

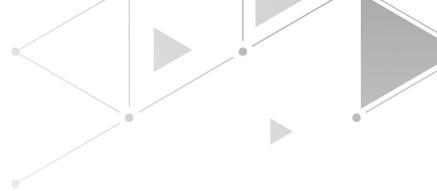


Shentong Robot Education Group Company Limited 神通机器人教育集团有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 8206)

INTERIM REPORT 2022/23





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This report, for which the directors (the “Directors”) of Shentong Robot Education Group Company Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this report misleading.



Highlights

- Revenue of the Group for the six months ended 30 September 2022 was approximately HK\$7,957,000.
- Profit attributable to owners of the Company was approximately HK\$1,722,000 for the six months ended 30 September 2022.
- Earnings per share for the six months ended 30 September 2022 was approximately HK0.09 cents.
- The board of the Directors (the "Board") does not recommend the payment of a dividend for the six months ended 30 September 2022.

The Directors hereby present the unaudited consolidated results of the Group for the six months ended 30 September 2022.

FINANCIAL PERFORMANCE

The Group recorded consolidated revenue of approximately HK\$7,957,000 for the six months ended 30 September 2022, representing a decrease of approximately 13.3% as compared to approximately HK\$9,178,000 for the six months ended 30 September 2021. The decrease in revenue was primarily due to there was suspension of physical classes due to the precautionary measures imposed by the government authority from March 2022 to early June 2022 and from late September 2022 onward.

The Group made profit attributable to owners of the Company of approximately HK\$1,722,000 for the six months ended 30 September 2022, as compared to loss of approximately HK\$5,888,000 for the six months ended 30 September 2021. The improvement in results was primarily due to exchange gain arising from devaluation of Renminbi, decrease in selling and distribution expenses and decrease in administrative expenses.



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 provision of robotics related education and training in the PRC (the “Robotics Business”). The Group recorded a decrease of approximately 13.3% in revenue for the six months ended 30 September 2022 as compared with that for the six months ended 30 September 2021. The decrease in revenue was primarily due to there was suspension of physical robotics classes due to the precautionary measures imposed by the government authority from March 2022 to early June 2022 and from late September 2022 onward. As the COVID-19 outbreak has widespread and negatively impacted all businesses in general, the businesses of the ultimate customers of CCC, being a company which wholly owns CCI which in turn is a substantial shareholder of the Company, have been adversely affected while some of which had even become insolvent, and the scale-down of CCC’s ultimate customers and its implementation of cost control measures, had led to a decrease in the revenue of CCC from hotline rental and server hosting and hence a decrease in promotion and after-sale services fees received by the Group. Further, the revenue generated from the Promotion and Management Business had decreased due to the reasons that marketing and promotion activities, such as client pitching are seriously interrupted due to the outbreak of COVID-19 in the PRC. As there were less active players for CCC’s card game mobile application which uses the Designated Shentong Card system, the Group had been putting more resources into 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, physical robotics classes of our Group which are normally conducted at schools and training centres of the Group have been suspended for the period from August 2021 to December 2021, from March 2022 to early June 2022 and from late September 2022 onward due to the precautionary measures imposed by the local government in the PRC.

It is expected by the Group, based on its assessment of the current circumstances, that the increasing vaccinated population and effective containing measures imposed should have a positive influence on the COVID-19 outbreak. The restriction measures should be gradually eased and the revenue will gradually recover. However, the revenue level as recorded by the Group before the COVID-19 outbreak may not be attained in the short future.

In light of the current situation of the COVID-19 outbreak, the Group’s plans are to adjust its robotics class arrangements to provide more online courses instead of physical classes and continue to apply its cost saving measures, including but not limited to, seeking to reduce the staff cost to the minimum necessary level. The Company expects that, after the release 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\$7,957,000 (2021: approximately HK\$9,178,000) for the six months ended 30 September 2022, representing a decrease of approximately 13.3% as compared with six months ended 30 September 2021 which was primarily due to there was suspension of physical robotics classes due to the precautionary measures imposed by the government authority from March 2022 to early June 2022 and from late September 2022 onward.

The Group's gross profit for the six months ended 30 September 2022 amounted to approximately HK\$4,865,000 as compared to approximately HK\$4,568,000 for the six months ended 30 September 2021.

Selling and distribution and administrative expenses for the six months ended 30 September 2022 was approximately HK\$7,074,000 as compared to approximately HK\$9,113,000 for the six months ended 30 September 2021. Decrease in expenses was mainly attributable to effective cost controlling measures.

PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The Group made a profit attributable to the owners of the Company of approximately HK\$1,722,000 for the six months ended 30 September 2022 as compared to loss of approximately HK\$5,888,000 for the six months ended 30 September 2021. The improvement was mainly due to exchange gain arised from devaluation of Renminbi, decrease in selling and distribution expenses and decrease in administrative expenses.

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 RESOURCE

As at 30 September 2022, the Group had fully repaid the promissory note at principal amount of approximately HK\$94.4 million before repayment (as at 31 March 2022: approximately HK\$94.4 million) with carrying value of approximately HK\$114.0 million before repayment (as at 31 March 2022: approximately HK\$113.3 million). The promissory note was unsecured and interest bearing at 2% per annum. As at 30 September 2022, the Group had outstanding loans from CCI of approximately HK\$18.4 million (as at 31 March 2022: HK\$15.8 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 2022 (as at 31 March 2022: HK\$Nil).

As at 30 September 2022, the Group had net current liabilities of approximately HK\$50.8 million (as at 31 March 2022: net current assets of approximately HK\$78.2 million). The Group's current assets mainly consisted of cash and cash equivalents of approximately HK\$128.3 million (as at 31 March 2022: approximately HK\$269.4 million) and prepayments, deposits and other receivables of approximately HK\$3.0 million (as at 31 March 2022: approximately HK\$3.2 million). The Group's current liabilities mainly included contract liabilities of approximately HK\$17.9 million (as at 31 March 2022: approximately HK\$28.6 million), accruals and other payables of approximately HK\$115.8 million (as at 31 March 2022: approximately HK\$117.5 million), current tax liabilities of approximately HK\$26.6 million (as at 31 March 2022: approximately HK\$28.6 million) and interest free loans from a substantial shareholder of the Company, CCI, of approximately HK\$18.4 million (as at 31 March 2022: approximately HK\$15.8 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 share capital. As at 30 September 2022, the gearing ratio was 0% (as at 31 March 2022: 597.6%).

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 2022 and 31 March 2022.

EMPLOYEE, REMUNERATION POLICIES AND STAFF COSTS

As at 30 September 2022, the Group had 77 employees (as at 31 March 2022: 84). The staff costs for the six months ended 30 September 2022 was approximately HK\$4.5 million (six months ended 30 September 2021: 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 2022 and the year ended 31 March 2022, the Group had no significant investment. The Company is in a preliminary discussion exploring a possible acquisition of certain equity interest in an education platform and software company (the "Possible Acquisition").

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

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

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 2022 and 31 March 2022.

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 2022

		Unaudited			
		For the three months ended 30 September		For the six months ended 30 September	
	Note	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	4	6,086	2,726	7,957	9,178
Cost of service		(1,522)	(2,182)	(3,092)	(4,610)
Gross profit		4,564	544	4,865	4,568
Investment and other income	5	148	966	360	1,120
Other gains and losses, net	6	2,094	(29)	3,947	(579)
Reversal/(allowance) for expected credit losses		598	(501)	604	(483)
Selling and distribution expenses		(394)	(952)	(741)	(1,462)
Administrative expenses		(3,535)	(3,863)	(6,333)	(7,651)
Profit/(loss) from operations		3,475	(3,835)	2,702	(4,487)
Finance costs	8	(285)	(524)	(770)	(1,026)
Profit/(loss) before tax		3,190	(4,359)	1,932	(5,513)
Income tax (expense)/credit	9	(210)	130	(210)	(375)
Profit/(loss) for the period attributable to owners of the Company	10	2,980	(4,229)	1,722	(5,888)
		HK cents (Unaudited)	HK cents (Unaudited)	HK cents (Unaudited)	HK cents (Unaudited)
Earnings/(loss) per share	12				
Basic (HK cents)		0.16	(0.22)	0.09	(0.31)
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 2022

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Profit/(loss) for the period	2,980	(4,229)	1,722	(5,888)
Other comprehensive income				
<i>Item that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	(6,301)	164	(18,044)	4,920
Total comprehensive income for the period attributable to owners of the Company	(3,321)	(4,065)	(16,322)	(968)

