



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

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

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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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 for the six months ended 30 September 2018 was approximately HK\$86,533,000.
- Profit attributable to owners of the Company was approximately HK\$29,694,000 for the six months ended 30 September 2018.
- Earnings per share for the six months ended 30 September 2018 was approximately HK1.57 cents.
- The board of the Directors (the “Board”) does not recommend the payment of a dividend for the six months ended 30 September 2018.

The Directors hereby present the unaudited consolidated results of the Group for the six months ended 30 September 2018.

FINANCIAL PERFORMANCE

The Group’s revenue was mainly attributable to the provision of robotics education and other business in the People’s Republic of China (the “PRC”), including robotics competitions and promotion and management services of “Shentong Card”. The Group recorded consolidated revenue of approximately HK\$86,533,000 for the six months ended 30 September 2018, representing an increase of approximately 31.9% as compared to approximately HK\$65,594,000 for the six months ended 30 September 2017.

The Group made a profit attributable to owners of the Company of approximately HK\$29,694,000 for the six months ended 30 September 2018, representing an increase of approximately 121.3% as compared to approximately HK\$13,416,000 for the six months ended 30 September 2017. The business growth was mainly attributable to the increase in revenue from the robotics education business from approximately HK\$50,970,000 for the six months ended 30 September 2017 to approximately HK\$75,295,000 for the six months ended 30 September 2018.

BUSINESS REVIEW AND PROSPECTS

The Ministry of Education incorporated robotics education into one of the eight major national school sports leagues, and approved the establishment of the National School Sports Robot League (the “NSSRL”) (全國學校體育機器人聯盟) to deploy related work for the commencement of robot sports nationwide. On the other hand, robot sports in the PRC has been recognised as one of the 108 national social sports programmes by the General Administration of Sport of China (“GASC”). National Robot Sports Competition is the only robot sports event hosted by the GASC. Upon completion of the acquisition of the entire equity interest of 黑龍江神通文化俱樂部有限公司 (Heilongjiang Shentong Cultural Club Co., Ltd.[#] in May 2016, the Group became the only enterprise in Heilongjiang Province authorised to provide robotics-related education and training, and to host robot sports competitions, for the entire province (collectively, the “Robotics Education”).

The Robotics Education in Heilongjiang Province has become the main driving force of business growth of the Group. For the six months ended 30 September 2018, revenue from the robotics education business was approximately HK\$75,295,000, representing an increase of approximately 47.7% as compared to approximately HK\$50,970,000 for the six months ended 30 September 2017. Revenue from promotion and management services of “Shentong Card” amounted to approximately HK\$11,238,000, representing a decrease of approximately 23.2% as compared to approximately HK\$14,624,000 for the six months ended 30 September 2017.

Promoting the all-round development of quality education and innovative education has become a trend of China social development. The Ministry of Education has always supported the development of quality education in kindergartens, primary and secondary schools, and cultivated the core quality, innovation and practical ability of students. The Robotics Education advocated by the Group emphasises the use of both hands and brains. It is an important way to cultivate students’ ability to innovate and practice. The Robotics Education combined with sports elements can enhance students’ interest in learning and teamwork skills.

As a key area for the development of the robotics industry and the promotion of robotics education, Heilongjiang Province has promoted the deep integration and development of education, sports and technology in the Province by promoting the expansion and innovation of robotics education. During the reporting period, the Group actively carried out a variety of robotics education programmes and developed a diversified learning framework, attracting more and more robotics enthusiasts to participate. In addition, the Group held a series of courses and competitions to provide a good platform for the Robotics Education for young people in Heilongjiang Province, and successfully cultivated a group of robotics sports professionals.

[#] English name is for identification purpose only

The Group effectively promotes the development of Robotics Education in Heilongjiang Province by organising various robotics competitions. Following the successful launch of the “First Robotics Competition for University Students in Heilongjiang Province” in April 2018, the Group hosted the “China Communication Cup First National Robotic Football Competition” in Daqing, Heilongjiang Province in August 2018. The football match using robots as the tools for competition attracted 73 teams and nearly 300 athletes from all over the country to participate, showing a new look of integration of people and technology innovation. In addition, the China Robot Sports Mudanjiang Talent Training Centre was launched in August 2018. The China International Youth Robot Mudanjiang Exchange Centre and the China Robot Sports Mudanjiang Science and Technology Museum were also launched and put into use. The entire education base will provide high-quality robotics education services to create a strong comprehensive talent training base, and contribute to further promoting the popularisation of robotics education in Heilongjiang Province. In September 2018, the “Robot Sports Certification Examination” (機器人運動等級考試) guided by the China Robot Sports Working Committee (中國機器人運動工作委員會), the Working Committee of the NSSRL and the Robot Sports Association of Heilongjiang Province and organised by the China Robot Sports Rank Examination Center was held in Harbin, Heilongjiang Province, attracting nearly 400 candidates to participate. The examination can further assess the students’ mastery of robot knowledge learning, test their capability for hand-brain coordination and innovation, and lay the foundation for the development of the professionalisation in robot professionals.

