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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8206)

Executive Directors:
Mr. He Chenguang
Mr. Bao Yueqing

Independent Non-executive Directors:
Mr. Yip Tai Him
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21 September 2026

To the Shareholders

Dear Sir/Madam,

(1) PROPOSED SHARE CONSOLIDATION; (2) CONNECTED TRANSACTION IN RELATION TO THE PROPOSED DEBT CAPITALISATION INVOLVING THE ISSUE OF SUBSCRIPTION SHARES UNDER SPECIFIC MANDATE; AND (3) APPLICATION FOR WHITEWASH WAIVER AND (4) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the Announcement in relation to the Share Consolidation, the Debt Capitalisation, and the Whitewash Waiver. The purpose of this circular is to provide you with, among other things, (i) further details of (a) the Share Consolidation; (b) the Debt Capitalisation, (c) the Subscription Agreement and the transactions thereunder, and (d) the Whitewash Waiver; (ii) a letter from the Independent Board Committee; (iii) a letter from Rainbow Capital to the Independent Board Committee and the Independent Shareholders; (iv) a notice convening the EGM for the purpose of considering, and if thought fit, approving the resolutions to be proposed; and (v) other information as required under the Takeovers Code and the GEM Listing Rules.

2. PROPOSED SHARE CONSOLIDATION

As at the Latest Practicable Date, the authorised share capital of the Company is HK$100,000,000 divided into 10,000,000,000 Existing Shares of par value of HK$0.01 each, of which 1,895,697,017 Existing Shares were issued and fully paid. The Board proposes to implement the Share Consolidation on the basis that every fifty (50) issued and unissued Existing Shares of par value of HK$0.01 each be consolidated into one (1) Consolidated Share of par value of HK$0.50 each.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions being fulfilled:

(i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;

(ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and

(iii) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Share Consolidation.

As at the Latest Practicable Date, none of the above conditions has been fulfilled. None of the above conditions is capable of being waived. Subject to the fulfilment of the above conditions, the Share Consolidation will become effective on the second Business Day immediately following the date on which the relevant resolution approving the Share Consolidation is passed at the EGM or the date on which all the above conditions are fulfilled, whichever is later.

Expected effective date of the Share Consolidation

Immediately upon the Share Consolidation becoming effective, and assuming there will be no change in the number of Existing Shares in issue from the Latest Practicable Date to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK$100,000,000 divided into 200,000,000 Consolidated Shares of par value of HK$0.50 each, of which 37,913,940 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

As at the Latest Practicable Date, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Shares.

Assuming no further Existing Shares will be issued or repurchased from the Latest Practicable Date up to the effective date of the Share Consolidation, the effect of the Share Consolidation and the share capital structure of the Company is summarised below:

	As at the Latest Practicable Date	**Immediately upon the Share Consolidation becoming effective**
Par value	HK$0.01 per Existing Share	HK$0.50 per Consolidated Share
Amount of authorised share capital	HK$100,000,000	HK$100,000,000
Number of authorised Shares	10,000,000,000 Existing Shares	200,000,000 Consolidated Shares
Number of issued Shares	1,895,697,017 Existing Shares	37,913,940 Consolidated Shares
Issued share capital	HK$18,956,970.17	HK$18,956,970
Number of unissued shares	8,104,302,983	162,086,060

All Consolidated Shares in issue immediately following the Share Consolidation becoming effective will rank *pari passu* in all respects with each other, and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Other than the relevant expenses, including but not limited to professional fees and printing charges to be incurred, the implementation of the Share Consolidation will have no material effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the proportionate interests of the Shareholders. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group.

Application for listing of the Consolidated Shares

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Consolidated Shares in issue and to be issued arising from the Share Consolidation.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange. Upon the Share Consolidation becoming effective, the Consolidated Shares will not be listed or dealt in on any stock exchange other than the Stock Exchange. No application is being, or is proposed to be, made for the listing of, or permission to deal in, the Consolidated Shares on any other stock exchange.

No change in board lot size

The Existing Shares are currently traded on the Stock Exchange in board lot size of 1,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain unchanged at 1,000 Consolidated Shares per board lot. Based on the closing price of HK$0.038 per Existing Share (equivalent to the theoretical closing price of HK$1.90 per Consolidated Share) on the Last Trading Day, (i) the value per board lot of 1,000 Existing Shares is HK$38; and (ii) the value per board lot of 1,000 Consolidated Shares would be HK$1,900 on the assumption that the Share Consolidation becomes effective.

