



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)

INTERIM REPORT 2021/22



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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 for the six months ended 30 September 2021 was approximately HK\$9,178,000.
- Loss attributable to owners of the Company was approximately HK\$5,888,000 for the six months ended 30 September 2021.
- Loss per share for the six months ended 30 September 2021 was approximately HK0.31 cents.
- The board of the Directors (the "Board") does not recommend the payment of a dividend for the six months ended 30 September 2021.

The Directors hereby present the unaudited consolidated results of the Group for the six months ended 30 September 2021.

FINANCIAL PERFORMANCE

The Group recorded consolidated revenue of approximately HK\$9,178,000 for the six months ended 30 September 2021, representing an increase of approximately 1,131.9% as compared to approximately HK\$745,000 for the six months ended 30 September 2020.

The Group made a loss attributable to owners of the Company of approximately HK\$5,888,000 for the six months ended 30 September 2021, as compared to approximately HK\$11,815,000 for the six months ended 30 September 2020. The improvement was mainly due to the increase in revenue which was primarily due to there were less suspension of robotics classes due to the precautionary measures imposed by the government authority in current year.

BUSINESS REVIEW AND PROSPECTS

The principal business activities of the Group are the provision of promotion and management services for an electronic smart card “Designated Shentong Card” in the PRC (the “Promotion and Management Business”) and organizing and hosting China Robot Competition (“CRC”) and provision of robotics related education, training and consultancy services in the PRC (the “Robotics Business”). The Group recorded an increase of approximately 1,131.9% in revenue for the six months ended 30 September 2021 as compared with that for the six months ended 30 September 2020. The improvement was mainly attributable to the increase in revenue which was primarily due to there were 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 negative impact on all businesses in general, the businesses of the ultimate customers of CCC, being a company which wholly-owns CCI which in turn is a substantial shareholder of the Company, have been adversely affected while some of which had even become insolvent, and the scale-down of CCC’s ultimate customers and its implementation of cost control measures in turn had led to a decrease in the revenue of CCC from hotline rental and server hosting and hence a decrease in promotion and after-sale services fees received by the Group. Further, the revenue generated from the Promotion and Management Business had decreased due to the reasons that marketing and promotion activities such as client pitching are seriously interrupted due to the outbreak of COVID-19 in the PRC, and that there were less active players for CCC’s card game mobile application which uses the Designated Shentong Card system as a result from the Group putting more resources to the Robotics Business as the growth of the Promotion and Management Business was low or even negative before the COVID-19 outbreak.

In relation to the Robotics Business, robotics classes of our Group which are normally conducted at schools and training centres of the Group have been suspended for the period from January 2020 to August 2020, from January 2021 to February 2021 and from August 2021 onward due to the precautionary measures imposed by the local government in the PRC. Further to the suspension measures, all robotics competitions which are originally planned to be held by the Group and are normally an important channel for the Group to source its customers, have 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, it is expected that the restriction measures will be gradually eased and the revenue will gradually recover afterward but 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 business plan includes trying to adjust its robotics class arrangements to provide more online courses instead of physical classes, and it is expected that the Group will continue to apply its cost saving measures, including but not limited to, seeking to reduce the staff cost to the minimum necessary level. 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.

Management Discussion and Analysis

REVENUE AND PROFITABILITY

The Group recorded a revenue of approximately HK\$9,178,000 (2020: approximately HK\$745,000) for the six months ended 30 September 2021, representing an increase of approximately 1,131.9% as compared with six months ended 30 September 2020 which was primarily due to there were less suspension of classes in current year.

The Group's gross profit for the six months ended 30 September 2021 amounted to approximately HK\$4,568,000 as compared to gross loss of approximately HK\$1,671,000 for the six months ended 30 September 2020. The improvement was mainly attributable to the increase in revenue which was primarily due to there were less suspension of classes in current year.

Selling and distribution and administrative expenses for the six months ended 30 September 2021 was approximately HK\$9,113,000 as compared to approximately HK\$8,549,000 for the six months ended 30 September 2020.

LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The Group made a loss attributable to the owners of the Company of approximately HK\$5,888,000 for the six months ended 30 September 2021 as compared to approximately HK\$11,815,000 for the six months ended 30 September 2020. The improvement was mainly due to the increase in revenue which was primarily due to there were less suspension of classes in current year.

