



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 RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

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 announcement, 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 announcement.

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

HIGHLIGHTS

- Revenue of the Group from continuing operation for the six months ended 30 September 2023 was approximately HK\$12,485,000.
- Profit for the period of the Company was approximately HK\$452,000 for the six months ended 30 September 2023.
- Earnings per share for the six months ended 30 September 2023 was approximately HK0.02 cents.
- The board of the Directors (the “Board”) does not recommend the payment of a dividend for the six months ended 30 September 2023.

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

FINANCIAL PERFORMANCE

The Group recorded consolidated revenue from continuing operation of approximately HK\$12,485,000 for the six months ended 30 September 2023, representing an increase of approximately 57.6% as compared to approximately HK\$7,920,000 for the six months ended 30 September 2022. The increase in revenue was primarily due to the recovery of demand after the epidemic and there was no suspension of classes in the current period.

The Group made profit for the period of the Company of approximately HK\$452,000 for the six months ended 30 September 2023, as compared to approximately HK\$1,826,000 for the six months ended 30 September 2022. The decrease in results was primarily due to the decrease in exchange gain.

BUSINESS REVIEW AND PROSPECTS

The principal business activities of the Group is the provision of robotics related education and training in the PRC (the “Robotics Business”). The Group commenced its recovery from early 2023 upon the release of restriction measures imposed by the local government in the PRC. The Group recorded an increase of approximately 57.6% in revenue from continuing operation for the six months ended 30 September 2023 as compared with that for the six months ended 30 September 2022. The increase in revenue was primarily due to the recovery of demand after the epidemic and there was no suspension of classes in the current period. The Group experienced continuous growth in revenue for 2 consecutive years and further growth is expected upon the release of restriction measures.

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND PROFITABILITY

The Group recorded a revenue from continuing operation of approximately HK\$12,485,000 (2022: approximately HK\$7,920,000) for the six months ended 30 September 2023, representing an increase of approximately 57.6% as compared with six months ended 30 September 2022 which was primarily due to the recovery of demand after the epidemic and there was no suspension of classes in the current period.

The Group's gross profit from continuing operation for the six months ended 30 September 2023 amounted to approximately HK\$9,505,000 as compared to approximately HK\$4,828,000 for the six months ended 30 September 2022. Improvement was primarily contributed to the increase in revenue.

Selling and distribution and administrative expenses from continuing operation for the six months ended 30 September 2023 was approximately HK\$8,017,000 as compared to approximately HK\$6,521,000 for the six months ended 30 September 2022.

PROFIT FOR THE PERIOD OF THE COMPANY

The Group made a profit for the period of the Company of approximately HK\$452,000 for the six months ended 30 September 2023 as compared to approximately HK\$1,826,000 for the six months ended 30 September 2022. The decrease in results was mainly due to the decrease in exchange gain.

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 2023, the Group had outstanding loans from CCI of approximately HK\$Nil (as at 31 March 2023: approximately HK\$21.5 million) which were unsecured, interest-free and repayable on demand and amount due to CCI of approximately HK\$95.1 million (as at 31 March 2023: approximately HK\$95.1 million) and approximately HK\$0.6 million (as at 31 March 2023: approximately HK\$0.6 million) which were unsecured, interest-free and repayable on 15 August 2024 and unsecured, interest-free and repayable on demand respectively. Other than the above, the Group did not have any other committed borrowing facilities as at 30 September 2023 (as at 31 March 2023: HK\$Nil).

As at 30 September 2023, the Group had net current liabilities of approximately HK\$55.4 million (as at 31 March 2023: approximately HK\$52.3 million). The Group's current assets mainly consisted of cash and cash equivalents of approximately HK\$85.9 million (as at 31 March 2023: approximately HK\$125.4 million) and prepayments, deposits and other receivables of approximately HK\$3.5 million (as at 31 March 2023: approximately HK\$3.1 million). The Group's current liabilities mainly included contract liabilities of approximately HK\$5.2 million (as at 31 March 2023: approximately HK\$12.2 million), accruals and other payables of approximately HK\$109.8 million (as at 31 March 2023: approximately HK\$119.5 million), current tax liabilities of approximately HK\$27.3 million (as at 31 March 2023: approximately HK\$27.0 million) and loans from a substantial shareholder of approximately HK\$Nil (as at 31 March 2023: approximately HK\$21.5 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 2023, the gearing ratio was 0% (as at 31 March 2023: 0%).