Condensed Consolidated Statement of Financial Position

AT 30 SEPTEMBER 2022

	Note	Unaudited 30 September 2022 HK\$'000	Audited 31 March 2022 HK\$'000
Non-current assets			
Property, plant and equipment	13	13	29
Right-of-use assets	14	1,309	2,354
Total non-current assets		1,322	2,383
Current assets			
Prepayments, deposits and other receivables	15	2,998	3,226
Bank and cash balances		128,334	269,439
Total current assets		131,332	272,665
Current liabilities			
Contract liabilities	16	17,938	28,635
Receipt in advance		12	12
Accruals and other payables	20	115,776	117,451
Interest free loans from a substantial shareholder of the Company, China Communication Investment Limited ("CCI")	17	18,350	15,750
Lease liabilities		3,450	4,050
Current tax liabilities		26,581	28,599
Total current liabilities		182,107	194,497
Net current (liabilities)/assets		(50,775)	78,168
Total assets less current liabilities		(49,453)	80,551
Non-current liabilities			
Promissory note	18	–	113,293
Lease liabilities		–	283
Deferred tax liabilities	19	921	1,027
Total non-current liabilities		921	114,603
NET LIABILITIES		(50,374)	(34,052)
CAPITAL AND RESERVES			
Share capital	21	18,957	18,957
Reserves		(69,331)	(53,009)
CAPITAL DEFICIENCY		(50,374)	(34,052)

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	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 2021	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
At 1 April 2022	18,957	1,354,838	8,320	(266)	625	(1,416,526)	(34,052)
Total comprehensive income for the period	-	-	-	(18,044)	-	1,722	(16,322)
Changes in equity for the period	-	-	-	(18,044)	-	1,722	(16,322)
At 30 September 2022 (unaudited)	18,957	1,354,838	8,320	(18,310)	625	(1,414,804)	(50,374)

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Unaudited For the six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000
NET CASH USED IN OPERATING ACTIVITIES	(5,620)	(15,455)
Interest received	258	581
Purchase of property, plant and equipment	–	(29)
NET CASH GENERATED FROM INVESTING ACTIVITIES	258	552
Repayments of promissory notes	(114,034)	–
Loans from CCI	2,600	3,500
Payment of lease liabilities	(610)	(801)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(112,044)	2,699
NET DECREASE IN CASH AND CASH EQUIVALENTS	(117,406)	(12,204)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(23,699)	5,078
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	269,439	275,423
CASH AND CASH EQUIVALENTS AT END OF PERIOD	128,334	268,297
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	128,334	268,297

Notes to the Condensed Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

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, Ugland House, South Church Street, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business in Hong Kong TS Unit 3006, 30/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. BASIS OF PREPARATION

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 2022 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 2022.

The Group had net current liabilities and net liabilities of approximately HK\$50,775,000 and HK\$50,374,000 respectively as at 30 September 2022. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

- (a) On 1 November 2022, the Group agreed with a substantial shareholder of the Company, China Communication Investment Limited ("CCI"), to postpone the repayment date to 15 November 2023 for an amount of HK\$95,100,000 due to CCI (as detailed in Note 20). The directors expect that the repayment date can be further postponed and CCI agreed not to demand repayment until the Group have the ability to do so.

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- (b) CCI agreed not to demand repayment of loans amounting HK\$18,350,000 until the Group has the ability to do so.
 - (c) The Directors have obtained the confirmation from 神州通信集團有限公司 (China Communication Group Co., Ltd.*) ("CCC"), the holding company of CCI and regarded as substantial shareholder of the Company, that CCC will continue to provide adequate funds for the Group to meet its present and future financial obligations as they fall due, and to cause CCI to postpone the repayment dates of any present and future liabilities due to CCI by the Group when necessary.
 - (d) Notwithstanding the derecognition of intangible assets of Exclusive Rights on 31 December 2021, the Group has been continuing to provide robotic education and training courses under the Group's own brand.

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

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

The accounting policies applied for this Financial Information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 March 2022. 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 2022 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 2022 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)	2022			2021		
	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	18	—	18	55	—	55
Robotics Education and Others — Robotics course	—	6,068	6,068	—	2,671	2,671
Total	18	6,068	6,086	55	2,671	2,726
Geographical market						
Mainland China	18	6,068	6,086	55	2,671	2,726
Time of revenue recognition						
A point in time	—	—	—	—	—	—
Over time	18	6,068	6,086	55	2,671	2,726
	18	6,068	6,086	55	2,671	2,726

For the six months ended 30 September (Unaudited)	2022			2021		
	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	37	–	37	113	–	113
Robotics Education and Others — Robotics course	–	7,920	7,920	–	9,065	9,065
Total	37	7,920	7,957	113	9,065	9,178
Geographical market						
Mainland China	37	7,920	7,957	113	9,065	9,178
Time of revenue recognition						
A point in time	–	–	–	–	–	–
Over time	37	7,920	7,957	113	9,065	9,178
	37	7,920	7,957	113	9,065	9,178

(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 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
Within 1 year	17,938	28,635
More than 1 year	–	–
	17,938	28,635