SEGMENT INFORMATION

An analysis of the performance of the Group by reportable segments is set out in note 7 to the condensed financial statements.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2021, the Group had outstanding promissory note at principal amount of approximately HK\$94.4 million (as at 31 March 2021: approximately HK\$94.4 million) with carrying value of approximately HK\$112.3 million (as at 31 March 2021: approximately HK\$111.4 million). The promissory note was unsecured and interest bearing at 2% per annum. On 31 March 2021, the Group and China Communication Investment Limited ("CCI"), being the noteholder, agreed to extend the maturity date to 30 June 2022. As at 30 September 2021, the Group had outstanding loans from CCI of approximately HK\$11.8 million (as at 31 March 2021: HK\$8.3 million). The loans were unsecured, interest-free and repayable on demand. Other than the above, the Group did not have any other committed borrowing facilities as at 30 September 2021 (as at 31 March 2021: HK\$Nil).

As at 30 September 2021, the Group had net current liabilities of approximately HK\$29.8 million (as at 31 March 2021: net current assets of approximately HK\$83.1 million). The Group's current assets mainly consisted of cash and cash equivalents of approximately HK\$268.3 million (as at 31 March 2021: approximately HK\$275.4 million) and prepayments, deposits and other receivables of approximately HK\$5.6 million (as at 31 March 2021: approximately HK\$5.8 million). The Group's current liabilities mainly included promissory note of approximately HK\$112.3 million (as at 31 March 2021: classified as non-current liabilities of approximately HK\$111.4 million), contract liabilities of approximately HK\$30.9 million (as at 31 March 2021: approximately HK\$39.6 million), accruals and other payables of approximately HK\$117.2 million (as at 31 March 2021: approximately HK\$114.4 million), current tax liabilities of approximately HK\$28.5 million (as at 31 March 2021: approximately HK\$33.0 million) and interest free loans from a substantial shareholder of the Company, CCI, of approximately HK\$11.8 million (as at 31 March 2021: approximately HK\$8.3 million).

At present, the Group generally finances its operations and investment activities with internal resources.

GEARING RATIO

The gearing ratio is measured by total interest-bearing borrowings as a percentage of equity. As at 30 September 2021, the gearing ratio was 303.1% (as at 31 March 2021: 292.9%).

CAPITAL STRUCTURE

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

CHARGE ON ASSETS

The Group did not have any charge on its assets as at 30 September 2021 and 31 March 2021.

EMPLOYEE, REMUNERATION POLICIES AND STAFF COSTS

As at 30 September 2021, the Group had 49 employees (as at 31 March 2021: 99). The staff costs for the six months ended 30 September 2021 was approximately HK\$5.5 million (six months ended 30 September 2020: approximately HK\$5.5 million). The Group's remuneration is determined with reference to the market conditions and the performance, qualifications and experience of individual employees while year-end bonus is based on the individual performance as recognition of and reward for their contributions. Other benefits accruing its employees include share option scheme, contributions made to statutory mandatory provident fund scheme and a group medical scheme to its employees.

MATERIAL INVESTMENT OR CAPITAL ASSETS

For the six months ended 30 September 2021 and the year ended 31 March 2021, the Group had no significant investment. As at 30 September 2021, the Group has no plan for material investments or acquisition of capital assets. Nevertheless, the Group is constantly looking for such opportunities to enhance the shareholders' value.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There were no material acquisitions or disposals of subsidiaries during the period.

FOREIGN CURRENCY RISK

The income and expenditure of the Group are mainly carried in Hong Kong dollars ("HK\$") and Renminbi ("RMB") and the assets and liabilities of the Group were mainly denominated in HK\$ and RMB. The Group does not expect significant exposure to foreign exchange fluctuations. The Group currently does not have a foreign currency hedging policy. However, the management of the Group will monitor foreign exchange exposure and will consider hedging significant currency exposure should the need arise.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2021 and 31 March 2021.

CAPITAL COMMITMENTS

Details of capital commitments is set out in note 24 to the condensed financial statements.

