximately RMB53.2 million for the seven months ended 31 October 2017; and

(b) the historical actual transaction amounts under the Heilongjiang Shentong CRC Shentong Card Payment System Contract of RMB1.69 million and RMB3.19 million for the seven months ended 31 October 2016 and 2017, respectively, representing an increase of approximately 88.8%.

The Directors (including the independent non-executive Directors) are of the view that the basis of determining the revised annual caps is fair and reasonable.

Reasons for and benefits of revision of the annual caps

As disclosed in the 2017 interim report of the Company, the Group is the only enterprise authorised to host CRC events and provide related CRC education and training (collectively, the "**CRC Quality Education**") in Heilongjiang Province. By organising a diversified series of CRC events in Heilongjiang Province, the Group effectively promoted the popularity and development of quality robot education, and successfully created a new source of revenues. As the CRC Shentong Card that we promote is the only smart comprehensive educational billing card in the PRC used for payment and smart management in connection with CRC events and CRC Quality Education, the overall income (including income from training and competitions) which payment is made through and processed by the CRC Shentong Card integrated payment management system is accordingly benefited by the aforesaid new source of revenues from the CRC events and CRC Quality Education.

In particular, the fee paid by Heilongjing Shentong for the CRC Shentong Card integrated payment management system provided by CCC under the Heilongjiang Shentong CRC Shentong Card Payment System Contract during the seven months ended 31 October 2017, based on the Group's unaudited management accounts, has already reached approximately RMB3.19 million (equivalent to approximately HK$3.76 million), representing (i) approximately 72.5% of the existing annual caps of RMB4.40 million for the year ending 31 March 2018; and (ii) an increase of approximately 88.8% as compared with the corresponding period last year. The Board expects such strong demand of payment through and processed by the CRC Shentong Card integrated payment management system will sustain throughout the year ending 31 March 2018.

The Directors (including the independent non-executive Directors) consider it beneficial for the Group to revise the annual caps for the continuing connected transactions under the Heilongjiang Shentong CRC Shentong Card Payment System Contract in order to cater for the increased demand of payment through and processed by the CRC Shentong Card integrated payment management system, which will in turn continue to generate stable revenue and income to the Group. The Directors (including the independent non-executive Directors) consider the entering into of the Third Supplemental Agreement in the course of the Group's ordinary course of business, the terms of the Third Supplemental Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE GROUP AND CCC

The Group is principally engaged in the provision of quality education (including robotics training courses) in Heilongjiang Province of the PRC and the provision of promotion and management services of Designated Shentong Cards in the PRC.

CCC is a nationwide telecom operator and internet network operator in the PRC covering a wide range of value-added telecom services, including telecommunication services, valued-added telecommunication platform, payment and billing system. The electronic billing and payment system is operated through Shentong Card platform.

IMPLICATIONS UNDER THE GEM LISTING RULES

CCC is a connected person to the Company by virtue of its interest in approximately 24.90% of the issued share capital of the Company through CCI, its wholly-owned subsidiary. The controlling shareholder of CCC is 中國海外貿易哈爾濱王子葡萄酒有限公司 (China Overseas Trade Harbin Province Wine Co. Limited#), a company incorporated in the PRC with limited liability) and its ultimate beneficial owner is 中國海外貿易總公司 (China National Overseas Trading Corporation#), a stated owned company. Mr. He Chenguang, the chairman of the Board and an executive Director, is the legal representative of CCC.

According to Rule 20.52 of the GEM Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders' approval requirements.

Based on the revised annual caps under the Third Supplemental Agreement, as all of the applicable percentage ratios (as defined under the GEM Listing Rules) are less than 25% and the total amount of the revised annual caps is less than HK$10,000,000, the entering into of the Third Supplemental Agreement and the transactions contemplated thereunder are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 20.74(2)(b) of the GEM Listing Rules.

At the Board meeting approving the Third Supplemental Agreement and the transactions contemplated thereunder, Mr. He Chenguang, the chairman of the Board and an executive Director, was considered to have a material interest in the relevant transactions and had abstained from voting on the relevant board resolution.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meaning:

"Board"	the board of Directors
"CCC"	神州通信集團有限公司 (China Communication Group Co., Ltd.#), a company established under the laws of the PRC, a substantial Shareholder by virtue of its interest in approximately 24.90% of the issued share capital of the Company through CCI, its wholly-owned subsidiary
"CCI"	神州通信投資有限公司 (China Communication Investment Limited), a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of CCC
"Company"	Shentong Robot Education Group Company Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on GEM
"connected persons"	has the meaning ascribed to it under the GEM Listing Rules
"CRC"	全國素質體育機器人運動會 (China Robot Competition)
"CRC Shentong Card(s)"	an electronic smart card "Shentong Card" (神通卡) for use in payment for education and training courses in relation to CRC
"Designated Shentong Card(s)"	the designated "Shentong Card(s)" preloaded with certain insurance products of CCC
"Director(s)"	the director(s) of the Company, from time to time
"Further Supplemental Agreement"	the further supplemental agreement dated 21 November 2015 and entered into between CCC and Heilongjiang Shentong, which amended and supplemented the Heilongjiang Shentong CRC Shentong Card Payment System Contract
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"Heilongjiang Shentong"	黑龍江神通文化俱樂部有限公司 (Heilongjiang Shentong Cultural Club Co., Ltd.#), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

"Heilongjiang Shentong CRC Shentong Card Payment System Contract"	the user management contract (用戶管理合同) in relation to the CRC Shentong Card payment system dated 1 January 2013 entered into between CCC and Heilongjiang Shentong (as amended and supplemented by the Supplemental Agreement and the Further Supplemental Agreement)
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Shareholders"	Shareholders who were not interested in and were entitled to vote in the resolution in relation to the Heilongjiang Shendong CRC Shendong Card Payment System Contract and the transactions contemplated thereunder at the extraordinary general meeting of the Company held on 16 February 2016
"Independent Third Party(ies)"	any person(s) or company(s) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, are third party(ies) independent of and not connected with any director, chief executive or substantial shareholders or management shareholders of the Company or its subsidiaries or any of their respective associates
"PRC"	the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Shareholder(s)"	holder(s) of the Share(s) from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued and unissued share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the supplemental agreement dated 15 September 2015 and entered into between CCC and Heilongjiang Shentong, which amended and supplemented the Heilongjiang Shentong CRC Shentong Card Payment System Contract
"Third Supplemental Agreement"	the third supplemental agreement dated 30 November 2017 and entered into between CCC and Heilongjiang Shentong, which amended and supplemented the Heilongjiang Shentong CRC Shentong Card Payment System Contract
"HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

English translation of the name for identification purpose only

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK$ is calculated at the approximate exchange rate of RMB1.00 to HK$1.18. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.

By order of the Board
Shentong Robot Education Group Company Limited
He Chenguang
Chairman

As at the date of this announcement, the Board comprises:

Mr. He Chenguang *(Executive Director and Chairman)*
Mr. Bao Yueqing *(Executive Director and Chief Executive Officer)*
Mr. Yip Tai Him *(Independent Non-Executive Director)*
Ms. Han Liqun *(Independent Non-Executive Director)*
Ms. Zhang Li *(Independent Non-Executive Director)*

Hong Kong, 30 November 2017

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain at www.hkgem.com on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its posting and on the website of the Group at www.srobotedu.com.