



Shentong Robot Education Group Company Limited
神通機器人教育集團有限公司

(Incorporated in Cayman Islands with limited liability)
(Stock code: 8206)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 2019**

**CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG
LIMITED (THE “STOCK EXCHANGE”)**

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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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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*This announcement, for which the directors (the “**Directors**”) of Shentong Robot Education Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

HIGHLIGHTS

- Revenue of the Group for the three months ended 30 June 2019 was approximately HK\$40,725,000.
- Profit attributable to the owners of the Company was approximately HK\$13,229,000 for the three months ended 30 June 2019.
- Earnings per share for the three months ended 30 June 2019 was approximately HK0.70 cent.
- The board of the Directors (the “**Board**”) does not recommend the payment of a dividend for the three months ended 30 June 2019.

The Directors hereby present the unaudited consolidated results of the Group for the three months ended 30 June 2019.

FINANCIAL PERFORMANCE

The Group’s revenue was mainly attributable to the provision of robotics education and other business in the People’s Republic of China (the “**PRC**”), including robotics competitions and promotion and management services of “Shentong Card”. The Group recorded consolidated revenue of approximately HK\$40,725,000 for the three months ended 30 June 2019, representing a decrease of approximately 3.4% as compared to approximately HK\$42,138,000 for the three months ended 30 June 2018.

For the three months ended 30 June 2019, the Group recorded approximately HK\$13,229,000 in profit attributable to owners of the Company, representing a decrease of approximately 8.3% as compared to approximately HK\$14,432,000 for the three months ended 30 June 2018. The decrease was mainly attributable to the decrease in revenue from promotion and management services of “Shentong Card” from approximately HK\$5,925,000 for the three months ended 30 June 2018 to approximately HK\$4,799,000 for the three months ended 30 June 2019.

BUSINESS REVIEW

The Ministry of Education incorporated robotics education into one of the eight major national school sports leagues, and approved the establishment of the National School Sports Robot League (全國學校體育機器人聯盟) to deploy robotics-related work with the commencement of robot sports nationwide. On the other hand, robot sports in the PRC has been recognised as one of the 108 national social sports programmes by the General Administration of Sport of China (“GASC”). National Robot Sports Competition is the only robot sports event hosted by the GASC.

The Group provides robotics-related education and training, and hosts robot sports competition in Heilongjiang province (collectively, the “**Robotics Education Business**”). For the three months ended 30 June 2019, revenue from the Robotics Education Business was approximately HK\$35,926,000, representing a slightly decrease of approximately 0.8% as compared to approximately HK\$36,213,000 for the three months ended 30 June 2018. Revenue from promotion and management services of “Shentong Card” was approximately HK\$4,799,000, representing a decrease of approximately 19.0% as compared to approximately HK\$5,925,000 for the three months ended 30 June 2018.

The Robotics Education Business is the main driving force of business growth of the Group. This year, the Group will continuously promote the Robotics Education Business. In addition, the Group will actively participate in planning the national development strategy of robotics education, and fully leverage the resources advantages of China Robot Sports Talent Training Centre to strengthen the cultivation of more professionals in robotics industry. The Group expects that with the continuous development of robotics education projects, which will stimulate the integration of robotics education, sports and technology, and revitalise the growth of the Robotics Education Business of the Group.

* English name is for identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 30 June 2019

		Unaudited For the three months ended 30 June	
	Note	2019 HK\$'000	2018 HK\$'000 (restated)
Revenue	4	40,725	42,138
Cost of service		<u>(12,430)</u>	<u>(12,224)</u>
Gross profit		28,295	29,914
Investment income	5	162	105
Other gains	6	951	1,519
Impairment allowance on expected credit losses		(172)	–
Selling and distribution expenses		(4,004)	(3,636)
Administrative expenses		(5,787)	(5,691)
Other expenses		<u>–</u>	<u>(6)</u>
Profit from operations		19,445	22,205
Finance costs	7	<u>(575)</u>	<u>(467)</u>
Profit before tax		18,870	21,738
Income tax expense	8	<u>(5,641)</u>	<u>(7,306)</u>
Profit for the period attributable to owners of the Company	9	<u>13,229</u>	<u>14,432</u>
		<i>HK cent</i>	<i>HK cent</i>
Earnings per share	11		
Basic (cents per share)		<u>0.70</u>	<u>0.76</u>
Diluted (cents per share)		<u>N/A</u>	<u>N/A</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the three months ended 30 June 2019

