THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shentong Robot Education Group Company Limited (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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 AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

Nuada Limited

A notice convening the extraordinary general meeting (the "**EGM**") of the Company to be held at the Meeting Room, Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on Thursday, 29 March 2018 at 11:00 a.m. is set out on pages EGM-1 to EGM-8 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. no later than Tuesday, 27 March 2018 at 11:00 a.m. (Hong Kong Time)) or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting if you so wish and in such event, the form of proxy shall be deemed to be revoked.

This circular will remain on the "Latest Company Announcements" page of the website of GEM of The Stock Exchange of Hong Kong Limited at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Group at www.SRobotEdu.com.

13 March 2018

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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In this circular, the following expressions have the following meanings unless the context requires otherwise:

"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
"CCC Group"	CCC and its associates
"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
"CCT Agreements"	collectively, (i) the Heilongjiang Shentong CRC Shentong Card Payment System Contract; (ii) the Heilongjiang Shentong Customer Service Hotline Rental Contract; (iii) the Heilongjiang Shentong Server Hosting Agreement; (iv) the China Communication Heilongjiang Bin County Branch Venue Rental Contract; (v) the Harbin China Communication Skill Training Venue Rental Agreement; (vi) the Heilongjiang Shentong Web Advertising Contract; (vii) the Yijia Customer Service Hotline Rental Contract; (viii) the Yijia Server Hosting Agreement; (ix) the Shentong Card Management and Sales Contract; (x) the Yijia Web Advertising Contract; and (xi) the Heilongjiang Operation and Management Contract
"China Communication Heilongjiang"	神州通信黑龍江有限公司 (China Communication Heilongjiang Co., Ltd.#), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of CCC
"China Communication Heilongjiang Bin County Branch"	神州通信黑龍江有限公司賓縣分公司 (China Communication Heilongjiang Co., Ltd. Bin County Branch Company#), a branch company of China Communication Heilongjiang
"China Communication Heilongjiang Bin County Branch Venue Rental Contract"	the venue rental contract# (場地租賃合同) dated 9 February 2018 entered into between China Communication Heilongjiang Bin County Branch and Heilongjiang Shentong

"China Communication Heilongjiang Mudanjiang"	神州通信黑龍江有限公司牡丹江公司 (China Communication Heilongjiang Co., Ltd. Mudanjiang Company#), a branch company of China Communication Heilongjiang
"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"	China Robot Competition# (全國素質體育機器人運動會)
"CRC Shentong Cards"	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
"EGM"	the extraordinary general meeting of the Company to be convened and held at the Meeting Room, Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on Thursday, 29 March 2018 at 11:00 a.m. for the purpose of considering and, if thought fit, approving, among other things, the CCT Agreements and the transactions contemplated thereunder
"Existing CCT Agreements"	collectively, (i) the Existing Heilongjiang Shentong CRC Shentong Card Payment System Contract; (ii) the Existing Heilongjiang Shentong Customer Service Hotline Rental Contract; (iii) the Existing Heilongjiang Shentong Server Hosting Agreement; (iv) the Existing China Communication Heilongjiang Bin County Branch Venue Rental Contract; (v) the Existing Harbin China Communication Skill Training Venue Rental Agreement; (vi) the Existing Heilongjiang Shentong Web Advertising Contract; (vii) the Existing Yijia Customer Service Hotline Rental Contract; (viii) the Existing Yijia Server Hosting Agreement; (ix) the Existing Shentong Card Management and Sales Contract; and (x) the Existing Yijia Web Advertising Contract
"Existing China Communication Heilongjiang Bin County Branch Venue Rental Contract"	the venue rental contract# (場地租賃合同) dated 1 March 2013 entered into between China Communication Heilongjiang Bin County Branch and Heilongjiang Shentong (as amended and supplemented)

"Existing Harbin China Communication Skill Training Venue Rental Agreement"	the venue rental agreement# (場地租賃協議) dated 1 March 2013 entered into between Heilongjiang Shentong and Harbin China Communication Skill Training (as amended and supplemented)
"Existing 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)
"Existing Heilongjiang Shentong Customer Service Hotline Rental Contract"	the 95130*** nationwide number rental contract# (95130***全國號碼租用合同) dated 1 January 2013 entered into between CCC and Heilongjiang Shentong (as amended and supplemented)
"Existing Heilongjiang Shentong Server Hosting Agreement"	the data centre server hosting service agreement# (數據中心主機托管服務協議) dated 1 January 2013 entered into between CCC and Heilongjiang Shentong (as amended and supplemented)
"Existing Heilongjiang Shentong Web Advertising Contract"	the network advertising cooperation contract# (網絡廣告合作合同) dated 1 March 2013 entered into between China Communication Heilongjiang and Heilongjiang Shentong (as amended and supplemented)
"Existing Yijia Customer Service Hotline Rental Contract"	the 95130*** nationwide number rental contract# (95130***全國號碼租用合同) entered into between Shentong Yijia and CCC on 9 March 2015
"Existing Yijia Server Hosting Agreement"	the server hosting agreement# (數據中心主機托管服務協議) entered into between Shentong Yijia and CCC on 9 March 2015 in relation to the provision of server hosting service and the broadband leased line by CCC to Shentong Yijia
"Existing Shentong Card Management and Sales Contract"	the telecom financial and insurance products service contract# (電信金融保險產品服務合同書) entered into between Shentong Yijia and CCC on 9 March 2015 in relation to the provision of management service by Shentong Yijia to CCC regarding the Designated Shentong Cards
"Existing Yijia Web Advertising Contract"	the web advertising agreement# (網絡廣告發布合同) entered into between Shentong Yijia and CCC on 9 March 2015 in relation to the provision of advertising space by CCC to Shentong Yijia
"GEM"	GEM of the Stock Exchange

"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"Harbin China Communication Skill Training"	哈爾濱神州通信技能培訓有限公司 (Harbin China Communication Skill Training Co., Ltd#), a company established under the laws of PRC with limited liability and a wholly-owned subsidiary of CCC
"Harbin China Communication Skill Training Venue Rental Agreement"	the venue rental agreement# (場地租賃協議) dated 9 February 2018 entered into between Heilongjiang Shentong and Harbin China Communication Skill Training
"Heilongjiang Operation and Management Contract"	the operation and management agreement# (素質體育委託運營管理服務合同) entered into on 9 February 2018 between China Communication Heilongjiang Mudanjiang and Heilongjiang Shentong in relation provision of operation and management services
"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 9 February 2018 entered into between CCC and Heilongjiang Shentong
"Heilongjiang Shentong Customer Service Hotline Rental Contract"	the 95130*** nationwide number rental contract# (95130***全國號碼租用合同) dated 9 February 2018 entered into between CCC and Heilongjiang Shentong
"Heilongjiang Shentong Server Hosting Agreement"	the data centre server hosting service agreement# (數據中心主機托管服務協議) dated 9 February 2018 entered into between CCC and Heilongjiang Shentong
"Heilongjiang Shentong Web Advertising Contract"	the network advertising cooperation contract# (網絡廣告合作合同) dated 9 February 2018 entered into between China Communication Heilongjiang and Heilongjiang Shentong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee comprising all the independent non-executive Directors, established to advise the Independent Shareholders as to the CCT Agreements

"Independent Financial Adviser"	Nuada Limited, a licensed corporation under the SFO licensed to conduct type 1 (dealings in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders as to the CCT Agreements
"Independent Shareholders"	Shareholders who are not interested in and are entitled to vote in the resolution in relation to the CCT Agreements and the transactions contemplated thereunder at the EGM
"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
"Latest Practicable Date"	9 March 2018, being the latest practicable date prior to the bulk print of this circular for ascertaining certain information contained herein
"PRC"	the People's Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"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
"Shentong Card"	an electronic smart card "Shentong Card" (神通卡) for use in payment of insurances, mobile and fixed line phone recharge fees, online trading fees, or CRC education and training courses, which includes the CRC Shentong Card and/or the Designated Shentong Card
"Shentong Card Management and Sales Contract"	the telecom financial and insurance products service contract# (電信金融保險產品服務合同書) entered into between Shentong Yijia and CCC on 9 February 2018 in relation to the provision of management service by Shentong Yijia to CCC regarding the Designated Shentong Cards

"Shentong Yijia"	北京神通益家科技服務有限公司 (Beijing Shentong Yijia Technology Services Company Limited#), a company established under the laws of the PRC, a wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Yijia Customer Service Hotline Rental Contract"	the 95130*** nationwide number rental contract# (95130***全國號碼租用合同) entered into between Shentong Yijia and CCC on 9 February 2018
"Yijia Server Hosting Agreement"	the server hosting agreement# (數據中心主機托管服務協議) entered into between Shentong Yijia and CCC on 9 February 2018 in relation to the provision of server hosting service and the broadband leased line by CCC to Shentong Yijia
"Yijia Web Advertising Contract"	the web advertising agreement# (網絡廣告發布合同) entered into between Shentong Yijia and CCC on 9 February 2018 in relation to the provision of advertising space by CCC to Shentong Yijia
"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 circular, unless otherwise indicated, conversion of RMB into HK$ is calculated at the approximate exchange rate of RMB1.00 to HK$1.23. 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.

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)

Executive Directors:
Mr. He Chenguang *(Chairman)*
Mr. Bao Yueqing *(Chief Executive Officer)*

Independent non-executive Directors:
Mr. Yip Tai Him
Ms. Han Liqun
Ms. Zhang Li

Registered Office:
PO Box 309
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Grand Cayman
KY1-1104
Cayman Islands

Head office and principal place of business in Hong Kong:
Units 2115–2116, 21/F
China Merchants Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

13 March 2018

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 9 February 2018 in relation to, among other things, the CCT Agreements and the transactions contemplated thereunder.

The purpose of this circular is to provide you with (i) further details of the CCT Agreements and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the EGM.

On 9 February 2018, the Group entered into the CCT Agreements. Except the Heilongjiang Operation and Management Contract which is a new contract, the CCT Agreements are renewal of the Existing CCT Agreements. Save the relatively significant adjustment of prices under the Heilongjiang Shentong Web Advertising Contract as illustrated in detail below, the key terms of the CCT Agreements, including the pricing policies and the scope of services, are substantially the same as the Existing CCT Agreements.

Details of the CCT Agreements are set out below:

(i) Heilongjiang Shentong CRC Shentong Card Payment System Contract

Date: 9 February 2018

Parties:
(i) CCC as supplier; and
(ii) 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: Subject to approval by the Independent Shareholders (if required), the term shall be the period commencing on 1 April 2018 and ending on 31 March 2021 and, subject to compliance with the GEM Listing Rules, renewable automatically for three years.

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$5.54 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.

The above pricing basis was determined after negotiations on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to similar transactions carried out in the market regarding electronic payment service charge of payment service companies, and are no less favourable than terms between the supplier and its independent third parties. The Group has reviewed 5 similar contracts between CCC Group as supplier and independent purchasers for comparison in this regard.

Pursuant to the guidance of the Social Sports Direction Centre of the General Administration of Sport (國家體育總局社會體育指導中心), all management and payment of CRC education and training courses and CRC competitions should be conducted through the CRC Shentong Card integrated payment management system. As such, it is technically not feasible to obtain quotation of suppliers for similar services from the open market. Instead, it is more meaningful to compare contracts of very similar services provided by the CCC Group to independent purchasers. The Directors consider that this procedure provides a relevant and meaningful comparison against terms which may be offered by independent suppliers (if any).

Historical transaction amounts and annual caps

The actual transaction amounts under the Existing Heilongjiang Shentong CRC Shentong Card Payment System Contract for the relevant periods are set out below:

	For the year ended 31 March 2017 *(RMB million)*	**For the nine months ended 31 December 2017** *(RMB million)*
Actual transaction amounts	2.93	4.11

The historical annual caps for the transactions under the Existing Heilongjiang Shentong CRC Shentong Card Payment System Contract for the two years ending 31 March 2018 are set out below:

	For the year ended 31 March 2017 *(RMB million)*	**For the year ending 31 March 2018** *(RMB million)*
Historical annual caps	3.40	6.00[Note]

Note: The annual caps were revised on 30 November 2017. For details, please refer to the announcement of the Company dated 30 November 2017.

The Directors have been monitoring the transaction amount under the Existing Heilongjiang Shentong CRC Shentong Card Payment System Contract to ensure the annual caps for the year ended 31 March 2017 has not been exceeded. The transaction amount under the Existing Heilongjiang Shentong CRC Shentong Card Payment System Contract has been increasing steadily during the past few years due to the increased popularity of CRC Shentong Card. The relatively rapid increase in transaction amount during the nine months ended 31 December 2017 was due to the launch of a well-received new course named "機器人足球", which recorded an income through the CRC Shentong

Card integrated payment management system of approximately HK$6 million during the three months ended 31 December 2017. As at the Latest Practicable Date, the annual caps for the transaction amount under the Existing Heilongjiang Shentong CRC Shentong Card Payment System Contract for the year ending 31 March 2018 have not been exceeded.

Proposed annual caps

For each of the three years ending 31 March 2021, the proposed maximum annual aggregate transaction amounts under the Heilongjiang Shentong CRC Shentong Card Payment System Contract are set out below:

	For the year ending 31 March 2019 *(RMB million)*	**For the year ending 31 March 2020** *(RMB million)*	**For the year ending 31 March 2021** *(RMB million)*
Proposed annual caps	8.50	11.00	12.50

In arriving at the proposed annual caps under the Heilongjiang Shentong CRC Shentong Card Payment System Contract, the Directors have taken into account the following factors:

(a) 6% of the historical revenues generated by the CRC Shentong Card;

(b) the historical consolidated revenues generated via CRC Shentong Card for the nine months ended 31 December 2016 and 2017;

(c) based on the estimated growth rate of revenues generated by the CRC Shentong Card of approximately 60% *(Note)* multiplied by the annualised actual transaction amount of RMB4.11 million for the nine months ended 31 December 2017 (i.e. approximately RMB5.48 million), the transaction amount for the year ending 31 March 2019 is estimated to be RMB8.50 million; and

(d) assuming the growth rate of 60% on the revenues generated by the CRC Shentong Card to be reduced to 30% and 15% respectively for the years ending 31 March 2020 and 2021 respectively due to the effect of the larger base figures, the transaction amounts for the years ending 31 March 2020 and 2021 are estimated to be approximately RMB11.0 million and RMB12.5 million respectively.

Note: The estimated growth rate of revenues generated by the CRC Shentong Card of approximately 60% is calculated according to the following:

Period	Revenue during the period *(HK$'000)*	Annualised revenue *(HK$'000)*	Growth rate
Year ended 31 March 2017	69,033	69,033	—
9 months ended 31 December 2017	78,851	105,135	52%
Taking into account the margin of errors due to the use of annualised figures:			**60%**

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

(ii) Heilongjiang Shentong Customer Service Hotline Rental Contract

Date: 9 February 2018

Parties: (i) CCC as supplier; and

(ii) Heilongjiang Shentong as purchaser

Services: CCC shall provide a designated national customer service hotline number 95130*** to Heilongjiang Shentong.

Term: Subject to approval by the Independent Shareholders (if required), the term shall be the period commencing on 1 April 2018 and ending on 31 March 2021 and, subject to compliance with the GEM Listing Rules, renewable for one year by CCC by serving a notice to Heilongjiang Shentong at least 30 days before expiry of the term.

Pricing basis: CCC will charge Heilongjiang Shentong (i) an annual fee of RMB20,000 (equivalent to approximately HK$24,600) which is on a pro-rata and 12-month-year basis; (ii) a calling charge of RMB0.06 (equivalent to approximately HK$0.074) per 6 seconds for long distance incoming calls (subject to the scaled-discount rates); and (iii) a calling charge of RMB0.15 (equivalent to approximately HK$0.18) per minute for outgoing calls via internet through the "VoIP" (Voice-Over Internet Protocol) telephone system.

In cases new national standard rate is adopted, CCC will still charge Heilongjiang Shentong in accordance with the scaled-discount rates as stated in the agreement for the incoming calls. The scaled-discount rates for long distance incoming calls will not be changed. The annual fee and separate charges on long distance incoming calls and outgoing calls are made on normal commercial terms and determined with reference to the charges provided by several nationwide telecommunication operators. The Group has reviewed 5 similar contracts between the CCC Group as supplier and independent purchasers for comparison in this regard. The Group has also obtained two quotations from independent suppliers and found that the terms offered by the CCC Group is no less favourable than those offered by independent suppliers. It was found that the pricing basis (including the fixed annual fee, the separate charges on long distance incoming calls and outgoing calls and the corresponding scaled-discount rates) under the Heilongjiang Shentong Customer Service Hotline Rental Contract is more favourable than those offered by the CCC Group to other independent purchasers.

For the purpose of monitoring and ensuring the proper calculation of the fees chargeable under the Heilongjiang Shentong Customer Service Hotline Rental Contract, CCC provides monthly summary of the incoming calls and outgoing calls, including but not limited to the telephone numbers of the incoming calls and outgoing calls, calling and ending time of each call, duration of each call, and charging rate of each call. Heilongjiang Shentong performs calculation check and reviews the charging rates each month to ensure that the transactions are within the framework of the Heilongjiang Shentong Customer Service Hotline Rental Contract. CCC and Heilongjiang Shentong will then sign on a statement to confirm the agreed charge each month.

The annual fee shall be payable by Heilongjiang Shentong on 31 March for each of the three years ending 31 March 2019, 2020 and 2021, whereas the calling charges shall be settled by Heilongjiang Shentong monthly in arrears. In the event the period of service provided by CCC is shorter than one year, the annual fee will be charged on a pro-rata basis. For the avoidance of doubt, the annual fee paid by Heilongjiang Shentong under the Heilongjiang Shentong Customer Service Hotline Rental Contract will be returned to Heilongjiang Shentong on a pro-rata basis in case of early termination of the agreement. A daily default interest of 0.3% on the outstanding amount payable will be accrued should Heilongjiang Shentong fail to pay the service fee payable on time.

Historical transaction amounts and annual caps

The actual transaction amounts under the Existing Heilongjiang Shentong Customer Service Hotline Rental Contract for the relevant periods are set out below:

	For the year ended 31 March 2017 *(RMB million)*	**For the nine months ended 31 December 2017** *(RMB million)*
Actual transaction amounts	1.83	1.73

The historical annual caps for the transactions under the Existing Heilongjiang Shentong Customer Service Hotline Rental Contract for the two years ending 31 March 2018 are set out below:

	For the year ended 31 March 2017 *(RMB million)*	**For the year ending 31 March 2018** *(RMB million)*
Historical annual caps	2.20	2.40

The Directors have been monitoring the transaction amount under the Existing Heilongjiang Shentong Customer Service Hotline Rental Contract to ensure the annual caps for the year ended 31 March 2017 has not been exceeded. As at the Latest Practicable Date, the annual caps for the transaction amount under the Existing Heilongjiang Shentong Customer Service Hotline Rental Contract for the year ending 31 March 2018 have not been exceeded.

Proposed annual caps

For each of the three years ending 31 March 2021, the proposed maximum annual aggregate transaction amounts under the Heilongjiang Shentong Customer Service Hotline Rental Contract are set out below:

	For the year ending 31 March 2019 *(RMB million)*	**For the year ending 31 March 2020** *(RMB million)*	**For the year ending 31 March 2021** *(RMB million)*
Proposed annual caps	2.90	3.30	3.60

In arriving at the proposed annual caps under the Heilongjiang Shentong Customer Service Hotline Rental Contract, the Directors have taken into account the following factors:

(a) the usage of approximately 290,000 minutes for incoming calls and 360,000 minutes for outgoing calls per month for the nine months ended 31 December 2017; and

(b) based on the historical growth rate of approximately 31.6% for nine months ended 31 December 2017 as compared with the corresponding period in 2016, the conservative growth rates for the years ending 31 March 2019, 2020 and 2021 are expected to be approximately 20.8%, 13.8% and 9.1% respectively.

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

(iii) Heilongjiang Shentong Server Hosting Agreement

Date: 9 February 2018

Parties:
(i) CCC as supplier; and

(ii) Heilongjiang Shentong as purchaser

Services:
(a) Server hosting service

CCC will provide server equipment to Heilongjiang Shentong, and Heilongjiang Shentong will place its servers in CCC's server rooms and CCC will provide monitoring, management and technical support services to Heilongjiang Shentong.

(b) Dedicated leased-lines

CCC will provide designated 300M bandwidth share of the broadband leased lines to Heilongjiang Shentong for the operation of its website. CCC will also provide 90 IP addresses and not more than 11 racks of servers for the use of Heilongjiang Shentong.

Term: Subject to approval by the Independent Shareholders (if required), the term shall be the period commencing on 1 April 2018 and ending on 31 March 2021 and, subject to compliance with the GEM Listing Rules, renewable by Heilongjiang Shentong by serving a notice to CCC prior to expiry of the term.

Pricing basis: CCC will charge Heilongjiang Shentong a fee of RMB80,000 (equivalent to approximately HK$98,400) per month for each server used by Heilongjiang Shentong for the provision of server hosting service and dedicated leased-lines which shall be payable quarterly in advance.

A daily default interest rate of 0.3% on the outstanding amount payable will be accrued should Heilongjiang Shentong fail to pay the outstanding amount payable within five business days from the date of receipt of the relevant demand note.

The annual server rental fee is in commercial terms determined after arm's length negotiation between CCC and the Group with reference to similar transactions carried out in the market and the number of server rented, the bandwidth of the server and the quality of the maintenance service. The above pricing basis was determined on an arm's length basis in the ordinary course of business and on normal commercial terms and are no less favourable than terms offered by independent suppliers. The Group has obtained quotations from two independent suppliers for comparison in this regard.

Historical transaction amounts and annual caps

The actual transaction amounts under the Existing Heilongjiang Shentong Server Hosting Agreement for the relevant periods are set out below:

	For the year ended 31 March 2017 *(RMB million)*	**For the nine months ended 31 December 2017** *(RMB million)*
Actual transaction amounts	6.61	5.62

The historical annual caps for the transactions under the Existing Heilongjiang Shentong Server Hosting Agreement for the two years ending 31 March 2018 are set out below:

	For the year ended 31 March 2017 *(RMB million)*	**For the year ending 31 March 2018** *(RMB million)*
Historical annual caps	9.60	9.60

The Directors have been monitoring the transaction amount under the Existing Heilongjiang Shentong Server Hosting Agreement to ensure the annual caps for the year ended 31 March 2017 has not been exceeded. As at the Latest Practicable Date, the annual caps for the transaction amount under the Existing Heilongjiang Shentong Server Hosting Agreement for the year ending 31 March 2018 have not been exceeded.