In the second half of the year, the Group will continue to seize new opportunities in the field of quality education in the PRC. The Group strive to further consolidate the popularity of the Robotics Education in Heilongjiang Province through enriching and optimising robotics programmes in all directions, continuously promoting the Robotics Education on campus, and organising robotics sports events. Thereby expanding the scale of the Group’s business and bring stable revenue to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND PROFITABILITY

The Group recorded a revenue of approximately HK\$86,533,000 (2017: approximately HK\$65,594,000) for the six months ended 30 September 2018, representing an increase of approximately 31.9% as compared with six months ended 30 September 2017 which was primarily due to the growth of the robotics education and others.

The Group's gross profit for the six months ended 30 September 2018 amounted to approximately HK\$61,562,000 as compared to approximately HK\$43,140,000 for the six months ended 30 September 2017. The increase was mainly attributable to the growth of the robotics education and others.

Selling and distribution and administrative expenses for the six months ended 30 September 2018 was approximately HK\$19,801,000 as compared to approximately HK\$20,232,000 for the six months ended 30 September 2017.

PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The Group made a profit attributable to the owners of the Company of approximately HK\$29,694,000 for the six months ended 30 September 2018 as compared to approximately HK\$13,416,000 for the six months ended 30 September 2017. The improvement was mainly due to the improvement in revenue and gross profit.

SEGMENT INFORMATION

An analysis of the performance of the Group by reportable segments is set out in note 6 to the condensed financial statements.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2018, the Group had outstanding promissory note at principal amount of approximately HK\$94.4 million (as at 31 March 2018: approximately HK\$94.4 million) with carrying value of approximately HK\$106.7 million (as at 31 March 2018: approximately HK\$105.7 million). The promissory note was unsecured and interest bearing at 2% per annum. On 31 March 2018, the Group and China Communication Investment Limited ("CCI"), being the noteholder, agreed to extend the maturity date from 30 June 2018 to 30 June 2019. Other than the said promissory note, the Group did not have any other committed borrowing facilities as at 30 September 2018 (as at 31 March 2018: HK\$Nil).

As at 30 September 2018, the Group had net current liabilities of approximately HK\$78.4 million (as at 31 March 2018: net current assets of approximately HK\$17.8 million). The Group's current assets mainly consisted of cash and cash equivalents of approximately HK\$161.6 million (as at 31 March 2018: approximately HK\$146.6 million), trade and other receivables of approximately HK\$44.0 million (as at 31 March 2018: approximately HK\$45.1 million) and prepayments and deposits of approximately HK\$4.4 million (as at 31 March 2018: approximately HK\$7.8 million). The Group's current liabilities mainly included promissory note of approximately HK\$106.7 million (as at 31 March 2018: classified as non-current liabilities of approximately HK\$105.7 million), education course obligation of approximately HK\$42.7 million (as at 31 March 2018: approximately HK\$38.8 million), accruals and other payables of approximately HK\$107.1 million (as at 31 March 2018: approximately HK\$109.9 million) and current tax liabilities of approximately HK\$31.7 million (as at 31 March 2018: approximately HK\$32.9 million).

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

GEARING RATIO

The gearing ratio is measured by total interest-bearing borrowings as a percentage of equity. As at 30 September 2018, the gearing ratio was 41.4% (as at 31 March 2018: 38.6%).

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 2018 and 31 March 2018.

EMPLOYEE, REMUNERATION POLICIES AND STAFF COSTS

As at 30 September 2018, the Group had 191 employees (as at 31 March 2018: 96). The staff costs for the six months ended 30 September 2018 was approximately HK\$11.1 million (six months ended 30 September 2017: approximately HK\$9.2 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 2018 and the year ended 31 March 2018, the Group had no significant investment. As at 30 September 2018, the Group has no plan for material investments or acquisition of capital assets. Nevertheless, the Group is constantly looking for such opportunities to enhance the shareholders' value.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

FOREIGN CURRENCY RISK

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

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2018 and 31 March 2018.