Fractional entitlement to the Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Arrangement on odd lot trading and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a designated broker, being a licensed corporation under the SFO, to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

Further announcement(s) will be made by the Company to inform the Shareholders of the odd lot arrangement as and when appropriate.

Shareholders should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of share certificates for the Consolidated Shares

The new share certificates of the Consolidated Shares will be blue in colour in order to distinguish them from the existing share certificates of the Existing Shares which are grey in colour. Subject to the Share Consolidation becoming effective, Shareholders may submit share certificates for the Existing Shares to the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for exchange, at the expense of the Company, for new share certificates for the Consolidated Shares (on the basis of fifty (50) Existing Shares for one (1) Consolidated Share) within the prescribed time.

Details of such free exchange of share certificates will be announced as soon as the effective date of the Share Consolidation is ascertained.

The existing share certificates for the Existing Shares will remain valid and effective as documents of title. The last date and time on which such certificates will be accepted for delivery, trading and settlement purposes will be determined subject to the resumption of trading in the Shares and announced by the Company in due course.

Reasons for the Share Consolidation

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK$0.01 or HK$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities.

Pursuant to the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated in June 2026, (i) any trading price less than HK$0.10 will be considered as approaching the extremities of HK$0.01; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK$1,000.

Based on the closing price of HK$0.038 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and the existing board lot size of 1,000 Existing Shares, the value of each existing board lot was HK$38. Prior to the suspension of trading in the Shares, the trading price of the Existing Shares had generally remained below HK$0.10 and the value of each board lot had generally remained below HK$1,000 since October 2024.

In view of the prolonged period of share prices approaching extremity, the Board considers that the proposed Share Consolidation will bring about a corresponding upward adjustment in the expected value per board lot, resulting in the theoretical closing price of HK$1.90 per Consolidated Share and the expected market value of each board lot of HK$1,900 (based on the current closing price of HK$0.038 per Existing Share on the Last Trading Day) and will enable the Company to comply with the trading requirements under the GEM Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor alter the underlying assets, business operations, management or the financial position of the Company or the proportionate interests of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled. Although the Share Consolidation may lead to the creation of odd lots of Shares, the Company will appoint a designated broker to provide matching services for odd lots of Shares for a period of not less than three weeks, which will alleviate the difficulties caused by the creation of odd lots of Shares.

Accordingly, the Board is of the view that the implementation of the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation. Save for the Debt Capitalisation, as at the Latest Practicable Date, the Company has no present intention to conduct any equity fundraising activities. However, the Board considers that the Company may conduct debt and/or equity fundraising exercises if suitable fundraising and/or investment opportunities arise in order to support the future development of the Group. The Company will make further announcement(s) in accordance with the GEM Listing Rules as and when appropriate.

3. PROPOSED DEBT CAPITALISATION

On 31 August 2026 (after trading hours), the Company, CCI, and Copious entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and CCI has conditionally agreed to subscribe for 17,360,000 Consolidated Shares at HK$3.75 per Consolidated Share, which shall be satisfied by offsetting HK$65,100,000 of the Amount Due to CCI. Upon Completion, the Capitalisation Amount shall be deemed to have been repaid by the Group to CCI, and Copious shall be released from its obligations to CCI in respect of the Capitalisation Amount. The Amount Due to CCI shall accordingly be reduced by HK$65,100,000.

As the aggregate Subscription Price under the Subscription Agreement will be satisfied by way of capitalising part of the Amount Due to CCI, no cash proceeds will be received by the Company from the allotment and issue of the Subscription Shares.

Assuming that there is no change to the Amount Due to CCI from the Latest Practicable Date up to the Completion, upon Completion, the remaining Amount Due to CCI is expected to be HK$30,564,210, comprising (i) HK$30,000,000, which the Group intends to settle using its internal resources on the relevant contractual due date, which is 15 August 2027; and (ii) HK$564,210, which is repayable on demand and also intended to be settled using its internal resources.

Background and origin of the Amount Due to CCI

As at the Latest Practicable Date, CCI, a substantial Shareholder of the Company, is interested in approximately 28.59% of the number of issued Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, the Amount Due to CCI comprised two components: (i) an amount of HK$95,100,000, which is denominated in Hong Kong dollars, unsecured and interest-free, and was originally repayable on 15 August 2026, with the repayment date subsequently extended on 1 June 2026 to 15 August 2027; and (ii) an amount of HK$564,210, which is denominated in Hong Kong dollars, unsecured, interest-free and repayable on demand. Accordingly, the Amount Due to CCI as at the Latest Practicable Date was HK$95,664,210.