Condensed Consolidated Statement of Profit or Loss

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Note	Unaudited			
		For the three months ended 30 September		For the six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	4	2,726	446	9,178	745
Cost of service		(2,182)	(1,254)	(4,610)	(2,416)
Gross profit/(loss)		544	(808)	4,568	(1,671)
Investment and other income	5	966	482	1,120	674
Other gains and losses, net (Allowance)/reversal for expected credit losses	6	(29)	(1,383)	(579)	(1,137)
Selling and distribution expenses		(952)	(329)	(1,462)	(848)
Administrative expenses		(3,863)	(3,868)	(7,651)	(7,701)
Loss from operations		(3,835)	(5,900)	(4,487)	(10,677)
Finance costs	8	(524)	(578)	(1,026)	(1,161)
Loss before tax		(4,359)	(6,478)	(5,513)	(11,838)
Income tax credit/(expense)	9	130	-	(375)	23
Loss for the period attributable to owners of the Company	10	(4,229)	(6,478)	(5,888)	(11,815)
		HK cents (Unaudited)	HK cents (Unaudited)	HK cents (Unaudited)	HK cents (Unaudited)
Loss per share	12				
Basic (HK cents)		(0.22)	(0.34)	(0.31)	(0.62)
Diluted (HK cents)		N/A	N/A	N/A	N/A

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Loss for the period	(4,229)	(6,478)	(5,888)	(11,815)
Other comprehensive income				
<i>Item that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	164	10,462	4,920	11,484
Total comprehensive income for the period attributable to owners of the Company	(4,065)	3,984	(968)	(331)

Condensed Consolidated Statement of Financial Position

AT 30 SEPTEMBER 2021

	Note	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	237	623
Right-of-use assets	14	2,340	1,639
Intangible assets	15	89,204	87,740
Total non-current assets		91,781	90,002
Current assets			
Prepayments, deposits and other receivables	16	5,590	5,793
Bank and cash balances		268,297	275,423
Total current assets		273,887	281,216
TOTAL ASSETS		365,668	371,218
EQUITY AND LIABILITIES			
Share capital	21	18,957	18,957
Reserves		18,115	19,083
Total equity		37,072	38,040
LIABILITIES			
Non-current liabilities			
Promissory note	18	–	111,404
Lease liabilities		837	–
Deferred tax liabilities	19	24,067	23,672
Total non-current liabilities		24,904	135,076

	<i>Note</i>	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Current liabilities			
Contract liabilities	17	30,867	39,592
Receipt in advance		12	12
Accruals and other payables	20	117,199	114,423
Promissory note	18	112,347	–
Interest free loans from a substantial shareholder of the Company, China Communication Investment Limited (“CCI”)		11,800	8,300
Lease liabilities		3,005	2,731
Current tax liabilities		28,462	33,044
Total current liabilities		303,692	198,102
TOTAL LIABILITIES		328,596	333,178
TOTAL EQUITY AND LIABILITIES		365,668	371,218

Approved by the Board of Directors on 9 November 2021 and are signed on its behalf by:

He Chengguang
Director

Bao Yueqing
Director

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Share capital	Share premium	Merger reserve	Foreign currency translation reserve	Statutory reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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	-	-	-	11,484	-	(11,815)	(331)
Changes in equity for the period	-	-	-	11,484	-	(11,815)	(331)
At 30 September 2020 (unaudited)	18,957	1,354,838	8,320	(23,024)	625	(1,322,291)	37,425
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	-	-	-	4,920	-	(5,888)	(968)
Changes in equity for the period	-	-	-	4,920	-	(5,888)	(968)
At 30 September 2021 (unaudited)	18,957	1,354,838	8,320	(6,102)	625	(1,339,566)	37,072

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Unaudited For the six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
NET CASH USED IN OPERATING ACTIVITIES	(15,455)	(7,152)
Interest received	581	313
Proceeds from disposal of property, plant and equipment	–	32
Purchase of property, plant and equipment	(29)	–
NET CASH GENERATED FROM INVESTING ACTIVITIES	552	345
Loans from CCI	3,500	2,100
Payment of lease liabilities	(801)	(1,190)
NET CASH GENERATED FROM FINANCING ACTIVITIES	2,699	910
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,204)	(5,897)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	5,078	11,792
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	275,423	262,599
CASH AND CASH EQUIVALENTS AT END OF PERIOD	268,297	268,494
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	268,297	268,494

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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, Uglund House, South Church Street, 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. (Former address was Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.) The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

These condensed financial statements should be read in conjunction with the 2021 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2021.