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 2018

	Note	Unaudited			
		For the three months ended 30 September		For the six months ended 30 September	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Revenue	4	44,395	34,592	86,533	65,594
Cost of sales		<u>(12,747)</u>	<u>(11,925)</u>	<u>(24,971)</u>	<u>(22,454)</u>
Gross profit		31,648	22,667	61,562	43,140
Other income	5	1,098	106	2,722	154
Selling and distribution expenses		(4,610)	(5,067)	(8,246)	(8,502)
Administrative expenses		(5,864)	(6,321)	(11,555)	(11,730)
Other operating expenses		<u>(58)</u>	<u>(557)</u>	<u>(64)</u>	<u>(1,072)</u>
Profit from operations		22,214	10,828	44,419	21,990
Finance costs	7	<u>(475)</u>	<u>(474)</u>	<u>(942)</u>	<u>(948)</u>
Profit before tax		21,739	10,354	43,477	21,042
Income tax expense	8	<u>(6,477)</u>	<u>(3,711)</u>	<u>(13,783)</u>	<u>(7,626)</u>
Profit for the period attributable to owners of the Company	9	<u>15,262</u>	<u>6,643</u>	<u>29,694</u>	<u>13,416</u>
		<i>HK cent</i> (Unaudited)	<i>HK cent</i> (Unaudited)	<i>HK cent</i> (Unaudited)	<i>HK cent</i> (Unaudited)
Earnings per share	11				
Basic (cents per share)		<u>0.81</u>	<u>0.35</u>	<u>1.57</u>	<u>0.76</u>
Diluted (cents per share)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Unaudited			
	For the three months		For the six months	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit for the period	15,262	6,643	29,694	13,416
Other comprehensive income, net of tax				
<i>Item that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	<u>(18,369)</u>	<u>8,693</u>	<u>(46,243)</u>	<u>17,630</u>
Total comprehensive income for the period attributable to owners of the Company	<u>(3,107)</u>	<u>15,336</u>	<u>(16,549)</u>	<u>31,046</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

		Unaudited At 30 September 2018 <i>HK\$'000</i>	Audited At 31 March 2018 <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	12	18,864	13,863
Goodwill	13	36,612	40,190
Intangible assets	14	376,597	413,792
Total non-current assets		432,073	467,845
Current assets			
Prepayments and deposits		4,426	7,768
Trade and other receivables	15	43,987	45,100
Bank and cash balances		161,554	146,589
Total current assets		209,967	199,457
TOTAL ASSETS		642,040	667,302
EQUITY AND LIABILITIES			
Share capital	20	18,957	18,957
Reserves		238,548	255,220
Total equity		257,505	274,177

		Unaudited At 30 September 2018 <i>HK\$'000</i>	Audited At 31 March 2018 <i>HK\$'000</i>
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Promissory note	17	–	105,734
Deferred tax liabilities	18	96,198	105,698
Total non-current liabilities		96,198	211,432
Current liabilities			
Education course obligation	16	42,660	38,841
Receipt in advance		148	12
Accruals and other payables	19	107,108	109,912
Promissory note	17	106,676	–
Current tax liabilities		31,745	32,928
Total current liabilities		288,337	181,693
TOTAL EQUITY AND LIABILITIES		642,040	667,302

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Unaudited							
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Foreign currency translation reserve HK\$'000	Statutory reverse HK\$'000	Share- based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2017	16,557	1,249,389	8,320	(19,711)	625	3,316	(1,167,070)	91,426
Shares issued upon subscription (note 20)	2,400	105,449	–	–	–	–	–	107,849
Total comprehensive income for the period	–	–	–	17,630	–	–	13,416	31,046
Changes in equity for the period	2,400	105,449	–	17,630	–	–	13,416	138,895
At 30 September 2017	18,957	1,354,838	8,320	(2,081)	625	3,316	(1,153,654)	230,321
At 1 April 2018	18,957	1,354,838	8,320	27,589	625	3,280	(1,139,432)	274,177
Adjustments on initial application of — HKFRS 9 (note 3)	–	–	–	–	–	–	(123)	(123)
Restated balance at 1 April 2018	18,957	1,354,838	8,320	27,589	625	3,280	(1,139,555)	274,054
Total comprehensive income for the period	–	–	–	(46,243)	–	–	29,694	(16,549)
Changes in equity for the period	–	–	–	(46,243)	–	–	29,694	(16,549)
At 30 September 2018	18,957	1,354,838	8,320	(18,654)	625	3,280	(1,109,861)	257,505

