



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)



2023/24

First Quarterly Report

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 report, 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 report 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 report misleading.



Highlights

- Revenue of the Group from continuing operation for the three months ended 30 June 2023 was approximately HK\$5,910,000.
- Loss for the period of the Company was approximately HK\$4,000 for the three months ended 30 June 2023.
- Loss per share for the three months ended 30 June 2023 was approximately HK0.0002 cent.
- The board of the Directors (the “Board”) does not recommend the payment of a dividend for the three months ended 30 June 2023.

The Directors hereby present the unaudited consolidated results of the Group for the three months ended 30 June 2023.

FINANCIAL PERFORMANCE

The Group recorded consolidated revenue from continuing operation of approximately HK\$5,910,000 for the three months ended 30 June 2023, representing an increase of approximately 219.1% as compared to approximately HK\$1,852,000 for the three months ended 30 June 2022.

For the three months ended 30 June 2023, the Group recorded approximately HK\$4,000 in loss for the period of the Company, as compared to approximately HK\$1,406,000 for the three months ended 30 June 2022. The increase in revenue was primarily due to the recovery of demand after the epidemic and there were no suspension of classes in current period.

BUSINESS REVIEW

The principal business activities of the Group is the provision of robotics related education and training in the PRC (the “Robotics Business”). The Group commenced its recovery from early 2023 upon release of restriction measures imposed by the local government in the PRC. The Group recorded an increase of approximately 219.1% in revenue from continuing operation for the three months ended 30 June 2023 as compared with that for the three months ended 30 June 2022. The increase in revenue was primarily due to the recovery of demand after the epidemic and there were no suspension of classes in current period. The Group experienced continuous growth in revenue for 2 consecutive years and further growth is expected upon the release of restriction measures.

The online classes were developed in order to mitigate the COVID-19 restriction measures imposed by the local government in the PRC in previous years. Commencing from early 2023, upon the release of the restriction measures imposed by the local government in the PRC, most of the classes provided by the Company were physical classes as physical classes are more welcome and attractive to students and students’ parents and the teaching efficiency is much higher. Based on the current situation, significant restriction measures are not expected, and thus significant online classes are no longer expected.

Physical robotics classes of our Group which are normally conducted at schools and training centres of the Group have been suspended for the period from March 2022 to early June 2022 and from late September 2022 to January 2023 due to the precautionary measures imposed by the local government in the PRC.

It is expected by the Group, based on its assessment of the current circumstances, that significant restriction measures are not expected. The Company expects that more training classes will gradually resume operation depending on the recovery of demand for students to attend the classes, and it is expected that the results will have a steady growth.

Looking ahead, after the release of the restriction measures, the Group plans to launch various robotics theme activities in Heilongjiang Province. In addition to various robotics education courses and teacher training, we will actively cooperate with members of the National School Sports Robot League in Heilongjiang Province to plan intelligent robotics classrooms. The above activities help to promote smart education into the campus, further strengthening the internationalisation and diversification of robotics education in the PRC. With the continuous development of robotics education projects, the PRC’s educational reform and the development of the robotics industry are expected to reach a new level. In addition to building a good platform for robotics education for young people in Heilongjiang Province, the Group will actively participate in planning the national development strategy of robotics education and strive to cultivate the robotics industry and robotics professionals.

Condensed Consolidated Statement of Profit or Loss

FOR THE THREE MONTHS ENDED 30 JUNE 2023

		Unaudited	
		For the three months ended	
		30 June	
	<i>Note</i>	2023	2022
		HK\$'000	HK\$'000
			(re-presented and restated)
Continuing operation			
Revenue	4	5,910	1,852
Cost of service		(1,390)	(1,570)
Gross profit		4,520	282
Reversal of expected credit loss		94	6
Investment and other income	5	59	208
Other gains and losses, net	6	(805)	1,853
Selling and distribution expenses		(448)	(310)
Administrative expenses		(2,852)	(2,565)
Profit/(loss) from operations		568	(526)
Finance costs	7	(50)	(485)
Profit/(loss) before tax		518	(1,011)
Income tax expense	8	(522)	(148)
Loss for the period from continuing operations of the Company	9	(4)	(1,159)
Discontinued operation			
Loss for the period from discontinued operation		–	(247)
Loss for the period		(4)	(1,406)
		HK cent	HK cent
Loss per share	11		
From continuing and discontinued operation			
Basic (cents per share)		(0.0002)	(0.0742)
Diluted (cents per share)		N/A	N/A
From continuing operation			
Basic (cents per share)		(0.0002)	(0.0611)
Diluted (cents per share)		N/A	N/A