5. INVESTMENT AND OTHER INCOME

	Unaudited			
	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Government grants*	22	–	94	–
Interest income	118	137	258	291
Others	8	829	8	829
	148	966	360	1,120

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

6. OTHER GAINS AND LOSSES

	Unaudited			
	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Exchange gain/(loss)	2,094	(29)	3,947	(598)
Other	–	–	–	19
	2,094	(29)	3,947	(579)

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 — Provision of 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 2022:			
Revenue from external customer (including a related company)	37	7,920	7,957
Segment (loss)/profit	(508)	7,260	6,752
As at 30 September 2022:			
Segment assets	32,041	235,450	267,491
Segment liabilities	3,007	237,012	240,019

	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 31 March 2022:			
Segment assets (Audited)	36,279	258,235	294,514
Segment liabilities (Audited)	3,386	249,308	252,694

	Unaudited	
	For the six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000
Reconciliation of segment profit or loss:		
Total profit of reportable segments	6,752	506
Finance costs	(770)	(1,026)
Income tax expense	(210)	(375)
Unallocated amounts:		
Directors' emoluments and allowances	(1,278)	(1,704)
Depreciation of right-of-use assets	(505)	(1,120)
Legal and professional fees	(512)	(352)
Salaries	(736)	(880)
Other unallocated head office and corporate expenses	(1,019)	(937)
Consolidated profit/(loss) for the period	1,722	(5,888)

8. FINANCE COSTS

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Interest on promissory note payable to CCI	273	475	741	943
Interest on lease liabilities	12	49	29	83
	285	524	770	1,026

9. INCOME TAX EXPENSE/(CREDIT)

	Unaudited			
	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax — PRC				
— Provision for the period	210	(130)	210	375

For the three months ended and six months ended 30 September 2022 and 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%.

10. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is stated after charging the following:

	Unaudited			
	For the three months ended		For the six months ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment (note 13)	3	29	16	424
Depreciation of right-of-use assets	477	681	961	1,332
Directors' emoluments	639	846	1,278	1,704
Legal and professional fees	381	130	533	365
Employee benefits expense including Directors' emoluments				
— Salaries, bonus and allowances	1,869	2,541	4,066	5,140
— Retirement benefits scheme contributions	196	184	402	371
	2,065	2,725	4,468	5,511

11. DIVIDENDS

No dividends have been paid or proposed during the three months and six months ended 30 September 2022, nor has any dividend been proposed since the end of the reporting period (three months and six months ended 30 September 2021: Nil).

12. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share attributable to owners of the Company for the three months and six months ended 30 September 2022 is based on the profit for the period attributable to owners of the Company of approximately HK\$2,980,000 (three months ended 30 September 2021: loss of HK\$4,229,000) and HK\$1,722,000 (six months ended 30 September 2021: loss of HK\$5,888,000) respectively and the weighted average number of ordinary shares of 1,895,697,017 (three months and six months ended 30 September 2021: 1,895,697,017) in issue during both periods.

(b) Diluted earnings/(loss) per share

No diluted earnings/(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 2022 and 30 September 2021.

13. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 30 September 2022 HK\$'000	Audited 31 March 2022 HK\$'000
Net carrying amount, beginning of the period/year	29	623
Additions	–	29
Depreciation	(16)	(636)
Exchange differences	–	13
Net carrying amount, end of the period/year	13	29

14. RIGHT-OF-USE ASSETS

During the six months ended 30 September 2022, the Group did not enter any new lease agreement.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 September 2022 HK\$'000	Audited 31 March 2022 HK\$'000
Other receivables	422	317
Prepayment and deposits	2,576	2,909
	2,998	3,226

16. CONTRACT LIABILITIES

	Unaudited 30 September 2022 HK\$'000	Audited 31 March 2022 HK\$'000
Contract liabilities		
Billings in advance of performance obligation — Robotics course fee	17,938	28,635

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

Movements in contract liabilities:

	Unaudited 30 September 2022 HK\$'000	Audited 31 March 2022 HK\$'000
Beginning of the period/year	28,635	39,592
Increase in contract liabilities as a result of advance payments of robotics course fee received	–	–
Decrease in contract liabilities as a result of recognising revenue during the period/year	(8,168)	(12,392)
Exchange differences	(2,529)	1,435
End of the period/year	17,938	28,635

17. INTEREST FREE LOANS FROM CCI

	Unaudited 30 September 2022 HK\$'000	Audited 31 March 2022 HK\$'000
Interest free loans from CCI	18,350	15,750

The loans are denominated in HK\$, interest free, unsecured and repayable on demand.