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 September 2018*

	Unaudited	
	For the six months	
	ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	40,350	14,437
Interest received	210	154
Settlement of service fee payable to CCI relating to Exclusive Rights	–	(105,000)
Proceeds from disposal of property, plant and equipment	281	–
Purchase of property, plant and equipment	(9,783)	(3,236)
NET CASH USED IN INVESTING ACTIVITIES	(9,292)	(108,082)
Net proceeds from subscription of shares (<i>note 20</i>)	–	107,849
NET CASH GENERATED FROM FINANCING ACTIVITIES	–	107,849
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,058	14,204
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(16,087)	5,006
EFFECT OF ALLOWANCE ON EXPECTED CREDIT LOSS ON CASH AND CASH EQUIVALENTS	(6)	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	146,589	92,525
CASH AND CASH EQUIVALENTS AT END OF PERIOD	161,554	111,735
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	161,554	111,735

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

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 Units 2115-2116, 21/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. BASIS OF PREPARATION

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

These condensed financial statements should be read in conjunction with the 2017/18 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 2018 except as stated below.

The Group had net current liabilities of approximately HK\$78,370,000 as at 30 September 2018. This condition indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the directors had adopted the going concern basis in the preparation of these condensed financial statements of the Group based on the followings:

- (a) The Group's education course obligation as at 30 September 2018 amounted to HK\$42,660,000 was deferred income in nature and would not require settlement in form of bank and cash balances.
- (b) On 1 November 2017, the Group agreed with China Communication Investment Limited ("CCI"), a substantial shareholder of the Company, to postpone the repayment date to 15 November 2018 for an amount of HK\$95,100,000 due to CCI. On 1 November 2018, the Group agreed with CCI to postpone the maturity date to 15 November 2019 and the directors expect that the repayment date will be further postponed successfully.
- (c) On 31 March 2018, the Group agreed with CCI to postpone the maturity date of the promissory note to 30 June 2019 and the directors expect that the repayment date will be further postponed successfully.
- (d) The directors have obtained the confirmation from 神州通信集團有限公司 (China Communication Group Co., Ltd.*) ("CCC"), the holding company of CCI and regarded as the substantial shareholder of the Company, that CCC will continue to provide adequate funds for the Group to meet its present and future financial obligations as they fall due, and to cause CCI to postpone the repayment dates of any present and future liabilities due to CCI by the Group when necessary.

* English name is for identification purpose only

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

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2018. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

The Group has initially adopted HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers from 1 April 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's condensed financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. As permitted by the transitional provisions of HKFRS 9, the Group has elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening accumulated losses of the current period.

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies.

(a) Classification

From 1 April 2018, the Group classifies its financial assets to be measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies financial assets' categories when and only when its business model for managing those assets changes.

(b) Measurement

Except for trade receivables, at initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Trade receivables that do not have a significant financing component shall be initially measured at their transaction price.

Financial assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interests are subsequently measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the condensed consolidated statement of profit or loss.

(c) *Impairment*

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets (other than trade receivables) carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Set out below is the impact of the adoption of HKFRS 9 on the Group.

The following table summarises the impact on the Group's opening accumulated losses as at 1 April 2018:

	<i>HK\$'000</i>
Decrease in remeasurement (expected credit loss ("ECL") allowance) on bank and cash balances	<u>(123)</u>
Adjustment to accumulated losses from adoption of HKFRS 9 on 1 April 2018 and attributable to owners of the Company	<u>(123)</u>

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018.

Financial assets	Classification under HKAS 39	Classification under HKFRS 9	Carrying amount under HKAS 39 <i>HK\$'000</i>	Carrying amount under HKFRS 9 <i>HK\$'000</i>
Deposits	Loans and receivables	Amortised cost	810	810
Trade and other receivables	Loans and receivables	Amortised cost	45,100	45,100
Bank and cash balances	Loans and receivables	Amortised cost	146,589	146,466

The impact of these changes on the Group's equity is as follows:

	Effect on accumulated losses <i>HK\$'000</i>
Opening balance — HKAS 39	(1,139,432)
Remeasurement (ECL allowance) on bank and cash balances	<u>(123)</u>
Opening balance — HKFRS 9	<u>(1,139,555)</u>

For assets in scope of the HKFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of HKFRS 9 impairment model requirements at 1 April 2018 results in an additional impairment allowance as follows:

At 1 April 2018
under HKFRS 9
HK\$'000

Additional ECL allowance recognised at 1 April 2018 on bank and cash balances under HKFRS 9

(123)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced HKAS 18 Revenue, HKAS 11 Construction contracts and related interpretations.