Proposed annual caps

For each of the three years ending 31 March 2021, the proposed maximum annual aggregate transaction amounts under the Heilongjiang Shentong Server Hosting Agreement are set out below:

	For the year ending 31 March 2019 *(RMB million)*	**For the year ending 31 March 2020** *(RMB million)*	**For the year ending 31 March 2021** *(RMB million)*
Proposed annual caps	8.64	9.60	10.56

In arriving at the proposed annual caps under the Heilongjiang Shentong Server Hosting Agreement, the Directors have taken into account the following factors:

(a) the contract price of RMB80,000 (equivalent to approximately HK$98,400) per month for each server used;

(b) the estimated number of servers required for the years ending 31 March 2019, 2020 and 2021 of 9, 10 and 11 respectively; and

(c) the usage of 8 servers for the nine months ended 31 December 2017.

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

(iv) China Communication Heilongjiang Bin County Branch Venue Rental Contract

Date: 9 February 2018

Parties:

(i) China Communication Heilongjiang Bin County Branch as supplier; and

(ii) Heilongjiang Shentong as purchaser

Services: China Communication Heilongjiang Bin County Branch shall provide venue to Heilongjiang Shentong for the holding of competition and training, including the electricity supplies to and cleaning of the venue.

Term: Subject to approval by the Independent Shareholders (if required), the term shall be the period commencing on 1 April 2018 and ending on 31 March 2021 and, subject to compliance with the GEM Listing Rules, renewable by Heilongjiang Shentong by serving a notice to China Communication Heilongjiang Bin County Branch prior to expiry of the term.

Pricing basis: China Communication Heilongjiang Bin County Branch shall charge Heilongjiang Shentong a rental rate of RMB25,000 (equivalent to approximately HK$30,750) per hour.

The above pricing basis was determined after negotiations on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to similar transactions between the supplier and independent third parties, and are no less favourable than terms between the supplier and its independent third parties. The Group has reviewed 5 similar contracts between CCC Group as supplier and independent purchasers for comparison in this regard.

As the venue to be rented by the CCC Group under the China Communication Heilongjiang Bin County Branch Venue Rental Contract is specifically designed for hosting the CRC competitions and trainings, it is considered to be not generic. As such, it is technically not feasible to obtain quotation of suppliers for similar services from the open market. Instead, it is more meaningful to compare contracts of very similar services provided by the CCC Group to independent purchasers. The Directors consider that this procedure provides a meaningful comparison against terms which may be offered by independent suppliers (if any).

Historical transaction amounts and annual caps

The actual transaction amounts under the Existing China Communication Heilongjiang Bin County Branch Venue Rental Contract for the relevant periods are set out below:

	For the year ended 31 March 2017	**For the nine months ended 31 December 2017**
	(RMB million)	*(RMB million)*
Actual transaction amounts	0.08	0.10

The historical annual caps for the transactions under the Existing China Communication Heilongjiang Bin County Branch Venue Rental Contract for the two years ending 31 March 2018 are set out below:

	For the year ended 31 March 2017 *(RMB million)*	For the year ending 31 March 2018 *(RMB million)*
Historical annual caps	0.70	0.75

The Directors have been monitoring the transaction amount under the Existing China Communication Heilongjiang Bin County Branch Venue Rental Contract to ensure the annual caps for the year ended 31 March 2017 has not been exceeded. As at the Latest Practicable Date, the annual caps for the transaction amount under the Existing China Communication Heilongjiang Bin County Branch Venue Rental Contract for the year ending 31 March 2018 have not been exceeded.

Proposed annual caps

For each of the three years ending 31 March 2021, the proposed maximum annual aggregate transaction amounts under the China Communication Heilongjiang Bin County Branch Venue Rental Contract are set out below:

	For the year ending 31 March 2019 *(RMB million)*	For the year ending 31 March 2020 *(RMB million)*	For the year ending 31 March 2021 *(RMB million)*
Proposed annual caps	1.00	1.20	1.32

In arriving at the proposed annual caps under the China Communication Heilongjiang Bin County Branch Venue Rental Contract, the Directors have taken into account the following factors:

(a) based on the recent rapid development of Heilongjiang Shentong (including the increased number of schools, training centres and students who had participated in the CRC competitions and trainings), the self owned venues will not be able to meet the rapidly growing demand in the near future and increased renting of external venue for training and competition are expected for the three years ending 31 March 2021;

(b) the contract price of RMB25,000 (equivalent to approximately HK$30,750) per hour; and

(c) the estimated hours to be leased for the years ending 31 March 2019, 2020 and 2021 of 40, 48 and 53 respectively, which are determined using the yearly plan of competitions and training activities formulated by Heilongjiang Shentong.

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

(v) Harbin China Communication Skill Training Venue Rental Agreement

Date: 9 February 2018

Parties:

(i) Harbin China Communication Skill Training as supplier; and

(ii) Heilongjiang Shentong as purchaser

Services: Harbin China Communication Skill Training shall provide venue to Heilongjiang Shentong for the holding of conferences, training and other activities, including the electricity supplies to and cleaning of the venue.

Term: Subject to approval by the Independent Shareholders (if required), the term shall be the period commencing on 1 April 2018 and ending on 31 March 2021 and, subject to compliance with the GEM Listing Rules, renewable by Heilongjiang Shentong by serving a notice to Harbin China Communication Skill Training prior to expiry of the term.

Pricing basis: Harbin China Communication Skill Training shall charge Heilongjiang Shentong:

(i) accommodation charge at daily rate ranging from RMB318 to RMB1,888 (equivalent to approximately HK$391 to HK$2,322) with a discount of 20% to 50% according to different type of room and level of management authority respectively;

(ii) conference room leasing fee ranging from RMB1,800 to RMB5,000 (equivalent to approximately HK$2,214 to HK$6,150) for every four hours with a discount of 20% to 50% according to different level of management authority; and

(iii) food and beverage and supportive services charged on actual usage based on a pre-determined services fees.

The above pricing basis was determined after negotiations on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to similar transactions between the supplier and independent third parties, and are no less favourable than terms between the supplier and its independent third parties. The Group has reviewed 5 similar contracts between CCC Group as supplier and independent purchasers for comparison in this regard. The Group has also reviewed the room and conference room price from the internet of not less than 5 hotels and found that the terms offered by the CCC Group is no less favourable than those offered by independent suppliers.

Historical transaction amounts and annual caps

The actual transaction amounts under the Existing Harbin China Communication Skill Training Venue Rental Agreement for the relevant periods are set out below:

	For the year ended 31 March 2017 *(RMB million)*	**For the nine months ended 31 December 2017** *(RMB million)*
Actual transaction amounts	0.048	0[(Note)]

Note: There was no transaction under the Existing Harbin China Communication Skill Training Rental Agreement as the relevant fees payable by the Group for using the venue during the relevant period was waived by Harbin China Communication Skill Training in favour of the Group. As the Group had anticipated that the relevant fees would exceed the annual caps for the year ending 31 March 2018 and the relevant administrative costs for refreshing such annual caps would be disproportionate to its benefits, the Group decided to seek a waiver of fees from the Harbin China Communication Skill Training during the period and Harbin China Communication Skill Training had agreed to grant such waiver.

The historical annual caps for the transactions under the Existing Harbin China Communication Skill Training Venue Rental Agreement for the two years ending 31 March 2018 are set out below:

	For the year ended 31 March 2017 *(RMB million)*	**For the year ending 31 March 2018** *(RMB million)*
Historical annual caps	0.055	0.065

The Directors have been monitoring the transaction amount under the Existing Harbin China Communication Skill Training Venue Rental Agreement to ensure the annual caps for the year ended 31 March 2017 has not been exceeded. As at the Latest Practicable Date, the annual caps for the transaction amount under the Existing Harbin China Communication Skill Training Venue Rental Agreement for the year ending 31 March 2018 have not been exceeded.

Proposed annual caps

For each of the three years ending 31 March 2021, the proposed maximum annual aggregate transaction amounts under the Harbin China Communication Skill Training Venue Rental Agreement are set out below:

	For the year ending 31 March 2019 *(RMB million)*	**For the year ending 31 March 2020** *(RMB million)*	**For the year ending 31 March 2021** *(RMB million)*
Proposed annual caps	1.00	1.20	1.32

In arriving at the proposed annual caps under the Harbin China Communication Skill Training Venue Rental Agreement, the Directors have taken into account the following factors:

(a) based on the recent rapid development of Heilongjiang Shentong (including the increased number of schools, training centres and students who had participated in the CRC competitions and trainings), the self owned venues will not be able to meet the rapidly growing demand in the near future and increased renting of external venue for conference, training and competition are expected for the three years ending 31 March 2021; and

(b) the estimated number of days of activities to be held in the venues in concern for the years ending 31 March 2019, 2020 and 2021 of 30, 35 and 40 respectively, which are determined using the yearly plan of conferences, competitions and training activities formulated by Heilongjiang Shentong.

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

(vi) Heilongjiang Shentong Web Advertising Contract

Date: 9 February 2018

Parties: (i) China Communication Heilongjiang as supplier; and

(ii) Heilongjiang Shentong as purchaser

Services: Heilongjiang Shentong agreed to place and China Communication Heilongjiang agreed to arrange for the web advertisements of Heilongjiang Shentong be published on the internet. 24-hour technical support services shall also be provided by China Communication Heilongjiang to Heilongjiang Shentong to handle all technical issues arising out the publication of the advertisements.

Term: Subject to approval by the Independent Shareholders (if required), the term shall be the period commencing on 1 April 2018 and ending on 31 March 2021 and, subject to compliance with the GEM Listing Rules, renewable by Heilongjiang Shentong by serving a notice to China Communication Heilongjiang prior to expiry of the term.

Pricing basis: China Communication Heilongjiang shall charge Heilongjiang Shentong for each advertisement to be placed by Heilongjiang Shentong, which shall be determined according to the proposed publication timeslots and duration as follows:

(i) from 08:20 to 12:19 (i.e. 4 hours in total), RMB14,000 (equivalent to approximately HK$17,220) per day for the 4-hour period with a discount of 35%;

(ii) from 12:20 to 15:19 (i.e. 3 hours in total), RMB12,000 (equivalent to approximately HK$14,760) per day for the 3-hour period with a discount of 35%;

(iii) from 15:20 to 19:19 (i.e. 4 hours in total), RMB15,000 (equivalent to approximately HK$18,450) per day for the 4-hour period with a discount of 35%;

(iv) from 19:20 to 22:19 (i.e. 3 hours in total), RMB18,800 (equivalent to approximately HK$23,124) per day for the 3-hour period with a discount of 35%; and

(v) from 22:20 to 01:19 (i.e. 3 hours in total), RMB10,000 (equivalent to approximately HK$12,300) per day for the 3-hour period with a discount of 35%.

The above pricing basis was determined after negotiations on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to similar transactions between the supplier and independent third parties, and are no less favourable than terms offered by independent suppliers. The Group has obtained quotations from three independent suppliers for comparison in this regard.

The unit rates charged by China Communication Heilongjiang under the Existing Heilongjiang Shentong Web Advertising Contract were substantially lower that those in the Heilongjiang Shentong Web Advertising Contract due to a special discount offered the Heilongjiang Shentong to assist the start-up of its business. The special discount will no longer apply for the Heilongjiang Shentong Web Advertising Contract but it is in any event no less favourable than that between the supplier and its independent third parties.

Historical transaction amounts and annual caps

The actual transaction amounts under the Existing Heilongjiang Shentong Web Advertising Contract for the relevant periods are set out below:

	For the year ended 31 March 2017 *(RMB million)*	**For the nine months ended 31 December 2017** *(RMB million)*
Actual transaction amounts	1.62	1.63

The historical annual caps for the transactions under the Existing Heilongjiang Shentong Web Advertising Contract for the two years ending 31 March 2018 are set out below:

	For the year ended 31 March 2017 *(RMB million)*	**For the year ending 31 March 2018** *(RMB million)*
Historical annual caps	2.25	2.45

The Directors have been monitoring the transaction amount under the Existing Heilongjiang Shentong Web Advertising Contract to ensure the annual caps for the year ended 31 March 2017 has not been exceeded. As at the Latest Practicable Date, the annual caps for the transaction amount under the Existing Heilongjiang Shentong Web Advertising Contract for the year ending 31 March 2018 have not been exceeded.

Proposed annual caps

For each of the three years ending 31 March 2021, the proposed maximum annual aggregate transaction amounts under the Heilongjiang Shentong Web Advertising Contract are set out below:

	For the year ending 31 March 2019 *(RMB million)*	**For the year ending 31 March 2020** *(RMB million)*	**For the year ending 31 March 2021** *(RMB million)*
Proposed annual caps	2.70	3.00	3.30

In arriving at the proposed annual caps under the Heilongjiang Shentong Web Advertising Contract, the Directors have taken into account the following factors:

(a) the average contract price of RMB13,960 (equivalent to approximately HK$17,171) per section with a discounted price of RMB9,074 (equivalent to approximately HK$11,161) per section; and

(b) the estimated number of sections to be used for the years ending 31 March 2019, 2020 and 2021 of 300, 330 and 360 respectively.

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

(vii) Yijia Customer Service Hotline Rental Contract

Date: 9 February 2018

Parties: (i) CCC as supplier; and

(ii) Shentong Yijia as purchaser

Services: CCC shall provide a designated national customer service hotline number 95130*** to Shentong Yijia.

Term:	Subject to approval by the Independent Shareholders (if required), the term shall be the period commencing on 1 April 2018 and ending on 31 March 2021 and, subject to compliance with the GEM Listing Rules, renewable for one year by CCC by serving a notice to Shentong Yijia at least 30 days before expiry of the term.
Pricing basis:	CCC will charge Shentong Yijia (i) an annual fee of RMB20,000 (equivalent to approximately HK$24,600) which is on a pro-rata and 12-month-year basis; (ii) a calling charge of RMB0.06 (equivalent to approximately HK$0.074) per 6 seconds for long distance incoming calls (subject to the scaled-discount rates); and (iii) a calling charge of RMB0.15 (equivalent to approximately HK$0.18) per minute for outgoing calls via internet through the "VoIP" (Voice-Over Internet Protocol) telephone system. In case new national standard rate is adopted, CCC will still charge Shentong Yijia in accordance with the scaled-discount rates as stated in the agreement for the incoming calls. The scaled-discount rates for long distance incoming calls will not be changed. The annual fee and separate charges on long distance incoming calls and outgoing calls are made on normal commercial terms and determined with reference to the charges provided by several nationwide telecommunication operators. The Group has reviewed 5 similar contracts between CCC Group as supplier and independent purchasers for comparison in this regard. The Group has also obtained two quotations from independent suppliers and found that the terms offered by the CCC Group is no less favourable than those offered by independent suppliers. It was found that the pricing basis (including the fixed annual fee, the separate charges on long distance incoming calls and outgoing calls and the corresponding scaled-discount rates) under the Yijia Customer Service Hotline Rental Contract is more favourable than those offered by the CCC Group to other independent purchasers.

For the purpose of monitoring and ensuring the proper calculation of the fees chargeable under the Yijia Customer Service Hotline Rental Contract, CCC provides monthly summary of the incoming calls and outgoing calls, including but not limited to the telephone numbers of the incoming calls and outgoing calls, calling and ending time of each call, duration of each call, and charging rate of each call. Shentong Yijia performs calculation check and reviews the charging rates each month to ensure that the transactions are within the framework of the Yijia Customer Service Hotline Rental Contract. CCC and Shentong Yijia will then sign on a statement to confirm the agreed charge each month.

The annual fee shall be payable by Shentong Yijia on 31 March for each of the three years ending 31 March 2019, 2020 and 2021, whereas the calling charges shall be settled by Shentong Yijia monthly in arrears. In the event the period of service provided by CCC is shorter than one year, the annual fee will be charged on a pro-rata basis. For the avoidance of doubt, the annual fee paid by Shentong Yijia under the Yijia Customer Service Hotline Rental Contract will be returned to Shentong Yijia on a pro-rata basis in case of early termination of the agreement. A daily default interest of 0.3% on the outstanding amount payable will be accrued should Shentong Yijia fail to pay the service fee payable on time.

The above pricing basis was determined after negotiations on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to similar transactions carried out in the market regarding customer service hotline rental charge of telecommunication Companies, and are no less favourable than terms between the supplier and its independent third parties.

Historical transaction amounts and annual caps

The actual transaction amounts under the Existing Yijia Customer Service Hotline Rental Contract for the relevant periods are set out below:

	For the year ended 31 March 2016 *(RMB million)*	**For the year ended 31 March 2017** *(RMB million)*	**For the nine months ended 31 December 2017** *(RMB million)*
Actual transaction amounts	1.40	1.36	1.04

The historical annual caps for the transactions under the Existing Yijia Customer Service Hotline Rental Contract for the three years ending 31 March 2018 are set out below:

	For the year ended 31 March 2016 *(RMB million)*	For the year ended 31 March 2017 *(RMB million)*	For the year ending 31 March 2018 *(RMB million)*
Historical annual caps	1.40	1.45	1.50

The Directors have been monitoring the transaction amount under the Existing Yijia Customer Service Hotline Rental Contract to ensure the annual caps for the two years ended 31 March 2017 have not been exceeded. As at the Latest Practicable Date, the annual caps for the transaction amount under the Existing Yijia Customer Service Hotline Rental Contract for the year ending 31 March 2018 have not been exceeded.

Proposed annual caps

For each of the three years ending 31 March 2021, the proposed maximum annual aggregate transaction amounts under the Yijia Customer Service Hotline Rental Contract are set out below:

	For the year ending 31 March 2019 *(RMB million)*	For the year ending 31 March 2020 *(RMB million)*	For the year ending 31 March 2021 *(RMB million)*
Proposed annual caps	1.50	1.60	1.70

In arriving at the proposed annual caps under the Yijia Customer Service Hotline Rental Contract, the Directors have taken into account the following factors:

(a) the usage of approximately 170,000 minutes for incoming calls and 150,000 minutes for outgoing calls per month for the nine months ended 31 December 2017;

(b) the actual historical transaction amount under the Existing Yijia Customer Service Hotline Rental Contract of approximately RMB0.12 million (equivalent to approximately HK$0.15 million) per month for the two years ended 31 March 2017; and

(c) the conservative annual growth rates of approximately 6–7%.

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

(viii) **Yijia Server Hosting Agreement**

Date: 9 February 2018

Parties:
(i) CCC as supplier; and

(ii) Shentong Yijia as purchaser

Services:
(a) Server hosting service

CCC will provide server equipment to Shentong Yijia, and Shentong Yijia will place its servers in CCC's server rooms and CCC will provide monitoring, management and technical support services to Shentong Yijia.

(b) Dedicated leased-lines

CCC will provide designated 300M bandwidth share of the broadband leased lines to Shentong Yijia for the operation of its website. CCC will also provide 90 IP addresses and not more than 7 racks of servers for the use of Shentong Yijia. CCC will also supply 2,200W (10A) electricity for each rack of servers rented to Shentong Yijia.

Term: Subject to approval by the Independent Shareholders (if required), the term shall be the period commencing on 1 April 2018 and ending on 31 March 2021 and, subject to compliance with the GEM Listing Rules, renewable for one year by Shentong Yijia by serving a notice to CCC at least 30 days before expiry of the term.

Pricing basis: CCC will charge Shentong Yijia a fee of RMB80,000 (equivalent to approximately HK$98,400) per month for each server used by Shentong Yijia for the provision of server hosting service and dedicated leased-lines which shall be payable quarterly in advance.

A daily default interest rate of 0.3% on the outstanding amount payable will be accrued should Shentong Yijia fail to pay the outstanding amount payable within five business days from the date of receipt of the relevant demand note.

The annual server rental fee is in commercial terms determined after arm's length negotiation between CCC and the Group with reference to similar transactions carried out in the market and the number of server rented, the bandwidth of the server and the quality of the maintenance service. The above pricing basis was made on an arm's length basis in the ordinary course of business and on normal commercial terms and are no less favourable than terms offered by independent suppliers. The Group has obtained quotations from two independent suppliers for comparison in this regard.

Historical transaction amounts and annual caps

The actual transaction amounts under the Existing Yijia Server Hosting Agreement for the relevant periods are set out below:

	For the year ended 31 March 2016 *(RMB million)*	For the year ended 31 March 2017 *(RMB million)*	For the nine months ended 31 December 2017 *(RMB million)*
Actual transaction amounts	6.72	6.72	5.04

The historical annual caps for the transactions under the Existing Yijia Server Hosting Agreement for the three years ending 31 March 2018 are set out below:

	For the year ended 31 March 2016 *(RMB million)*	For the year ended 31 March 2017 *(RMB million)*	For the year ending 31 March 2018 *(RMB million)*
Historical annual caps	8.40	8.40	8.40

The Directors have been monitoring the transaction amount under the Existing Yijia Server Hosting Agreement to ensure the annual caps for the two years ended 31 March 2017 have not been exceeded. As at the Latest Practicable Date, the annual caps for the transaction amount under the Existing Yijia Server Hosting Agreement for the year ending 31 March 2018 have not been exceeded.

Proposed annual caps

For each of the three years ending 31 March 2021, the proposed maximum annual aggregate transaction amounts under the Yijia Server Hosting Agreement are set out below:

	For the year ending 31 March 2019 *(RMB million)*	For the year ending 31 March 2020 *(RMB million)*	For the year ending 31 March 2021 *(RMB million)*
Proposed annual caps	6.72	6.72	6.72

In arriving at the proposed annual caps under the Yijia Server Hosting Agreement, the Directors have taken into account the following factors:

(a) the contract price of RMB80,000 (equivalent to approximately HK$98,400) per month for each server used;

(b) the estimated number of servers required for the years ending 31 March 2019, 2020 and 2021 of 7, 7 and 7 respectively; and

(c) the usage of 7 servers for the nine months ended 31 December 2017.

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

(ix) Shentong Card Management and Sales Contract

Date: 9 February 2018

Parties:

(i) Shentong Yijia as supplier; and

(ii) CCC as purchaser

Services: The services to be provided by Shentong Yijia to CCC include:

(i) management and sale of the Designated Shentong Cards;

(ii) assisting CCC in the after-sale services for the Designated Shentong Card;

(iii) following up with the enquiries and/or complaints raised by the users of the Designated Shentong Card; and

(iv) customer management service, and promotion and marketing of the Designated Shentong Card.