The amount due to CCI originated from indebtedness owed by Copious to CCI before completion of the Company's acquisition of the entire equity interest in Copious. Reference is made to the circular of the Company dated 31 December 2015 in relation to, among other things, the Acquisition. Completion of the Acquisition took place on 16 May 2016.

As disclosed in the Company's annual report for the year ended 31 March 2017, upon completion of the Acquisition and the consolidation of Copious into the Group, an amount of approximately HK$350.1 million due by Copious to CCI was recognised as part of the liabilities acquired by the Group.

During the years ended 31 March 2017 and 31 March 2018, approximately HK$149.9 million and HK$105.0 million, respectively, of the amount due to CCI relating to the exclusive rights were settled, reducing the outstanding balance from approximately HK$350.1 million to HK$200.1 million as at 31 March 2017 and further to HK$95.1 million as at 31 March 2018.

Such remaining balance of HK$95.1 million has remained outstanding since then and continues to be recorded as a liability of the Group in its statement of financial position up to Latest Practicable Date.

Principal terms of the Subscription Agreement

Set out below is a summary of the principal terms of the Subscription Agreement:

Date

31 August 2026 (after trading hours)

Parties

(1) The Company (as issuer); (2) CCI (as subscriber); and (3) Copious

Subject matter

Subject to the fulfilment or waiver (as applicable) of the conditions precedent set out below, the Company will allot and issue, and CCI will subscribe for, 17,360,000 Consolidated Shares at the Subscription Price of HK$3.75 per Consolidated Share, representing an aggregate Subscription Price of HK$65,100,000.

The aggregate Subscription Price shall be satisfied in full by setting off an equivalent amount against part of the Amount Due to CCI. Upon Completion, the Capitalisation Amount of HK$65,100,000 shall be deemed to have been repaid and discharged by way of such set-off, the Amount Due to CCI shall be reduced by the Capitalisation Amount, and Copious shall be released from its payment obligations to CCI in respect of the Capitalisation Amount.

Conditions precedent

Completion is conditional upon the fulfilment (or, where applicable, waiver) of the following conditions before the Long Stop Date:

(i) the Share Consolidation having become effective;

(ii) the passing by the Independent Shareholders at the EGM of the necessary resolutions approving, in accordance with the GEM Listing Rules and the Takeovers Code: (i) the Subscription Agreement and the transactions contemplated thereunder (by more than 50% of the votes cast by way of poll by the Independent Shareholders at the EGM); and (ii) the Whitewash Waiver (by at least 75% of the votes cast by way of poll by the Independent Shareholders at the EGM);

(iii) the grant of the Whitewash Waiver by the Executive and the fulfilment of all conditions (if any) attached thereto, and such approval not having been withdrawn or revoked;

(iv) the GEM Listing Committee having granted approval for the listing of, and permission to deal in, the Subscription Shares (whether subject to conditions or otherwise), and such approval not having been withdrawn or revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(v) all requirements set out in the resumption guidance imposed by the Stock Exchange in relation to the resumption having been fulfilled; and

(vi) all other necessary waivers, consents and approvals required in connection with the transactions contemplated under the Subscription Agreement, other than any waiver, consent or approval contemplated under paragraphs (iii), (iv) and (v) above, including, without limitation, those from regulatory authorities and any other relevant governmental authorities, having been obtained.

As at the Latest Practicable Date, save for the approvals, waivers and consents set out in paragraphs (iii), (iv) and (v) above, the Board is not aware of any other necessary waivers, consents or approvals required in connection with the Subscription Agreement and the transactions contemplated thereunder.

None of the conditions precedent set out above may be waived. As at the Latest Practicable Date, none of the conditions precedent has been satisfied.

If the conditions precedent of the Subscription Agreement have not been satisfied on or before the Long Stop Date, the Subscription Agreement shall be terminated and the rights and obligations of the parties to the Subscription Agreement shall cease.

Subscription Shares

Save for the Share Consolidation, assuming that there will be no change in the total issued share capital between the Latest Practicable Date and Completion, 17,360,000 Subscription Shares represent:

(i) approximately 45.79% of the total issued share capital as at the Latest Practicable Date(after taking into account the effect of the Share Consolidation); and

(ii) approximately 31.41% of the total issued share capital as enlarged by the Subscription Shares (after taking into account the effect of the Share Consolidation).