18. PROMISSORY NOTE

As at 31 March 2022, the promissory note is held by CCI with principal amount of approximately HK\$94,427,000.

On 31 March 2022, the Group and CCI agreed to postpone the maturity date from 30 June 2022 to 30 June 2023.

The principal amount of the promissory note is denominated in HK\$. The promissory note is unsecured. As at 31 March 2022, the coupon rate is 2% per annum and the effective interest rate is 1.67%.

As at 30 September 2022, the Group had fully repaid all the outstanding balance of promissory note which include the accumulated interest.

19. DEFERRED TAX LIABILITIES

	Intangible assets	Undistributed profits of subsidiaries	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021	21,935	1,737	23,672
Credit to profit or loss for the year	(22,386)	(770)	(23,156)
Exchange differences	451	60	511
At 31 March 2022 (Audited) and 1 April 2022	–	1,027	1,027
Exchange differences	–	(106)	(106)
At 30 September 2023 (Unaudited)	–	921	921

20. ACCRUALS AND OTHER PAYABLES

	Unaudited 30 September 2022 HK\$'000	Audited 31 March 2022 HK\$'000
Amount due to CCI (note a)	95,100	95,100
Amount due to CCI (note b)	564	564
Amount due to CCC (note c)	6,721	5,978
Amounts due to related companies (note d)	163	602
Accrued salaries	5,380	6,385
Accrued expenses	1,164	1,393
Security deposits (note e)	4,980	5,550
Other payables	1,704	1,879
	115,776	117,451

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 2022. On 1 November 2022, the Group agreed with CCI to postpone the maturity date to 15 November 2023 and the directors expect that the repayment date will be further postponed successfully.
- (b) The amount due to CCI, a substantial shareholder of the Company is denominated in HK\$, unsecured, interest-free and repayable on demand.
- (c) The amount due to CCC, a substantial shareholder of the Company is denominated in RMB, unsecured, interest-free and repayable on demand.
- (d) The amounts due to related companies are denominated in HK\$ and RMB, unsecured, interest-free and repayable on demand. Those related companies are the subsidiaries of CCC and CCI.
- (e) The amount represented the security deposits paid by CCC for the Heilongjiang Shentong Card Payment system.

21. SHARE CAPITAL

	Unaudited At 30 September 2022		Audited At 31 March 2022	
	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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Loans from CCI	2,000	1,500	2,600	3,500
Promotion and Management Service income from CCC	18	55	37	113
Interest on promissory note payable to CCI	(273)	(475)	(741)	(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	(229)	(172)	(430)	(416)
— Shentong Card payment system management	(375)	(167)	(490)	(563)
— Server hosting service	(824)	(866)	(1,677)	(1,732)
— Discount of server hosting service (Note)	275	—	559	—
Service fee to related companies				
— Web advertising expenses	(822)	(863)	(1,663)	(1,717)
— Discount of web advertising expenses (Note)	822	863	1,663	1,717
— Heilongjiang Operation and Management Contract	—	(64)	—	(135)
— Office rental	(357)	(369)	(725)	(680)

Note: Due to the outbreak of COVID-19, total discounts on service fees of HK\$1,097,000 and HK\$2,222,000 were granted by a related company during the three months ended and six months ended 30 September 2022. (For three months end six months ended 30 September 2021: total discounts on service fees of HK\$863,000 and HK\$1,717,000 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.
- (c) CCC provide office space to the Group with nil consideration for the three months ended and six months ended 30 September 2021.
- (d) The remuneration of directors and other members of key management during the period was as follows:

	Unaudited			
	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK \$'000	HK\$'000	HK\$'000	HK\$'000
Short-term benefits	828	1,008	1,595	2,028
Post-employment benefits	5	13	18	27
	833	1,021	1,613	2,055

23. CONTINGENT LIABILITIES

As at 30 September 2022, the Group did not have any significant contingent liabilities (at 31 March 2022: Nil).

24. CAPITAL COMMITMENTS

The Group did not have any capital commitments at the end of the reporting period.

Other Information

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

As at 30 September 2022, 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 2022.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 September 2022, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, the following persons (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO and Section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholder	Number of shares held			Total	Approximate percentage of issued share capital
	Personal interests	Corporate interests	Other interests		
CCC (Note 1)	–	542,042,000	–	542,042,000	28.59%
CCI	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 2022, 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 2021/22.

There is no outstanding options which have been granted under 2013 Share Option Scheme as at 30 September 2022.



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 2022.

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 2022, 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 2022. 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 2022.

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 2022.

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, 8 November 2022