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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO INTERIM RESULTS AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

References are made to the announcement of Shentong Robot Education Group Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 9 November 2020 in relation to the unaudited consolidated financial results of the Group for the six months ended 30 September 2020 (the "**Results Announcement**") and the interim report (the "**Interim Report**") of the Company published on 13 November 2020 containing the unaudited consolidated financial results of the Group for the six months ended 30 September 2020. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Results Announcement and Interim Report.

The Board wishes to provide the following supplemental information to the Shareholders and potential investors of the Company in relation to the Results Announcement and Interim Report.

REVENUE AND PROFITABILITY

The principal business activities of the Group are the provision of promotion and management services for an electronic smart card "Designated Shentong Card" in the PRC (the "**Promotion and Management Business**") and organizing and hosting China Robot Competition and provision of robotics related education, training and consultancy services in the PRC (the "**Robotics Business**"). As disclosed in the Results Announcement and Interim Report, the Group recorded a decrease of approximately 99% in revenue for the six months ended 30 September 2020 as compared with that for the six months ended 30 September 2019. The decrease in the revenue of the Group for the financial period was primarily due to the prolonged impositions of governmental social distancing measures and the disruptions to economic activities caused by the outbreak of COVID-19.

IMPACT OF COVID-19 TO BUSINESS PERFORMANCE OF THE GROUP

As the COVID-19 outbreak has widespread negative impact on all businesses in general, the businesses of the ultimate customers of CCC, being a company which wholly-owns CCI which in turn is a substantial shareholder of the Company, have been adversely affected while some of which had even become insolvent, and the scale-down of CCC's ultimate customers and its implementation of cost control measures in turn had led to a decrease in the revenue of CCC from hotline rental and server hosting and hence a decrease in promotion and after-sale services fees received by the Group. Further, the revenue generated from the Promotion and Management Business had decreased due to the reasons that marketing and promotion activities such as client pitching could not be conducted due to the outbreak of COVID-19 in the PRC, and that there were less active players for CCC's card game mobile application which uses the Designated Shentong Card system as a result from the Group putting more resources to the Robotics Business as the growth of the Promotion and Management Business was low or even negative before the COVID-19 outbreak.

In relation to the Robotics Business, robotics classes of our Group which are normally conducted at schools and training centres of the Group have been suspended since the end of January 2020. Schools have been compelled to shorten their lesson times and suspend classes for non-academic subjects, which include the robotics classes provided by the Group. Only the classes of some of the self-operated training centres of the Group have resumed since September 2020 and the number of students per class is limited to 15, as required by measures imposed by the local government in the PRC. In addition, all robotics competitions which are originally planned to be held by the Group and are normally an important channel for the Group to source its customers, have also been completely suspended since January 2020 as a result of the COVID-19 outbreak.

In light of the foregoing circumstances, there was a significant decrease in the revenue of the Group for the six months ended 30 September 2020 which could not fully cover the fixed costs of operation such as depreciation, staff costs, customer service hotline rental, server hosting fees, and there was an increase in the loss attributable to owners of the Company as compared to that for the corresponding period last year, while a gross loss was recorded for the financial period as compared to a gross profit for the corresponding period last year.

BUSINESS PLAN OF THE GROUP

It is expected by the Group, based on its assessment of the current circumstances, that the worst time and situation was over and it is expected that revenue will gradually recover but the revenue level as recorded by the Group before the COVID-19 outbreak may not be attained in the short future. As explained above, it is considered by the Board that the drop in the Group's revenue was mainly due to the impact of the COVID-19 outbreak and as such, the loss-making position only indicated a temporary downturn.

In light of the current situation of the COVID-19 outbreak, the Group's business plan includes adjusting its robotics class arrangements to provide more online courses instead of physical classes, and it is expected that the Group will continue to apply its cost saving measures, including but not limited to, seeking to reduce the staff cost to the minimum necessary level and solicitate and negotiate with CCC for waiver of various expenses. The Company expects that more training classes will gradually resume operation depending on the recovery of demand for students to attend the classes.

The above supplementary information does not affect other information contained in the Results Announcement and the Interim Report.

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

Hong Kong, 30 December 2020

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

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

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

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