	Unaudited	
	For the three months ended	
	30 June	
	2019	2018
	HK\$'000	HK\$'000
Profit for the period	13,229	14,432
Other comprehensive income, net of tax:		
<i>Item that may be reclassified to profit or loss:</i>		
— Exchange differences on translating foreign operations	<u>(14,321)</u>	<u>(27,874)</u>
Total comprehensive income for the period attributable to owners of the Company	<u>(1,092)</u>	<u>(13,442)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2019

	Unaudited							
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Share based payment reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2018 (audited)	18,957	1,354,838	8,320	27,589	625	3,280	(1,139,432)	274,177
Total comprehensive income for the period	—	—	—	(27,874)	—	—	14,432	(13,442)
Changes in equity for the period	—	—	—	(27,874)	—	—	14,432	(13,442)
At 30 June 2018	<u>18,957</u>	<u>1,354,838</u>	<u>8,320</u>	<u>(285)</u>	<u>625</u>	<u>3,280</u>	<u>(1,125,000)</u>	<u>260,735</u>
At 1 April 2019 (audited)	18,957	1,354,838	8,320	(5,596)	625	1,483	(1,078,926)	299,701
Total comprehensive income for the period	—	—	—	(14,321)	—	—	13,229	(1,092)
Changes in equity for the period	—	—	—	(14,321)	—	—	13,229	(1,092)
At 30 June 2019	<u>18,957</u>	<u>1,354,838</u>	<u>8,320</u>	<u>(19,917)</u>	<u>625</u>	<u>1,483</u>	<u>(1,065,697)</u>	<u>298,609</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the three months ended 30 June 2019

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is PO Box 309 GT, Ugland House, South Church Street, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

2. BASIS OF PREPARATION

The unaudited quarterly financial information ("**Financial Information**") has been prepared by the directors of the Company (the "**Directors**") in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The amounts included in the Financial Information have been computed in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") applicable to the interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs.

The Financial Information should be read in conjunction with the 2019 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of the Financial Information are consistent with those used in the annual financial statements for the year ended 31 March 2019.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2019. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has initially adopted HKFRS 16 Leases from 1 April 2019. A number of other new standards are effective from 1 April 2019 but they do not have a material effect on the Group's consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied HKFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated — i.e. it is presented, as previously reported, under HKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) As a lessee

The Group leases its office premises and teaching venues.

As a lessee, the Group previously classified leases as operating leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

Previously, the Group classified property leases as operating leases under HKAS 17. These include office premises and teaching venues. The leases typically run for a period of 3 to 5 years.

At transition, for leases classified as operating leases under HKAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(c) Impacts for the period

As a result of initially applying HKFRS 16, in relation to the leases that were previously classified as operating leases, the Group has recognised depreciation and finance costs, instead of operating lease expense. During the three months ended 30 June 2019, the Group recognised HK\$1,534,000 of depreciation charges and HK\$108,000 of finance costs from these leases.

4. REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by primary geographical market and timing of revenue recognition.