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 2023 and 31 March 2023.

EMPLOYEE, REMUNERATION POLICIES AND STAFF COSTS

As at 30 September 2023, the Group had 67 employees (as at 31 March 2023: 66). The staff costs from continuing operation for the six months ended 30 September 2023 was approximately HK\$4.2 million (six months ended 30 September 2022: approximately HK\$4.0 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 2023 and the year ended 31 March 2023, 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 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 2023 and 31 March 2023.

CAPITAL COMMITMENTS

Details of capital commitments is set out in note 23 to the condensed financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

		Unaudited				
		For the three months ended		For the six months ended		
		30 September		30 September		
Note		2023	2022	2023	2022	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
			(restated)		(restated)	
Continuing operation						
	Revenue	4	6,575	6,068	12,485	7,920
	Cost of service		(1,590)	(1,522)	(2,980)	(3,092)
	Gross profit		4,985	4,546	9,505	4,828
	Investment and other income	5	307	144	366	352
	Other gains and losses, net (Impairment allowance)/ Reversal for expected credit losses	6	840	2,094	35	3,947
	Selling and distribution expenses		(29)	598	65	604
	Administrative expenses		(899)	(357)	(1,347)	(667)
			(3,818)	(3,289)	(6,670)	(5,854)
	Profit from operations		1,386	3,736	1,954	3,210
	Finance costs	8	(29)	(285)	(79)	(770)
	Profit before tax		1,357	3,451	1,875	2,440
	Income tax (expense)/credit	9	(901)	42	(1,423)	(106)
	Profit for the period from continuing operations of the Company	10	456	3,493	452	2,334
	Discontinued operation					
	Loss for the period from discontinued operation		-	(261)	-	(508)
	Profit for the period		456	3,232	452	1,826
			<i>HK cents</i> (Unaudited)	<i>HK cents</i> (Unaudited)	<i>HK cents</i> (Unaudited)	<i>HK cents</i> (Unaudited)
	Earnings per share	13				
	From continuing and discontinued operation					
	Basic (cents per share)		0.02	0.17	0.02	0.10
	Diluted (cents per share)		N/A	N/A	N/A	N/A
	From continuing operation					
	Basic (cents per share)		0.02	0.18	0.02	0.12
	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 2023

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(restated)		(restated)
Profit for the period	456	3,232	452	1,826
Other comprehensive income				
<i>Item that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	<u>(3,662)</u>	<u>(16,355)</u>	<u>(2,276)</u>	<u>(18,098)</u>
Total comprehensive income for the period attributable to owners of the Company	<u>(3,206)</u>	<u>(13,123)</u>	<u>(1,824)</u>	<u>(16,272)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2023