The Group incurred a loss of HK\$5,888,000 for six months ended 30 September 2021 and had net current liabilities of approximately HK\$29,805,000 as at 30 September 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 these condensed financial statements of the Group based on the following:

- (a) On 1 November 2021, the Group agreed with CCI, a substantial shareholder of the Company, to postpone the repayment date to 15 November 2022 for an amount of HK\$95,100,000 due to CCI and directors expected that the repayment date will be further postponed successfully.

- (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 will be further postponed successfully.
- (c) CCI agreed not to demand repayment of loans amounted HK\$11,800,000 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 these condensed financial statements of the Group on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed 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.

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

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.

* *English name is for identification purpose only*

4. REVENUE

(a) Disaggregation of revenue

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

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

For the three months ended 30 September (Unaudited)	2021			2020		
	Promotion and Management Services HK\$'000	Robotics Education and Others HK\$'000	Total HK\$'000	Promotion and Management Services HK\$'000	Robotics Education and Others HK\$'000	Total HK\$'000
Reportable Segments						
Types of service						
Promotion and Management Services — Designated Shentong Cards	55	–	55	99	–	99
Robotics Education and Others — Robotics course	–	2,671	2,671	–	347	347
Total	55	2,671	2,726	99	347	446
Geographical market						
Mainland China	55	2,671	2,726	99	347	446
Time of revenue recognition						
A point in time	–	–	–	–	–	–
Over time	55	2,671	2,726	99	347	446
	55	2,671	2,726	99	347	446

For the six months ended 30 September (Unaudited)	2021			2020		
	Promotion and Management Services HK\$'000	Robotics Education and Others HK\$'000	Total HK\$'000	Promotion and Management Services HK\$'000	Robotics Education and Others HK\$'000	Total HK\$'000
Reportable Segments						
Types of service						
Promotion and Management Services — Designated Shentong Cards	113	–	113	398	–	398
Robotics Education and Others — Robotics course	–	9,065	9,065	–	347	347
Total	113	9,065	9,178	398	347	745
Geographical market						
Mainland China	113	9,065	9,178	398	347	745
Time of revenue recognition						
A point in time	–	–	–	–	–	–
Over time	113	9,065	9,178	398	347	745
	113	9,065	9,178	398	347	745

(b) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue as follows:

	Unaudited As at 30 September 2021 HK\$'000	Audited As at 31 March 2021 HK\$'000
Within 1 year	30,867	39,592
More than 1 year	–	–
	30,867	39,592

5. INVESTMENT AND OTHER INCOME

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Government grants	–	163	–	343
Interest income	137	301	291	313
Others	829	18	829	18
	966	482	1,120	674

6. OTHER GAINS AND LOSSES

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Exchange loss	(29)	(1,456)	(598)	(1,456)
Other	–	–	19	–
Gain on early termination of leases	–	73	–	319
	(29)	(1,383)	(579)	(1,137)

7. SEGMENT INFORMATION

The Group has the following operating segments:

- Promotion and Management Services — Provision of promotion and management services for an electronic smart card “Designated Shentong Card” in the PRC.
- Robotics Education and Others — Organising and hosting of China Robot Competition (“CRC”) and provision of CRC education course in the Heilongjiang Province in the PRC.

Information about operating segment profit or loss, assets and liabilities:

	Unaudited		
	Promotion and Management Services HK\$'000	Robotics Education and Others HK\$'000	Total HK\$'000
For the six months ended 30 September 2021:			
Revenue from external customer (including a related company)	113	9,065	9,178
Segment (loss)/profit	(985)	1,491	506
As at 30 September 2021:			
Segment assets	35,751	349,033	384,784
Segment liabilities	3,233	250,774	254,007

	Unaudited		
	Promotion and Management Services HK\$'000	Robotics Education and Others HK\$'000	Total HK\$'000
For the six months ended 30 September 2020:			
Revenue from external customer (including a related company)	398	347	745
Segment loss	(772)	(5,156)	(5,928)
As at 31 March 2021:			
Segment assets (unaudited)	35,853	354,093	389,946
Segment liabilities (unaudited)	2,900	257,098	259,998

	Unaudited	
	For the six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Reconciliation of segment profit or loss:		
Total profit/(loss) of reportable segments	506	(5,928)
Finance costs	(1,026)	(1,161)
Income tax (expense)/credit	(375)	23
Unallocated amounts:		
Directors' emoluments and allowances	(1,704)	(1,704)
Depreciation of right-of-use assets	(1,120)	(1,122)
Legal and professional fees	(352)	(244)
Salaries	(880)	(879)
Other unallocated head office and corporate expenses	(937)	(800)
Consolidated loss for the period	(5,888)	(11,815)