For the three months
ended 30 June
(Unaudited)

	2019			2018 (restated)		
Reportable Segments	Promotion and Management Services HK\$'000	Robotics Education and Others HK\$'000	Total HK\$'000	Promotion and Management Services HK\$'000	Robotics Education and Others HK\$'000	Total HK\$'000
Types of service						
Promotion and Management Services						
— Designated Shentong Cards	4,799	—	4,799	5,925	—	5,925
Robotics Education and Others						
— Robotics course	—	34,123	34,123	—	33,915	33,915
— Rental of training equipment	—	621	621	—	1,279	1,279
— Competition admission	—	1,182	1,182	—	1,019	1,019
	—	35,926	35,926	—	36,213	36,213
Total	4,799	35,926	40,725	5,925	36,213	42,138
Geographical market						
Mainland China	4,799	35,926	40,725	5,925	36,213	42,138
Time of revenue recognition						
A point in time	—	1,182	1,182	—	1,019	1,019
Over time	4,799	34,744	39,543	5,925	35,194	41,119
	4,799	35,926	40,725	5,925	36,213	42,138

5. INVESTMENT INCOME

Unaudited
For the three months ended
30 June
2019 2018
HK\$'000 *HK\$'000*
 (restated)

Interest income	162	105
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6. OTHER GAINS

Unaudited
For the three months ended
30 June
2019 2018
HK\$'000 *HK\$'000*
 (restated)

Exchange gain	951	1,519
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7. FINANCE COSTS

Unaudited
For the three months ended
30 June
2019 2018
HK\$'000 *HK\$'000*

Interest on promissory note payable to China Communication Investment Limited, a substantial shareholder of the Company	467	467
Interest on lease liabilities	108	–
	575	467

8. INCOME TAX EXPENSE

	Unaudited For the three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
Current tax		
— Provision for the period	5,686	7,354
Deferred tax	(45)	(48)
	<u>5,641</u>	<u>7,306</u>

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit in Hong Kong for the three months ended 30 June 2019 and 2018.

Tax charged on estimated assessable profits in the PRC has been calculated at prevailing tax rate of 25% (2018: 25%).

9. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging the followings:

	Unaudited For the three months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
Amortisation of intangible assets		
— include in cost of service	180	157
Depreciation of property, plant and equipment	1,908	1,274
Depreciation of right-of-use assets	1,534	—
Directors' emoluments	954	954
Legal and professional fee	78	71
Loss on disposal of property, plant and equipment	—	7
Minimum lease payments paid under operating lease in respect of rented premises	—	1,892
Operating lease expenses in respect of short-term lease	478	—
Employee benefits expense including Directors' emoluments		
— salaries, bonus and allowances	4,975	4,807
— retirement benefits scheme contributions	398	327
	<u>5,373</u>	<u>5,134</u>

10. DIVIDENDS

No dividends have been paid or proposed during the three months ended 30 June 2019, nor has any dividend been proposed since the end of the reporting period (three months ended 30 June 2018: HK\$Nil).

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following:

	Unaudited	
	For the three months ended	
	30 June	
	2019	2018
	HK\$'000	HK\$'000
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	13,229	14,432

(a) Basic earnings per share

	Unaudited	
	For the three months ended	
	30 June	
Number of shares	2019	2018
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,895,697,017	1,895,697,017

(b) Diluted earnings per share

No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the three months ended 30 June 2019 and 30 June 2018.

12. COMPARATING FIGURES

Certain comparative figures have been restated to conform to the current period's presentation. The new classification of the accounting items are considered to provide a more appropriate presentation of the state of affairs of the Group.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, 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 Securities and Futures Ordinance (“SFO”) (Chapter 571 of the Laws of Hong Kong)) 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:

Name of Director	Number of shares held			Approximate percentage of issued share capital	Share options held
	Personal interests	Corporate interests	Total		
He Chenguang	–	–	–	–	2,000,000
Bao Yueqing	2,844,000	–	2,844,000	0.15%	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 30 June 2019.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, 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:

Name of shareholder	Number of shares held			Total	Approximate percentage of issued share capital
	Personal interests	Corporate interests	Other interests		
CCC (<i>Note 1</i>)	–	472,042,000	–	472,042,000	24.90%
CCI	472,042,000	–	–	472,042,000	24.90%
Yang Shao Hui	207,028,256	–	–	207,028,256	10.92%
Cao Bingsheng	120,000,000	–	–	120,000,000	6.33%
Liang Haiqi	120,000,000	–	–	120,000,000	6.33%
Li Chungang (<i>Note 2</i>)	–	109,900,000	–	109,900,000	5.80%
Friendly Capital Limited	109,900,000	–	–	109,900,000	5.80%

Notes:

- (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 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 30 June 2019, 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.