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE THREE MONTHS ENDED 30 JUNE 2023

	Unaudited For the three months ended 30 June	
	2023 HK\$'000	2022 HK\$'000 (restated)
Loss for the period	(4)	(1,406)
Other comprehensive income, net of tax:		
<i>Item that may be reclassified to profit or loss:</i>		
— Exchange differences on translating foreign operations	(1,386)	(11,765)
Total comprehensive income for the period attributable to owners of the Company	(1,390)	(13,171)

Condensed Consolidated Statement of Changes in Equity

FOR THE THREE MONTHS ENDED 30 JUNE 2023

	Unaudited						
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Foreign currency translation reserve HK\$'000	Statutory reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022 (as originally presented)	18,957	1,354,838	8,320	(266)	625	(1,416,526)	(34,052)
Impact of adoption of Amendments to HKAS 12 (note 3)	-	-	-	-	-	476	476
At 1 April 2022 (as restated)	18,957	1,354,838	8,320	(266)	625	(1,416,050)	(33,576)
Total comprehensive income for the period	-	-	-	(11,765)	-	(1,406)	(13,171)
Changes in equity for the period	-	-	-	(11,765)	-	(1,406)	(13,171)
At 30 June 2022	18,957	1,354,838	8,320	(12,031)	625	(1,417,456)	(46,747)
At 1 April 2023 (as originally presented)	18,957	1,354,838	8,320	(15,478)	625	(1,420,105)	(52,843)
Impact of adoption of amendments to HKAS 12 (note 3)	-	-	-	(29)	-	90	61
At 1 April 2023	18,957	1,354,838	8,320	(15,507)	625	(1,420,015)	(52,782)
Total comprehensive income for the period	-	-	-	(1,386)	-	(4)	(1,390)
Changes in equity for the period	-	-	-	(1,386)	-	(4)	(1,390)
At 30 June 2023	18,957	1,354,838	8,320	(16,893)	625	(1,420,019)	(54,172)

Notes to the Interim Financial Information

FOR THE THREE MONTHS ENDED 30 JUNE 2023

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 Unit 3006, 30th Floor, West 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 2023 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 2023.

The Group had incurred a loss of HK\$4,000 (unaudited) during the three months ended 30 June 2023 and as at 30 June 2023 the Group had net current liabilities of HK\$55,558,000 (unaudited). These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group 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 followings:

- (a) On 1 June 2023, the Group agreed with a substantial shareholder of the Company, China Communication Investment Limited (“CCI”) to postpone the repayment date to 15 August 2024 for an amount of HK\$95,100,000 due to CCI. The Directors expect that the repayment date can be further postponed and CCI agreed not to demand repayment until the Group have the ability to do so.
- (b) 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 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 these condensed financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to these condensed consolidated financial statements 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**

Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” from 1 April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences — e.g. leases.

Prior to the adoption of Amendments to HKAS 12, the Group applied the initial recognition exemption under paragraphs 15 and 24 of HKAS 12 for leasing transactions that give rise to equal and offsetting temporary differences, and therefore no deferred tax has been recognised for temporary differences relating to right-of-use assets and lease liabilities at initial recognition, and also over the lease terms under paragraph 22(c) of HKAS 12.

The Group has applied the transitional provisions under paragraphs 98K and 98L of Amendments to HKAS 12 to leasing transactions that occur on or after the beginning of the earliest comparative period presented and also, at the beginning of the earliest comparative period presented by:

- (i) Recognising a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, and a deferred tax liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities; and
- (ii) Recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

For deferred tax assets and deferred tax liabilities recognised as a result of the adoption of Amendment of HKAS 12, those balances are presented on net basis if they are qualified for offset under paragraph 74 of HKAS 12.