Subscription Price

The Subscription Price of HK$3.75 per Subscription Share represents:

(i) a premium of approximately 97.37% over the theoretical closing price of HK$1.90 per Consolidated Share as adjusted for the effect of the Share Consolidation based on the closing price of HK$0.038 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 63.76% over the theoretical average closing price of HK$2.29 per Consolidated Share as adjusted for the effect of the Share Consolidation based on the average closing price of HK$0.0458 as quoted on the Stock Exchange for the last five trading days prior to the Last Trading Day;

(iii) a premium of approximately 63.76% over the theoretical average closing price of HK$2.29 per Consolidated Share as adjusted for the effect of the Share Consolidation based on the average closing price of HK$0.0458 as quoted on the Stock Exchange for the last ten trading days prior to the Last Trading Day; and

(iv) a premium of approximately HK$5.32 over the theoretical audited consolidated net liabilities attributable to owners of the Company of approximately HK$1.57 per Consolidated Share as at 31 March 2026 as adjusted based on (a) the audited consolidated net liabilities attributable to owners of the Company of approximately HK$59,471,000 as disclosed in the annual report of the Company for the year ended 31 March 2026; and (b) 1,895,697,017 Existing Shares in issue as at 31 March 2026, after taking into account the effect of the Share Consolidation.

The aggregate nominal value of 17,360,000 Subscription Shares is HK$8,680,000. The net issue price per Subscription Share after the deduction of the relevant expenses incidental to the Debt Capitalisation is approximately HK$3.74, after taking into account the effect of the Share Consolidation.

The Subscription Price of HK$3.75 per Subscription Share was determined after arm's length negotiation between the Company and the Subscriber having taken into account, among other things, (i) the financial and liquidity position of the Group, including its net liabilities and net current liabilities as at 31 March 2026; and (ii) the historical trading prices of the Shares prior to the suspension of trading, including the average closing price of approximately HK$3.75 per Consolidated Share for the 12-month period immediately preceding the Last Trading Day, as adjusted for the effect of the Share Consolidation, as well as the prolonged suspension of trading in the Shares since 14 October 2025.

Although the Subscription Price represents a premium to the average closing price of the Consolidated Shares for the twelve months prior to the Last Trading Day, as adjusted for the effect of the Share Consolidation, the Board (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee contained in this circular) considers that, in view of the prolonged suspension of trading in the Shares, the historical trading price of the Shares may not fully reflect the current financial condition, business prospects or value of the Group. Nevertheless, the Subscription Price represents a premium of approximately 97.37% over the theoretical closing price per Consolidated Share based on the closing price of the Existing Shares on the Last Trading Day.

The Board (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee contained in this circular) also considers that the Subscription Price is commercially favourable to the Company as the Debt Capitalisation will result in the extinguishment of the Capitalisation Amount at a substantial premium to the historical market price of the Shares, without requiring the Company to apply its existing cash resources towards repayment of the Capitalisation Amount.

Taking into account the above, the Board (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee contained in this circular) considers that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Completion of the Debt Capitalisation

Completion of the Subscription Agreement shall take place within five Business Days (or such later date as may be agreed in writing by the parties to the Subscription Agreement) following the satisfaction of the conditions precedent of the Subscription Agreement.

Use of Proceeds

As the aggregate Subscription Price under the Subscription Agreement will be satisfied by way of capitalising part of the Amount Due to CCI, no cash proceeds will be received by the Company from the allotment and issue of the Subscription Shares.

Upon Completion, the Capitalisation Amount (being part of the Amount Due to CCI) shall be deemed to have been repaid by the Group to CCI, and Copious shall be released from its obligations to CCI in respect of the Capitalisation Amount. Accordingly, the Amount Due to CCI will be reduced by HK$65.1 million, being the amount of the Capitalisation Amount.

Application for Listing

An application will be made by the Company to the GEM Listing Committee for the grant of the listing of, and permission to deal in, the Subscription Shares to be allotted and issued.

The Subscription Shares shall rank, upon issue, *pari passu* in all respects among themselves with the Shares in issue as at the date of allotment and issue of the Subscription Shares.

Specific Mandate

The Subscription Shares will be allotted and issued under the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

Equity Fund Raising Activities in the Past Twelve months

The Company has not carried out any equity fund raising activity in the 12-month period immediately preceding the Latest Practicable Date.

Reasons for and benefits of Debt Capitalisation

Trading in the Shares has been suspended since 14 October 2025. The Company is in the course of preparing a resumption plan for submission to the Stock Exchange with a view to demonstrating, among other things, that the Group carries on a business with a sufficient level of operations and assets of sufficient value to support its operations and warrant the continued listing of the Shares under Rule 17.26 of the GEM Listing Rules.