The Group has elected to use the cumulative effect transition method and has recognised the effect of initial application as an adjustment to the opening balance of equity at 1 April 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 18 and HKAS 11 and related interpretation.

The adoption of HKFRS 15 has no fundamental changes to the Group's accounting policies.

Accounting for revenue from Promotion and management services

Revenue from promotion and management services income includes issuance handling fees and sales commission which is recognised when each electronic smart card "Designated Shentong Card" is activated. Technical services commission is recognised when expenditures of Designated Shentong Card are made by users.

Accounting for revenue from Robotics Education and Others

Revenue from robotics education course income is recognized when the relevant lesson is provided. An output method (lessons delivered) can be used to measure progress.

There is no impact of the adoption of HKFRS 15 on the Group's opening accumulated losses and financial position.

4. REVENUE

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Promotion and management services income from CCC	5,313	7,535	11,238	14,624
Robotics Education and Others	39,082	27,057	75,295	50,970
	<u>44,395</u>	<u>34,592</u>	<u>86,533</u>	<u>65,594</u>

5. OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Exchange gain	993	—	2,512	—
Interest income	105	106	210	154
	<u>1,098</u>	<u>106</u>	<u>2,722</u>	<u>154</u>

6. SEGMENT INFORMATION

The Group has the following operating segments:

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

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

	Promotion and management services <i>HK\$'000</i> (Unaudited)	Robotics Education and Others <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
For the six months ended 30 September 2018:			
Revenue from external customer (including a related company)	11,238	75,295	86,533
Segment (loss)/profit	(1,395)	52,956	51,561
As at 30 September 2018:			
Segment assets	41,347	608,189	649,536
Segment liabilities	<u>1,839</u>	<u>254,152</u>	<u>255,991</u>
For the six months ended 30 September 2017:			
Revenue from external customer (including a related company)	14,624	50,970	65,594
Segment profit	1,939	27,656	29,595
As at 31 March 2018:	(Audited)	(Audited)	(Audited)
Segment assets	47,382	630,996	678,378
Segment liabilities	<u>2,180</u>	<u>249,496</u>	<u>251,676</u>

For the six months ended 30 September	
2018	2017
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Reconciliation of segment profit or loss:

Total profit of reportable segments	51,561	29,595
Finance costs	(942)	(948)
Income tax expense	(13,783)	(7,626)
Unallocated amounts:		
Directors' emoluments and allowances	(1,914)	(1,854)
Legal and professional fees	(159)	(178)
Rent	(1,231)	(1,231)
Salaries	(2,072)	(2,394)
Other unallocated head office and corporate expenses	(1,766)	(1,948)
Consolidated profit for the period	29,694	13,416

7. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on promissory note payable to CCI	475	474	942	948

8. INCOME TAX EXPENSE

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax — PRC				
— Provision for the period	6,523	3,711	13,877	7,567
— Underprovision for previous year	—	—	—	59
Deferred tax (note 18)	(46)	—	(94)	—
	6,477	3,711	13,783	7,626

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the three months and six months ended 30 September 2018 and 2017.

Tax charge on estimated assessable profits in the PRC has been calculated at the prevailing tax rate of 25% (2017: 25%).

9. PROFIT FOR THE PERIOD

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

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amortisation of intangible assets				
— Include in cost of sales	218	—	375	—
Depreciation	1,879	1,192	3,153	2,031
Directors' emoluments	960	930	1,914	1,854
Legal and professional fees	101	123	172	190
Operating lease charges for land and buildings	2,071	1,865	3,963	3,378
Net gain on disposal of property, plant and equipment	(176)	—	(169)	—
Property, plant and equipment written off				
— Include in other operating expenses	—	22	—	22
Allowance on expected credit loss on bank and cash balances				
— Include in other operating expenses	6	—	6	—
Employee benefits expense including Directors' emoluments				
— Salaries, bonus and allowances	5,694	4,536	10,501	8,551
— Retirement benefits scheme contributions	317	287	644	604
	<u>6,011</u>	<u>4,823</u>	<u>11,145</u>	<u>9,155</u>

10. DIVIDENDS

No dividends have been paid or proposed during the three months and six months ended 30 September 2018, nor has any dividend been proposed since the end of the reporting period (three months and six months ended 30 September 2017: Nil).