The following table shows the adjustments for the adoption of Amendments to HKAS 12 recognised for each individual line item affected in condensed consolidated statement of financial position as at 30 June 2023 and 31 March 2023, and the income tax expenses in the condensed consolidated statement of profit or loss and other comprehensive income for three months ended 30 June 2023 and 2022:

Condensed consolidated statement of financial position	As at 30 June 2023			As at 31 March 2023		
	(before adoption of Amendments to HKAS 12)	Effects of adoption of Amendments to HKAS 12	As at 30 June 2023 (as presented)	(before adoption of Amendments to HKAS 12)	Effects of adoption of Amendments to HKAS 12	As at 31 March 2023 (as presented)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)		
Non-current assets						
Deferred tax assets	-	781	781	-	815	815
Non-current liabilities						
Deferred tax liabilities	1,027	643	1,670	1,027	754	1,781
Equity						
Reserves	73,267	(138)	73,129	71,800	(61)	71,739

For the three months ended 30 June

Condensed consolidated statement of profit or loss and other comprehensive income	2023			2022		
	(before adoption of Amendments to HKAS 12)	Effects of adoption of Amendments to HKAS 12	2023 (as presented)	(before adoption of Amendments to HKAS 12)	Effects of adoption of Amendments to HKAS 12	2022 (as presented)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)			
Income tax expenses	605	(83)	522	-	148	148

Earnings per share for profit attributable to owners of the Company for the three months period ended 30 June 2023 increased by HK\$0.0044 cents (2022: decreased by HK\$0.0078 cents) as a result of the adoption of Amendments to HKAS 12.

The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 March 2024.

4. REVENUE

Revenue from contracts with customers within scope of HKFRS 15

The Group is principal engaged in the provision of robotics education course in Heilongjiang Province in the PRC. The revenue from continuing operation was recognised over time.

5. INVESTMENT AND OTHER INCOME

	Unaudited For the three months ended 30 June	
	2023 HK\$'000	2022 HK\$'000 (represented)
Continuing operation		
Government grant*	54	72
Interest income	–	136
Other	5	–
	59	208

* The amount represented of COVID-19 subsidies for Employment Support Scheme provided by the Hong Kong S.A.R. Government.

6. OTHER GAINS AND LOSSES

The amounts represented the exchange gain and loss for the period ended 30 June 2023 and 30 June 2022.

7. FINANCE COSTS

	Unaudited	
	For the three months ended	
	30 June	
	2023	2022
	HK\$'000	HK\$'000
Continuing operation		
Interest on promissory note payable to CCI	–	468
Interest on lease liabilities	50	17
	50	485

8. INCOME TAX EXPENSE

	Unaudited	
	For the three months ended	
	30 June	
	2023	2022
	HK\$'000	HK\$'000
		(represented and restated)
Current tax — PRC		
— Provision for the period	605	–
Deferred tax	(83)	148
	522	148

For the three months ended 30 June 2023 and 2022, no provision for Hong Kong Profits Tax is required since the Group has no assessable profit in Hong Kong.

PRC Enterprise Income Tax has been provided at a rate of 25% for three months ended 30 June 2023. No provision for PRC Enterprise Income Tax is required since the Group has no assessable profit in the PRC for the three months ended 30 June 2022.

9. LOSS FOR THE PERIOD FROM CONTINUING OPERATION

The Group's loss for the period from continuing operation is stated after charging the followings:

	Unaudited For the three months ended 30 June	
	2023 HK\$'000	2022 HK\$'000 (represented)
Depreciation of property, plant and equipment	3	13
Depreciation of right-of-use assets	538	484
Directors' emoluments	648	639
Legal and professional fee	93	140
Employee benefits expense including Directors' emoluments		
— salaries, bonus and allowances	2,040	2,001
— retirement benefits scheme contributions	173	177
	2,213	2,178

10. DIVIDENDS

No dividends have been paid or proposed during the three months ended 30 June 2023, nor has any dividend been proposed since the end of the reporting period (three months ended 30 June 2022: Nil).

11. LOSS PER SHARE

From continuing and discontinued operations

(a) *Basic loss per share*

The calculation of basic loss per share is based on the loss for the three months ended 30 June 2023 attributable to owners of the Company of approximately HK\$4,000 (three months ended 30 June 2022: HK\$1,406,000 (restated)) and the weighted average number of ordinary shares of approximately 1,895,697,017 (2022: 1,895,697,017) in issue during the period.

(b) *Diluted earnings per share*

No diluted earnings per share from continuing and discontinued operations were presented as the Company did not have any dilutive potential ordinary shares for three months ended 30 June 2023 and 2022.

From continuing operation

(a) *Basic loss per share*

The calculation of basic loss per share is based on the loss for the three months ended 30 June 2023 from continuing operation attributable to owners of the Company of approximately HK\$4,000 (three months ended 30 June 2022: HK\$1,159,000 (represented and restated)) and the weighted average number of ordinary shares of approximately 1,895,697,617 (2022: 1,895,697,617) in issue during the period.