	<i>Note</i>	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000 (restated)
Non-current assets			
Property, plant and equipment	14	8	5
Right-of-use assets	15	3,969	3,310
Deferred tax assets		785	815
Total non-current assets		4,762	4,130
Current assets			
Prepayments, deposits and other receivables	16	3,499	3,141
Bank and cash balances		85,906	125,439
Total current assets		89,405	128,580
Current liabilities			
Contract liabilities	17	5,201	12,164
Receipt in advance		12	12
Accruals and other payables	19	109,779	119,525
Interest free loans from a substantial shareholder	18	–	21,450
Lease liabilities		2,519	680
Current tax liabilities		27,331	27,017
Total current liabilities		144,842	180,848
Net current liabilities		(55,437)	(52,268)
Total assets less current liabilities		(50,675)	(48,138)
Non-current liabilities			
Lease liabilities		2,308	2,863
Deferred tax liabilities		1,623	1,781
Total non-current liabilities		3,931	4,644
NET LIABILITIES		(54,606)	(52,782)
CAPITAL AND RESERVES			
Share capital	20	18,957	18,957
Reserves		(73,563)	(71,739)
CAPITAL DEFICIENCY		(54,606)	(52,782)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2022 (as originally presented)	18,957	1,354,838	8,320	(266)	625	(1,416,526)	(34,052)
Impact of adoption of amendments to HKAS 12 (<i>note 3</i>)	-	-	-	-	-	476	476
At 1 April 2022 (as restated)	<u>18,957</u>	<u>1,354,838</u>	<u>8,320</u>	<u>(266)</u>	<u>625</u>	<u>(1,416,050)</u>	<u>(33,576)</u>
Changes in equity for the period	-	-	-	(18,098)	-	1,826	(16,272)
At 30 September 2022 (as restated)	<u><u>18,957</u></u>	<u><u>1,354,838</u></u>	<u><u>8,320</u></u>	<u><u>(18,364)</u></u>	<u><u>625</u></u>	<u><u>(1,414,224)</u></u>	<u><u>(49,848)</u></u>
At 1 April 2023 (as originally presented)	18,957	1,354,838	8,320	(15,478)	625	(1,420,105)	(52,843)
Impact of adoption of amendments to HKAS 12 (<i>note 3</i>)	-	-	-	-	-	61	61
At 1 April 2023 (as restated)	<u>18,957</u>	<u>1,354,838</u>	<u>8,320</u>	<u>(15,478)</u>	<u>625</u>	<u>(1,420,044)</u>	<u>(52,782)</u>
Changes in equity for the period	-	-	-	(2,276)	-	452	(1,824)
At 30 September 2023	<u><u>18,957</u></u>	<u><u>1,354,838</u></u>	<u><u>8,320</u></u>	<u><u>(17,754)</u></u>	<u><u>625</u></u>	<u><u>(1,419,592)</u></u>	<u><u>(54,606)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Unaudited	
	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
NET CASH USED IN OPERATING ACTIVITIES	(14,204)	(5,620)
Interest received	95	258
Purchase of property, plant and equipment	(7)	–
NET CASH GENERATED FROM INVESTING ACTIVITIES	88	258
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of promissory notes	–	(114,034)
Loans from CCI	3,200	2,600
Repayment of loans from CCI	(24,650)	–
Payment of lease liabilities	(473)	(610)
Net cash used in financing activities	(21,923)	(112,044)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(36,039)	(117,406)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(3,494)	(23,699)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	125,439	269,439
CASH AND CASH EQUIVALENTS AT END OF PERIOD	85,906	128,334
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	85,906	128,334

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is PO Box 309, Ugland House, South Church Street, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business in Hong Kong is 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 2023 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 2023.

The Group had net current liabilities and net liabilities of approximately HK\$55,437,000 and HK\$54,606,000 respectively as at 30 September 2023. 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 June 2023, the Group agreed with a substantial shareholder of the Company, China Communication Investment Limited (“CCI”), to postpone the repayment date to 15 August 2024 for an amount of HK\$95,100,000 due to CCI. The directors expect that the repayment date can be further postponed and CCI agreed not to demand repayment until the Group have the ability to do so.
- (b) The Directors have obtained the confirmation from 神州通信集團有限公司 (China Communication Group Co., Ltd.*) (“CCC”), the holding company of CCI and regarded as substantial shareholder of the Company, that CCC will continue to provide adequate funds for the Group to meet its present and future financial obligations as they fall due, and to cause CCI to postpone the repayment dates of any present and future liabilities due to CCI by the Group when necessary.

Having regard to the financial support of CCC and CCI, at a level sufficient to finance the working capital requirements of the Group, the directors are therefore of the opinion that it is appropriate to prepare 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.