Term: Subject to approval by the Independent Shareholders (if required), the term shall be the period commencing on 1 April 2018 and ending on 31 March 2021 and, subject to compliance with the GEM Listing Rules, renewable automatically for three years.

Pricing basis:

(a) Issuance handling fees of RMB5 (equivalent to approximately HK$6.15) for each Designated Shentong Card issued by Shentong Yijia;

(b) sale commission of RMB3 (equivalent to approximately HK$3.69) for the insurance products preloaded in the Designated Shentong Card issued by Shentong Yijia;

(c) technical service commission of 20% of the total value of purchases made by the users through the Designated Shentong Card issued by Shentong Yijia; and

(d) sale commission of 20% of the total value of purchases made by the users through the Designated Shentong Card for the property and life insurance products and 10% for the purchases of health insurance products.

The above issuance handling fees and the commissions shall be settled by CCC monthly in arrears.

For the purpose of monitoring and ensuring the proper calculation of the fees chargeable under the Shentong Card Management and Sales Contract, CCC will provide monthly summary of the income and the breakdown, including (a) a report of the number of Designated Shentong Card issued (with individual Designated Shentong Card Number), and (b) various reports of value of purchases made by each individual Designated Shentong Card and the time of usage. Shentong Yijia performs calculation check and reviews the charging rate to ensure that it is within the framework of the Shentong Card Management and Sales Contract. CCC and Shentong Yijia will then sign on a statement to confirm the agreed charge each month.

Shentong Yijia is the exclusive agent of CCC in providing management and sale of the Designated Shentong Cards. There is no comparable service in the market. The insurance handling fees and the relevant commission determined after arm's length negotiation between CCC and the Group in the ordinary course of business and on normal commercial terms.

Historical transaction amounts and annual caps

The actual transaction amounts under the Existing Shentong Card Management and Sales Contract for the relevant periods are set out below:

	For the year ended 31 March 2016 *(RMB million)*	**For the year ended 31 March 2017** *(RMB million)*	**For the nine months ended 31 December 2017** *(RMB million)*
Actual transaction amounts	28.63	27.28	19.45

The historical annual caps for the transactions under the Existing Shentong Card Management and Sales Contract for the three years ending 31 March 2018 are set out below:

	For the year ended 31 March 2016 *(RMB million)*	**For the year ended 31 March 2017** *(RMB million)*	**For the year ending 31 March 2018** *(RMB million)*
Historical annual caps	41.00	42.00	43.00

The Directors have been monitoring the transaction amount under the Existing Shentong Card Management and Sales Contract to ensure the annual caps for the two years ended 31 March 2017 have not been exceeded. As at the Latest Practicable Date, the annual caps for the transaction amount under the Existing Shentong Card Management and Sales Contract for the year ending 31 March 2018 have not been exceeded.

Proposed annual caps

For each of the three years ending 31 March 2021, the proposed maximum annual aggregate transaction amounts under the Shentong Card Management and Sales Contract are set out below:

	For the year ending 31 March 2019 *(RMB million)*	**For the year ending 31 March 2020** *(RMB million)*	**For the year ending 31 March 2021** *(RMB million)*
Proposed annual caps	27.00	29.00	31.00

In arriving at the proposed annual caps under the Shentong Card Management and Sales Contract, the Directors have taken into account the following factors:

(a) the actual historical transaction amount under the Existing Shentong Card Management and Sales Contract of approximately RMB2.3 million (equivalent to approximately HK$2.83 million) per month for the two years ended 31 March 2017 which is equivalent to approximately RMB27.6 million (equivalent to approximately HK$33.95 million) per year;

(b) the conservative annual growth rates of approximately 7% for the years ending 31 March 2020 and 2021, which was calculated by reference to the quarterly growth rates in year 2017; and

(c) the expected demand of approximately RMB27.0 million (equivalent to approximately HK$33.2 million), RMB29.0 million (equivalent to approximately HK$35.7 million) and RMB31.0 million (equivalent to approximately HK$38.1 million) for the years ending 31 March 2019, 2020 and 2021.

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

(x) Yijia Web Advertising Contract

Date: 9 February 2018

Parties:

(i) CCC as supplier; and

(ii) Shentong Yijia as purchaser

Services: Shentong Yijia agreed to place and CCC agreed to arrange for the web advertisements of Shentong Yijia be published on the website of CCC "Shentong Net". 24-hour technical support services shall also be provided by CCC to Shentong Yijia to handle all technical issues arising out the publication of the advertisements.

Term: Subject to approval by the Independent Shareholders (if required), the term shall be the period commencing on 1 April 2018 and ending on 31 March 2021 and, subject to compliance with the GEM Listing Rules, renewable by Shentong Yijia by serving a notice CCC prior to expiry of the term.

Pricing basis: CCC shall charge Shentong Yijia for each advertisement to be placed by Shentong Yijia, the advertising arrangement and the payment methods of which shall be determined based on mutual agreement of Shentong Yijia and CCC to be reached at least three (3) days prior to the publication of the relevant advertisement.

Shentong Yijia confirms that the advertising fees to be charged by CCC for each advertisement to be placed by Shentong Yijia shall be determined according to the proposed publication timeslots, duration, channels etc. and shall be determined based on the prevailing charging rates and are no less favourable than terms available to independent third parties, and will be agreed upon by the parties according to the relevant advertising proposal to be provided by Shentong Yijia.

Shentong Yijia is engaged in the provision of the distribution and management services of the Designated Shentong Cards which include following up with enquiries and/or complaints raised by the users of the Designated Shentong Card, customer management services and promotion and marketing of the Designated Shentong Card. Shentong Yijia has full control in relation to the promotion and marketing activities of the Designated Shentong Cards. Since the Designated Shentong Card is solely used in the Shentong Net, placing advertisements on the Shentong Net is considered to be the most effective.

There is no similar transaction conducted between the Group and other independent third parties for the reasons stated above. CCC charges standard advertising fee for web advertisements. Shentong Yijia has performed comparison in other channels and found that the prices set by CCC is favorable to Shentong Yijia.

The pricing basis was determined after arm's length negotiation between CCC and the Group in the ordinary course of business and on normal commercial terms and are no less favourable than terms offered by independent suppliers. The Group has obtained quotations from three independent suppliers for comparison in this regard.

Historical transaction amounts and annual caps

The actual transaction amounts under the Existing Yijia Web Advertising Contract for the relevant periods are set out below:

	For the year ended 31 March 2016 *(RMB million)*	For the year ended 31 March 2017 *(RMB million)*	For the nine months ended 31 December 2017 *(RMB million)*
Actual transaction amounts	4.78	4.86	3.60

The historical annual caps for the transactions under the Existing Yijia Web Advertising Contract for the three years ending 31 March 2018 are set out below:

	For the year ended 31 March 2016 *(RMB million)*	**For the year ended 31 March 2017** *(RMB million)*	**For the year ending 31 March 2018** *(RMB million)*
Historical annual caps	5.00	5.00	5.00

The Directors have been monitoring the transaction amount under the Existing Yijia Web Advertising Contract to ensure the annual caps for the two years ended 31 March 2017 have not been exceeded. As at the Latest Practicable Date, the annual caps for the transaction amount under the Existing Yijia Web Advertising Contract for the year ending 31 March 2018 have not been exceeded.

Proposed annual caps

For each of the three years ending 31 March 2021, the proposed maximum annual aggregate transaction amounts under the Yijia Web Advertising Contract are set out below:

	For the year ending 31 March 2019 *(RMB million)*	**For the year ending 31 March 2020** *(RMB million)*	**For the year ending 31 March 2021** *(RMB million)*
Proposed annual caps	5.30	5.60	6.00

In arriving at the proposed annual caps under the Yijia Web Advertising Contract, the Directors have taken into account the following factors:

(a) the actual historical transaction amount under the Existing Yijia Web Advertising Contract of approximately RMB0.40 million (equivalent to approximately HK$0.49 million) per month for the two years ended 31 March 2017; and

(b) the conservative growth rates for the years ending 31 March 2019, 2020 and 2021 are expected to be approximately 6.0%, 5.7% and 7.1% respectively.

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

(xi) Heilongjiang Operation and Management Contract

Date: 9 February 2018

Parties:

(i) China Communication Heilongjiang Mudanjiang as supplier; and

(ii) Heilongjiang Shentong as purchaser

Services: China Communication Heilongjiang Mudanjiang shall provide operation and management services to Heilongjiang Shentong in a training centre in Mudanjiang City in the Heilongjiang Province, the PRC, which shall include:

(i) user management and development in venues;

(ii) communication with schools and relevant governmental authorities;

(iii) venue safety, facilities maintenance, organisation of competitions;

(iv) handling of user complaints under the supervision of Heilongjiang Shentong and the relevant governmental authorities; and

(v) local marketing and promotion.

China Communication Heilongjiang Mudanjiang is required to use the CRC Shentong Card integrated payment management system to manage all user information and use the CRC Shentong Card as the only payment channel within the venue.

The tutors, trainers and referees hired by China Communication Heilongjiang Mudanjiang must be holding the required professional qualifications by the relevant national authorities before they may commence their duties.

The various athletes nominated by China Communication Heilongjiang Mudanjiang must have obtained the relevant national authentications.

Term: Subject to approval by the Independent Shareholders (if required), the term shall be the period commencing on 1 April 2018 and ending on 31 March 2021 and, subject to compliance with the GEM Listing Rules, renewable automatically for three years.

Pricing basis: Heilongjiang Shentong shall pay a fee to China Communication Heilongjiang Mudanjiang which is calculated as 15% of its overall income which payment is made through and processed by the CRC Shentong Card integrated payment management system.

The above pricing basis was determined after negotiations on an arm's length basis in the ordinary course of business and on normal commercial terms.

Historical transaction amounts and annual caps

The Heilongjiang Operation and Management Contract is a new contract and there is no transaction for similar services between the Group and China Communication Heilongjiang Mudanjiang as at the date of this circular.

Proposed annual caps

For each of the three years ending 31 March 2021, the proposed maximum annual aggregate transaction amounts under the Shentong Card Management and Sales Contract are set out below:

	For the year ending 31 March 2019 *(RMB million)*	**For the year ending 31 March 2020** *(RMB million)*	**For the year ending 31 March 2021** *(RMB million)*
Proposed annual caps	0.90	1.20	1.40

In arriving at the proposed annual caps under the Heilongjiang Operation and Management Contract, the Directors have taken into account the following factors:

(a) the expected overall income of approximately RMB0.5 million (equivalent to approximately HK$0.62 million) per month for the year ending 31 March 2019; and

(b) the growth rates for the years ending 31 March 2020 and 2021 are expected to be approximately 33.3% and 16.7% respectively which is determined by reference to the expected growth rates of the transaction amounts under the Heilongjiang Shentong CRC Shentong Card Payment System Contract for the same periods.

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

PRICING POLICY AND INTERNAL CONTROL

The basis of determining the prices of the services to or from the Group under each of the CCT Agreements (except the Shentong Card Management and Sales Contract and Heilongjiang Operation and Management Contract where there is no comparable service in the market) will be in accordance with the prevailing market prices of similar services and based on the following principles:

(i) by reference to the prevailing market price of the same or substantially similar services, taking into account the price of the same or substantially similar services with comparable order quantities and quality offered to/by other suppliers; and

(ii) if there are not sufficient comparable transactions in (i) above, on normal commercial terms comparable to those currently offered by the Group to, or received by the Group from, independent third parties in respect of the same or substantially similar products or services with comparable quantities.

In this regard, the Finance Department of the Company will invite quotations from independent supplier(s); or review similar contract(s) between the CCC Group as supplier and independent purchasers, to get a reference on the prevailing market prices for the relevant services to be procured. Such quotations and/or similar contracts will be reviewed and evaluated from both the technical and commercial perspectives by the Finance Manager of the Company compared against the pricing basis under the CCT agreements to ensure that the services to be procured under the CCT Agreements are comparable to the prices and terms for such services being offered by independent third parties.

To ensure that the actual prices for the transactions under the CCT Agreements are on normal commercial terms and on terms no less favourable to the Group than that available from independent third party suppliers, the Finance Department of the Company will conduct regular checks to review and assess whether the products have been supplied or purchased in accordance with the terms of the relevant agreement.

INFORMATION OF THE GROUP AND THE CONNECTED PERSONS

The Group is principally engaged in (i) the provision of promotion and management services for Designated Shentong Card in the PRC; and (ii) the provision of quality education (education and training courses) relating to robotics standardisation by CRC using an electronic smart card "CRC Shentong Card" as main payment medium, as well as the organisation and hosting of CRC competition events in Heilongjiang Province of the PRC. Heilongjiang Shengtong is principally engaged in the CRC Education Business (as defined below).

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, value-added telecommunication platform, payment and billing system. The electronic billing and payment system is operated through "Shentong Card" (神通卡) platform.

China Communication Heilongjiang, a company established in the PRC with limited liability, is a wholly-owned subsidiary of CCC. China Communication Heilongjiang is principally engaged in providing telecommunication services in the PRC.

Harbin China Communication Skill Training, a company established in the PRC with limited liability, is a wholly-owned subsidiary of CCC. Harbin China Communication Skill Training is principally engaged in providing telecommunication training, rental of venues and hospitality services in the PRC.

China Communication Heilongjiang Bin County Branch is a branch company of China Communication Heilongjiang. China Communication Heilongjiang Bin County Branch is principally engaged in providing telecommunication services and rental of venues in the PRC.

China Communication Heilongjiang Mudanjiang is a branch company of China Communication Heilongjiang. China Communication Heilongjiang Mudanjiang is principally engaged in providing telecommunication services in the PRC.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE CCT AGREEMENTS

The Group's revenue was mainly attributable to (i) the provision of quality education (education and training courses) relating to robotics standardisation by CRC using an electronic smart card "CRC Shentong Card" as main payment medium, as well as the organisation and hosting of CRC competition events in Heilongjiang Province of the PRC (the "**CRC Education Business**") and (ii) the provision of promotion and management services of electronic smart card "Designated Shentong Card" in the PRC (the "**Shentong Card Business**").

Amongst the CCT Agreements, (i) the Heilongjiang Shentong CRC Shentong Card Payment System Contract; (ii) the Heilongjiang Shentong Customer Service Hotline Rental Contract; (iii) the Heilongjiang Shentong Server Hosting Agreement; (iv) the China Communication Heilongjiang Bin County Branch Venue Rental Contract; (v) the Harbin China Communication Skill Training Venue Rental Agreement; (vi) Heilongjiang Shentong Web

Advertising Contract; and (vii) the Heilongjiang Operation and Management Contract are conducted in the ordinary course of and are essential to the operations of the CRC Education Business.

In particular, the Heilongjiang Operation and Management Contract is a new agreement of this kind as the Group will host CRC competitions and trainings in a new training centre located in Mudanjiang City. As China Communication Heilongjiang Mudanjiang has a local office near the venue with experienced staff, the Directors consider it beneficial to the Group to procure such operational and management services from China Communication Heilongjiang Mudanjiang for the hosting of such events rather than setting up its own local office or deploying resources to the venue. The Directors consider it beneficial to the Group and the Shareholders as a whole to engage such services of China Communication Heilongjiang Mudanjiang to extend its CRC Education Business to the vicinity.

Amongst the CCT Agreements, (i) the Yijia Customer Service Hotline Rental Contract; (ii) the Yijia Server Hosting Agreement; (iii) the Shentong Card Management and Sales Contract; and (iv) the Yijia Web Advertising Contract are conducted in the ordinary course of and are essential to the operations of the Shentong Card Business.

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 the Group 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.

As the CRC Quality Education in Heilongjiang Province becomes a key driver of the Group's business growth, the Directors are of the view that it is beneficial to the Group to renew the CCT Agreements related to the CRC Education Business.

Shentong Cards are one of the electronic smart cards and online gateway payment service businesses in the PRC. The Designated Shentong Cards are Shentong Cards currently managed by the Group, and are preloaded with insurance policies, which can be used to pay for insurances from various insurance companies. The Designated Shentong Cards can also be used for payment of mobile and fixed line phone recharge fees, online trading fees and other telecommunication value-added services.

The Group's Shentong Card Business was relatively stable, the turnover generated from Shentong Card Business had decreased by approximately 9.3% for the year ended 31 March 2017 as compared to the year ended 31 March 2016. For the nine months ended 31 December 2017, the unaudited turnover had decreased by approximately 8.6% as compared to the same period in 2016. As such, the Directors are of the view that it is beneficial to the Group to renew the CCT Agreements related to the Shentong Card Business.

Furthermore, the Directors (excluding the independent non-executive Directors whose view will be included in the circular after taking into account the advice from the independent financial adviser) also considered the terms under the CCT Agreements no less favourable than terms that the Group may get from independent third parties and the annual caps would allow the Group to increase its supply to long term and reliable customers, thereby expanding its overall revenue.

Based on the above, the Directors (excluding the independent non-executive Directors whose view will be included in the circular after taking into account the advice from the independent financial adviser) consider that the entering into of the CCT Agreements are in the ordinary course of business of the Group and that the terms of the CCT Agreements are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

THE GROUP'S INDEPENDENCE FROM THE CCC GROUP

In assessing the Group's independence from the CCC Group in light of the entering into of the CCT Agreements, the Directors have taken into account the following factors, which are set out and analyzed below:

(i) whether the business model can easily be changed to reduce the level of reliance

CCC Group as supplier

The services provided by the CCC Group are mainly telecommunication and other supporting services which most of them are generic and readily available from other independent suppliers. However, as the supply of services are conducted on commercial terms or better and in the ordinary and usual course of business of the Group, it is in the commercial interests of the Group to continue to procure such services from the CCC Group who had a long-term and smooth working relationship with the Group rather than to engage other suppliers who would not be able to provide such favourable terms to the Group.

The Directors consider most of the services provided by the CCC Group under the CCT Agreements are generic and readily available from independent suppliers and, except for CCT Agreements marked as not generic and readily available from third parties below, similar services could be obtained from the open market. Please see below summary of the factors the Directors have considered in reaching the above view:

Name of CCT Agreement	Generic and readily available from third parties?	Is it technically feasible to switch to another supplier?	Is it commercially feasible to switch to another supplier?	Impact on the Group's operation if it is to switch to another supplier
Heilongjiang Shentong CRC Shentong Card Payment System Contract	No. Pursuant to the guidance of the Social Sports Direction Centre of the General Administration of Sport (國家體育總局社會體育指導中心), all management and payment of CRC education and training courses and CRC competitions should be conducted through the CRC Shentong Card integrated payment management system. As such, it is currently not possible to engage another supplier. *(Note)*	No	Not applicable	Not applicable
Heilongjiang Shentong Customer Service Hotline Rental Contract	Yes	Yes	Yes	Transitional inconvenience
Heilongjiang Shentong Server Hosting Agreement	Yes	Yes	Yes	Transitional inconvenience
China Communication Heilongjiang Bin County Branch Venue Rental Contract	No. As the clubhouse provided was specifically designed by the CCC Group for hosting CRC competitions and trainings.	Yes	No. As the Group may need to share the starting cost of setting up a tailor-made venue of the supplier. It is even commercially more feasible for the Group to develop a new clubhouse itself than to engage a new supplier.	Considerable impact of the Group's operation due to the extensive time and high cost involved in sourcing a new supplier and setting up a tailor-made venue.
Harbin China Communication Skill Training Venue Rental Agreement	Yes	Yes	No. As it is not possible to obtain such favourable terms from other suppliers.	Increased cost due to less favourable terms to be offered by other suppliers.

Name of CCT Agreement	Generic and readily available from third parties?	Is it technically feasible to switch to another supplier?	Is it commercially feasible to switch to another supplier?	Impact on the Group's operation if it is to switch to another supplier
Heilongjiang Shentong Web Advertising Contract	Yes	Yes	Yes	Transitional inconvenience
Yijia Customer Service Hotline Rental Contract	Yes	Yes	Yes	Transitional inconvenience
Yijia Server Hosting Agreement	Yes	Yes	Yes	Transitional inconvenience
Yijia Web Advertising Contract	Yes	Yes	Yes	Transitional inconvenience
Heilongjiang Operation and Management Contract	No. As specific management and operational experience is required to supply such services which is not readily available in the open market.	No. It is even more feasible for the Group to operate itself than to engage a new supplier.	Not applicable	Not applicable

Note: In the extreme case that the Group's business relationship with the CCC Group or the services provided by the CCC Group under the Heilongjiang Shentong CRC Shentong Card Payment System Contract is ceased, the Group will use its best endeavours to procure a new supplier for the provision of a similar payment management system to be approved by the Social Sports Direction Centre of the General Administration of Sport (國家體育總局社會體育指導中心) so that the Group's operation will not be materially affected. In this regard, the Group has (i) contacted a third party telecommunication services supplier and confirmed that the supplier has the necessary skills and expertise, and is willing to develop such payment management system if required by the Group; and (ii) had a meeting with representatives of the CCC Group and the working committee of the CRC and agreed that each party will use its best endeavours to ensure the smooth transition to a new payment management system in case the CCC Group cease to provide the existing payment management system to the Group.

CCC Group as customer

As at the date hereof, all the revenue of the Group's Shentong Card Business is derived from CCC Group which accounted for 100% and approximately 34.4% of the Group's revenue for the year ended 31 March 2016 and 2017, respectively. Meanwhile, the remaining revenue of the Group is mainly derived from the Group's CRC Education Business, the customers of which are independent parties such as CRC students.

In case the Shentong Card Business is ceased, the Group can still maintain sufficient operation and revenue via its CRC Education Business.

(ii) whether the level of reliance is likely to decrease in the future, and whether the level of reliance is actually on decreasing trend based on the latest management accounts

Both the purchases from the CCC Group as a percentage of the total expenses of the Group and the sales to the CCC Group as a percentage of the total sales of the Group are on decreasing trend since the year 2016 and it is expected to further decrease over the next few years.

(iii) whether the whole industry landscape is dominated by a few market players so the reliance is inevitable

CCC Group as supplier

As submitted above, the services provided by the CCC Group are mainly telecommunication and other supporting services which most of them are generic and readily available from other independent suppliers.

CCC Group as customer

As at the date hereof, all the revenue of the Group's Shentong Card Business is derived from CCC Group.