CAPITAL STRUCTURE

There was no change in the capital structure during the period.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries during the period.

SHARE OPTION SCHEMES

The Company adopted a share option scheme (the “**2013 Share Option Scheme**”) pursuant to an ordinary resolution passed on 7 August 2013. Details of the 2013 Share Option Scheme have been set out in the Company’s annual report of year 2018/19.

Particulars of the outstanding options which have been granted under the 2013 Share Option Scheme as at 30 June 2019 were as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share HK\$	Closing price per share immediately before date of grant HK\$	Number of share options					
					As at 1 April 2019	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	As at 30 June 2019
Directors										
He Chenguang	26 August 2016	26 August 2016 to 25 August 2019 (both days inclusive)	0.53	0.53	2,000,000	-	-	-	-	2,000,000
Bao Yueqing	26 August 2016	26 August 2016 to 25 August 2019 (both days inclusive)	0.53	0.53	5,000,000	-	-	-	-	5,000,000
Sub-total					<u>7,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,000,000</u>
Other Eligible Participants										
In aggregate	26 August 2016	26 August 2016 to 25 August 2019 (both days inclusive)	0.53	0.53	800,000	-	-	-	-	800,000
Total					<u>7,800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,800,000</u>

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or other body corporate granted to any Directors or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective associates to acquire such rights in any other body corporate.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

COMPETING INTERESTS

None of the Directors of the Company nor their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or may compete with the businesses of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiary companies had purchased, sold or redeemed any of the Company's shares on the GEM during the three months ended 30 June 2019.

AUDIT COMMITTEE

The Company has established an audit committee on 28 October 2002 with written terms of reference based on the guidelines set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules. During the three months ended 30 June 2019, it comprises three Independent Non-Executive Directors, namely Mr. Yip Tai Him, Ms. Han Liqun and Ms. Zhang Li. The primary duties of the audit committee are to review the Company's annual report and accounts, half-yearly reports and quarterly reports and to provide advice and comments thereon to the Board. In addition, the audit committee considers any significant and unusual items that are, or may need to be, reflected in such reports and accounts and gives due consideration to any matters that have been raised by the Company's qualified accountant, compliance officer and auditors. The audit committee is also responsible for reviewing and supervising the financial reporting process and the Group's internal control system.

The audit committee has reviewed the unaudited first quarterly results of the Group for the three months ended 30 June 2019. The audit committee is of the opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements and that adequate disclosures have been made.

CODE ON CORPORATE GOVERNANCE PRACTICES

Having made specific enquiry of all Directors, the Board has confirmed that all Directors have complied with the principles and code provisions (the “**Code Provisions**”) set out in the CG Code during the three months ended 30 June 2019, save for the deviation from Code Provisions A.6.7 and E.1.2 which are explained below:

Under Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders, Ms. Han Liqun and Ms. Zhang Li, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 2 August 2019 (the “**2019 AGM**”) due to their other business activities and unexpected engagement.

In addition, under the Code Provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company and he should also invite the chairman of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) of the Company to attend. Mr. He Chenguang (chairman of the Board and chairman of the nomination committee of the Company) was unable to attend the 2019 AGM due to his other business activities and unexpected engagement. Mr. Bao Yueqing (executive Director and Co-Chief Executive Officer of the Company) was appointed as the chairman of the 2019 AGM to answer and address questions raised by shareholders at the 2019 AGM.

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavours to take all necessary actions to ensure the compliance with the Code Provisions set out in the CG Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Conduct regarding Securities Transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Code of Conduct**”). Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Code of Conduct during the three months ended 30 June 2019.

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

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

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

Hong Kong, 9 August 2019

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