* *English name is for identification purpose only*

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

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

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

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

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

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

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

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

Condensed consolidated statement of financial position	As at 30 September 2023			As at 31 March 2023		
	(before adoption of Amendments to HKAS 12)	Effects of adoption of Amendments to HKAS 12	As at 30 September 2023 (as presented)	(before adoption of Amendments to HKAS 12)	Effects of adoption of Amendments to HKAS 12	As at 31 March 2023 (as presented)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Non-current assets						
Deferred tax assets	-	785	785	-	815	815
Non-current liabilities						
Deferred tax liabilities	1,027	596	1,623	1,027	754	1,781
Equity						
Capital deficiency	(54,794)	188	(54,606)	(52,843)	61	(52,782)
For the six months ended 30 September						
Condensed consolidated statement of profit or loss and other comprehensive income	2023			2022		
	(before adoption of Amendments to HKAS 12)	Effects of adoption of Amendments to HKAS 12	2023 (as presented)	(before adoption of Amendments to HKAS 12)	Effects of adoption of Amendments to HKAS 12	2022 (as presented)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Income tax expenses	1,557	(134)	1,423	210	(104)	106

Earnings per share for profit attributable to owners of the Company for the six months period ended 30 September 2023 increased by 0.0071 HK cents (2022: increased by 0.0055 HK cents) as a result of the adoption of Amendments to HKAS 12.

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

4. REVENUE

(a) Revenue from contracts with customers within the scope of HKFRS 15

The Group is principally engaged in the provision of robotics education and others for continuing operation in Heilongjiang Province in the PRC. The revenue from continuing operation was recognized over time.

Reportable Segments	For the three months ended 30 September (Unaudited)	
	2023 Robotics Education and Others HK\$'000	2022 Robotics Education and Others HK\$'000
Types of service		
Robotics Education and Others		
— Robot course	6,260	6,068
— Competition admission	315	—
Total	<u>6,575</u>	<u>6,068</u>

Reportable Segments	For the six months ended 30 September (Unaudited)	
	2023 Robotics Education and Others HK\$'000	2022 Robotics Education and Others HK\$'000
Types of service		
Robotics Education and Others		
— Robot course	12,170	7,920
— Competition admission	315	—
Total	<u>12,485</u>	<u>7,920</u>

(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 2023 HK\$'000	Audited As at 31 March 2023 HK\$'000
Within 1 year	<u>5,201</u>	<u>12,164</u>

5. INVESTMENT AND OTHER INCOME

	Unaudited			
	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Continuing operation				
Government grants ^(*)	206	22	260	94
Interest income	98	114	98	250
Others	3	8	8	8
	<u>307</u>	<u>144</u>	<u>366</u>	<u>352</u>

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

6. OTHER GAINS AND LOSSES

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

7. SEGMENT INFORMATION

The Group has one operating segment from continuing operation:

Robotics Education and Others — Provision of education course in the Heilongjiang Province in the PRC.

Promotion and Management Services segment was discontinued since 31 March 2023. The segment information reported does not include any amounts for the discontinued operation.

After the discontinuation of promotion and management services segment since 31 March 2023, the executive directors of the Company, being the chief operating decision maker, no longer review discrete financial information on the discontinued operation and consider the provision of robotics education course in Heilongjiang Province in the PRC as a single operating segment.

The operating segment has been identified on the basis of internal management reports prepared and is regularly reviewed by the executive directors of the Company. The executive directors of the Company review the overall results, assets and liabilities of the Group as a whole to make decisions about resources allocation.

The Group's reportable segment is strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segment is the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include finance costs, income tax expense and unallocated corporate expenses. Segment assets include all non-current assets and current assets with the exception of corporate assets. Segment liabilities include all non-current liabilities and current liabilities with the exception of current tax liabilities, deferred tax liabilities and corporate liabilities.