As the Designated Shentong Cards are issued by CCC and selling of them are to be authorised by CCC, CCC is the sole customer to the Shentong Card Business. Nevertheless, the Group is and will be the exclusive agent of CCC in providing management and sale of the Designated Shentong Cards by virtue of the Existing Shentong Card Management and Sales Contract and the Shentong Card Management and Sales Contract.

(iv) whether the reliance is mutual and complementary

CCC Group as supplier

The services provided by the CCC Group are mainly telecommunication and other supporting services in relation to the CRC Education Business. The Group is the only enterprise authorised by Beijing Shentong Culture Club Co., Ltd. (which is authorised by the Social Sports Direction Centre of the General Administration of Sport (國家體育總局社會體育指導中心) at a national level) and consented by Heilongjiang General Administration of Sport (黑龍江省體育總局) to host CRC events and provide related CRC education and training in Heilongjiang Province. As such, CCC Group is also reliant and dependent on the Group for the provision of such services and cannot source another customer for the CRC Education Business.

CCC Group as customer

The Group is and will be the exclusive agent of CCC in providing management and sale of the Designated Shentong Cards by virtue of the Existing Shentong Card Management and Sales Contract and the Shentong Card Management and Sales Contract. As such, CCC Group is also reliant and dependent on the Group for the provision of such services and cannot source another supplier for providing such services.

(v) whether the Group is capable of maintaining its revenue in case the operation with the CCC Group is terminated

In relation to the CRC Education Business, as submitted above, the services provided by the CCC Group are mainly telecommunication and other supporting services which most of them are generic and readily available from other independent suppliers. As such, the Group will be able to maintain its operation in the CRC Education Business by procuring other independent suppliers (although it may not be in the commercial interests of the Group to do so, as submitted above). In addition, the Group will still be able to maintain sufficient operation and revenue via its Shentong Card Business which accounted for approximately 34.4% of the Group's revenue for the year ended 31 March 2017.

On the other hand, in case the operation with the CCC Group is terminated, the Shentong Card Business will cease. However, the Group can still maintain sufficient operation and revenue via its CRC Education Business which accounted for approximately 65.6% of the Group's revenue for the year ended 31 March 2017.

Conclusion

Due to the factors and as analyzed above, the Board is of the view that the Group's reliance and dependence (if any) on the CCC Group is not excessive.

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.

China Communication Heilongjiang and Harbin China Communication Skill Training, each a company established in the PRC with limited liability, are wholly-owned subsidiaries of CCC and therefore connected persons of the Company. China Communication Heilongjiang Bin County Branch and China Communication Heilongjiang Mudanjiang are branch companies of China Communication Heilongjiang.

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) for the transactions contemplated under the CCT Agreements, when aggregated is, on an annual basis, expected to be more than 5% and the aggregate annual consideration is more than HK$10,000,000, the entering into of the CCT Agreements and the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular (including independent financial advice) and shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules.

Mr. He Chenguang, the chairman of the Board and an executive Director, is the legal representative of CCC and is therefore considered having a material interest in the transactions contemplated under the CCT Agreements and has abstained from voting at the Board's meeting approving the CCT Agreements.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors, has been formed to consider the terms of the CCT Agreements and to advise the Independent Shareholders as to whether the terms of the CCT Agreements, including their respective annual caps, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations on the same to be given by the Independent Financial Adviser. Nuada Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

The Independent Board Committee and the Directors, having taken into account the advice of the Independent Financial Adviser, consider that the terms of the CCT Agreements (including their respective annual caps) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company so far as the Independent Shareholders are concerned and accordingly recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM for approving the CCT Agreements (including but not limited to their respective annual caps) and the transactions contemplated thereunder.

The text of the letter from the Independent Board Committee is set out on pages 50 to 51 of this circular and the text of the letter from the Independent Financial Adviser containing its advice is out on pages 52 to 101 of this circular.

EGM

Set out on pages EGM-1 to EGM-8 of this circular is a notice convening the EGM which will be held at the Meeting Room, Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on Thursday, 29 March 2018 at 11:00 a.m. at which ordinary resolutions will be proposed to approve the CCT Agreements (including but not limited to their respective annual caps) and the transactions contemplated thereunder.

The form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. no later than Tuesday, 27 March 2018 at 11:00 a.m. (Hong Kong Time)) or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting if you so wish and in such event, the form of proxy shall be deemed to be revoked.

The voting in relation to the CCT Agreements (including but not limited to their respective annual caps) and the transactions contemplated thereunder at the EGM will be conducted by way of a poll.

As at the Latest Practicable Date, CCI and its associates are entitled to exercise control over the voting rights in the 472,042,000 Shares held by CCI, representing approximately 24.90% of the total number of Shares in issue as at the Latest Practicable Date.

CCI and its respective associates will abstain from voting on the relevant resolution(s) at the EGM accordingly. Save for CCI and its associates, to the best of knowledge, information and belief of the Directors, no other Shareholder has a material interest in the transactions contemplated under the CCT Agreements and will be required to abstain from voting on the resolution(s) to approve the CCT Agreements and the transactions contemplated thereunder at the EGM.

Save as disclosed above, to the best of the Director's knowledge, information and belief having made all reasonable enquires, no Shareholder has a material interest in the CCT Agreements and the transactions contemplated thereunder that is required to abstain from voting and being counted towards the quorum on the relevant resolutions at the EGM.

RECOMMENDATION

Having considered the reasons set out herein and taken into account the advice of the Independent Financial Adviser, the Directors are of the view that the CCT Agreements were entered into on normal commercial terms, and the terms of the CCT Agreements and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend all the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the CCT Agreements (including but not limited to their respective annual caps) and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 50 to 51 of this circular which contains its recommendation to the Independent Shareholders and the letter from the Independent Financial Adviser set out on pages 52 to 101 of this circular which contains its advice to the Independent Board Committee and Independent Shareholders in relation to the CCT Agreements and the transactions contemplated thereunder and the principal factors and reasons considered by it in arriving its opinions.

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Shentong Robot Education Group Company Limited
He Chenguang
Chairman

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)

13 March 2018

To the Independent Shareholders,

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 13 March 2018 (the "**Circular**") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee and to advise you as to whether, in our opinion, the terms of the CCT Agreements (including but not limited to their respective annual caps) and the transactions contemplated thereunder are fair and reasonable, whether the CCT Agreements and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote with respect to the resolutions to be proposed at the EGM to approve the CCT Agreements (including but not limited to their respective annual caps) and the transactions contemplated thereunder. Nuada Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

Details of the advice of the Independent Financial Adviser, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 52 to 101 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 7 to 49 of the Circular and the additional information set out in the appendix to the Circular.

Having considered the terms and conditions of the CCT Agreements (including but not limited to their respective annual caps), the principal factors and reasons considered by, and the advice of the Independent Financial Adviser, we are of the opinion that the terms of the CCT Agreements (including but not limited to their respective annual caps) and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group, are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the CCT Agreements (including but not limited to their respective annual caps) and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee of
Shentong Robot Education Group Company Limited

Mr. Yip Tai Him	**Ms. Han Liqun**	**Ms. Zhang Li**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Nuada Limited dated 13 March 2018 prepared for the purpose of inclusion in this circular.

Nuada Limited

Unit 1805–08, 18/F
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香港上環永樂街93–103號
協成行上環中心18樓1805–08室

13 March 2018

To the Independent Board Committee and
the Independent Shareholders of
Shentong Robot Education Group Company Limited

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the CCT Agreements, details of which are set out in the section headed "Letter from the Board" (the "**Letter from the Board**") in the Company's circular dated 13 March 2018 to the Shareholders, of which this letter forms part. Our appointment as the independent financial adviser has been approved by the Independent Board Committee. Terms used in this letter shall have the same meanings as defined in this circular unless the context requires otherwise.

As disclosed in the Letter from the Board, as the Existing CCT Agreements will be expired on 31 March 2018, the Company and the counterparties had agreed to, subject to approval by the Independent Shareholders at the EGM, renew the Existing CCT Agreements. In addition, the Group has also entered into the Heilongjiang Operation and Management Contract which will become effective on 1 April 2018.

On 9 February 2018, the Group entered into the following CCT Agreements:

(i) Heilongjiang Shentong CRC Shentong Card Payment System Contract;

(ii) Heilongjiang Shentong Customer Service Hotline Rental Contract;

(iii) Heilongjiang Shentong Server Hosting Agreement;

(iv) China Communication Heilongjiang Bin County Branch Venue Rental Contract;

(v) Harbin China Communication Skill Training Venue Rental Agreement;

(vi) Heilongjiang Shentong Web Advertising Contract;

(vii) Yijia Customer Service Hotline Rental Contract;

(viii) Yijia Server Hosting Agreement;

(ix) Shentong Card Management and Sales Contract;

(x) Yijia Web Advertising Contract; and

(xi) Heilongjiang Operation and Management Contract.

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.

China Communication Heilongjiang and Harbin China Communication Skill Training, each a company established in the PRC with limited liability, are wholly-owned subsidiaries of CCC and therefore connected persons of the Company. China Communication Heilongjiang Bin County Branch and China Communication Heilongjiang Mudanjiang are branch companies of China Communication Heilongjiang.

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) for the transactions contemplated under the CCT Agreements, when aggregated is, on an annual basis, expected to be more than 5% and the aggregate annual consideration is more than HK$10,000,000, the entering into of the CCT Agreements and the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular (including independent financial advice) and shareholders' approval requirements pursuant to Chapter 20 of the GEM Listing Rules.

The Independent Board Committee (which consists all the independent non-executive Directors) has been established to consider the terms of the CCT Agreements and to advise the Independent Shareholders as to whether the terms of the CCT Agreements, including their respective annual caps, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations on the same to be given by the independent financial adviser. We have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the CCT Agreements, including their respective annual caps and the transactions contemplated thereunder.

We are independent from, and are not connected with the Company, its substantial shareholder(s) or connected person(s) as defined under Rule 17.96 of the GEM Listing Rules, and accordingly are considered eligible to give independent advice in connection with CCT Agreements and the transactions contemplated thereunder. Save for this appointment as the independent financial adviser in respect of the CCT Agreements and the transactions contemplated thereunder, during the past two years immediately preceding and up to the date of our appointment, there were no other engagements between the Group and Nuada Limited. Apart from normal professional fees for our services to the Company in connection with this appointment, no other arrangement exists whereby we will receive any fees and/or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Our appointment as the independent financial adviser has been approved by the Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in this circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information or representation relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in this circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date and should there be any material changes after the despatch of this circular, the Shareholders would be notified as soon as possible.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in this circular and have confirmed in this circular, having made all reasonable inquiries, that to the best of their knowledge, opinion expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

We consider that we have reviewed sufficient information, including relevant information and documents provided by the Company and the Directors and the information published by the Company, to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in this circular to provide a reasonable basis for our opinions and recommendations. We have not, however, carried out any independent verification of the information provided by the Company and the Directors, nor have we conducted an independent in-depth investigation into the business and affairs, financial condition and future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation in respect of the terms of each of the CCT Agreements (including the relevant annual caps), we have taken into account the following principal factors and reasons:

I. Background information on the Group and the connected persons

1. The Group

The Group is principally engaged in (i) the provision of promotion and management services for Designated Shentong Card in the PRC; and (ii) the provision of quality education (education and training courses) relating to robotics standardisation by CRC using an electronic smart card "CRC Shentong Card" as main payment medium, as well as the organisation and hosting of CRC competition events in Heilongjiang Province of the PRC. Heilongjiang Shentong is principally engaged in the CRC Education Business (as defined below).

2. CCC

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, value-added telecommunication platform, payment and billing system. The electronic billing and payment system is operated through "Shentong Card" (神通卡) platform.

3. China Communication Heilongjiang

China Communication Heilongjiang, a company established in the PRC with limited liability, is a wholly-owned subsidiary of CCC. China Communication Heilongjiang is principally engaged in providing telecommunication services in the PRC.

4. Harbin China Communication Skill Training

Harbin China Communication Skill Training, a company established in the PRC with limited liability, is a wholly-owned subsidiary of CCC. Harbin China Communication Skill Training is principally engaged in providing telecommunication training, rental of venues and hospitality services in the PRC.

5. China Communication Heilongjiang Bin County Branch

China Communication Heilongjiang Bin County Branch is a branch company of China Communication Heilongjiang. China Communication Heilongjiang Bin County Branch is principally engaged in providing telecommunication services and rental of venues in the PRC.

6. *China Communication Heilongjiang Mudanjiang*

China Communication Heilongjiang Mudanjiang is a branch company of China Communication Heilongjiang. China Communication Heilongjiang Mudanjiang is principally engaged in providing telecommunication services in the PRC.

II. Reasons for and benefits of the entering into of the CCT Agreements

As stated in the Letter from the Board, the Group's revenue was mainly attributable to (i) the provision of quality education (education and training courses) relating to robotics standardisation by CRC using an electronic smart card "CRC Shentong Card" as main payment medium, as well as the organisation and hosting of CRC competition events (collectively, the "**CRC Quality Education**") in Heilongjiang Province of the PRC (the "**CRC Education Business**") and (ii) the provision of promotion and management services of electronic smart card "Designated Shentong Card" in the PRC (the "**Shentong Card Business**").

As stated in the Letter from the Board, amongst the CCT Agreements, (i) the Heilongjiang Shentong CRC Shentong Card Payment System Contract; (ii) the Heilongjiang Shentong Customer Service Hotline Rental Contract; (iii) the Heilongjiang Shentong Server Hosting Agreement; (iv) the China Communication Heilongjiang Bin County Branch Venue Rental Contract; (v) the Harbin China Communication Skill Training Venue Rental Agreement; (vi) Heilongjiang Shentong Web Advertising Contract; and (vii) the Heilongjiang Operation and Management Contract are conducted in the ordinary course of and are essential to the operations of the CRC Education Business.

As stated in the Letter from the Board, the Heilongjiang Operation and Management Contract is a new agreement of this kind as the Group will host CRC competitions and trainings in a new clubhouse located in Mudanjiang City. As China Communication Heilongjiang Mudanjiang has a local office near the venue with staff who have experience in hosting similar events, the Directors consider it beneficial to the Group to procure such operational and management services from China Communication Heilongjiang Mudanjiang for the hosting of such events rather than setting up its own local office or deploying resources to the venue. The Directors consider it beneficial to the Group and the Shareholders as a whole to engage such services of China Communication Heilongjiang Mudanjiang to extend its CRC Education Business to the vicinity.

As stated in the Letter from the Board, amongst the CCT Agreements, (i) the Yijia Customer Service Hotline Rental Contract; (ii) the Yijia Server Hosting Agreement; (iii) the Shentong Card Management and Sales Contract; and (iv) the Yijia Web Advertising Contract are conducted in the ordinary course of and are essential to the operations of the Shentong Card Business.

As disclosed in the 2017 interim report of the Company, the Group is the only enterprise authorised by Beijing Shentong Culture Club Co., Ltd.# (北京神通文化俱樂部有限公司), consented by the Social Sports Direction Centre of the General Administration of Sport# (國家體育總局社會體育指導中心) ("**SSDC**") and further confirmed by the Heilongjiang Province Sports Federation# (黑龍江省體育總會) and the Harbin Municipal

Sports Federation# (哈爾濱市體育總會) to provide 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 the Group promote is currently 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.

According to the third quarterly results announcement of the Company dated 9 February 2018 (the "**Results Announcement**"), we note that the revenue of the CRC Education Business increase from approximately HK$43.29 million to approximately HK$78.85 million for the nine months ended 31 December 2017, representing an increase of approximately 82.14%. The revenue from the CRC Education Business accounted for approximately 77.71% of the total revenue of the Group for the nine months ended 31 December 2017. The revenue generated from the CRC Education Business are all from independent third parties, such as CRC students.

As the CRC Quality Education in Heilongjiang Province becomes a key driver of the Group's business growth, the Directors are of the view that it is beneficial to the Group to renew the CCT Agreements related to the CRC Education Business.

According to the management of the Company, Shentong Cards are one of the electronic smart cards and online gateway payment service businesses in the PRC, such as purchase of certain insurance (i.e. property and accident insurance) and other products (including IP phone usage payments (IP電話支付), entertainment consumption (chess-type game) payments (娛樂消費(棋牌類遊戲)支付) and unified communications platform payments (統一通信平台支付)). The Designated Shentong Cards are Shentong Cards currently managed by the Group, and are preloaded with insurance policies, which can be used to pay for insurances from various insurance companies. The Designated Shentong Cards can also be used for payment of mobile and fixed line phone recharge fees, online trading fees and other telecommunication value-added services.

The Group's Shentong Card Business was relatively stable. According to the annual report 2016/17 of the Company, the turnover generated from Shentong Card Business had decreased from approximately HK$34.68 million for the year ended 31 March 2016 to approximately HK$31.46 million for the year ended 31 March 2017, representing a decrease of approximately 9.28%, while the segment profit grew from approximately HK$3.26 million to approximately HK$5.84 million, representing an increase of approximately 79.14%. According the Results Announcement, for the nine months ended 31 December 2017, the unaudited turnover from the Shentong Card Business decreased to approximately HK$22.62 million as compared to approximately HK$24.75 million for the same period in 2016, representing a decrease of approximately 8.61%. The revenue from the Shentong Card Business accounted for approximately 22.29% of the total revenue of the Group for the nine months ended 31 December 2017. Given the revenue and profit generated from the Shentong Card Business, the Directors are of the view that it is beneficial to the Group to renew the CCT Agreements related to the Shentong Card Business.

Furthermore, the Directors (including the independent non-executive Directors after taking into account the advice from the independent financial adviser) also considered the terms under the CCT Agreements no less favourable than terms that the Group may get from independent third parties and the annual caps would allow the Group to increase its supply to long term and reliable customers, thereby expanding its overall revenue.

According to the management of the Company, the revenue generated by the Shentong Card Business has been and will be generated solely from the (Existing) Shentong Card Management and Sales Contract, while the Group utilises a variety of services provided by the CCC Group for the CRC Education Business. Given that the CCT Agreements are crucial to the operations of both the CRC Education Business and the Shentong Card Business, we study further regarding any potential reliance issue on the CCC Group.

Based on the information provided by the Company, we note that (i) the maximum annual caps for provision of services from the CCC Group to the Group's expenses represented approximately 115.3% and approximately 74.7% of the Group's expenses for the year ended 31 March 2016 and 31 March 2017 respectively; and (ii) maximum annual caps for sales from the CCC Group represented approximately 91.0% and approximately 41.7% of the Group's revenue for the year ended 31 March 2016 and 31 March 2017 respectively, where both of the above showed decreasing trend.

In addition, as discussed with the management of the Company, we understand that the services provided by the CCC Group are mainly supporting services such as hotline service, server hosting, web advertising, room and conference rooms, which are generic and readily available from other independent suppliers. For those services, the Group has obtained at least two quotations from independent suppliers or, in the case of room and conference room, prices from the internet of at least five hotels for price comparisons. Please refer to the sub-section headed "III. Details of the CCT Agreements" below for our detailed analysis.

In relation to the services provided by the CCC Group under the Heilongjiang Shentong CRC Shentong Card Payment System Contract, pursuant to the guidance of SSDC, all management and payment of CRC education and training courses and CRC competitions should be conducted through the CRC Shentong Card integrated payment management system. As such, it is currently not possible to engage another supplier. Nevertheless, as disclosed in the Letter from the Board, in the extreme case that the Group's business relationship with the CCC Group or the services provided by the CCC Group under the Heilongjiang Shentong CRC Shentong Card Payment System Contract is ceased, the Group will use its best endeavours to procure a new supplier for the provision of a similar payment management system to be approved by the SSDC so that the Group's operation will not be materially affected. In this regard, we have reviewed relevant documents provided by the management of the Company, which showed that the Group has (i) contacted a third party telecommunication services supplier and confirmed that the supplier has the necessary skills and expertise, and is willing to develop such payment management system if required by the Group; and (ii) had a meeting with representatives of the CCC Group and the CRC Working Committee# (中國素質體育機器人工作委員會) (the latter of which consists of, among others, representatives from SSDC) and agreed that each party will use its best endeavours to ensure the smooth transition to a new payment management system in case the CCC Group cease to provide the existing payment management system to the Group. Based on the above, we are of the view and concur with the view of the management of the Company that there are independent suppliers which can provide similar payment management system to the Group, and that relevant parties would use its best endeavours to ensure the smooth transition to a new payment management system if necessary.

Meanwhile, as disclosed in the Letter from the Board, as the venue to be rented by the CCC Group under the China Communication Heilongjiang Bin County Branch Venue Rental Contract is specifically designed for hosting the CRC competitions and trainings, it is considered to be not generic. In particular, among other requirements, the CRC competitions for drones require the venues to be (i) indoor so as to minimise air resistance; (ii) with high ceiling and the absence of other facilities for the drones to fly without encumbrances; and (iii) able to set up barriers in the circuit for the drones to overcome. These requirements are necessary to ensure the safety during the competition and render venues not specifically designed for such competitions, such as basketball court and concert halls, not suitable replacements. As such, it is technically not feasible to obtain quotation of suppliers for similar services from the open market. Nevertheless, given that the annual caps under the China Communication Heilongjiang Bin County Branch Venue Rental Contract are relatively small as compared with other CCT Agreements, we are of the view and concur with the view of the management of the Company that the China Communication Heilongjiang Bin County Branch Venue Rental Contract does not constitute reliance on the CCC Group by the Group.

Having taking into account that (i) the supply of services are conducted on commercial terms or better and in the ordinary and usual course of business of the Group (please refer to our analysis in the sub-section headed "III. Details of the CCT Agreements" below); (ii) the Group has procured such services from the CCC Group, which has maintained smooth working relationship with the Group, for a long-term as long as 7 years; and (iii) CCC is a nationwide telecom operator and internet network operator in the PRC providing telecommunication services, value-added telecommunication platform, payment and billing system, etc for over 15 years, we concur with the view of the management of the Company that it is fair and reasonable and in the interest of the Company and the Shareholders as a whole to procure services from the CCC Group under the CCT Agreements.

Meanwhile, based on the information provided by the management of the Company, despite the CCC Group being the single largest customer of the Group, we note that the revenue from the CCC Group, which is derived solely from the Shentong Card Business, as a percentage of the Group's revenue has been on a decreasing trend from 100.00% for the year ended 31 March 2016 to approximately 34.38% and further to approximately

22.29% for the nine months ended 31 December 2017, and is expected to further decrease over the next few years given the continuous growth of the CRC Education Business. We further understand from the management of the Company that the customers of the Group's CRC Education Business are independent parties such as CRC students, and that the CRC Education Business accounted for approximately 77.71% of the total revenue of the Group for the nine months ended 31 December 2017. In the scenario that the Shentong Card Business is ceased, the Group could still maintain sufficient operation and revenue from its CRC Education Business.