(b) *Diluted earnings per share*

No diluted earnings per share from continuing operation was presented as the Company did not have any dilutive potential ordinary shares for the three months ended 30 June 2023 and 2022.

From discontinued operation

(a) *Basic loss per share*

The calculation of basic loss per share is based on the loss for the three months ended 30 June 2022 from discontinued operation attributable to owners of the Company of approximately HK\$247,000 and the weighted average number of ordinary shares of approximately 1,895,697,017 in issue during the period.

(b) *Diluted earnings per share*

No diluted earnings per share from discontinued operation was presented as the Company did not have any dilutive potential ordinary shares for the three months ended 30 June 2022.

12. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with its related parties during the period:

(a) Transactions with related parties

	Unaudited	
	For the three months ended	
	30 June	
	2023	2022
	HK\$'000	HK\$'000
Promotion and Management Services income from CCC	–	19
Interest free loans from CCI	1,100	600
Interest on promissory note payable to CCI	–	(468)
Salaries and allowance paid to a close family member of an executive director	(155)	(155)
Service fee to CCC		
— Customer service hotline rental	(113)	(201)
— Heilongjiang Shentong Card payment system management	(366)	(115)
— Server hosting service	(536)	(853)
— Discount of server hosting service (Note)	268	284
Service fee to related companies		
— Web advertising expenses	(793)	(841)
— Discount of web advertising expenses (Note)	793	841
— Heilongjiang Operation and Management Contract	–	–
— Office rental	–	(368)

Note: Due to the outbreak of COVID-19, total discount on service fees of HK\$1,061,000 have been granted by CCC and a related company during the three-month period ended 30 June 2023 (three-month period ended 30 June 2022: total discount on service fees of HK\$1,125,000 have been granted by a related company).

- (b) The remuneration of directors and other members of key management during the period was as follows:

	Unaudited	
	For the three months ended	
	30 June	
	2023	2022
	HK\$'000	HK\$'000
Short-term benefits	819	767
Post-employment benefits	13	13
	832	780

13. COMPARATIVE FIGURES

The presentation of comparative information in respect of the consolidated statement of profit or loss for the three months ended 30 June 2022 has been re-presented in order to disclose the discontinued operation separately from continuing operation.

Other Information

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

As at 30 June 2023, 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 30 June 2023.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, 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 (Note 1)	–	542,042,000	–	542,042,000	28.59%
CCI (Note 1)	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 (Note 2)	–	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 as it is deemed to be interested in the shares held by CCI by virtue of Part XV of the SFO. 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 Part XV of the SFO.

Save as disclosed above, as at 30 June 2023, 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

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, there are changes in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the course of the directors' term of office. With effect from 23 June 2023, Ms. Zhang Li has resigned as an independent non-executive director ("INED") and ceased to be a member of each of the audit committee, remuneration committee and nomination committee of the Company; and Ms. Chen Lei has been appointed as an INED and a member of each of the audit committee, remuneration committee and nomination committee of the Company.

Saved as disclosed above, there is no other matter that needs to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

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. The Company is in a preliminary discussion exploring a possible acquisition of certain equity interest in an education platform and software company (the "Possible Acquisition").

As at the date hereof, no material terms concerning the Possible Acquisition have been agreed and no definitive agreement whatsoever has been entered into by the Group in relation to the Possible Acquisition. As the discussion of the Possible Acquisition is only at its preliminary stage, the Possible Acquisition may or may not proceed.

The Group is constantly looking for such opportunities to enhance the shareholders' value.

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 2022/23.

No share option has been granted, exercised, cancelled or lapsed during the three months ended 30 June 2023. As at the latest practicable date prior to the issue of this report, nil option share was outstanding under the 2013 Share option Scheme.

Subject to earlier termination by the Company in general meeting or by the Board, the 2013 Share Option Scheme shall be valid and effective for a period of 10 years after the date of adoption of the 2013 Share Option Scheme by Shareholders by resolution at the general meeting (i.e. valid until 6 August 2023).

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 2023.

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 2023, it comprises three Independent Non-Executive Directors, namely Mr. Yip Tai Him, Ms. Han Liqun and Ms. Chen Lei. 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 2023. 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 2023.

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 2023.

By order of the Board

Shentong Robot Education Group Company Limited

He Chenguang

Chairman

As at the date of this report, 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. Chen Lei (*Independent Non-Executive Director*)

Hong Kong, 7 August 2023