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

	Unaudited	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Six months period ended 30 September:		
Revenue from external customer	12,485	7,920
Segment profit	5,652	7,260
As at 30 September/31 March 2023		
Segment assets	222,143	235,677
Segment liabilities	217,705	232,699

Reconciliations of segment revenue, profit, assets and liabilities from continuing operation:

	Unaudited	
	For the six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Re-presented)	
Reconciliation of segment profit or loss:		
Total profit of reportable segments	5,652	7,260
Finance costs	(79)	(770)
Income tax expense	(1,423)	(106)
Unallocated amounts:		
Directors' emoluments and allowances	(1,260)	(1,278)
Depreciation of right-of-use assets	(519)	(505)
Legal and professional fees	(225)	(512)
Salaries	(714)	(736)
Other unallocated head office and corporate expenses	(980)	(1,019)
Consolidated profit for the period	452	2,334

8. FINANCE COSTS

	Unaudited			
	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operation				
Interest on promissory note payable to CCI	–	273	–	741
Interest on lease liabilities	29	12	79	29
	29	285	79	770

9. INCOME TAX EXPENSE/(CREDIT)

	Unaudited			
	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(re-presented and restated)		(re-presented and restated)
Continuing operation				
Current tax — PRC				
— Provision for the period	1,035	62	1,557	210
Deferred tax	(134)	(104)	(134)	(104)
	901	(42)	1,423	106

For the three months ended and six months ended 30 September 2023 and for the three months ended and six months ended 30 September 2022, 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 FOR THE PERIOD FROM CONTINUING OPERATION

The Group's profit for the period from continuing operation is stated after charging the following:

	Unaudited			
	For the three months ended 30 September		For the six months ended 30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment (<i>note 14</i>)	1	3	4	16
Depreciation of right-of-use assets	439	477	977	961
Directors' emoluments	612	639	1,260	1,278
Legal and professional fees	142	381	235	521
Employee benefits expense including Directors' emoluments				
— Salaries, bonus and allowances	1,832	1,677	3,872	3,677
— Retirement benefits scheme contributions	162	167	335	345
	<u>1,994</u>	<u>1,844</u>	<u>4,207</u>	<u>4,022</u>

11. DISCONTINUED OPERATION

On 31 March 2023, the Directors passed a resolution to discontinue the Group's operation in promotion and management services with the immediate effect. The promotion and management services segment has been discontinued since then.

12. DIVIDENDS

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

13. EARNINGS PER SHARE

From continuing and discontinued operations

(a) Basic earnings 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 2023 is based on the profit for the period attributable to owners of the Company of approximately HK\$456,000 (three months ended 30 September 2022: HK\$3,232,000) and HK\$452,000 (six months ended 30 September 2022: HK\$1,826,000) respectively and the weighted average number of ordinary shares of 1,895,697,017 (three months and six months ended 30 September 2022: 1,895,697,017) in issue during both periods.

(b) Diluted earnings per share

No diluted earnings 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 2023 and 30 September 2022.

From continuing operation

(a) Basic earnings 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 2023 is based on the profit for the period attributable to owners of the Company of approximately HK\$456,000 (three months ended 30 September 2022: HK\$3,493,000) and HK\$452,000 (six months ended 30 September 2022: HK\$2,334,000) respectively and the weighted average number of ordinary shares of 1,895,697,017 (three months and six months ended 30 September 2022: 1,895,697,017) in issue during both periods.

(b) Diluted earnings per share

No diluted earnings 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 2023 and 30 September 2022.

From discontinuing operation

(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 2022 is based on the loss for the period attributable to owners of the Company of approximately HK\$261,000 and HK\$508,000 respectively and the weighted average number of ordinary shares of 1,895,697,017 in issue during both periods.

(b) Diluted earnings per share

No diluted earnings per share was presented as the Company did not have any dilutive potential ordinary shares for the three months and six months 30 September 2022.

14. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Net carrying amount, beginning of the period/year	5	29
Additions	7	–
Depreciation	(4)	(23)
Exchange differences	–	(1)
	<u>–</u>	<u>–</u>
Net carrying amount, end of the period/year	<u>8</u>	<u>5</u>

15. RIGHT-OF-USE ASSETS

During the six months ended 30 September 2023, the Group entered into a new lease agreement of headquarter of the Company for 2 years.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Amount due from CCC (<i>note</i>)	998	–
Other receivables	427	502
Prepayment and deposits	2,074	2,639
	<u>3,499</u>	<u>3,141</u>

Note:

The amount due from CCC, a substantial shareholder of the Company is denominated in RMB, unsecured, interest-free and repayable on demand.