In view of the foregoing, we are of the view and concur with the view of the management of the Company that (i) the business model can easily be changed to reduce the level of reliance given that services provided by the CCC Group are either available from other independent suppliers or can be maintained by the Group itself; (ii) the Group could still maintain sufficient operation and revenue solely from its CRC Education Business in the event that the Shentong Card Business is ceased; and (iii) both the purchases from the CCC Group as a percentage of the total expenses of the Group and the sales to the CCC Group as a percentage of the total sales of the Group are on decreasing trend since the year 2016, and accordingly the Group does not have excessive reliance on the CCC Group.

Given that (i) the revenue of the Group is generated from the CRC Education Business and the Shentong Card Business; (ii) the CCT Agreements are essential to the operations of the two aforesaid businesses; (iii) the CRC Education Business recorded growth in recent years while the Shentong Card Business has been generating profit; and (iv) the Group does not have excessive reliance on the CCC Group as analysed above, we are of the view and concur with the view of the management of the Company that the entering into of the CCT Agreements are in the ordinary and usual course of the business of the Group and is in the interest of the Company and the Shareholders as a whole.

III. Details of the CCT Agreements

Save for the Heilongjiang Operation and Management Contract which is a new contract, the CCT Agreements are renewal of the Existing CCT Agreements. Save the relatively significant upward adjustment of prices under the Heilongjiang Shentong Web Advertising Contract as illustrated in detail below, the key terms of the CCT Agreements, including the pricing policies and the scope of services, are substantially the same as the Existing CCT Agreements. Details of the CCT Agreements are set out below:

1. Heilongjiang Shentong CRC Shentong Card Payment System Contract

(i) Background

Pursuant to the terms of the Heilongjiang Shentong CRC Shentong Card Payment System Contract, for the period up to 31 March 2018, China Communication Heilongjiang shall provide Heilongjiang Shentong the right to use Shentong Card integrated payment management system to facilitate customer's information maintenance, customer enquiry services and payment processing services.

We understand from the management of the Company that Heilongjiang Shentong has been receiving income from training courses and competitions, being its major income sources, via the CRC Shentong Cards. As detailed in the sub-section headed ''II. Reasons for and benefits of the entering into of the CCT Agreements'' above in this letter, all management and payment of CRC education and training courses and CRC competitions should be conducted through CRC Shentong Card system. Notwithstanding the reliance on CCC as the single supplier of electronic payment system management services to Heilongjiang Shentong, Heilongjiang Shentong has been engaging CCC since its commencement of business operations for the provision of electronic payment system management services, which is necessary for the CRC Education Business. Accordingly, we consider that the Heilongjiang Shentong CRC Shentong Card Payment System Contract would enable Heilongjiang Shentong to utilise the Shentong Card integrated payment management system to process the use of CRC Shentong Cards, and is thus in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

(ii) Pricing basis

Pursuant to the Heilongjiang Shentong CRC Shentong Card Payment System Contract, (i) 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; (ii) CCC had paid RMB4.5 million (equivalent to approximately HK$5.54 million) of clearing security deposit (結算保證金) to Heilongjiang Shentong; and (iii) 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.

As advised by the management of the Company, there is no similar transaction conducted between Heilongjiang Shentong and other independent third parties as CCC is the single supplier of electronic payment management system to Heilongjiang Shentong. As disclosed in the sub-section headed ''II. Reasons for and benefits of the entering into of the CCT Agreements'' above, it is technically not feasible to obtain quotation from independent suppliers for similar services from the open market. Therefore, in assessing the terms of the Heilongjiang Shentong CRC Shentong Card Payment System Contract, we have obtained, from the management of the Company, the pricing range of all Shentong Card payment system contracts with similar payment terms conducted by CCC with other independent third parties, and note that CCC charge fees ranging from 6% to 10% of the income which payment is made through and processed by the CCC's integrated payment management system. The 6% charging rate offered by CCC to Heilongjiang Shentong under the Heilongjiang Shentong CRC Shentong Card Payment System Contract is therefore lower than or equal to those offered by CCC to independent third parties. To assess whether those comparable Shentong Card payment system contracts follow the aforesaid pricing policy of CCC, we reviewed five sample Shentong Card payment system contracts with similar payment terms conducted by CCC with other independent third parties, and based on the criteria that those contracts were from top five customers of CCC other than the Group and with similar nature of services. Given that the major terms and nature of service provided are similar, we consider that such contracts are comparable to the Heilongjiang Shentong CRC Shentong Card Payment System Contract and are representative. Based on these Shentong Card payment system contracts, we found that (i) the charging rates offered by CCC to independent third parties are indeed within the aforesaid range; and (ii) other payment terms under the Heilongjiang Shentong CRC Shentong Card Payment System Contract are substantially the same as those offered by CCC to independent third parties.

Taken into consideration that the charging rate offered by CCC to Heilongjiang Shentong is lower than or equal to those offered by CCC to independent third parties, we are of the view and concur with the view of the management of the Company that the pricing arrangement is on normal commercial terms and the transactions conducted under the Heilongjiang Shentong CRC Shentong Card Payment System Contract are fair and reasonable.

(iii) The proposed annual caps

The table below shows the relevant proposed annual caps under the Heilongjiang Shentong CRC Shentong Card Payment System Contract for the three years ending 31 March 2021 respectively:

	For the year ending		
	31 March 2019 *(RMB million)*	**31 March 2020** *(RMB million)*	**31 March 2021** *(RMB million)*
Heilongjiang Shentong CRC Shentong Card Payment System Contract	8.50	11.00	12.50

In arriving at the proposed annual caps under the Heilongjiang Shentong CRC Shentong Card Payment System Contract, the Directors have taken into account the following factors:

(a) the charging fee of 6% of the revenues generated by the CRC Shentong Card;

(b) the historical consolidated revenues generated via CRC Shentong Card for the nine months ended 31 December 2016 and 2017;

(c) based on the estimated growth rate of revenues generated by the CRC Shentong Card of approximately 60% multiplied by the annualised actual transaction amount of RMB4.11 million for the nine months ended 31 December 2017 (i.e. approximately RMB5.48 million), the transaction amount for the year ending 31 March 2019 is estimated to be RMB8.50 million; and

(d) assuming the growth rate of 60% on the revenues generated by the CRC Shentong Card to be reduced to 30% and 15% respectively for the years ending 31 March 2020 and 2021 respectively due to the effect of the larger base figures, the transaction amounts for the years ending 31 March 2020 and 2021 are estimated to be approximately RMB11.0 million and RMB12.5 million respectively.

The table below summarises the historical transaction amounts and the utilisation rates of the Existing Heilongjiang Shentong CRC Shentong Card Payment System Contract (i) for the year ended 31 March 2017; and (ii) for the nine months ended 31 December 2017.

	For the year ended 31 March 2017	**For the nine months ended 31 December 2017**
Existing Heilongjiang Shentong CRC Shentong Card Payment System Contract		
Historical annual cap *(RMB million)* *(Note 1)*	3.40	6.00 *(Note 2)*
Historical transaction amount *(RMB million)*	2.93	4.11
Utilisation rate	86.18%	91.33% *(Note 3)*

Notes:

1. The annual caps were revised on 30 November 2017. Please refer to the announcement of the Company dated 30 November 2017 for details.

2. The historical annual cap is for the year ended 31 March 2018.

3. The utilisation rate represents the historical transaction amount for the nine months ended 31 December 2017 as compared to the annual cap for the year ending 31 March 2018, on pro rata basis.

As shown in the above table, we noted that the utilisation rates of historical annual cap were approximately (i) 86.18% for the year ended 31 March 2017; (ii) 91.33% for the nine months ended 31 December 2017. As disclosed in the announcement of the Company dated 30 November 2017, given that the usage of CRC Shentong Cards increased due to the increase in number of users and transactions volume, the historical annual cap for the year ending 31 March 2018 was revised upwards. In particular, we note that the revenue of the CRC Education Business increase from approximately HK$43.29 million for the nine months ended 31 December 2016 to approximately HK$78.85 million for the nine months ended 31 December 2017, representing an increase of approximately 82.14%.

As disclosed in the Letter from the Board, the transaction amount under the Existing Heilongjiang Shentong CRC Shentong Card Payment System Contract has been increasing steadily during the past few years due to the increased popularity of CRC Shentong Card. In particular, the revenue generated by the CRC Shentong Cards grew by approximately 52% for the nine months ended 31 December 2017 as compared with the year ended 31 March 2017. The relatively rapid increase in transaction amount during the nine months ended 31 December 2017 was due to the launch of a well-received new course named "機器人足球", which recorded an income of approximately HK$6 million through the CRC Shentong Card integrated payment management system during the three months ended 31 December 2017.

We have discussed with the management of the Company regarding the future growth of the CRC Education Business. Given that the majority of income from the CRC Education Business are generated from training courses provided for schools and sponsorship and admission fee for competitions, Heilongjiang Shentong continuously approaches schools and institutions in Heilongjiang for promoting CRC Quality Education. We are advised that, currently, (i) there are around 100 schools which provide training courses and engage in various competitions with the help of Heilongjiang Shentong; (ii) the Group has signed over 700 strategic partnership agreements and/or memorandums of co-operation with various schools and training centres, where some of them are training staff for their upcoming CRC Quality Education and CRC events; and (iii) the Group is also negotiating with over 100 new schools and training centres with a view to sign strategic partnership agreements. In addition to soliciting more schools and institutions in participating in CRC Quality Education, Heilongjiang Shentong also continues to develop new training courses which are different from existing ones, thereby providing additional source of income from training courses. The growth of the CRC Education Business in recent year as reflected by the revenue growth of the segment is thereby the results of the aforementioned factors. In view of the foregoing, we are of the view and concur with the view of the management of the Company that the growth of the CRC Education Business would continue to ride on the increasing number of schools and institutions taking part in CRC Quality Education as well as the diversification of training courses.

Regarding the government policy in relation to the development of CRC Education, we notice that the State Council of the PRC published "Development Plan for a New Generation of Artificial Intelligence"# (《新一代人工智能發展規劃》) (the "**Development Plan**") in July 2017, which highlights the importance of artificial intelligence (including robots) in near future and outlines several development goals in this regard. In particular, we note that the Development Plan encourages (i) provision of related training courses in primary and secondary schools; (ii) promotion of tutorials for programming; and (iii) holding of competitions. In view of the above, we consider that the CRC Education Business of the Group would benefit from the government's emphasis on the industry.

Taking into account (i) the high historical transaction amounts and the corresponding growth rate, indicating an increasing usage of CRC Shentong Cards which required the Group to revise the historical annual cap upwards; and (ii) the possible increase in usage of CRC Shentong Cards as the CRC Education Business continues to develop given the business plans of the Group and the support from PRC government, we consider that the annual caps for the transactions contemplated under the Heilongjiang Shentong CRC Shentong Card Payment System Contract are fair and reasonable.

Also taking into account the use of Shentong Card integrated payment management system under the Heilongjiang Shentong CRC Shentong Card Payment System Contract is essential for the operations of the Group, we consider that the Heilongjiang Shentong CRC Shentong Card Payment System Contract is in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2. *Heilongjiang Shentong Customer Service Hotline Rental Contract and Yijia Customer Service Hotline Rental Contract*

(i) Background

In respect of the provision of two designated national customer service hotline numbers 95130*** by CCC to the Group, CCC (as supplier) entered into:

(a) the Heilongjiang Shentong Customer Service Hotline Rental Contract with Heilongjiang Shentong (as purchaser); and

(b) the Yijia Customer Service Hotline Rental Contract with Shentong Yijia (as purchaser).

The nature and terms (save for the annual caps) of the Heilongjiang Shentong Customer Service Hotline Rental Contract and the Yijia Customer Service Hotline Rental Contract (collectively, the "**Customer Service Hotline Rental Contracts**") are principally the same.

Pursuant to each of the Customer Service Hotline Rental Contracts, for the period commencing on 1 April 2018 and ending on 31 March 2021, CCC shall provide a designated national customer service hotline number 95130*** to Heilongjiang Shentong or Shentong Yijia (as the case may be).

We understand from the Company that the customer service hotlines provided by CCC are in place for receiving queries from customers as customer services. We are advised that the Group has not received any material complaints from customers in relation to its business. Notwithstanding the reliance on CCC as the single supplier of customer service hotline rental services to Heilongjiang Shentong and Shentong Yijia, each of Heilongjiang Shentong and Shentong Yijia has been engaging CCC since its commencement of business operations and for more than 7 years respectively for the provision of customer service hotline, which is necessary for maintaining customer relationship. Accordingly, we consider that each of the Customer Service Hotline Rental Contracts would enable smooth operations of Heilongjiang Shentong and Shentong Yijia respectively, and is thus in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

(ii) Pricing basis

Pursuant to each of the Customer Service Hotline Rental Contracts, for the period commencing on 1 April 2018 and ending on 31 March 2021, CCC will charge Heilongjiang Shentong or Shentong Yijia (as the case may be) (i) an annual fee of RMB20,000 (equivalent to approximately HK$24,600) which is on a pro-rata and 12-month-year basis; (ii) a calling charge of RMB0.06 (equivalent to approximately HK$0.074) per 6 seconds for long distance incoming calls (subject to the scaled-discount rates); and (iii) a calling charge of RMB0.15 (equivalent to approximately HK$0.18) per minute for outgoing calls via internet through the "VoIP" (Voice-Over Internet Protocol) telephone system.

In case new national standard rate is adopted, CCC will still charge Heilongjiang Shentong or Shentong Yijia (as the case may be) in accordance with the scaled-discount rates as stated in the agreement for the incoming calls. The scaled-discount rates for long distance incoming calls will not be changed.

For the purpose of monitoring and ensuring the proper calculation of the fees chargeable under the Customer Service Hotline Rental Contracts, CCC provides monthly summary of the incoming calls and outgoing calls, including but not limited to the telephone numbers of the incoming calls and outgoing calls, calling and ending time of each call, duration of each call, and charging rate of each call. Heilongjiang Shentong or Shentong Yijia (as the case may be) performs calculation check and reviews the charging rates each month to ensure that the transactions are within the framework of the Customer Service Hotline

Rental Contracts. CCC and Heilongjiang Shentong or Shentong Yijia (as the case may be) will then sign on a statement to confirm the agreed charge each month.

As advised by the management of the Company, there is no similar transaction conducted between the Group and other independent third parties as CCC is the single supplier of customer service hotline rental services to the Group. Nevertheless, they obtained quotations from two other nationwide telecom network operators in the PRC ("**Supplier A**" and "**Supplier B**" respectively), both of which are independent third parties, for similar customer service hotline service. As discussed with the management of the Company, we understand that they consider that only nationwide telecom network operators are capable of providing similar services with stability comparable with those under the Customer Service Hotline Rental Contracts. We have reviewed the two quotations and note that, regarding the quotation from Supplier A, (i) a calling charge of RMB0.06 (equivalent to approximately HK$0.074) per 6 seconds will be charged for incoming calls; and (ii) a calling charge of RMB0.30 (equivalent to approximately HK$0.37) per minute will be charged for outgoing calls via internet through the "VoIP" (Voice-Over Internet Protocol) telephone system. Regarding the quotation from Supplier B, we note that (i) a calling charge of RMB0.06 (equivalent to approximately HK$0.074) per 6 seconds will be charged for incoming calls (subject to the scaled-discount rates which are the same as under each of the Customer Service Hotline Rental Contracts); and (ii) a calling charge of RMB0.15 (equivalent to approximately HK$0.18) per minute will be charged for outgoing calls via internet through the "VoIP" (Voice-Over Internet Protocol) telephone system. Based on the above, the fees under each of the Customer Service Hotline Rental Contracts are respectively lower than or the same as those under each of the quotations, and is therefore no less favourable to the Group.

Furthermore, we have obtained, from the management of the Company, the pricing range of all customer service hotline rental contracts with similar payment terms conducted by CCC with other independent third parties, and note that (i) the annual fee charged by CCC to independent third parties range from RMB50,000 to RMB200,000 (equivalent to approximately HK$61,500 to HK$246,000); (ii) the scaled-discount rates for calling charges for long distance incoming calls offered by CCC independent third parties are the same as those under the Customer Service Hotline Rental Contracts; (iii) the calling charge for outgoing calls via internet through the "VoIP" (Voice-Over Internet Protocol) telephone system charged by CCC independent third parties range from RMB0.18 per minute to RMB0.30 per minute (equivalent to approximately HK$0.22 to HK$0.37). The fees charged by CCC to the Group under the Customer Service Hotline Rental Contracts are therefore lower than or equal to those offered by CCC to independent third parties. To assess whether those comparable customer service hotline rental contracts follow the aforesaid pricing policy of CCC, we reviewed five sample customer service hotline rental contracts with similar payment terms conducted by CCC with other independent third parties, and based on the criteria that those contracts were from top five customers of CCC other than the Group and with similar nature of services. Given that the major terms and nature of service provided are similar, we consider that such contracts are comparable to the Customer Service Hotline Rental Contracts and are representative. Based on the above sample evidences, we found that (i) the annual fee, the scaled-discount rates for calling charges for long distance incoming calls, the calling charge for outgoing calls via internet through the "VoIP" charged by CCC to independent third parties and indeed within the aforementioned ranges; and (ii) other payment terms under the Customer Service Hotline Rental Contracts are substantially the same as those offered by CCC to independent third parties. In addition, we have also reviewed a hotline rental contract conducted between CCC as purchaser and an independent third party as supplier, and noted that the calling charges are essentially the same as, while the annual fee is higher than, those under the Customer Service Hotline Rental Contracts.

Taking into consideration that (i) the prices offered by CCC to the Group (including the discount rates and the annual fee) are no less favourable than those offered by independent third parties to the Group and by CCC to independent third parties; and (ii) the calling charges offered by CCC are the same as those offered by an independent third party to CCC, we are of the view and concur with the view of the management of the Company that the prices and other payment terms under each of the Customer Service Hotline Rental Contracts are fair and reasonable.

(iii) The proposed annual caps

The table below shows the relevant proposed annual caps under the Customer Service Hotline Rental Contracts for the three years ending 31 March 2021 respectively:

	For the year ending		
	31 March 2019	**31 March 2020**	**31 March 2021**
	(RMB million)	*(RMB million)*	*(RMB million)*
Heilongjiang Shentong Customer Service Hotline Rental Contract	2.90	3.30	3.60
Yijia Customer Service Hotline Rental Contract	1.50	1.60	1.70

In arriving at the proposed annual caps under the Customer Service Hotline Rental Contracts, the Directors have taken into account the following factors:

(a) the usage of approximately 290,000 (for Heilongjiang Shentong) or 170,000 (for Shentong Yijia) minutes for incoming calls and 360,000 (for Heilongjiang Shentong) or 150,000 (for Shentong Yijia) minutes for outgoing calls per month for the nine months ended 31 December 2017; and

(b) for Heilongjiang Shentong Customer Service Hotline Rental Contract, based on the historical growth rate of transaction amount of approximately 31.6% for the nine months ended 31 December 2017 as compared with that for the corresponding period in 2016, the conservative growth rates for the years ending 31 March 2019, 2020 and 2021 are expected to be approximately 20.8%, 13.8% and 9.1% respectively; and

(c) the actual historical transaction amount under the Existing Yijia Customer Service Hotline Rental Contract of approximately RMB0.12 million (equivalent to approximately HK$0.15 million) per month for the two years ended 31 March 2017;

(d) for Yijia Customer Service Hotline Rental Contract, the conservative annual growth rates of approximately 6–7%, which represents the growth of the PRC economy as reflected by the growth of gross domestic product.

The table below summarises the historical transaction amounts and the respective utilisation rates of the Existing Yijia Customer Service Hotline Rental Contract and the Existing Heilongjiang Shentong Customer Service Hotline Rental Contract (i) for the year ended 31 March 2016; (ii) for the year ended 31 March 2017; and (iii) for the nine months ended 31 December 2017.

	For the year ended 31 March 2016	**For the year ended 31 March 2017**	**For the nine months ended 31 December 2017**
Existing Heilongjiang Shentong Customer Service Hotline Rental Contract			
Historical annual cap *(RMB million)*	Not applicable *(Note 1)*	2.20	2.40 *(Note 2)*
Historical transaction amount *(RMB million)*	Not applicable *(Note 1)*	1.83	1.73
Utilisation rate	Not applicable *(Note 1)*	83.18%	96.11% *(Note 3)*
Existing Yijia Customer Service Hotline Rental Contract			
Historical annual cap *(RMB million)*	1.40	1.45	1.50 *(Note 2)*
Historical transaction amount *(RMB million)*	1.40	1.36	1.04
Utilisation rate	100.00%	93.79%	92.44% *(Note 3)*

Notes:

1. Heilongjiang Shentong had not yet been a subsidiary of the Company until 16 May 2016.

2. The historical annual caps are for the year ended 31 March 2018.

3. The utilisation rates represent the historical transaction amounts for the nine months ended 31 December 2017 as compared to the corresponding annual caps for the year ending 31 March 2018, on pro rata basis.

As shown in the above table, we noted that the utilisation rates of the Existing Heilongjiang Shentong Customer Service Hotline Rental Contract were approximately (i) 83.18% for the year ended 31 March 2017; and (ii) 96.11% for the nine months ended 31 December 2017, while those of the Existing Yijia Customer Service Hotline Rental Contract were approximately (i) 100.00% for the year ended 31 March 2016; (ii) 93.79% for the year ended 31 March 2017; and (iii) 92.44% for the nine months ended 31 December 2017.

Taking into account (i) the relevant historical transaction amounts, showing high utilisation rates of the previous annual caps; and (ii) the possible increase in demand for customer hotline services as the business of the Group continues to develop and the PRC economy continues to grow, we consider that the relevant annual caps for the transactions contemplated under the Customer Service Hotline Rental Contracts are fair and reasonable.

Also taking into account the subscriptions of the customer service hotline under the Customer Service Hotline Rental Contracts are essential for the operations of the Group, we consider that the Customer Service Hotline Rental Contracts are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. *Heilongjiang Shentong Server Hosting Agreement and Yijia Server Hosting Agreement*

(i) Background

In respect of the provision of server hosting service and dedicated leased lines by CCC to the Group, CCC (as supplier) entered into:

(a) the Heilongjiang Shentong Server Hosting Agreement with Heilongjiang Shentong (as purchaser); and

(b) the Yijia Server Hosting Agreement with Shentong Yijia (as purchaser).