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following:

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings				
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	15,262	6,643	29,694	13,416

(a) Basic earnings per share

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Number of shares — Basic				
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,895,697,017	1,887,870,930	1,895,697,017	1,772,418,328

(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 2018 and 30 September 2017.

12. PROPERTY, PLANT AND EQUIPMENT

	At 30 September 2018 <i>HK\$'000</i> (Unaudited)	At 31 March 2018 <i>HK\$'000</i> (Audited)
Net carrying amount, beginning of the period/year	13,863	5,416
Additions	9,783	12,281
Depreciation	(3,153)	(4,840)
Disposals	(109)	–
Written off	–	(13)
Exchange differences	(1,520)	1,019
	<u>18,864</u>	<u>13,863</u>
Net carrying amount, end of the period/year	<u>18,864</u>	<u>13,863</u>

13. GOODWILL

	At 30 September 2018 <i>HK\$'000</i> (Unaudited)	At 31 March 2018 <i>HK\$'000</i> (Audited)
Net carrying amount, beginning of the period/year	40,190	36,302
Exchange differences	(3,578)	3,888
	<u>36,612</u>	<u>40,190</u>
Net carrying amount, end of the period/year	<u>36,612</u>	<u>40,190</u>

No impairment loss was recognised for the three months and six months ended 30 September 2018 (three months ended and six months ended 30 September 2017: Nil).

14. INTANGIBLE ASSETS

	At 30 September 2018 <i>HK\$'000</i> (Unaudited)	At 31 March 2018 <i>HK\$'000</i> (Audited)
Net carrying amount, beginning of the period/year	413,792	371,929
Additions	–	2,226
Amortisation for the period/year	(375)	(309)
Exchange differences	(36,820)	39,946
	<u>376,597</u>	<u>413,792</u>
Net carrying amount, end of the period/year	<u>376,597</u>	<u>413,792</u>

No impairment loss was recognised for the three months and six months ended 30 September 2018 (three months and six months ended 30 September 2017: Nil).

15. TRADE AND OTHER RECEIVABLES

	At 30 September 2018 <i>HK\$'000</i> (Unaudited)	At 31 March 2018 <i>HK\$'000</i> (Audited)
Trade receivable from CCC	–	6,286
Amount due from CCC (<i>note (i)</i>)	42,619	37,670
Amount due from a related company (<i>note (ii)</i>)	424	469
Other receivables	944	675
	<u>43,987</u>	<u>45,100</u>

Notes:

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

The aging analysis of trade receivable as at the balance sheet date, based on the date of invoice, is as follows:

	At 30 September 2018 <i>HK\$'000</i> (Unaudited)	At 31 March 2018 <i>HK\$'000</i> (Audited)
0–30 days	–	2,959
31–60 days	–	2,983
61–90 days	–	344
Over 90 days	–	–
	<u>–</u>	<u>6,286</u>

16. EDUCATION COURSE OBLIGATION

Education course obligation represented the prepaid course fee received from enrolled education training course participants.

17. PROMISSORY NOTE

As at 30 September 2018, the promissory note is held by CCI with principal amount of approximately HK\$94,427,000 (as at 31 March 2018: HK\$94,427,000).

On 31 March 2018, the Group and CCI agreed to postpone the maturity date from 30 June 2018 to 30 June 2019.

The principal amount of the promissory note is denominated in HK\$. The promissory note is unsecured. As at 30 September 2018, the coupon rate is 2% per annum (as at 31 March 2018: 2% per annum) and the effective interest rate is 1.79% (as at 31 March 2018: 1.79%).