8. FINANCE COSTS

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Interest on promissory note payable to CCI	475	476	943	943
Interest on lease liabilities	49	102	83	218
	524	578	1,026	1,161

9. INCOME TAX (CREDIT)/EXPENSE

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Current tax — PRC				
— Provision for the period	(130)	—	375	—
Deferred tax	—	—	—	(23)
	(130)	—	375	(23)

For the three months ended and six months ended 30 September 2021, no provision for Hong Kong Profits Tax is required since the Group has no assessable profit in Hong Kong. Tax charged on estimated assessable profits in the PRC has been calculated at prorating tax rate of 25%.

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 ended and six months ended 30 September 2020.

10. LOSS FOR THE PERIOD

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

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Amortisation of intangible assets				
— Include in cost of service	–	1	–	91
Depreciation of property, plant and equipment (note 13)	29	341	424	828
Depreciation of right-of-use assets	681	662	1,332	1,341
Directors' emoluments	846	846	1,704	1,704
Legal and professional fees	130	128	365	256
Employee benefits expense including Directors' emoluments				
— Salaries, bonus and allowances	2,541	2,666	5,140	5,408
— Retirement benefits scheme contributions	184	22	371	45
	2,725	2,688	5,511	5,453

11. DIVIDENDS

No dividends have been paid or proposed during the three months and six months ended 30 September 2021, nor has any dividend been proposed since the end of the reporting period (three months and six months ended 30 September 2020: Nil).

12. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company for the three months and six months ended 30 September 2021 is based on the loss for the period attributable to owners of the Company of approximately HK\$4,229,000 (three months ended 30 September 2020: HK\$6,478,000) and HK\$5,888,000 (six months ended 30 September 2020: HK\$11,815,000) respectively and the weighted average number of ordinary shares of 1,895,697,017 (three months and six months ended 30 September 2020: 1,895,697,017) in issue during both 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 six months ended 30 September 2021 and 30 September 2020.

13. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Net carrying amount, beginning of the period/year	623	2,060
Additions	29	–
Depreciation	(424)	(1,542)
Written off/Disposal	–	(12)
Exchange differences	9	117
Net carrying amount, end of the period/year	237	623

14. RIGHT-OF-USE ASSETS

During the six months ended 30 September 2021, the Group entered into a new lease agreement for office use for 2 years. The Group make fixed payments during the contact period. On lease commencement, the Group recognised HK\$2,019,000 of right-of-use asset and lease liability.

15. INTANGIBLE ASSETS

	Unaudited 30 September 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)
Exchange differences	1,464	6,866
Net carrying amount, end of the period/year	89,204	87,740

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Amount due from CCC (note (i))	–	1,730
Other receivables	2,218	485
Prepayment and deposits	3,372	3,578
	5,590	5,793

Note:

- (i) The amount due from a substantial shareholder, CCC, is denominated in Renminbi (“RMB”), unsecured, interest-free and repayable on demand.

17. CONTRACT LIABILITIES

Contract liabilities	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Billings in advance of performance obligation — Robotics course fee	30,867	39,592

Contract liabilities represented the prepaid course fee received from enrolled robotics course participants.

Movements in contract liabilities:

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Beginning of the period/year	39,592	39,574
Increase in contract liabilities as a result of advance payments of robotics course fee received	—	1,597
Decrease in contract liabilities as a result of recognising revenue during the period/year	(9,375)	(4,828)
Exchange differences	650	3,249
End of the period/year	30,867	39,592

18. PROMISSORY NOTE

As at 30 September 2021, the promissory note is held by CCI with principal amount of approximately HK\$94,427,000 (as at 31 March 2021: HK\$94,427,000).

On 31 March 2021, the Group and CCI agreed to postpone the maturity date from 30 June 2021 to 30 June 2022.

The principal amount of the promissory note is denominated in HK\$. The promissory note is unsecured. As at 30 September 2021, the coupon rate is 2% per annum (as at 31 March 2021: 2% per annum) and the effective interest rate is 1.70% (as at 31 March 2021: 1.70%).