The nature and terms (save for the annual caps) of the Heilongjiang Shentong Server Hosting Agreement and Yijia Server Hosting Agreement (collectively, the "**Server Hosting Agreements**") are principally the same.

Pursuant to each of the Server Hosting Agreements, for the period commencing on 1 April 2018 and ending on 31 March 2021, (i) in respect of server hosting service, CCC will provide server equipment to Heilongjiang Shentong or Shentong Yijia (as the case may be), which in turn will place its servers in CCC's server rooms and CCC will provide monitoring, management and technical support services to Heilongjiang Shentong or Shentong Yijia (as the case may be); and (ii) in respect of dedicated leased lines, CCC will provide designated 300M-bandwidth share of broadband leased lines to each of

Heilongjiang Shentong or Shentong Yijia (as the case may be) for the operation of its website, and CCC will also provide 90 IP addresses and not more than 11 or 7 racks of servers for the use of Heilongjiang Shentong or Shentong Yijia (as the case may be).

We understand from the Company that the server and dedicated leased lines are required by Heilongjiang Shentong or Shentong Yijia (as the case may be) for data processing and storage. Notwithstanding the reliance on CCC as the single supplier of server hosting services and dedicated leased lines to Heilongjiang Shentong and Shentong Yijia (as the case may be), each of Heilongjiang Shentong and Shentong Yijia has been engaging CCC since its commencement of business operations and for more than 7 years respectively for the provision of server hosting services and dedicated leased lines with stability and relevant technical support if necessary, which is essential for the existing business of the Group. Accordingly, we consider that each of the Server Hosting Agreements would enable smooth operations of Heilongjiang Shentong and Shentong Yijia respectively, and is thus in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

(ii) Pricing basis

Pursuant to each of the Server Hosting Agreements, for the period commencing on 1 April 2018 and ending on 31 March 2021, CCC will charge Heilongjiang Shentong or Shentong Yijia (as the case may be) the same fee of RMB80,000 (equivalent to approximately HK$98,400) per month for each rack of server used by Heilongjiang Shentong or Shentong Yijia (as the case may be) for the provision of server hosting service and dedicated lease lines which shall be payable quarterly in advance. A daily default interest of 0.3% on the outstanding amount payable will be accrued should Heilongjiang Shentong or Shentong Yijia (as the case may be) fail to pay the outstanding amount payable within five days from the date of receipt of the relevant demand note.

The aforementioned monthly rental fee for the server hosting service and dedicated leased lines is on commercial terms determined after arm's length negotiation between CCC and Heilongjiang Shentong or Shentong Yijia (as the case may be) with reference to similar transactions carried out in the market and the number of server rented, the bandwidth of the server and the quality of the maintenance service. At present, 8 and 7 racks of servers were rented by Heilongjiang Shentong and Shentong Yijia respectively.

As advised by the management of the Company, there is no similar transaction conducted between the Group and other independent third parties as CCC is the single supplier of server hosting services and dedicated leased lines to the Group. Nevertheless, they obtained quotations from two other nationwide internet network operator in the PRC, namely Supplier A and Supplier B (both of which are independent third parties), for similar server hosting services. As discussed with the management of the Company, we understand that they consider that only nationwide internet network operators are capable of providing similar services with stability comparable with those under the Server Hosting Agreements. We have reviewed the two quotations and note that, regarding the quotation from Supplier A, (i) the monthly fee is RMB1,050,000 (equivalent to approximately HK$1,291,500) for the dedicated lease lines alone; (ii) the monthly fee is RMB10,000 (equivalent to approximately HK$12,300) for each server used; and (iii) the monthly fee is RMB100 (equivalent to approximately HK$123) for each IP address. Regarding the quotation from Supplier B, we note that (i) the monthly fee is RMB47,333 (equivalent to approximately HK$58,220) for each server used; and (ii) the monthly fee for the dedicated lease lines is RMB36,000 (equivalent to approximately HK$44,280) for each server used.

Based on (i) dedicated leased lines; (ii) the estimated number of 7 or 11 racks of servers in use; and (iii) the number of IP addresses of 90 for each of Heilongjiang Shentong and Shentong Yijia, the monthly fees offered under the above two quotations would be (i) RMB1,169,000 and RMB916,663 (equivalent to approximately HK$1,437,870 and approximately HK$1,127,495) for Supplier A and Supplier B respectively as compared to RMB880,000 (equivalent to approximately HK$1,082,400) under the Heilongjiang Shentong Server Hosting Agreement; and (ii) RMB1,129,000 and RMB583,331 (equivalent to approximately HK$1,388,670 and approximately HK$717,497) for Supplier A and Supplier B respectively as compared to RMB560,000 (equivalent to approximately HK$688,800) under the Yijia Server Hosting Agreement. Accordingly, the total monthly fee under each of the Server Hosting Agreements is respectively lower than those under each of the quotations, and is therefore more favourable to the Group.

Furthermore, we have obtained, from the management of the Company, the pricing range of all server hosting agreements with similar payment terms conducted by CCC with other independent third parties, and note that monthly fee rented charged by CCC to independent third parties range from RMB80,000 to RMB90,000 (equivalent to approximately HK$98,400 to approximately HK$110,700) per server. The fees charged by CCC to the Group under the Server Hosting Agreements are therefore lower than or equal to those offered by CCC to independent third parties. To assess whether those comparable server hosting agreements follow the aforesaid pricing policy of CCC, we reviewed five sample server hosting agreements with similar payment terms conducted by CCC with other independent third parties, and based on the criteria that those contracts were from top five customers of CCC other than the Group and with similar nature of services. Given that the major terms and nature of service provided are similar, we consider that such contracts are comparable to the Server Hosting Agreements and are representative. Based on the above sample evidences, we found that (i) the monthly fees per server rented charged by CCC to independent third parties are indeed within the aforesaid range; and (ii) other payment terms under the Server Hosting Agreements are substantially the same as those offered by CCC to independent third parties.

Taking into consideration that the server rental fee charged by CCC to the Group are no less favourable than (i) those offered by independent third parties to the Group; and (ii) those charged by CCC to independent third parties, we are of the view and concur with the view of the management of the Company that the prices and other payment terms under each of the Server Hosting Agreements are fair and reasonable.

(iii) The proposed annual caps

The table below shows the relevant proposed annual caps under the Server Hosting Agreement for the three years ending 31 March 2021 respectively:

	For the year ending		
	31 March 2019	**31 March 2020**	**31 March 2021**
	(RMB million)	*(RMB million)*	*(RMB million)*
Heilongjiang Shentong Server Hosting Agreement	8.64	9.60	10.56
Yijia Server Hosting Agreement	6.72	6.72	6.72

In arriving at the proposed annual caps under the Heilongjiang Shentong Server Hosting Agreement, the Directors have taken into account the following factors:

(a) the contract price of RMB80,000 (equivalent to approximately HK$98,400) per month for each rack of server used;

(b) the usage of 8 (for Heilongjiang Shentong) or 7 (for Shentong Yijia) racks of servers for the nine months ended 31 December 2017;

(c) for the Heilongjiang Shentong Server Hosting Agreement, the estimated number of rack of servers required for the years ending 31 March 2019, 2020 and 2021 of 9, 10 and 11 respectively;

(d) for the Yijia Server Hosting Agreement, the estimated number of servers required for each of the years ending 31 March 2019, 2020 and 2021 of 7, 7 and 7 respectively.

The table below summarises the historical transaction amounts and the respective utilisation rates of the Existing Heilongjiang Shentong Server Hosting Agreement and the Existing Yijia Server Hosting Agreement (i) for the year ended 31 March 2016; (ii) for the year ended 31 March 2017; and (iii) for the nine months ended 31 December 2017.

	For the year ended 31 March 2016	**For the year ended 31 March 2017**	**For the nine months ended 31 December 2017** *(Note 2)*
Existing Heilongjiang Shentong Server Hosting Agreement			
Historical annual cap *(RMB million)*	Not applicable *(Note 1)*	9.60	9.60 *(Note 2)*
Historical transaction amount *(RMB million)*	Not applicable *(Note 1)*	6.61	5.62
Utilisation rate	Not applicable *(Note 1)*	68.85%	78.06% *(Note 3)*
Existing Yijia Server Hosting Agreement			
Historical annual cap *(RMB million)*	8.40	8.40	8.40 *(Note 2)*
Historical transaction amount *(RMB)*	6.72	6.72	5.04
Utilisation rate	80.00%	80.00%	80.00% *(Note 3)*

Notes:

1. Heilongjiang Shentong had not yet been a subsidiary of the Company until 16 May 2016.

2. The historical annual caps are for the year ended 31 March 2018.

3. The utilisation rates represent the historical transaction amounts for the nine months ended 31 December 2017 as compared to the corresponding annual caps for the year ending 31 March 2018, on pro rata basis.

As shown in the above table, we noted that the utilisation rates of the Existing Heilongjiang Shentong Server Hosting Agreement were approximately (i) 68.85% for the year ended 31 March 2017; and (ii) 78.06% for the nine months ended 31 December 2017, while those of the Existing Yijia Server Hosting Agreement were approximately (i) 80.00% for the year ended 31 March 2016; (ii) 80.00% for the year ended 31 March 2017; and (iii) 80.00% for the nine months ended 31 December 2017.

Taking into account (i) relevant annual caps are estimated based on the relevant historical amount for the year ended 31 March 2017 (during which 7 or 8 racks of servers were in use); and (ii) and the possible utilisation of up to 11 racks of servers (being the maximum number of racks of servers provided under the Heilongjiang Shentong Server Hosting Agreement) in the event that there is higher demand for the services as the CRC Education Business continues to develop, we consider that the relevant annual caps under the Server Hosting Agreements are fair and reasonable.

Also taking into account the server hosting service and dedicated leased lines is essential for the operations of the Group, we consider that the Server Hosting Agreements are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. *China Communication Heilongjiang Bin County Branch Venue Rental Contract*

(i) Background

Pursuant to the terms of the China Communication Heilongjiang Bin County Branch Venue Rental Contract, for the period commencing on 1 April 2018 and ending on 31 March 2021, China Communication Heilongjiang Bin County Branch shall provide venue to Heilongjiang Shentong for holding of competition and training, including electricity supplies to and cleaning of the venue.

Although Heilongjiang Shentong relies on the venues for competition and training provided by China Communication Heilongjiang Bin County Branch, Heilongjiang Shentong has been engaging China Communication Heilongjiang Bin County Branch since its commencement of business operations for such services, which is essential to the CRC Education Business. Therefore, we consider that China Communication Heilongjiang Bin County Branch Venue Rental Contract would facilitate provision of suitable venues for the CRC Education Business, particularly for competition and training, which is in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole.

(ii) Pricing basis

Pursuant to the China Communication Heilongjiang Bin County Branch Venue Rental Contract, China Communication Heilongjiang Bin County Branch shall charge Heilongjiang Shentong a rental rate of RMB25,000 (equivalent to approximately HK$30,750) per hour.

As stated in the Letter from the Board, the rental rate was determined after negotiations on arm's length basis in the ordinary and usual course of business and on normal commercial terms with reference to similar transactions between the supplier and independent third parties, and are no less favourable than terms between the supplier and its independent third parties.

As advised by the management of the Company, there is no similar transaction conducted between Heilongjiang Shentong and other independent third parties as China Communication Heilongjiang Bin County Branch is the single supplier of venues for holding competition and training to Heilongjiang Shentong, other than self-owned venues for similar events. Meanwhile, as disclosed in the sub-section headed "II. Reasons for and benefits of the entering into of the CCT Agreements" above, as the venue to be rented by the CCC Group under the China Communication Heilongjiang Bin County Branch Venue Rental Contract is specifically designed for hosting the CRC competitions and trainings, it is technically not feasible to obtain quotation of suppliers for similar services from the open market. Therefore, in assessing the terms of the China Communication Heilongjiang Bin County Branch Venue Rental Contract, we have obtained, from the management of the Company, the pricing range of all venue rental contracts with similar payment terms conducted by China Communication Heilongjiang Bin County Branch with other independent third parties, and note that the rental fee charged by CCC to independent third parties range from RMB25,000 to RMB30,000 (equivalent to approximately HK$30,750 to approximately HK$36,900) per hour. The fee charged by CCC to the Group under the China Communication Heilongjiang Bin County Branch Venue Rental Contract is therefore lower than or equal to those offered by CCC to independent third parties. To assess whether those venue rental contracts follow the aforesaid pricing policy of CCC, we also reviewed five sample venue rental contracts with similar payment terms conducted by China Communication Heilongjiang Bin County Branch with other independent third parties, and based on the criteria that those contracts are from top five customers of China Communication Heilongjiang Bin County Branch other than the Group and with similar nature of services. Given that the major terms and nature of service provided including the venue are the same, we consider that such contracts are comparable to the China Communication Heilongjiang Bin County Branch Venue Rental Contract and are representative. Based on the above sample evidence, we found that (i) the rental rates offered by China Communication Heilongjiang Bin County Branch to independent third parties are indeed within the aforesaid range; and (ii) other payment terms under the China Communication Heilongjiang Bin County Branch Venue Rental Contract are substantially the same as those under the venue rental agreements between China Communication Heilongjiang Bin County Branch with other independent third parties.

Taken into consideration that the price offered by China Communication Heilongjiang Bin County Branch to Heilongjiang Shentong is equal to or lower than those offered by China Communication Heilongjiang Bin County Branch to independent third parties, we are of the view and concur with the view of the management of the Company that the price and other payment terms under the China Communication Heilongjiang Bin County Branch Venue Rental Contract are fair and reasonable.

(iii) The proposed annual caps

The table below shows the relevant proposed annual caps for the three years ending 31 March 2021 respectively:

	For the year ending		
	31 March 2019	**31 March 2020**	**31 March 2021**
	(RMB million)	*(RMB million)*	*(RMB million)*
China Communication Heilongjiang Bin County Branch Venue Rental Contract	1.00	1.20	1.32

In arriving at the proposed annual caps under the China Communication Heilongjiang Bin County Branch Venue Rental Contract, the Directors have taken into account the following factors:

(a) based on the recent rapid development of Heilongjiang Shentong, the self-owned venues will not be able to meet the rapidly growing demand in the near future and increased renting of external venue for conference, training and competition are expected for the three years ending 31 March 2021;

(b) the contract price of RMB25,000 (equivalent to approximately HK$30,750) per hour; and

(c) the estimated hours to be leased for the years ending 31 March 2019, 2020 and 2021 of 40, 48 and 53 respectively, which are determined using the yearly plan of competitions and training activities formulated by Heilongjiang Shentong.

The table below summarises the historical transaction amounts and the utilisation rate of the Existing China Communication Heilongjiang Bin County Branch Venue Rental Contract (i) for the year ended 31 March 2017; and (ii) for the nine months ended 31 December 2017.

	For the year ended 31 March 2017	**For the nine months ended 31 December 2017**
Existing China Communication Heilongjiang Bin County Branch Venue Rental Contract		
Historical annual caps *(RMB million)*	0.70	0.75 *(Note 1)*
Historical transaction amount *(RMB million)*	0.08	0.10
Utilisation rate	11.43%	17.78% *(Note 2)*

Notes:

1. The historical annual cap is for the year ended 31 March 2018.

2. The utilisation rate represents the historical transaction amount for the nine months ended 31 December 2017 as compared to the annual cap for the year ending 31 March 2018, on pro rata basis.

As shown in the above table, we noted that the utilisation rates of previous annual caps were approximately (i) 11.43% for the year ended 31 March 2017; (ii) 17.78% for the nine months ended 31 December 2017. We understand from the management of the Company that, given the low historical annual caps, the management of Heilongjiang Shentong preferred the use of self-owned venues in order not to exceed the previous annual caps and to reserve them until year-end in case of large scale events. However, the year-end usage for the year ended 31 March 2017 was lower than expected, resulting in the low utilisation rate of previous annual caps for the year. The management of the Company advised that the annual cap will be substantially higher than the previous annual cap for the year ending 31 March 2018, which is mainly due to the more competition and training expected to be held in the coming years.

Taking into account (i) the historical usage are low as the management of Heilongjiang Shentong planned to reserve the previous annual caps until year-end; and (ii) higher annual caps are necessary to accommodate the increasing demand for holdings competition and training in the coming years, we consider that the relevant annual caps for the transactions contemplated under the China Communication Heilongjiang Bin County Branch Venue Rental Contract are fair and reasonable.

Also taking into account venues for competition and training is essential for the operations of Heilongjiang Shentong for the CRC Education Business, we consider that the China Communication Heilongjiang Bin County Branch Venue Rental Contract is in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. *Harbin China Communication Skill Training Venue Rental Agreement*

(i) Background

Pursuant to the terms of the Harbin China Communication Skill Training Venue Rental Agreement, for the period commencing on 1 April 2018 and ending on 31 March 2021, Harbin China Communication Skill Training shall provide venue to Heilongjiang Shentong for holding conference, training and other activities, including electricity supplies and cleaning of the venue.

Although Heilongjiang Shentong relies on the venues for holding conference, training and other activities provided by Harbin China Communication Skill Training, Heilongjiang Shentong has been engaging Harbin China Communication Skill Training since its commencement of business operations for the provision of venues for holding conference, training and other activities, which is essential to the existing business of Heilongjiang Shentong. Therefore, we consider that Harbin China Communication Skill Training Venue Rental Agreement would represent provision of suitable and stable venues for the operations of Heilongjiang Shentong in holding conference, training and other activities which is in the ordinary and usual course of business, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

(ii) Pricing basis

Pursuant to the Harbin China Communication Skill Training Venue Rental Agreement, Harbin China Communication Skill Training shall charge Heilongjiang Shentong:

(a) accommodation charge at daily rate ranging from RMB318 to RMB1,888 (equivalent to approximately HK$391 to HK$2,322) with a discount of 20% to 50% according to different type of room and level of management authority respectively;

(b) conference room leasing fee ranging from RMB1,800 to RMB5,000 (equivalent to approximately HK$2,214 to RMB6,150) for every four hours with a discount of 20% to 50% according to different level of management authority; and

(c) food and beverage and supportive services charged on actual usage based on a pre-determined services fee.

As stated in the Letter from the Board, the above pricing basis was determined after negotiations on an arm's length basis in the ordinary course of business and on normal commercial terms with reference to similar transactions between the supplier and independent third parties, and are no less favourable than terms between the supplier and its independent third parties.

As advised by the management of the Company, there is no similar transaction conducted between Heilongjiang Shentong and other independent third parties as Harbin China Communication Skill Training is the single supplier of venues for holding conference, training and other activities to Heilongjiang Shentong. However, the Group has reviewed room and conference room prices from the internet of not less than five hotels. Based on the information provided by the management of the Company, we noted that the prices of (i) rooms range from RMB260 to RMB2,245 (equivalent to approximately HK$320 to approximately HK$2,761) respectively; and (ii) conference rooms of comparable size range from RMB1,800 to RMB16,000 (equivalent to approximately HK$2,214 to approximately HK$19,680) respectively. Taking into the discounts offered by Harbin China Communication Skill Training, the pricing terms under the Harbin China Communication Skill Training Venue Rental Agreement are not less favourable to those available from independent third parties to Heilongjiang Shentong. We are further advised that before the Group rent rooms and conference rooms under the Harbin China Communication Skill Training Venue Rental Agreement, the finance department of the Company would conduct similar review to ensure that the prices are not less favourable to the Group than those available from independent suppliers.

Furthermore, we have obtained, from the management of the Company, the pricing range of all venue rental agreements with similar payment terms conducted by Harbin China Communication Skill Training with other independent third parties, and note that (i) the base prices offered by CCC to independent third parties are the same as those under the China Communication Heilongjiang Bin County Branch Venue Rental Contract; and (ii) discounts for room and conference room prices range from nil to 20%. Accordingly, the discounts offered by Harbin China Communication Skill Training to Heilongjiang Shentong ranging from 20% to 50% are deeper than or equal to those offered by Harbin China Communication Skill Training to independent third parties. To assess whether those venue rental agreements follow the aforesaid pricing policy of CCC, we also reviewed five sample venue rental agreements with similar payment terms conducted by Harbin China Communication Skill Training with other independent third parties, and based on the criteria that those contracts are from top five customers of Harbin China Communication Skill Training other than the Group and with similar nature of services. Given that the major terms and nature of service provided including the venue are the same, we consider that such contracts are comparable to the Harbin China Communication Skill Training Venue Rental Agreement and are representative. Based on the above sample evidence, we found that (i) the fee structures (including discount rates) offered by Harbin China Communication Skill Training to independent third parties are indeed the same as that under the China Communication Heilongjiang Bin County Branch Venue Rental Contract; and (ii) other payment terms under the Harbin China Communication Skill Training Venue Rental Agreement are substantially the same as those under the venue rental agreements between Harbin China Communication Skill Training with other independent third parties.

Taken into consideration that the prices offered by Harbin China Communication Skill Training to Heilongjiang Shentong are no less favourable than (i) those offered by independent third parties to the Group; and (ii) those offered by Harbin China Communication Skill Training to independent third parties, we are of the view and concur with the view of the management of the Company that the price and other payment terms under the Harbin China Communication Skill Training Venue Rental Agreement are fair and reasonable.

(iii) The proposed annual caps

The table below shows the relevant proposed annual caps for the three years ending 31 March 2021 respectively:

	For the year ending		
	31 March 2019 *(RMB million)*	**31 March 2020** *(RMB million)*	**31 March 2021** *(RMB million)*
Harbin China Communication Skill Training Venue Rental Agreement	1.00	1.20	1.32

In arriving at the proposed annual caps under the Harbin China Communication Skill Training Venue Rental Agreement, the Directors have taken into account the following factors:

(a) based on the recent rapid development of Heilongjiang Shentong as reflected by the revenue growth of the CRC Education Business of approximately 82.14%, the self-owned venues will not be able to meet the rapidly growing demand in the near future and increased renting of external venue for conference, training and competition are expected for the three years ending 31 March 2021; and

(b) the estimated number of days of activities to be held in the venues in concern for the years ending 31 March 2019, 2020 and 2021 of 30, 35 and 40 respectively, which are determined using the yearly plan of conferences, competitions and training activities formulated by Heilongjiang Shentong.