The Group has continued to operate and develop its existing business during the suspension of trading in the Shares. For the year ended 31 March 2026, the Group recorded revenue of approximately HK$36.4 million, representing an increase of approximately 236.0% as compared with approximately HK$10.8 million for the year ended 31 March 2025. The increase in revenue was primarily attributable to the launch of the AI robotic education platform in the second half of 2025 and the increase in both the number of training hours and the number of students for the robotics course business.

During the same period, the Group recorded a profit for the year of approximately HK$9.5 million, as compared with a loss for the year of approximately HK$7.1 million for the year ended 31 March 2025. Such developments demonstrate the Group's efforts to maintain and enhance the substance, scale, viability and sustainability of its existing business. The improvement in profitability should, however, be read together with the Group's financial position described below.

As at 31 March 2026, the Group recorded audited consolidated net liabilities attributable to owners of the Company of approximately HK$59.5 million and net current liabilities of approximately HK$57.0 million. As at the same date, the Group had total current liabilities of approximately HK$156.1 million, including accruals and other payables of approximately HK$112.3 million and current tax liabilities of approximately HK$30.2 million, while its bank balances and cash amounted to approximately HK$92.4 million. The amounts owing by the Company to the Subscriber amounted to approximately HK$95.7 million and were classified as current liabilities.

Upon Completion, the Capitalisation Amount will reduce the Group's liabilities by the equivalent amount, improve the Group's net current liability position, and strengthen its capital base without any cash outflow by the Group, save for the professional fees and other expenses relating to the Debt Capitalisation.

Based on the present financial information of the Group, the Company expects that the Debt Capitalisation will substantially reduce the Group's net liabilities, resulting in the Group moving from a net liabilities position to an unaudited positive net asset position of approximately HK$5.6 million upon Completion. Together with the intended repayment of the remaining indebtedness of HK$30.0 million using the Group's internal resources on its contractual due date of 15 August 2027, the Debt Capitalisation forms part of the Group's overall plan to reduce its indebtedness and improve its financial position.

Although the Group had bank balances and cash of approximately HK$92.4 million as at 31 March 2026, such cash resources are required to support the Group's ongoing operations and business development and to meet its working-capital requirements, including the payment of tax liabilities, operating expenses, accruals and other liabilities as they fall due. Repayment of the entire Amount Due to CCI in cash would reduce the Group's cash and liabilities by corresponding amounts and would not, in itself, improve the Group's net asset position. By contrast, the Debt Capitalisation will enable the Group to substantially reduce its indebtedness upon Completion without a corresponding cash outflow. The remaining amount of HK$30.0 million is intended to be settled using the Group's internal resources on its contractual due date in August 2027, which is expected to allow the Group to retain greater liquidity in the intervening period for its ongoing operations, working-capital requirements and future business development.

Notwithstanding the above benefits, the Board has also considered the potential disadvantages of the Debt Capitalisation. In particular, the issue of the Subscription Shares will enlarge the issued share capital of the Company and result in a dilution of the percentage shareholdings of the existing Shareholders other than CCI. The Debt Capitalisation will also increase the shareholding of the CCI Concert Group in the Company to more than 50% of the issued share capital of the Company as enlarged by the Subscription Shares. In addition, the Debt Capitalisation will not result in any fresh cash proceeds being received by the Group and will not, of itself, generate additional operating cash flow.

The Board (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee contained in this circular) has also considered other possible means of improving the Group's financial position, including bank borrowings and equity fundraising. Having regard to (i) the prolonged suspension of the Shares; and (ii) the Group's net liabilities and net current liabilities, the Board (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee contained in this circular) is of the view that obtaining additional bank financing on commercially acceptable terms may be difficult and would, in any event, increase the Group's indebtedness without improving its net asset position.

In addition, while trading in the Shares remains suspended, the practicability and certainty of completing an equity fundraising exercise involving independent investors are limited. Such an exercise may also be more time-consuming and costly and may require the issue of Shares at a substantial discount. A rights issue or an open offer has also been considered. However, given the suspension of trading in the Shares, the uncertainty of Shareholder take-up and underwriting support, and the additional time and costs involved, such alternatives are less certain and less commercially practicable.