17. CONTRACT LIABILITIES

	Unaudited 30 September 2023 <i>HK\$'000</i>	Audited 31 March 2023 <i>HK\$'000</i>
Contract liabilities		
Billings in advance of performance obligation		
— Robotics course fee	<u>5,201</u>	<u>12,164</u>

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

Movements in contract liabilities:

	Unaudited 30 September 2023 <i>HK\$'000</i>	Audited 31 March 2023 <i>HK\$'000</i>
Beginning of the period/year	12,164	28,635
Increase in contract liabilities as a result of advance payments of robotics course fee received	6,131	1,770
Decrease in contract liabilities as a result of recognising revenue during the period/year	(12,499)	(16,152)
Exchange differences	<u>(595)</u>	<u>(2,089)</u>
End of the period/year	<u>5,201</u>	<u>12,164</u>

18. INTEREST FREE LOANS FROM CCI

	Unaudited 30 September 2023 <i>HK\$'000</i>	Audited 31 March 2023 <i>HK\$'000</i>
Interest free loans from CCI	<u>—</u>	<u>21,450</u>

The loans are denominated in HK\$, interest free, unsecured and repayable on demand. All the loans were repaid during the six months ended 30 September 2023.

19. ACCRUALS AND OTHER PAYABLES

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Amount due to CCI (<i>note a</i>)	95,100	95,100
Amount due to CCI (<i>note b</i>)	564	564
Amount due to CCC (<i>note c</i>)	–	6,665
Amounts due to related companies (<i>note d</i>)	989	2,907
Accrued salaries	4,932	6,369
Accrued expenses	1,628	908
Security deposits (<i>note e</i>)	4,832	5,143
Other payables	1,734	1,869
	<u>109,779</u>	<u>119,525</u>

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 2023. On 1 June 2023, the repayable dated further extended to 15 August 2024.
- (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.

20. SHARE CAPITAL

	Unaudited At 30 September 2023		Audited At 31 March 2023	
	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	<u>10,000,000,000</u>	<u>100,000</u>	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each At the beginning and the end of the period/year	<u>1,895,697,017</u>	<u>18,957</u>	<u>1,895,697,017</u>	<u>18,957</u>

21. 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 2023		For the six months ended 30 September 2023	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loans from CCI	2,100	2,000	3,200	2,600
Promotion and Management Service income from CCC	–	18	–	37
Interest on promissory note payable to CCI	–	(273)	–	(741)
Salaries and allowance paid to a close family member of an executive director	(154)	(154)	(309)	(309)

	Unaudited			
	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Service fee to CCC				
— Customer service hotline rental	(338)	(229)	(451)	(430)
— Discount of customer service hotline rental	225	–	225	–
— Shentong Card payment system management	(403)	(375)	(769)	(490)
— Server hosting service	(518)	(824)	(1,054)	(1,677)
— Discount of server hosting service (<i>Note</i>)	259	275	527	559
Service fee to related companies				
— Web advertising expenses	(774)	(822)	(1,567)	(1,663)
— Discount of web advertising expenses (<i>Note</i>)	774	822	1,567	1,663
— Office rental	–	(357)	–	(725)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Note: Due to the outbreak of COVID-19, total discounts on service fees of HK\$1,258,000 and HK\$2,319,000 were granted by a related company during the three months ended and six months ended 30 September 2023. (For three months end six months ended 30 September 2022: total discounts on service fees of HK\$1,097,000 and HK\$2,222,000 were granted by CCC and a related company.)

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

	Unaudited			
	For the three months ended		For the six months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Short-term benefits	828	828	1,647	1,595
Post-employment benefits	5	5	18	18
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>833</u>	<u>833</u>	<u>1,665</u>	<u>1,613</u>

22. CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have any significant contingent liabilities (at 31 March 2023: Nil).