The table below summarises the historical transaction amounts and the utilisation rate of the Existing Harbin China Communication Skill Training Venue Rental Agreement (i) for the year ended 31 March 2017; and (ii) for the nine months ended 31 December 2017.

	For the year ended 31 March 2017	**For the nine months ended 31 December 2017**
Previous Harbin China Communication Skill Training Venue Rental Agreement		
Historical annual caps *(RMB)*	55,000	65,000 *(Note 1)*
Historical transaction amount *(RMB)*	48,000	0
Utilisation rate	87.28%	0.0% *(Note 2)*

Notes:

1. The historical annual cap is for the year ended 31 March 2018.

2. The utilisation rate represents the historical transaction amount for the nine months ended 31 December 2017 as compared to the annual cap for the year ending 31 March 2018, on pro rata basis.

As shown in the above table, we noted that the utilisation rates of previous annual caps were approximately (i) 87.28% for the year ended 31 March 2017; (ii) 0.00% for the nine months ended 31 December 2017. We understand from the management of the Company that, given the low historical annual caps, Heilongjiang Shentong mostly used venues of schools when hosting intra-school CRC related activities. However, we are advised by the management of the Company that the design and facilities of those venues are sub-optimal for inter-school events, which shall be held in the venues under the Harbin China Communication Skill Training Venue Rental Agreement. Also in view of recent rapid development of Heilongjiang Shentong as reflected by the revenue growth of the CRC Education Business of approximately 82.14%, the annual cap will be substantially higher than the previous annual cap for the year ending 31 March 2018.

Taking into account (i) the historical usage are low as Heilongjiang Shentong used venues of schools when hosting intra-school CRC related activities in order not to exceed the previous annual caps for year-end use; and (ii) higher annual caps are necessary to accommodate the increasing demand for holdings conferences, training and other activities in the coming years, we consider that the relevant annual caps for the transactions contemplated under the Harbin China Communication Skill Training Venue Rental Agreement are fair and reasonable.

Also taking into account venues for conferences, training and other activities is essential for the operations of Heilongjiang Shentong for the CRC Education Business, we consider that the Harbin China Communication Skill Training Venue Rental Agreement is in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. Heilongjiang Shentong Web Advertising Contract

(i) Background

Pursuant to the Heilongjiang Shentong Web Advertising Contract, for the period commencing on 1 April 2018 and ending on 31 March 2021, Heilongjiang Shentong agreed to place and China Communication Heilongjiang agreed to arrange for the web advertisements of Heilongjiang Shentong be published on the internet. 24-hour technical support services shall also be provided by China Communication Heilongjiang to Heilongjiang Shentong to handle all technical issues arising out the publication of the advertisements.

We are advised by the Company that at present, the web advertisements are for marketing and promotion of courses and competitions. Given that it's the website is the official website of Heilongjiang Robot Sports Association, which has high concentration of potential customers (being students interested in CRC), the Company considers that web advertisements on the website of China Communication Heilongjiang is the most effective way to promote the training courses and competitions held by Heilongjiang Shentong, the payment method of which is via the CRC Shentong Cards.

Notwithstanding the reliance on China Communication Heilongjiang as the single supplier of web advertisements, Heilongjiang Shentong has been engaging China Communication Heilongjiang since its commencement of business operations for the provision of web advertisements, which is beneficial to the existing business of the Group. Also taking into account the increase in usage of the CRC Shentong Cards as detailed in the paragraph headed "1. Heilongjiang Shentong CRC Shentong Card Payment System Contract" above, we consider that the Heilongjiang Shentong Web Advertising Contract represent a feasible marketing means for promoting the training courses and competitions of Heilongjiang Shentong, the payment method of which is via the CRC Shentong Cards, and is thus in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

(ii) Pricing basis

Pursuant to the Heilongjiang Shentong Web Advertising Contract, for the period commencing on 1 April 2018 and ending on 31 March 2021, China Communication Heilongjiang shall charge Heilongjiang Shentong for each advertisement to be placed by Heilongjiang Shentong, which shall be determined according to the proposed publication timeslots and duration as follows:

(a) From 08:20 to 12:19 (i.e. 4 hours in total), RMB14,000 (equivalent to approximately HK$17,220) per day for the 4-hour period with a maximum discount of 35%.

(b) From 12:20 to 15:19 (i.e. 3 hours in total), RMB12,000 (equivalent to approximately HK$14,760) per day for the 3-hour period with a maximum discount of 35%.

(c) From 15:20 to 19:19 (i.e. 4 hours in total), RMB15,000 (equivalent to approximately HK$18,450) per day for the 4-hour period with a maximum discount of 35%.

(d) From 19:20 to 22:19 (i.e. 3 hours in total), RMB18,800 (equivalent to approximately HK$23,124) per day for the 3-hour period with a maximum discount of 35%.

(e) From 22:20 to 01:19 (i.e. 3 hours in total), RMB10,000 (equivalent to approximately HK$12,300) per day for the 3-hour period with a maximum discount of 35%.

The unit rates charged by China Communication Heilongjiang under the Existing Heilongjiang Shentong Web Advertising Contract were substantially lower than those in the Heilongjiang Shentong Web Advertising Contract due to a special discount offered the Heilongjiang Shentong to assist the start-up of its business. The special discount will no longer apply for the Heilongjiang Shentong Web Advertising Contract but it is in any event no less favourable than that between the supplier and its independent third parties.

As advised by the management of the Company, there is no similar transaction conducted between the Group and other independent third parties as China Communication Heilongjiang is the single supplier of web advertisements to Heilongjiang Shentong. Nevertheless, we have reviewed three quotations from independent third parties, two of which are two media website operated by the PRC government ("**Website A**" and "**Website B**"), and the remaining of which is a portal site providing news and other services ("**Website C**"), in relation to web advertising as provided by the Company. As discussed with the management of the Company, we understand that they consider that these websites are popular news media websites which have the target customers of the Group with similar traffic. We note that for web advertisement similar in nature with those under the Heilongjiang Shentong Web Advertising Contract, (i) Website A would charge a fixed rate of RMB7,200 (equivalent to approximately HK$8,856) per hour regardless of timeslot of a day, which is equivalent to RMB21,600 (equivalent to approximately HK$26,568) for a three-hour period and is therefore higher than the highest fee of RMB18,800 (equivalent to approximately HK$23,124) for a three-hour period under the Heilongjiang Shentong Web Advertising Contract; (ii) Website B would charge on a full-day basis of RMB50,000 to RMB70,000 (equivalent to approximately HK$61,500 to approximately HK$86,100) per day; and (iii) Website C would charge on a full-day basis of RMB50,000 (equivalent to approximately HK$61,500) per day. We are advised by the Company that normally the Group would place web advertisement for one to two timeslot (i.e. 3 to 8 hours per day), particularly during lunch time and after work hours as it would be viewed the most, and therefore would cost from RMB10,000 to RMB33,800 (equivalent to approximately HK$12,300 to approximately HK$41,574) before discount or RMB6,500 to RMB21,970 (equivalent to approximately HK$7,995 to approximately HK$27,023) after discount per day depending on the actual timeslot(s) chosen. Based on the above, we consider that the fees under the Heilongjiang Shentong Web Advertising Contract are no less favourable to the Group than those available from independent third parties.

Furthermore, we have obtained, from the management of the Company, the pricing range of all web advertising contracts with similar payment terms conducted by China Communication Heilongjiang with other independent third parties, and note that (i) the advertising fees for different publication timeslots charged by China Communication Heilongjiang to independent third parties are the same as those advertising fees charged by China Communication Heilongjiang to Heilongjiang Shentong under the Heilongjiang Shentong Web Advertising Contract; and (ii) the maximum discount rate offered by China Communication Heilongjiang to independent third parties is 30%. The prices and maximum discount offered by China Communication Heilongjiang to Heilongjiang Shentong under the Heilongjiang Shentong Web Advertising Contract are therefore not less favourable to the Group those offered by CCC to independent third parties. To assess whether those web advertising contracts follow the aforesaid pricing policy of CCC, we also reviewed five sample web advertising contracts with similar payment terms conducted by China Communication Heilongjiang with other independent third parties, and based on the criteria that those contracts are from top five customers of China Communication Heilongjiang other than the Group and with similar nature of services. Given that the major terms and nature of service provided are similar, we consider that such contracts are comparable to the Heilongjiang Shentong

Web Advertising Contract and are representative. Based on the above sample evidences, we found that (i) advertising fees and maximum discount rates offered by China Communication Heilongjiang to independent third parties indeed follow the aforesaid ranges; and (ii) other payment terms under the Heilongjiang Shentong Web Advertising Contract are substantially the same as those offered by China Communication Heilongjiang to independent third parties.

Taking into consideration that the prices and maximum discount offered by China Communication Heilongjiang to the Group are no less favourable than (i) those offered by independent third parties to the Group; and (ii) those offered by China Communication Heilongjiang to independent third parties, we are of the view and concur with the view of the management of the Company that the prices and other payment terms under Heilongjiang Shentong Web Advertising Contract are fair and reasonable.

(iii) The proposed annual caps

The table below shows the relevant proposed annual caps for the three years ending 31 March 2021 respectively:

	For the year ending		
	31 March 2019 *(RMB)*	**31 March 2020** *(RMB)*	**31 March 2021** *(RMB)*
Heilongjiang Shentong Web Advertising Contract	2.70	3.00	3.30

In arriving at the proposed annual caps under the Heilongjiang Shentong Web Advertising Contract, the Directors have taken into account the following factors:

(a) the average contract price of RMB13,960 (equivalent to approximately HK$17,171) per section with a discounted price of RMB9,074 (equivalent to approximately HK$11,161) per section; and

(b) the estimated number of sections to be used the years ending 31 March 2019, 2020 and 2021 of 300, 330 and 360 respectively.

The table below summarises the historical transaction amounts and the utilisation rate of the Existing Heilongjiang Shentong CRC Shentong Card Payment System Contract (i) for the year ended 31 March 2017; and (ii) for the nine months ended 31 December 2017.

	For the year ended 31 March 2017	**For the nine months ended 31 December 2017**
Existing Heilongjiang Shentong Web Advertising Contract		
Historical annual cap *(RMB)*	2.25	2.45 *(Note 1)*
Historical transaction amount *(RMB)*	1.62	1.63
Utilisation rate	72.00%	88.71% *(Note 2)*

Notes:

1. The historical annual cap is for the year ended 31 March 2018.

2. The utilisation rate represents the historical transaction amount for the nine months ended 31 December 2017 as compared to the annual cap for the year ending 31 March 2018, on pro rata basis.

As shown in the above table, we noted that the utilisation rates of historical annual caps were (i) approximately 72.00% for the year ended 31 March 2017; (ii) approximately 88.71% for the nine months ended 31 December 2017.

Taking into account (i) the relevant historical transaction amounts, indicating an increasing amount of web advertisement placed by Heilongjiang Shentong, which is driven by the rapid growth of the training business of Heilongjiang Shentong as mentioned above; and (ii) the annual caps for the transactions contemplated under the Heilongjiang Shentong Web Advertising Contract were determined with reference to the estimated amount of advertisements to be placed by Heilongjiang Shentong and the prevailing charging rates, we consider that the annual caps for the transactions contemplated under the Heilongjiang Shentong Web Advertising Contract are fair and reasonable.

Also taking into account that advertising on the website of China Communication Heilongjiang is an effective way of marketing relating to CRC Education Business of Heilongjiang Shentong, we consider that the Heilongjiang Shentong Web Advertising Contract is in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. *Shentong Card Management and Sales Contract*

(i) Background

Pursuant to the Shentong Card Management and Sales Contract, for the period commencing on 1 April 2018 and ending on 31 March 2021, Shentong Yijia agreed to provide services to CCC including: (i) management and sale of the Designated Shentong Cards; (ii) assisting CCC in the after-sale services for the Designated Shentong Card; (iii) following up with the enquiries and/or complaints raised by the users of the Designated Shentong Card; and (iv) customer management service, and promotion and marketing of the Designated Shentong Card.

As advised by the Company and as shown in the annual report 2016/2017 of the Company, the Shentong Card Business is one of the two main revenue sources of the Group, accounting for approximately 22.29% of the total revenue of the Group for the year ended 31 March 2017. The revenue of such business was generated from the provision of the distribution and management services in relation to the Designated Shentong Cards under the Existing Shentong Card Management and Sales Contract. As such, we consider that the Shentong Card Management and Sales Contract is essential to the Shentong Card Business of the Group, and is thus in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

(ii) Pricing basis

Pursuant to the Shentong Card Management and Sales Contract, for the period commencing on 1 April 2018 and ending on 31 March 2021, CCC shall pay:

(a) issuance handling fees of RMB5 (equivalent to approximately HK$6.15) for each Designated Shentong Card issued by Shentong Yijia;

(b) sale commission of RMB3 (equivalent to approximately HK$3.69) for the insurance products preloaded in the Designated Shentong Card issued by Shentong Yijia;

(c) technical service commission of 20% of the total value of purchases made by the users through the Designated Shentong Card issued by Shentong Yijia; and

(d) sale commission of 20% of the total value of purchases made by the users through the Designated Shentong Card for the property and life insurance products and 10% for the purchases of health insurance products.

The above issuance handling fees and the commissions shall be settled by CCC monthly in arrears.

For the purpose of monitoring and ensuring the proper calculation of the fees chargeable under the Shentong Card Management and Sales Contract, CCC provides monthly summary of the income and the breakdown, including (a) a report of the number of Designated Shentong Card issued (with individual Designated Shentong Card Number), and (b) various reports of value of purchases made by each individual Designated Shentong Card and the time of usage. Shentong Yijia performs calculation check and reviews the charging rate to ensure that it is within the framework of the Shentong Card Management and Sales Contract. CCC and Shentong Yijia will then sign on a statement to confirm the agreed charge each month.

As advised by the management of the Company, Shentong Yijia is the exclusive agent of CCC in providing management and sale of the Designated Shentong Cards and as such there is no comparable service in the market. The above prices and payment terms were determined after arm's length negotiation between CCC and the Group, and are the same as those under the Existing Shentong Card Management and Sales Contract.

We note that the segment profit to revenue ratio of the Shentong Card Business as a whole represented approximately from the lowest of approximately 9.40% for the year ended 31 March 2016 to the highest of approximately 18.58% for the year ended 31 March 2017 in the recent three financial years. Such variation was mainly due to the fluctuation of the purchase amount made by the Designated Shentong Card users. Given the continuously profit-making position, we consider that the Shentong Card Business is lucrative.

In view of the above, we are of the view and concur with the view of the management of the Company that the prices and other payment terms under Shentong Card Management and Sales Contract are fair and reasonable.

(iii) The proposed annual caps

The table below shows the proposed annual caps under the Shentong Card Management and Sales Contract for the three years ending 31 March 2021 respectively:

	For the year ending		
	31 March 2019 *(RMB)*	**31 March 2020** *(RMB)*	**31 March 2021** *(RMB)*
Shentong Card Management and Sales Contract	27.00	29.00	31.00

In arriving at the proposed annual caps under the Shentong Card Management and Sales Contract, the Directors have taken into account the following factors:

(a) the actual historical transaction amount under the Existing Shentong Card Management and Sales Contract of approximately RMB2.3 million (equivalent to approximately HK$2.83 million) per month for the two years ended 31 March 2017 which is equivalent to approximately RMB27.6 million (equivalent to approximately HK$33.95 million) per year; and

(b) the conservative annual growth rates of approximately 7% for the years ending 31 March 2020 and 2021, which was calculated by reference to the quarterly growth rates in year 2017; and

(c) the expected demand of approximately RMB27.0 million (equivalent to approximately HK$33.2 million), RMB29.0 million (equivalent to approximately HK$35.7 million) and RMB31.0 million (equivalent to approximately HK$38.1 million) for the years ending 31 March 2019, 2020 and 2021.

The table below summarises the historical transaction amounts and the utilisation rates of the Existing Shentong Card Management and Sales Contract (i) for the year ended 31 March 2016; (ii) for the year ended 31 March 2017; and (iii) for the nine months ended 31 December 2017.

	For the year ended 31 March 2016	**For the year ended 31 March 2017**	**For the nine months ended 31 December 2017**
Existing Shentong Card Management and Sales Contract			
Historical annual cap *(RMB)*	41.00	42.00	43.00 *(Note 1)*
Historical transaction amount *(RMB)*	28.63	27.28	19.45
Utilisation rate	69.83%	64.95%	60.31% *(Note 2)*

Notes:

1. The historical annual cap is for the year ended 31 March 2018.

2. The utilisation rate represents the historical transaction amount for the nine months ended 31 December 2017 as compared to the annual cap for the year ending 31 March 2018, on pro rata basis.

As shown in the above table, we noted that the utilisation rates of historical annual cap were (i) approximately 69.83% for the year ended 31 March 2016; (ii) approximately 64.95% for the year ended 31 March 2017; and (iii) approximately 60.31% nine months ended 31 December 2017.

The revenue generated under the Existing Shentong Card Management and Sales Contract were either through new issues of Designated Shentong Cards or commission for purchase through Designated Shentong Cards. According to the management of the Company, given that in the absent of new popular mobile applications which supported payment through Designated Shentong Cards in recent years, the transaction amounts under the Existing Shentong Card Management and Sales Contract stayed at the same level of around RMB27 million (equivalent to approximately HK$33.2 million) for recent years. Nevertheless, during the nine months ended 31 December 2017, the transaction amount recorded growth rates of around 6% per quarter from the three months ended 30 June 2017 to the three months ended 30 September 2017, and further to 31 December 2017, as compared with decreases in the corresponding periods in 2016. Accordingly, a conservative incremental buffer of RMB2 million (equivalent to approximately HK$2.5 million) per year (which is around 7% per year) is adopted for the Shentong Card Management and Sales Contract to accommodate possible growth.

Taking into account (i) the relevant historical transaction amounts, which remained relatively flat around the level of RMB27 million (equivalent to approximately HK$33.2 million) in the recent years; and (ii) a conservative incremental buffer of RMB2 million (equivalent to approximately HK$2.5 million) per year to accommodate possible growth, we consider that the annual caps for the transactions contemplated under the Shentong Card Management and Sales Contract are fair and reasonable.

Also taking into account that (i) Shentong Card Management and Sales Contract represents one of the main revenue sources of the Group, accounting for approximately 22.29% of the total revenue of the Group for the year ended 31 March 2017; and (ii) the terms of the Shentong Card Management and Sales Contract are substantially the same as the Existing Shentong Card Management and Sales Contract (save for the annual caps), we are of the view and concur with the view of the management of the Company that the Shentong Card Management and Sales Contract is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

8. *Yijia Web Advertising Contract*

(i) Background

Pursuant to the Yijia Web Advertising Contract, for the period commencing on 1 April 2018 and ending on 31 March 2021, Shentong Yijia agreed to place and CCC agreed to arrange for the web advertisements of Shentong Yijia be published on the website of CCC "Shentong Net". 24-hour technical support services shall also be provided by CCC to Shentong Yijia to handle all technical issues arising out of the publication of the advertisements.

As disclosed in the Letter from the Board, the Designated Shentong Card is solely used in the Shentong Net, and accordingly the Company considers that placing advertisements on the Shentong Net to be the most effective means in promotion and marketing activities of the Designated Shentong Cards.

Notwithstanding the reliance on CCC as the single supplier of web advertisements, Shentong Yijia has been engaging CCC for more than 7 years for the provision of web advertisements, which is beneficial to the existing business of the Group. Also given that the Designated Shentong Card is solely used in the Shentong Net, we consider that the Yijia Web Advertising Contract would represent a feasible marketing means for promoting the Designated Shentong Cards which is beneficial to the sales of the Designated Shentong Cards, and is thus in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

(ii) Pricing basis

Pursuant to the Yijia Web Advertising Contract, for the period commencing on 1 April 2018 and ending on 31 March 2021, CCC will charge Shentong Yijia advertising fees based on different publication timeslots, subject to scaled-discount rate as follows:

(a) From 08:20 to 12:19 (i.e. 4 hours in total), RMB14,000 (equivalent to approximately HK$17,220) per day for the 4-hour period with a maximum discount of 35%.

(b) From 12:20 to 15:19 (i.e. 3 hours in total), RMB12,000 (equivalent to approximately HK$14,760) per day for the 3-hour period with a maximum discount of 35%.

(c) From 15:20 to 19:19 (i.e. 4 hours in total), RMB15,000 (equivalent to approximately HK$18,450) per day for the 4-hour period with a maximum discount of 35%.

(d) From 19:20 to 22:19 (i.e. 3 hours in total), RMB18,800 (equivalent to approximately HK$23,124) per day for the 3-hour period with a maximum discount of 35%.

(e) From 22:20 to 01:19 (i.e. 3 hours in total), RMB10,000 (equivalent to approximately HK$12,300) per day for the 3-hour period with a maximum discount of 35%.

As advised by the management of the Company, there is no similar transaction conducted between the Group and other independent third parties as CCC is the single supplier of web advertisements to Shentong Yijia. As the fee structure under the Yijia Web Advertising Contract is the same as the Heilongjiang Shentong Web Advertising Contract, please refer to our analysis on quotations from independent third parties for similar web advertising service under the sub-paragraph headed "(ii) Pricing basis" under the paragraph headed "6. Heilongjiang Shentong Web Advertising Contract" above. Furthermore, we have obtained, from the management of the Company, the pricing range of all web advertising contracts with similar payment terms conducted by CCC with other independent third parties, and note that (i) the advertising fees for different publication timeslots charged by CCC to independent third parties are the same as those advertising fees charged by CCC to Shentong Yijia under the Yijia Web Advertising Contract; and (ii) the maximum discount rate offered by CCC to independent third parties is 30%. The prices and maximum discount offered by CCC to Shentong Yijia under the Yijia Web Advertising Contract are therefore not less favourable to the Group those offered by CCC to independent third parties. To assess whether those web advertising contracts follow the aforesaid pricing policy of CCC, we also reviewed five sample web advertising contracts with similar payment terms conducted by CCC with other independent third parties, and based on the criteria that those contracts are from top five customers of CCC other than the Group and with similar nature of services. Given that the major terms and nature of service provided are similar, we consider that such contracts are comparable to the Yijia Web Advertising Contract and are representative. Based on the above sample evidences, we found that (i) advertising fees and maximum discount rates offered by China Communication Heilongjiang to independent third parties indeed follow the aforesaid ranges; and (ii) other payment terms under the Yijia Web Advertising Contract are substantially the same as those offered by CCC to independent third parties.