By contrast, the Debt Capitalisation will reduce the Group's liabilities without any cash outflow, at a Subscription Price representing a premium to the historical market price of the Shares. It therefore represents a more direct and commercially practicable means of reducing the Group's liabilities and strengthening its financial position. The fact that the Subscription Price represents a premium of approximately 97.37% over the theoretical closing price per Consolidated Share, based on the closing price of the Existing Shares on the Last Trading Day, is also favourable to the Company when compared with an equity fundraising exercise conducted at a discount.

The allotment and issue of the Subscription Shares will result in dilution to the shareholdings of the existing Shareholders. Nevertheless, having considered:

(i) the substantial premium represented by the Subscription Price over the historical market price of the Shares;

(ii) the reduction of HK$65.1 million in the Group's liabilities without any corresponding cash outflow;

(iii) the expected improvement in the Group's net current liability and net asset positions;

(iv) the preservation of the Group's cash resources for its existing operations and business development; and

(v) the limited availability of practicable alternative financing methods during the suspension of trading in the Shares,

the Board (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee contained in this circular) considers that the dilution arising from the Debt Capitalisation is justified.

The Debt Capitalisation, alongside the intended cash settlement of HK$30.0 million upon its maturity on 15 August 2027, forms part of the Group's overall strategy to improve its financial position. Coupled with the positive developments in the Group's existing business and operations, the Board considers that the strengthening of the Group's financial position resulting from the Debt Capitalisation will provide a more sustainable financial foundation for the continued operation and development of the Group's business and will assist the Company in demonstrating that it has sufficient operations and assets of sufficient value to support those operations for the purposes of Rule 17.26 of the GEM Listing Rules.

Having considered the above, the Board (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee contained in this circular) considers that the terms of the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms or better, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Effects on the Shareholding Structure of the Company

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately before Completion and after the Share Consolidation; and (iii) immediately after Completion:

	As at the Latest Practicable Date		**Immediately before Completion and after the Share Consolidation**		**Immediately after Completion**	
	No. of Existing Shares	*%*	*No. of Consolidated Shares*	*%*	*No. of Consolidated Shares*	*%*
CCI Concert Group						
Subscriber	542,042,000	28.59	10,840,840	28.59	28,200,840	51.02
Sub-total of the CCI Concert Group	542,042,000	28.59	10,840,840	28.59	28,200,840	51.02
The Directors:						
— Mr. He Chenguang	—	—	—	—	—	—
— Mr. Bao Yueqing	2,844,000	0.15	56,880	0.15	56,880	0.10
— Mr. Yip Tai Him	—	—	—	—	—	—
— Ms. Han Liqun	—	—	—	—	—	—
— Ms. Chen Lei	—	—	—	—	—	—
Sub-total of the Directors	2,844,000	0.15	56,880	0.15	56,880	0.10
Public Shareholders:						
Yang Shao Xiao *(Note 2)*	147,701,256	7.79	2,954,025	7.79	2,954,025	5.34
Cao Bingsheng *(Note 3)*	120,000,000	6.33	2,400,000	6.33	2,400,000	4.34
Liang Haiqi *(Note 3)*	120,000,000	6.33	2,400,000	6.33	2,400,000	4.34
Friendly Capital Limited *(Note 4)*	109,900,000	5.80	2,198,000	5.80	2,198,000	3.98
Other public Shareholders	853,209,761	45.01	17,064,195	45.01	17,064,195	30.87
Sub-total of public Shareholders	1,350,811,017	71.26	27,016,220	71.26	27,016,220	48.88
Total	1,895,697,017	100.00	37,913,940	100.00	55,273,940	100.00

Notes:

1. The percentages in the table above are expressed as percentages of the total issued Shares of the Company at the relevant time and are subject to rounding adjustments.

2. According to the publicly available disclosure filings, Yang Shao Xiao's interest in the Company decreased from approximately 10.08% in August 2025 to approximately 7.79% in September 2025.

3. Each of Cao Bingsheng and Liang Haiqi subscribed for shares in the Company in July 2017 pursuant to two subscription agreements. For details of their subscription, please refer to the Company's announcement dated 21 June and 4 July 2017.

4. Friendly Capital Limited has been a long-standing Shareholder since a date prior to 31 March 2013. According to the publicly available disclosure filings, Friendly Capital Limited is wholly owned by Ms. Li Dongfang.

5. There is no relationship between any member of the CCI Concert Group, on the one hand; and any of Yang Shao Xiao, Cao Bingsheng, Liang Haiqi, Ms. Li Dongfang, and Friendly Capital Limited, or any of their respective persons acting in concert, on the other hand.