23. CAPITAL COMMITMENTS

The Group did not have any capital commitments at the end of the reporting periods (at 31 March 2023: Nil).

24. COMPARATIVE FIGURES

- (a) The presentation of comparative information in respect of the consolidated statement of profit or loss for the three months and six months ended 30 September 2022 has been re-presented in order to disclose the discontinued operation separately from continuing operation.
- (b) The Group has adopted Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” from 1 April 2023 and certain comparative figures have been re-stated correspondingly. Details are set out in note 3 of the Notes to condensed consolidated financial statements in this announcement.

OTHER INFORMATION

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

As at 30 September 2023, the interests and short positions of the Directors and the chief executives of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) (Chapter 571 of the Laws of Hong Kong)) which (a) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name of Director	Number of shares held			Approximate percentage of issued share capital
	Personal interests	Corporate interests	Total	
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 2023.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 September 2023, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, the following persons (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO and Section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholder	Number of shares held			Total	Approximate percentage of issued share capital
	Personal interests	Corporate interests	Other interests		
CCC (<i>Note 1</i>)	–	542,042,000	–	542,042,000	28.59%
CCI	542,042,000	–	–	542,042,000	28.59%
Yang Shao Hui	191,041,256	–	–	191,041,256	10.08%
Cao Bingsheng	120,000,000	–	–	120,000,000	6.33%
Liang Haiqi	120,000,000	–	–	120,000,000	6.33%
Li Chungang (<i>Note 2</i>)	–	109,900,000	–	109,900,000	5.80%
Friendly Capital Limited	109,900,000	–	–	109,900,000	5.80%

Notes:

- (1) CCC is deemed to be a substantial shareholder as defined in the GEM Listing Rules as it is deemed to be interested in the shares held by CCI by virtue of Part XV of the SFO. CCI is a wholly-owned subsidiary of CCC.
- (2) Friendly Capital Limited is wholly-owned by Li Chungang and is therefore deemed to be interested in 109,900,000 shares held by Friendly Capital Limited by virtue of Part XV of the SFO.

Save as disclosed above, as at 30 September 2023, so far as is known to, or can be ascertained after reasonable enquiry by the Directors, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which requires to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

CHANGES IN INFORMATION OF DIRECTORS

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

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

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 2022/23.

No share option has been granted, exercised, cancelled or lapsed during the six months ended 30 September 2023. As at 30 September 2023, nil option share was outstanding under the 2013 Share Option Scheme.

The 2013 Share Option Scheme has a term of 10 years from its adoption date and has expired on 6 August 2023. Upon the expiration of the 2013 Share Option Scheme, no further options will be offered. There are no share options remained outstanding under the 2013 Share Option Scheme.

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 2023.

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 2023, it comprises three independent non-executive Directors, namely Mr. Yip Tai Him, Ms. Han Liqun and Ms. Chen Lei. The primary duties of the audit committee are to review the Company’s annual report and accounts, half-yearly reports and quarterly reports and to provide advice and comments thereon to the Board. In addition, the audit committee considers any significant and unusual items that are, or may need to be, reflected in such reports and accounts and gives due consideration to any matters that have been raised by the Company’s qualified accountant, compliance officer and auditors. The audit committee is also responsible for reviewing and supervising the financial reporting process and the Group’s internal control system.

REVIEW OF ACCOUNTS

The audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 September 2023. The audit committee is of the opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements and that adequate disclosures have been made.

CODE ON CORPORATE GOVERNANCE PRACTICES

Having made specific enquiry of all Directors, the Board has confirmed that all Directors have complied with the principles and code provisions (the “Code Provisions”) set out in the CG Code during the six months ended 30 September 2023.

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavours to take all necessary actions to ensure the compliance with the Code Provisions set out in the CG Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Conduct regarding Securities Transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “Code of Conduct”). Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Code of Conduct during the six months ended 30 September 2023.

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

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

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

Hong Kong, 9 November 2023

This announcement will remain at www.hkgem.com on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting and on the website of the Group at www.srobotedu.com.