



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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2021**

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 the 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 nine months ended 31 December 2021 was approximately HK\$9,613,000.
- Loss attributable to owners of the Company was approximately HK\$78,698,000 for the nine months ended 31 December 2021.
- Loss per share for the nine months ended 31 December 2021 was approximately HK4.15 cent.
- Derecognition on intangible assets was approximately HK\$89,501,000 (the “Derecognition”).
- Adjusted profit attributable to owners of the Company before the Derecognition was approximately HK\$10,803,000.
- The board of the Directors (the “Board”) does not recommend the payment of a dividend for the nine months ended 31 December 2021.

The Directors hereby present the unaudited consolidated results of the Company together with its subsidiaries (collectively the “Group”) for the nine months ended 31 December 2021.

FINANCIAL PERFORMANCE

The Group recorded consolidated revenue of approximately HK\$9,613,000 for the nine months ended 31 December 2021, representing an increase of approximately 218.6% as compared to approximately HK\$3,017,000 for the nine months ended 31 December 2020.

The Group made a loss attributable to owners of the Company of approximately HK\$78,698,000 for the nine months ended 31 December 2021, as compared to loss of approximately HK\$18,059,000 for the nine months ended 31 December 2020. The deterioration was mainly due to the Derecognition. Adjusted profit attributable to owners of the Company before the Derecognition was approximately HK\$10,803,000. The Derecognition is primarily non-cash and non-recurring in nature.

BUSINESS REVIEW

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 robotics competition and provision of robotics related education, training and consultancy services in the PRC (the “Robotics Business”). The Group recorded an increase of approximately 218.6% in revenue for the nine months ended 31 December 2021 as compared with that for the nine months ended 31 December 2020. The improvement was mainly attributable to the increase in revenue which was primarily resulted from less suspension of robotics classes due to the precautionary measures imposed by the government authority in current year.

As the COVID-19 outbreak has widespread and negatively impacted 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, 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 are seriously interrupted due to the outbreak of COVID-19 in the PRC. As that there were less active players for CCC’s card game mobile application which uses the Designated Shentong Card system, the Group had been 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 for the period from January 2020 to August 2020, from January 2021 to February 2021 and from August 2021 to December 2021 due to the precautionary measures imposed by the local government in the PRC, robotic classes partially resumed in January 2022. Further to the suspension measures, all robotics competitions which are originally planned to be held by the Group which are normally an important channel for the Group to source its customers, have been completely suspended since January 2020 as a result of the COVID-19 outbreak.

It is expected by the Group, based on its assessment of the current circumstances, upon the commencement of distribution of the COVID-19 vaccine, that the restriction measures will be gradually eased and the revenue will gradually recover. However, the revenue level as recorded by the Group before the COVID-19 outbreak may not be attained in the short future.

In light of the current situation of the COVID-19 outbreak, the Group's plans are to adjust its robotics class arrangements to provide more online courses instead of physical classes, and continue to apply its cost saving measures, including but not limited to, seeking to reduce the staff cost to the minimum necessary level. The Company expects that, after the releasing of the current restriction measures imposed by the government authority, more training classes will gradually resume operation depending on the recovery of demand for students to attend the classes.

Upon the expiration of the China Robot Competition authorization, the exclusive rights classified as intangible assets had been fully written off, Derecognition has been recognized accordingly. The Derecognition is primarily non-cash and non-recurring in nature. Details of Derecognition is set out in note 12 to the quarterly financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

		Unaudited		Unaudited	
		For the three months		For the nine months	
		ended 31 December		ended 31 December	
		2021	2020	2021	2020
<i>Note</i>		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4	435	2,272	9,613	3,017
Cost of service		<u>(1,398)</u>	<u>(2,097)</u>	<u>(6,008)</u>	<u>(4,513)</u>
Gross (loss)/profit		(963)	175	3,605	(1,496)
Investment and other income	5	336	133	1,456	807
Other gains and losses, net	6	(90,107)	(1,658)	(90,686)	(2,795)
Reversal/(allowance) for expected credit losses		8	9	(475)	15
Selling and distribution expenses		(401)	(361)	(1,863)	(1,209)
Administrative expenses		<u>(3,915)</u>	<u>(3,981)</u>	<u>(11,566)</u>	<u>(11,682)</u>
Loss from operations		(95,042)	(5,683)	(99,529)	(16,360)
Finance costs	7	<u>(518)</u>	<u>(561)</u>	<u>(1,544)</u>	<u>(1,722)</u>
Loss before tax		(95,560)	(6,244)	(101,073)	(18,082)
Income tax credit	8	<u>22,750</u>	–	<u>22,375</u>	<u>23</u>
Loss for the period attributable to owners of the Company	9	<u>(72,810)</u>	<u>(6,244)</u>	<u>(78,698)</u>	<u>(18,059)</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share	11				
Basic (HK cents per share)		<u>(3.84)</u>	<u>(0.33)</u>	<u>(4.15)</u>	<u>(0.95)</u>
Diluted (HK cents per share)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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

FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

	Unaudited		Unaudited	
	For the three months ended 31 December		For the nine months ended 31 December	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(72,810)	(6,244)	(78,698)	(18,059)
Other comprehensive income, net of tax:				
<i>Item that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	<u>4,125</u>	<u>13,808</u>	<u>9,045</u>	<u>25,292</u>
Total comprehensive income for the period attributable to owners of the Company	<u>(68,685)</u>	<u>7,564</u>	<u>(69,653)</u>	<u>7,233</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

	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>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2020 (audited)	18,957	1,354,838	8,320	(34,508)	625	(1,310,476)	37,756
Total comprehensive income for the period	—	—	—	25,292	—	(18,059)	7,233
Changes in equity for the period	—	—	—	25,292	—	(18,059)	7,233
At 31 December 2020	<u>18,957</u>	<u>1,354,838</u>	<u>8,320</u>	<u>(9,216)</u>	<u>625</u>	<u>(1,328,535)</u>	<u>44,989</u>
At 1 April 2021 (audited)	18,957	1,354,838	8,320	(11,022)	625	(1,333,678)	38,040
Total comprehensive income for the period	—	—	—	9,045	—	(78,698)	(69,653)
Changes in equity for the period	—	—	—	9,045	—	(78,698)	(69,653)
At 31 December 2021	<u>18,957</u>	<u>1,354,838</u>	<u>8,320</u>	<u>(1,977)</u>	<u>625</u>	<u>(1,412,376)</u>	<u>(31,613)</u>

NOTES TO THE QUARTERLY FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

1. GENERAL

The Company was incorporated as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business in Hong Kong was changed to Unit 3006, 30/F, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong with effect from 22 July 2021. 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 GEM listing Rules 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 2021 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 2021.

The Group had incurred a loss of HK\$78,698,000 during the nine months ended 31 December 2021 and had net current liabilities and net liabilities of approximately HK\$31,338,000 and HK\$31,613,000 respectively as at 31 December 2021. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the Directors had adopted the going concern basis in the preparation of this Financial Information of the Group based on the following:

- (a) On 1 November 2021, the Group agreed with China Communication Investment Limited ("CCI"), a substantial shareholder of the Company, to postpone the repayment date of an amount of HK\$95,100,000 due to CCI to 15 November 2022.
- (b) On 31 March 2021, the Group agreed with CCI to postpone the maturity date of the promissory note to 30 June 2022 and the directors expect that the repayment date can be further postponed, if necessary.
- (c) CCI agreed not to demand repayment of loans amounted HK\$13,050,000 until the Group have the ability to do so.

- (d) The Directors have obtained the confirmation from 神州通信集團有限公司 (China Communication Group Co., Ltd.*) (“CCC”), the holding company of CCI and regarded as the substantial shareholder of the Company, that CCC will continue to provide adequate funds for the Group to meet its present and future financial obligations as they fall due, and to cause CCI to postpone the repayment dates of any present and future liabilities due to CCI by the Group when necessary.

Having regard to the financial support of CCC and CCI, at a level sufficient to finance the working capital requirements of the Group, the directors are therefore of the opinion that it is appropriate to prepare this Financial Information on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the Financial Information to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

* *English name is for identification purpose only*

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

(a) Application of new and revised HKFRSs

The accounting policies applied in these financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 March 2021. In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2021 but they do not have a material effect on the Group’s financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2021 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

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 nine months ended
31 December (Unaudited)