Future Intentions regarding the Group

CCI considers and confirms that (a) it is intended that the Group will continue its existing business following the Completion; and (b) there is no intention to (i) introduce any major changes to the existing business of the Group; (ii) discontinue the employment of any of the Group's employees; and (iii) redeploy the fixed assets of the Group other than in its ordinary course of business.

4. INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM of the Stock Exchange. The Group is principally engaged in the provision of robotics-related education and training in the PRC.

5. INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in 2004 under the laws of the British Virgin Islands and is an investment vehicle wholly owned by CCC. The Subscriber does not carry on any business other than holding Shares in the Company and directly holds approximately 28.59% of the issued share capital of the Company as at the Latest Practicable Date and therefore is a substantial Shareholder.

CCC is a company established under the laws of the PRC in 2003, a substantial Shareholder by virtue of its indirect interest in approximately 28.59% of the issued share capital of the Company as at the Latest Practicable Date through CCI, its wholly-owned subsidiary. The CCC Group is principally engaged in the provision of telecommunications, software, and information technology services, as well as scientific research and technical services. The CCC Group is a nationwide network operator and provider of new telecommunications services. It has established branches across provinces, autonomous regions, municipalities and a number of major cities in China, and has developed data centres in key hub cities including Beijing, Shanghai, Guangzhou and Xi'an.

As at the Latest Practicable Date, CCC is owned as to (i) 92% by COTHPW; and (ii) 8% by Hebei Huayu, which is wholly owned by Mr. Chen, an Independent Third Party.

As at the Latest Practicable Date, COTHPW, being the largest shareholder of CCC, is owned as to (i) 85% by Harbin Prince Wine; and (ii) 15% by CNOTC. According to the Company's PRC legal adviser, (i) the shareholders of COTHPW are two state-owned enterprises, namely Harbin Prince Wine and CNOTC; (ii) the sole shareholder of Harbin Prince Wine is COTT Heilongjiang Branch; and (iii) the Ministry of Commerce of the People's Republic of China is the sole equity owner of CNOTC.

As at the Latest Practicable Date, save as otherwise disclosed, (i) CNOTC does not have any interest in the Shares, is not a shareholder of the Company, and has not dealt in any Shares during the Relevant Period; (ii) neither Hebei Huayu nor Mr. Chen has any relationship with COTHPW or any of its shareholders; and (iii) neither Hebei Huayu nor Mr. Chen has any interest in the Shares, is a shareholder of the Company, or has dealt in any Shares during the Relevant Period.

As at the Latest Practicable Date, save as otherwise disclosed, each of CCC and CCI has no interest in any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

6. TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the Latest Practicable Date, CCI is interested in 542,042,000 Existing Shares, representing approximately 28.59% of the issued share capital of the Company. As illustrated in the table under the section headed "Effects on the Shareholding Structure of the Company" above, immediately after the completion of the issue of Subscription Shares, the CCI Concert Group will be interested in 28,200,840 Consolidated Shares, and the aggregate shareholding of the CCI Concert Group in the Company will be increased from approximately 28.59% to approximately 51.02% (assuming there is no other change in the issued share capital of the Company).

Under Rule 26.1 of the Takeovers Code, the allotment and issuance of Subscription Shares to CCI will give rise to an obligation on CCI to make a mandatory general offer for all the issued shares and other securities of the Company (other than those already owned or agreed to be acquired by the CCI Concert Group), unless the Whitewash Waiver is granted by the Executive.

If the Whitewash Waiver is granted by the Executive and is approved by the Independent Shareholders and completion of the Debt Capitalisation having taken place, the aggregate shareholding of the CCI Concert Group in the Company will exceed 50% of the issued share capital of the Company as enlarged by the Subscription Shares. CCI may further increase its shareholding in the Company without incurring any further obligation to make a general offer under Rule 26 of the Takeovers Code.

An application has been made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (a) the approval by at least 75% of the votes cast by the Independent Shareholders either in person or by proxy at the EGM by way of poll in respect of the Whitewash Waiver; and (b) the approval by more than 50% of the votes cast by the Independent Shareholders either in person or by proxy at the EGM by way of poll in respect of the Debt Capitalisation, in which the CCI Concert Group and Mr. Bao will abstain from voting on the relevant resolution(s).

The Executive has indicated that it is minded to agree, subject to approval by Independent Shareholders in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code, to waive the obligation of the CCI Concert Group to make a general offer which might result from the issue of the Subscription Shares.

As at the Latest Practicable Date, the Company does not believe that the Debt Capitalisation gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the GEM Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Debt Capitalisation does not comply with other applicable rules and regulations. If a concern should arise after the release of this circular, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular.