19. DEFERRED TAX LIABILITIES

	Intangible assets	Undistributed profits of subsidiaries	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020 (Audited)	20,243	1,601	21,844
Credit to profit or loss for the year	(24)	–	(24)
Exchange differences	1,716	136	1,852
At 31 March 2021 and 1 April 2021 (Audited)	21,935	1,737	23,672
Exchange differences	366	29	395
At 30 September 2021 (Unaudited)	22,301	1,766	24,067

20. ACCRUALS AND OTHER PAYABLES

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Amount due to CCI (note a)	95,100	95,100
Amount due to CCC (note b)	3,259	351
Amount due to related companies (note c)	4,126	4,246
Accrued salaries	6,072	6,322
Accrued expenses	1,054	1,148
Security deposits (note d)	5,419	5,329
Other payables	2,169	1,927
	117,199	114,423

- Notes: (a) The amount due to CCI, a substantial shareholder of the Company is denominated in HK\$, unsecured, interest-free and repayable on 15 November 2021. On 1 November 2021, the Group agreed with CCI to postpone the maturity date to 15 November 2022 and the directors expect that the repayment date will be further postponed successfully.
- (b) The amount due to CCC is denominated in RMB, unsecured, interest-free and repayable on demand.
- (c) Those related companies are the subsidiaries of CCC and CCI. The amounts are denominated in HK\$ and RMB, unsecured, interest-free and repayable on demand.
- (d) The amount represented the security deposits paid by CCC for the Heilongjiang Shentong CRC Shentong Card Payment system.

21. SHARE CAPITAL

	Unaudited At 30 September 2021		Audited At 31 March 2021	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each At the beginning and the end of the period/year	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each At the beginning and the end of the period/year	1,895,697,017	18,957	1,895,697,017	18,957

22. 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 30 September		For the six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Loans from CCI	1,500	2,100	3,500	2,100
Promotion and Management Service income from CCC	55	99	113	398
Interest on promissory note payable to CCI	(475)	(476)	(943)	(943)
Salaries and allowance paid to a close family member of an executive director	(154)	(154)	(309)	(309)
Service fee to CCC				
— Customer service hotline rental	(172)	(231)	(416)	(521)
— Discount of customer service hotline rental (Note)	-	3	-	237
— CRC Shentong Card payment system management	(167)	(21)	(563)	(21)
— Server hosting service	(866)	(807)	(1,732)	(1,593)
— Discount of server hosting service (Note)	-	538	-	1,062
Service fee to related companies				
— Web advertising expenses	(863)	(804)	(1,717)	(1,579)
— Discount of web advertising expenses (Note)	863	804	1,717	1,579
— Heilongjiang Operation and Management Contract	(64)	(645)	(135)	(645)
— Office rental	(369)	(295)	(680)	(583)

Note: Due to the outbreak of COVID-19, total discounts on service fees of HK\$863,000 and HK\$1,717,000 were granted by a related company during the three months ended and six months ended 30 September 2021. (For three months end six months ended 30 September 2020: total discounts on service fees of HK\$1,345,000 and HK\$2,878,000 were granted by CCC and a related company.)

- (b) A related party has provided course venue to the Group with nil consideration for the three months ended and six months ended 30 September 2021 and 2020.
- (c) CCC provide office space to the Group with nil consideration for the three months ended and six months ended 30 September 2021 and 2020.
- (d) The remuneration of directors and other members of key management during the period was as follows:

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2021 HK \$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Short-term benefits	1,008	1,008	2,028	2,028
Post-employment benefits	13	13	27	27
	1,021	1,021	2,055	2,055

23. CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any significant contingent liabilities (at 31 March 2021: Nil).

24. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Purchase of property, plant and equipment — Contracted but not provide for	665	665

Other Information

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

As at 30 September 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	
Mr. 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 September 2021.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 September 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				Approximate percentage of issued share capital
	Personal interests	Corporate interests	Other interests	Total	
CCC (Note 1)	–	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 (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. CCI is a wholly-owned subsidiary of CCC.
- (2) Friendly Capital Limited is wholly-owned by Li Chungang and is therefore deemed to be interested in 109,900,000 shares held by Friendly Capital Limited by virtue of the SFO.

Save as disclosed above, as at 30 September 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 matters 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 30 September 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 six months ended 30 September 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 six months ended 30 September 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 interim results of the Group for the six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 2021.

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. Zhang Li (*Independent Non-Executive Director*)

Hong Kong, 9 November 2021