Reportable Segments	2021			2020		
	Promotion and Management Services <i>HK\$'000</i>	Robotics Education and Others <i>HK\$'000</i>	Total <i>HK\$'000</i>	Promotion and Management Services <i>HK\$'000</i>	Robotics Education and Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of service						
Promotion and Management Services						
— Designated Shentong Cards	152	–	152	480	–	480
Robotics Education and Others						
— Robotics course	–	9,461	9,461	–	2,537	2,537
Total	152	9,461	9,613	480	2,537	3,017
Geographical market						
Mainland China	152	9,461	9,613	480	2,537	3,017
Time of revenue recognition						
Over time	152	9,461	9,613	480	2,537	3,017

**For the three months ended
31 December (Unaudited)**

Reportable Segments	2021			2020		
	Promotion and Management Services <i>HK\$'000</i>	Robotics Education and Others <i>HK\$'000</i>	Total <i>HK\$'000</i>	Promotion and Management Services <i>HK\$'000</i>	Robotics Education and Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of service						
Promotion and Management Services						
— Designated Shentong Cards	39	—	39	82	—	82
Robotics Education and Others						
— Robotics course	—	396	396	—	2,190	2,190
Total	39	396	435	82	2,190	2,272
Geographical market						
Mainland China	39	396	435	82	2,190	2,272
Time of revenue recognition						
Over time	39	396	435	82	2,190	2,272

5. INVESTMENT AND OTHER INCOME

	Unaudited For the three months ended 31 December		Unaudited For the nine months ended 31 December	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Government grants	—	—	—	343
Interest income	194	126	485	439
Other income	142	7	971	25
	336	133	1,456	807

6. OTHER GAINS AND LOSSES, NET

	Unaudited		Unaudited	
	For the three months ended		For the nine months ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Exchange loss	(606)	(1,665)	(1,204)	(3,121)
Gain on early termination of lease	–	7	–	326
Loss on derecognition of intangible assets (<i>note 12</i>)	(89,501)	–	(89,501)	–
Others	–	–	19	–
	<u>(90,107)</u>	<u>(1,658)</u>	<u>(90,686)</u>	<u>(2,795)</u>

7. FINANCE COSTS

	Unaudited		Unaudited	
	For the three months ended		For the nine months ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on promissory note payable to CCI	477	477	1,420	1,420
Interest on lease liabilities	41	84	124	302
	<u>518</u>	<u>561</u>	<u>1,544</u>	<u>1,722</u>

8. INCOME TAX CREDIT

	Unaudited		Unaudited	
	For the three months ended		For the nine months ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
— Provision for the period	(375)	–	–	–
Deferred tax	(22,375)	–	(22,375)	(23)
	<u>(22,750)</u>	<u>–</u>	<u>(22,375)</u>	<u>(23)</u>

No provision for PRC Enterprise Income Tax and Hong Kong Profits Tax is required since the Group has no assessable profit in the PRC and Hong Kong for the three months and nine months ended 31 December 2021 and 31 December 2020 respectively.

9. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Unaudited		Unaudited	
	For the three months ended		For the nine months ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of intangible assets	–	2	–	93
Depreciation of property, plant and equipment	144	362	568	1,190
Depreciation of right-of-use assets	360	668	1,692	2,009
Directors' emoluments	846	837	2,550	2,541
Legal and professional fee	196	150	561	406
Derecognition of intangible assets (<i>note 12</i>)	89,501	–	89,501	–
Employee benefits expense including Directors' emoluments				
— Salaries, bonus and allowances	2,560	2,662	7,700	8,070
— Retirement benefits scheme contributions	178	23	549	68
	<u>2,738</u>	<u>2,685</u>	<u>8,249</u>	<u>8,138</u>

10. DIVIDENDS

No dividends have been paid or proposed during the three months and nine months ended 31 December 2021, nor has any dividend been proposed since the end of reporting period (three months and nine months ended 31 December 2020: Nil).

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share of the Company for the three months and nine months ended 31 December 2021 is based on the loss for the period attributable to owners of the Company of approximately HK\$72,810,000 (three months ended 31 December 2020: HK\$6,244,000) and loss of HK\$78,698,000 (nine months ended 31 December 2020: HK\$18,059,000) respectively and the weighted average number of ordinary shares of 1,895,697,017 in issue during all periods.

(b) Diluted loss per share

No diluted loss per share was presented as the Company did not have any dilutive potential ordinary shares for the three months and nine months ended 31 December 2021 and 31 December 2020.