Taking into consideration that the prices and maximum discount offered by CCC to the Group are no less favourable than (i) those offered by independent third parties to the Group; and (ii) those offered by CCC to independent third parties, we are of the view and concur with the view of the management of the Company that the prices and other payment terms under Yijia Web Advertising Contract are fair and reasonable.

(iii) The proposed annual caps

The table below shows the relevant proposed annual caps for the three years ending 31 March 2021 respectively:

	For the year ending		
	31 March 2019 *(RMB)*	**31 March 2020** *(RMB)*	**31 March 2021** *(RMB)*
Yijia Web Advertising Contract	5.30	5.60	6.00

In arriving at the proposed annual caps under the Yijia Web Advertising Contract, the Directors have taken into account the following factors:

(a) the actual historical transaction amount under the Existing Yijia Web Advertising Contract of approximately RMB0.40 million (equivalent to approximately HK$0.49 million) per month for the two years ended 31 March 2017; and

(b) the conservative growth rates for the years ending 31 March 2019, 2020 and 2021 are expected to be approximately 6.0%, 5.7%, and 7.1% respectively.

The table below summarises the historical transaction amounts and the respective utilisation rates of the Existing Yijia Web Advertising Contract (i) for the year ended 31 March 2016; (ii) for the year ended 31 March 2017; and (iii) for the nine months ended 31 December 2017.

	For the year ended 31 March 2016	**For the year ended 31 March 2017**	**For the nine months ended 31 December 2017**
Existing Yijia Web Advertising Contract			
Historical annual cap *(RMB)*	5.00	5.00	5.00 *(Note 1)*
Historical transaction amount *(RMB)*	4.78	4.86	3.60
Utilisation rate	95.60%	97.20%	96.00% *(Note 2)*

Notes:

1. The historical annual cap is for the year ended 31 March 2018.

2. The utilisation rate represents the historical transaction amount for the nine months ended 31 December 2017 as compared to the annual cap for the year ending 31 March 2018, on pro rata basis.

As shown in the above table, we noted that the utilisation rates of the Existing Yijia Web Advertising Contract were (i) approximately 95.60% for the year ended 31 March 2016; (ii) approximately 97.20% for the year ended 31 March 2017; and (iii) approximately 96.00% for the nine months ended 31 December 2017.

Taking into account (i) the relevant historical transaction amounts, showing almost full utilisation of the respective annual caps; (ii) the annual caps for the transactions contemplated under the Yijia Web Advertising Contract were determined with reference to the estimated amount of advertisements to be placed by Shentong Yijia and the prevailing charging rates; and (iii) conservative growths for the years ending 31 March 2019, 2020 and 2021 of less than RMB0.4 million (equivalent to approximately HK$0.5 million) per year are adopted as buffer as previous annual caps were almost fully utilised, we consider that the relevant annual caps for the transactions contemplated under the Yijia Web Advertising Contract are fair and reasonable.

Also taking into account that (i) the principal business of Shentong Yijia in the management and distribution of the Designated Shentong Cards which is used solely on "Shentong Net"; and (ii) advertising on the website of CCC "Shentong Net" being a direct and effective way in promoting the use of Designated Shentong Cards, we consider that the Yijia Web Advertising Contract is in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

9. *Heilongjiang Operation and Management Contract*

(i) Background

Pursuant to the terms of the Heilongjiang Operation and Management Contract, for the period commencing on 1 April 2018 and ending on 31 March 2021, China Communication Heilongjiang Mundanjiang shall provide operation and management services to Heilongjiang Shentong in a training centre in Mudanjiang City in the Heilongjiang Province, the PRC, which shall include: (i) user management and development in venues; (ii) communication with schools and relevant governmental authorities; (iii) venue safety, facilities maintenance, organisation of competitions; (iv) handling of user complains under the supervision of Heilongjiang Shentong and the relevant governmental authorities; and (v) local marketing and promotion.

China Communication Heilongjiang Mudanjiang is required to use the CRC Shentong Card integrated payment management system to manage all user information and use the CRC Shentong Card as the only payment channel within the venue.

The tutors, trainers and referees hired by China Communication Heilongjiang Mudanjiang must be holding the required professional qualifications by the relevant national authorities before they may commence their duties.

The various athletes nominated by China Communication Heilongjiang Mudanjiang must have obtained the relevant national authentications.

(ii) Pricing basis

Pursuant to the Heilongjiang Operation and Management Contract, Heilongjiang Shentong shall pay a fee to China Communication Heilongjiang Mudanjiang which is calculated as 15% of its overall income which payment is made through and processed by the CRC Shentong Card integrated payment management system.

As stated in the Letter from the Board, the above pricing basis was determined after negotiations on an arm's length basis in the ordinary course of business and on normal commercial terms.

As advised by the management of the Company, there is no similar transaction conducted between Heilongjiang Shentong and other independent third parties as China Communication Heilongjiang Mundanjiang is the single management service provider. We also attempt to review operation and management contracts (with similar payment terms) conducted by China Communication Heilongjiang Mundanjiang with other independent third parties but are advised that there are no such transaction. Nevertheless, according to the management of the Company, the fee of 15% was determined after negotiations on an arm's length basis with reference to the staff cost and marketing cost. We have also reviewed the expected cost prepared by the management of the Company in the scenario that Heilongjiang Shentong managed the relevant venues and users by itself. In that scenario, the costs of management mainly consist of salary and related staff costs, utility costs, and depreciation, which are estimated according to the number of staff and site area of the venue based on relevant experience of the management. We note that the total expected costs would represent not less than 20% of the overall income which payment is made through and processed by the CRC Shentong Card integrated payment management system, which is higher than the fixed 15% fee charged by China Communication Heilongjiang Mundanjiang. In addition, given that the fee is directly proportional to the overall income and there is no minimum fee, less set-up costs and fixed costs would be incurred to Heilongjiang Shentong as compared with managing the relevant venues and users by itself.

Based on the above, we are of the view and concur with the view of the management of the Company that the management fee and other payment terms under the Heilongjiang Operation and Management Contract are on normal commercial term, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(iii) The proposed annual caps

The table below shows the relevant proposed annual caps for three years ending 31 March 2021 respectively:

	For the year ending		
	31 March 2019	**31 March 2020**	**31 March 2021**
	(RMB million)	*(RMB million)*	*(RMB million)*
Heilongjiang Operation and Management Contract	0.90	1.20	1.40

In arriving at the proposed annual caps under the Heilongjiang Operation and Management Contract, the Directors have taken into account the following factors:

(a) the expected overall income of approximately RMB0.5 million (equivalent to approximately HK$0.62 million) per month for the year ending 31 March 2019; and

(b) the growth rates for the years ending 31 March 2020 and 2021 are expected to be approximately 33.3% and approximately 16.7% respectively, which is determined by reference to the expected growth rates of the transaction amounts under the Heilongjiang Shentong CRC Shentong Card Payment System Contract for the same periods.

According to the management of the Company, the relevant annual caps for each of the year ended 31 March 2019, 2020 and 2021 represents the estimated management service fee payable by Heilongjiang Shentong which is derived from the estimated training fee and other income generated under the Heilongjiang Operation and Management Contract. The increase of annual caps represents a conservative incremental buffer of RMB0.3 million and RMB0.2 million per year (equivalent to approximately 33.3% and approximately 16.7% per year, which are chosen to be smaller than the revenue growth of the CRC Education Business in general) to accommodate possible growth. Based on the above, we are of the view and concur with the view of the management of the Company that the relevant annual caps for the transactions contemplated under the Heilongjiang Operation and Management Contract are fair and reasonable.

IV. Pricing policy and internal control for implementing the CCT Agreements

As stated in the Letter from the Board, the basis of determining the prices of the services to or from the Group under each of the CCT Agreements (except the Shentong Card Management and Sales Contract and Heilongjiang Operation and Management Contract where there is no comparable service in the market) will be in accordance with the prevailing market prices of similar services and based on the following principles:

(i) by reference to the prevailing market price of the same or substantially similar services, taking into account the price of the same or substantially similar services with comparable order quantities and quality offered to/by other suppliers; and

(ii) if there are not sufficient comparable transactions in (i) above, on normal commercial terms comparable to those currently offered by the Group to, or received by the Group from, independent third parties in respect of the same or substantially similar products or services with comparable quantities.

In this regard, the Finance Department of the Company will invite quotations from independent supplier(s); or review similar contract(s) between the CCC Group as supplier and independent purchasers, to get a reference on the prevailing market prices for the relevant services to be procured. Such quotations and/or similar contracts will be reviewed and evaluated from both the technical and commercial perspectives by the Finance Manager of the Company compared against the pricing basis under the CCT Agreements to ensure that the services to be procured under the CCT Agreements are comparable to the prices and terms for such services being offered by independent third parties.

According to the management of the Company, in addition to the above procedures in relation to pricing under the CCT Agreements, the Group will continue to implement the followings internal control measures to ensure that the continuing connected transactions are conducted within the framework of the CCT Agreements:

(i) To ensure that the actual prices for the transactions under the CCT Agreements are on normal commercial terms and on terms no less favourable to the Group than that available from independent third party suppliers, the Finance Department of the Company will conduct regular checks to review and assess whether the products have been supplied or purchased in accordance with the terms of the relevant agreement and that the relevant annual caps is not exceeded.

(ii) The independent non-executive Directors will review the transactions under the CCT Agreements annually to ensure (a) the terms of the CCT Agreements are fair and reasonable and in the interest of the Company and Shareholders as a whole; (b) the relevant transactions are entered into in the ordinary and usual course of business of the Group; (b) on normal commercial terms; and (c) the relevant transactions are entered into on normal commercial terms or on terms no less favourable to the Company than terms available to or from independent third parties.

(iii) The Company will engage its auditors to report on the CCT Agreements annually confirming whether (a) the relevant transactions under the CCT Agreements have received approval by the Board; (b) the transactions are entered into, in all material respects, in accordance with the CCT Agreements governing them; and (c) with respect to the aggregate amount of the continuing connected transactions under the CCT Agreements, such transactions do not exceed the relevant annual caps.

Regarding items (ii) and (iii) above, we also review the relevant reports and statements by the independent non-executive Directors and the auditors of the Company respectively for the previous continuing connected transactions of the Group, and do not notice any anomaly. Accordingly, we consider that there are adequate and enforceable internal control measures in place regarding the continuing connected transactions contemplated under the CCT Agreements.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that (i) the entering of CCT Agreements is in the ordinary and usual course of business of the Group; and (ii) the terms of CCT Agreements (including the relevant annual caps) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the CCT Agreements (including the relevant annual caps) and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Nuada Limited

Po Chan	**Kevin Wong**
Executive Director	*Vice President*

Ms. Po Chan is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 15 years of experience in corporate finance industry, including but not limited to continuing connected transactions.

Mr. Kevin Wong is a person licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and is a responsible officer of Nuada Limited who has over 13 years of experience in corporate finance industry, including but not limited to continuing connected transactions.

\# *English translation of the name for identification purpose only*

For the purpose of this letter, unless otherwise indicated, conversion of RMB into HK$ is calculated at the approximate exchange rate of RMB1.00 to HK$1.23. 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.

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of Directors and chief executives in shares and underlying shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO which (a) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

	Number of shares held				
Name of Director	Personal interests	Corporate interests	Total	Approximate percentage of issued share capital	Share option held
Mr. He Chenguang	—	—	—	—	2,000,000
Mr. Bao Yueqing	2,844,000	—	2,844,000	0.17%	5,000,000

Save as disclosed above, none of the Directors or the chief executives has any interests or short positions in the shares and underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules as at the Latest Practicable Date.

(b) Interests and short positions of shareholders in shares and underlying shares

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, the following persons (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO and Section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

	Number of shares held				
Name of shareholder	**Personal interests**	**Corporate interests**	**Other interests**	**Total**	**Approximate percentage of issued share capital**
CCC *(Note 1)*	—	472,042,000	—	472,042,000	24.90%
CCI	472,042,000	—	—	472,042,000	24.90%
Yang Shao Hui	209,032,256	—	—	209,032,256	11.03%
Cao Bingsheng	120,000,000	—	—	120,000,000	6.33%
Liang Haiqi	120,000,000	—	—	120,000,000	6.33%
Li Chungang *(Note 2)*	—	109,900,000	—	109,900,000	5.80%
Friendly Capital Limited	109,900,000	—	—	109,900,000	5.80%

Note:

(1) CCC is deemed to be substantial shareholder as defined in the GEM Listing Rules. CCI is a wholly-owned subsidiary of CCC.

(2) Friendly Capital Limited is wholly-owned by Li Chungang and he is therefore deemed to be interested in 109,900,000 shares held by Friendly Capital Limited by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by the Directors, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which requires to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors and the Independent Financial Adviser has, or had, any direct or indirect interest in any assets which had been or are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 March 2017, being the date to which the latest published audited financial statements of the Company were made up.

None of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

5. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice which are contained in this circular:

Name	**Qualifications**
Nuada Limited	A licensed corporation under the SFO licensed to conduct type 1 (dealings in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Nuada Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Nuada Limited did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any circumstances or events that may give rise to a material adverse change in the financial or trading position of the Group since 31 March 2017, being the date of which the latest audited financial statement of the Group was made up.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and there is no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

9. MISCELLANEOUS

(a) The company secretary of the Company is Mr. Yiu King Ming, who is a member of the Hong Kong Institute of Certified Public Accountants.

(b) The registered office of the Company is situated at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

(c) The head office and principal place of business of the Company in Hong Kong is located at Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

(d) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(e) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excluded) during normal business hours at the office of the Company at Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong from the date of this circular up to and including the date of the EGM (being not less than 14 days):

(a) each of the CCT Agreements;

(b) written consent referred to in the paragraph headed ''Expert and consent'' in this appendix;

(c) the letter from the Board, the text of which is set out on pages 7 to 49 in this circular;

(d) the letter from the Independent Board Committee, the text of which is set out on pages 50 to 51 in this circular;

(e) the letter of advice from the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 52 to 101 in this circular; and

(f) this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of the shareholders of Shentong Robot Education Group Company Limited (the "**Company**") will be held at the Meeting Room, Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on Thursday, 29 March 2018 at 11:00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions with or without amendments as ordinary resolution of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**

(a) the Heilongjiang Shentong CRC Shentong Card Payment System Contract (as defined in the circular of the Company dated 13 March 2018 (the "**Circular**"), a copy of which has been produced to this meeting marked "A" and signed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the annual caps for the transactions contemplated under the Heilongjiang Shentong CRC Shentong Card Payment System Contract as stated in the Circular for each of the three years ending 31 March 2021 be and are hereby approved, confirmed and ratified; and

(c) any one or more of the directors (the "**Director(s)**") of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Heilongjiang Shentong CRC Shentong Card Payment System Contract and the transactions contemplated thereunder and to make and agree to such variations of a non-material nature to any of the terms therein as he/she/they may in his/her/their discretion consider to be desirable and in the interests of the Company and all the Directors' acts as aforesaid be hereby confirm, ratified and approved."

2. “**THAT**

(a) the Heilongjiang Shentong Customer Service Hotline Rental Contract (as defined in the Circular, a copy of which has been produced to this meeting marked “B” and signed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the annual caps for the transactions contemplated under the Heilongjiang Shentong Customer Service Hotline Rental Contract as stated in the Circular for each of the three years ending 31 March 2021 be and are hereby approved, confirmed and ratified; and

(c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Heilongjiang Shentong Customer Service Hotline Rental Contract and the transactions contemplated thereunder and to make and agree to such variations of a non-material nature to any of the terms therein as he/she/they may in his/her/their discretion consider to be desirable and in the interests of the Company and all the Directors’ acts as aforesaid be hereby confirm, ratified and approved.”

3. “**THAT**

(a) the Heilongjiang Shentong Server Hosting Agreement (as defined in the Circular, a copy of which has been produced to this meeting marked “C” and signed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the annual caps for the transactions contemplated under the Heilongjiang Shentong Server Hosting Agreement as stated in the Circular for each of the three years ending 31 March 2021 be and are hereby approved, confirmed and ratified; and

(c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Heilongjiang Shentong Server Hosting Agreement and the transactions contemplated thereunder and to make and agree to such variations of a non-material nature to any of the terms therein as he/she/they may in his/her/their discretion consider to be desirable and in the interests of the Company and all the Directors’ acts as aforesaid be hereby confirm, ratified and approved.”

4. "**THAT**

(a) the China Communication Heilongjiang Bin County Branch Venue Rental Contract (as defined in the Circular, a copy of which has been produced to this meeting marked "D" and signed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the annual caps for the transactions contemplated under the China Communication Heilongjiang Bin County Branch Venue Rental Contract as stated in the Circular for each of the three years ending 31 March 2021 be and are hereby approved, confirmed and ratified; and

(c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the China Communication Heilongjiang Bin County Branch Venue Rental Contract and the transactions contemplated thereunder and to make and agree to such variations of a non-material nature to any of the terms therein as he/she/they may in his/her/their discretion consider to be desirable and in the interests of the Company and all the Directors' acts as aforesaid be hereby confirm, ratified and approved."

5. "**THAT**

(a) the Harbin China Communication Skill Training Venue Rental Agreement (as defined in the Circular, a copy of which has been produced to this meeting marked "E" and signed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the annual caps for the transactions contemplated under the Harbin China Communication Skill Training Venue Rental Agreement as stated in the Circular for each of the three years ending 31 March 2021 be and are hereby approved, confirmed and ratified; and

(c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Harbin China Communication Skill Training Venue Rental Agreement and the transactions contemplated thereunder and to make and agree to such variations of a non-material nature to any of the terms therein as he/she/they may in his/her/their discretion consider to be desirable and in the interests of the Company and all the Directors' acts as aforesaid be hereby confirm, ratified and approved."

6. “**THAT**

(a) the Heilongjiang Shentong Web Advertising Contract (as defined in the Circular, a copy of which has been produced to this meeting marked “F” and signed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the annual caps for the transactions contemplated under the Heilongjiang Shentong Web Advertising Contract as stated in the Circular for each of the three years ending 31 March 2021 be and are hereby approved, confirmed and ratified; and

(c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Heilongjiang Shentong Web Advertising Contract and the transactions contemplated thereunder and to make and agree to such variations of a non-material nature to any of the terms therein as he/she/they may in his/her/their discretion consider to be desirable and in the interests of the Company and all the Directors' acts as aforesaid be hereby confirm, ratified and approved.”

7. “**THAT**

(a) the Yijia Customer Service Hotline Rental Contract (as defined in the Circular, a copy of which has been produced to this meeting marked “G” and signed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the annual caps for the transactions contemplated under the Yijia Customer Service Hotline Rental Contract as stated in the Circular for each of the three years ending 31 March 2021 be and are hereby approved, confirmed and ratified; and

(c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Yijia Customer Service Hotline Rental Contract and the transactions contemplated thereunder and to make and agree to such variations of a non-material nature to any of the terms therein as he/she/they may in his/her/their discretion consider to be desirable and in the interests of the Company and all the Directors' acts as aforesaid be hereby confirm, ratified and approved.”

8. "**THAT**

(a) the Yijia Server Hosting Agreement (as defined in the Circular, a copy of which has been produced to this meeting marked "H" and signed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the annual caps for the transactions contemplated under the Yijia Server Hosting Agreement as stated in the Circular for each of the three years ending 31 March 2021 be and are hereby approved, confirmed and ratified; and

(c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Yijia Server Hosting Agreement and the transactions contemplated thereunder and to make and agree to such variations of a non-material nature to any of the terms therein as he/she/they may in his/her/their discretion consider to be desirable and in the interests of the Company and all the Directors' acts as aforesaid be hereby confirm, ratified and approved."

9. "**THAT**

(a) the Shentong Card Management and Sales Contract (as defined in the Circular, a copy of which has been produced to this meeting marked "I" and signed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the annual caps for the transactions contemplated under the Shentong Card Management and Sales Contract as stated in the Circular for each of the three years ending 31 March 2021 be and are hereby approved, confirmed and ratified; and

(c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Shentong Card Management and Sales Contract and the transactions contemplated thereunder and to make and agree to such variations of a non-material nature to any of the terms therein as he/she/they may in his/her/their discretion consider to be desirable and in the interests of the Company and all the Directors' acts as aforesaid be hereby confirm, ratified and approved."

10. “**THAT**

(a) the Yijia Web Advertising Contract (as defined in the Circular, a copy of which has been produced to this meeting marked “J” and signed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the annual caps for the transactions contemplated under the Yijia Web Advertising Contract as stated in the Circular for each of the three years ending 31 March 2021 be and are hereby approved, confirmed and ratified; and

(c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Yijia Web Advertising Contract and the transactions contemplated thereunder and to make and agree to such variations of a non-material nature to any of the terms therein as he/she/they may in his/her/their discretion consider to be desirable and in the interests of the Company and all the Directors’ acts as aforesaid be hereby confirm, ratified and approved.”

11. “**THAT**

(a) the Heilongjiang Operation and Management Contract (as defined in the Circular, a copy of which has been produced to this meeting marked “K” and signed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the annual caps for the transactions contemplated under the Heilongjiang Operation and Management Contract as stated in the Circular for each of the three years ending 31 March 2021 be and are hereby approved, confirmed and ratified; and

(c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Heilongjiang Operation and Management Contract and the transactions contemplated thereunder and to make and agree to such variations of a non-material nature to any of the terms therein as he/she/they may in his/her/their discretion consider to be desirable and in the interests of the Company and all the Directors' acts as aforesaid be hereby confirm, ratified and approved."

Yours faithfully,
For and on behalf of the Board
Shentong Robot Education Group Company Limited
He Chenguang
Chairman

Hong Kong, 13 March 2018

Head Office and Principal Place of Business:
Units 2115–2116
21/F, China Merchants Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

Registered Office:
P.O. Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Notes:

1. Any member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.

2. To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. no later than Tuesday, 27 March 2018 at 11:00 a.m. (Hong Kong Time)) or any adjournment thereof.

3. The register of members of the Company will be closed from Friday, 23 March 2018 to Thursday, 29 March 2018, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 22 March 2018 (Hong Kong Time).

4. Where there are joint holders of a share of the Company, any one of such holders may vote at the meeting either personally or by proxy in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the meeting personally or by proxy, that one of such holders so presents whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

5. Completion and delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the EGM and in such event, the form of proxy shall be deemed to be revoked.

As at the date of this notice, 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)