The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Debt Capitalisation will not proceed.

7. IMPLICATIONS UNDER THE GEM LISTING RULES

As at the Latest Practicable Date, the Subscriber is a substantial shareholder of the Company and is interested in 542,042,000 Existing Shares, representing approximately 28.59% of the total issued share capital of the Company. The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM. Pursuant to Rule 20.07(1) of the GEM Listing Rules, the Subscriber, being a substantial shareholder, is a connected person of the Company. Accordingly, the Subscription Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Given that the Subscriber has a material interest in the Subscription Agreement and Mr. Bao was involved in the negotiation of the Subscription Agreement on behalf of the Company, the CCI Concert Group and Mr. Bao are therefore required to abstain from voting on the relevant resolution(s) to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate, and the Whitewash Waiver. Save for the CCI Concert Group and Mr. Bao, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM.

No Director has a material interest in the Debt Capitalisation, and therefore no Director was required to abstain from voting on the Board resolution in relation to approving the Subscription Agreement.

8. ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether (i) the Debt Capitalisation; (ii) the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); and (iii) the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, and make recommendation as to voting.

Rainbow Capital has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The recommendation of the Independent Board Committee is set out on pages 29 to 30 of this circular.

9. EGM

Set out on pages EGM-1 to EGM-4 of this circular is the notice convening the EGM to be held at 11:00 a.m. on Wednesday, 7 October 2026 at the Meeting Room, Unit 3006, 30th Floor, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong for the purpose of considering and, if thought fit, approving the relevant ordinary and special resolution(s) in respect of (i) the Share Consolidation; (ii) the Subscription Agreement and the transactions contemplated thereunder (including the granting of the Specific Mandate); and (iii) the Whitewash Waiver. The voting in relation to resolutions to be proposed at the EGM will be conducted by way of a poll.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions proposed at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.srobotedu.com). Whether or not Shareholders are able to attend and vote at the EGM in person, please complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof to the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183

Queen's Road East, Wan Chai, Hong Kong. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting at the EGM if they so wish and, in such event, the form of proxy shall be deemed to be revoked.

Closure of Register of Members

Reference is made to the Company's announcement dated 16 September 2026 in relation to the closure of register of members of the Company.

For the purpose of determining Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 2 October 2026 to Wednesday, 7 October 2026 (both dates inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 30 September 2026. For the purpose of determining the identity of the Shareholders who are entitled to attend and vote at the EGM, the record date will be Wednesday, 7 October 2026.

10. RECOMMENDATION

The Directors consider that the Share Consolidation is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Share Consolidation.

The Directors (excluding all independent non-executive Directors who have separately provided their views in the letter from the Independent Board Committee contained in this circular after considering the opinion of the Independent Financial Adviser) consider that although the entering into of the Subscription Agreement is not in the ordinary and usual course of business of the Group, the terms of the Subscription Agreement and the transactions contemplated thereunder (including the grant of Specific Mandate) are on normal commercial terms, and are fair and reasonable, and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors (excluding all independent non-executive Directors who have separately provided their views in the letter from the Independent Board Committee contained in this circular after considering the opinion of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve (i) the Debt Capitalisation; (ii) the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); and (iii) the Whitewash Waiver.

11. ADDITIONAL INFORMATION

Your attention is also drawn to (i) the letter from the Independent Board Committee set out on pages 29 to 30 of this circular which contains its views in relation to the Debt Capitalisation; the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); and the Whitewash Waiver; (ii) the letter from Rainbow Capital set out on pages 31 to 45 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Debt Capitalisation; the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate); and the Whitewash Waiver; and (iii) the appendix to this circular.

12. CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 14 October 2025 and will remain suspended until further notice pending the fulfilment of the Resumption Guidance. Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the GEM Listing Rules.

The publication of this circular does not indicate any decision or conclusion of the Stock Exchange, nor does it constitute or imply any approval by the Stock Exchange in respect of the resumption of trading in the Shares on the Stock Exchange. It should not be construed as indicating that the Stock Exchange considers that the Company has fulfilled all the Resumption Guidance or complied with all applicable requirements under the GEM Listing Rules. Shareholders and potential investors of the Company should note that the transactions contemplated under the Debt Capitalisation and the Whitewash Waiver are subject to the fulfilment of certain conditions, including, without limitation, the resumption of trading in the Shares on the Stock Exchange, and may or may not proceed.

Shareholders and investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

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