12. INTANGIBLE ASSETS

	Unaudited 31 December 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Net carrying amount, beginning of the period/year	87,740	80,969
Amortisation for the period/year	–	(95)
Derecognition on intangible assets during the period	(89,501)	–
Exchange differences	1,761	6,866
	<hr/>	<hr/>
Net carrying amount, end of the period/year	–	87,740
	<hr/> <hr/>	<hr/> <hr/>

On 18 November 2021, the Company was informed by Beijing Shentong Culture Club Co., Ltd. (“Beijing Shentong”) by written notice dated on 12 November 2021 that the CRC Organisation Contract between Social Sports Direction Centre of the General Administration of Sport and Beijing Shentong would not be renewed upon its expiry on 31 December 2021. As such, the Heilongjiang CRC Authorisation lapsed automatically on 31 December 2021 accordingly. Therefore, the Group had derecognised the Exclusive Rights on the same day. Details are set out in the Company’s announcement dated on 18 November 2021.

13. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the condensed financial statements, the Group had the following material transactions with related parties during the period:

(a) Transactions with related parties

	Unaudited			
	For the three months ended 31 December		For the nine months ended 31 December	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Loans from CCI	1,250	2,100	4,750	4,200
Promotion and management service income from CCC	39	82	152	480
Interest on promissory note payable to CCI	(477)	(477)	(1,420)	(1,420)
Salaries and allowance paid to a close family member of an executive director	(155)	(155)	(464)	(464)
Service fee to CCC				
— Customer service hotline rental	(116)	(265)	(532)	(786)
— Discount of customer service hotline rental (<i>note</i>)	—	4	—	241
— CRC Shentong Card payment system management	(26)	(136)	(589)	(157)
— Server hosting service	(878)	(845)	(2,610)	(2,438)
— Discount of server hosting service (<i>note</i>)	290	22	290	1,084
Service fee to related companies				
— Web advertising expenses	(874)	(842)	(2,591)	(2,421)
— Discount of web advertising expenses (<i>note</i>)	874	842	2,591	2,421
— Heilongjiang Operation and Management Contract	(1)	(46)	(136)	(46)
— Office rental	(345)	(309)	(1,025)	(892)

Note: Due to the outbreak of COVID-19, total discounts on service fees of HK\$1,164,000 and HK\$2,881,000 were granted by CCC and a related company during the three months ended and nine months ended 31 December 2021. (For three months ended and nine months ended 31 December 2020: total discounts on service fees of HK\$868,000 and HK\$3,746,000 were granted by CCC and a related company).

- (b) CCC provide office space to the Group with nil consideration for the three months and nine months ended 31 December 2021 and 31 December 2020.
- (c) The remuneration of directors and other members of key management during the period was as follows:

	Unaudited			
	For the three months		For the nine months	
	ended 31 December		ended 31 December	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Short-term benefits	1,008	1,007	3,036	3,035
Post-employment benefits	14	14	41	41
Termination benefits	79	–	79	–
	<u>1,101</u>	<u>1,021</u>	<u>3,156</u>	<u>3,076</u>

OTHER INFORMATION

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

As at 31 December 2021, 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
	Personal interests	Corporate interests	Total	
Bao Yueqing	2,844,000	–	2,844,000	0.15%

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 31 December 2021.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 December 2021, 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>)	–	542,042,000	–	542,042,000	28.59%
CCI	542,042,000	–	–	542,042,000	28.59%
Yang Shao Hui	191,041,256	–	–	191,041,256	10.08%
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%

Note:

- (1) CCC is deemed to be a 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 31 December 2021, 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.

CHANGES IN INFORMATION OF DIRECTORS

There are no matter that need to be disclosed pursuant to Rule 17.50A (1) of the GEM Listing Rules.

SHARE OPTION SCHEME

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 2020/21.

There is no outstanding options which have been granted under 2013 Share Option Scheme as at 31 December 2021.

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.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s shares on the GEM during the nine months ended 31 December 2021.

COMPETING INTERESTS

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

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 nine months ended 31 December 2021, 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.

REVIEW OF ACCOUNTS

The audit committee has reviewed the unaudited third quarterly results of the Group for the nine months ended 31 December 2021. 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 nine months ended 31 December 2021, 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 30 July 2021 (the “2021 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 2021 AGM due to his other business activities and unexpected engagement. Mr. Bao Yueqing (executive Director and Chief Executive Officer of the Company) was appointed as the chairman of the 2021 AGM to answer and address questions raised by shareholders at the 2021 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 nine months ended 31 December 2021.

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

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

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

Hong Kong, 8 February 2022

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.