18. DEFERRED TAX LIABILITIES

	Intangible assets <i>HK\$'000</i>	Undistributed profits of subsidiaries <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2017	92,983	2,031	95,014
Charge for the year	480	–	480
Exchange differences	9,986	218	10,204
	<u>103,449</u>	<u>2,249</u>	<u>105,698</u>
At 31 March 2018 and 1 April 2018	103,449	2,249	105,698
Reversal for the period	(94)	–	(94)
Exchange differences	(9,206)	(200)	(9,406)
	<u>(9,206)</u>	<u>(200)</u>	<u>(9,406)</u>
At 30 September 2018 (Unaudited)	94,149	2,049	96,198

19. ACCRUALS AND OTHER PAYABLES

	At 30 September 2018 <i>HK\$'000</i> (Unaudited)	At 31 March 2018 <i>HK\$'000</i> (Audited)
Amount due to CCI (<i>note a</i>)	95,100	95,100
Amount due to a related company (<i>note b</i>)	564	564
Accrued salaries	3,844	3,809
Accrued expenses	989	2,670
Security deposits (<i>note c</i>)	5,123	5,624
Other payables	1,488	2,145
	<u>107,108</u>	<u>109,912</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 2018. On 1 November 2018, the Group agreed with CCI to postpone the maturity date to 15 November 2019 and the directors expect that the repayment date will be further postponed successfully.
- (b) The amount due to a related company is denominated in HK\$, unsecured, interest-free and repayable on demand.
- (c) The amount represented the security deposits paid by CCC for the Heilongjiang Shentong CRC Shentong Card Payment system.

20. SHARE CAPITAL

	At 30 September 2018 (Unaudited)		At 31 March 2018 (Audited)	
	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 of the period/year	<u>1,895,697,017</u>	<u>18,957</u>	<u>1,655,697,017</u>	<u>16,557</u>
Shares issued upon subscription (<i>note</i>)	<u>–</u>	<u>–</u>	<u>240,000,000</u>	<u>2,400</u>
At the end of the period/year	<u><u>1,895,697,017</u></u>	<u><u>18,957</u></u>	<u><u>1,895,697,017</u></u>	<u><u>18,957</u></u>

Notes: On 21 June 2017, the Company entered into Subscription Agreements with 2 independent investors in respect a total of 240,000,000 new shares of the Company to be allotted and issued to them at HK\$0.45 per new share. The Subscription Agreements were completed on 4 July 2017.

21. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The purpose of the Company's share option scheme (the "Scheme") is to provide incentives and rewards to eligible participants who may contribute to the growth and development of the Group. Eligible participants include the employees (including executive Directors), non-executive Directors (including independent non-executive Directors), any consultants, suppliers or customers, employees of any invested entity and any person who, in the sole discretion of the Board has contributed or may contribute to the Group eligible for share options under the Scheme.

At the annual general meeting of the Company held on 7 August 2013, the Company's shareholders approved the adoption of the Scheme. The Scheme became effective on 7 August 2013 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares under the Scheme which may be allotted and issued upon the exercise of all options which initially shall not in aggregate exceed 10% of the shares in issue as at the date of adoption of the Scheme. Thereafter, if refreshed, the maximum number shall not exceed 10% of the shares in issue as at the date of approval of the refreshed limit by the shareholders. The aggregate number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares of the Company in issue from time to time. No options shall be granted under any schemes of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

The total number of shares of the Company issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option schemes of the Company to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the shares of the Company in issue as at the date of grant.

Any grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, is required to be approved by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or any independent non-executive director of the Company, or to any of their respective associates, such that within any 12-month period, in aggregate in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of each offer) in excess of HK\$5 million, are subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options.

The subscription price for a share of the Company in respect of any particular option granted under the Scheme (which shall be payable upon exercise of the option) shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of (a) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day (and for this purpose shall be taken to be the date of the Board meeting at which the Board proposes to grant the options); (b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

Details of the outstanding options granted under the Scheme as at the end of reporting periods are as follows:

Date of grant	Vesting period	Exercisable period	Exercise price	Number of shares issuable under options granted	
				30 September 2018 HK\$ '000 (Unaudited)	31 March 2018 '000 (Audited)
26 August 2016	Immediately	26 August 2016 to 25 August 2019 (both days inclusive)	0.53	<u>17,800</u>	<u>17,800</u>

Options not exercised will expire after the exercisable period.

Details of the share options outstanding during the period are as follows:

	For the six months ended 30 September 2018 (Unaudited)		For the year ended 31 March 2018 (Audited)	
	Number of share options '000	Weighted average exercise price HK\$	Number of share options '000	Weighted average exercise price HK\$
Outstanding at the beginning of the period/year	17,800	0.53	18,000	0.53
Lapsed during the period/year	–	N/A	(200)	0.53
Granted during the period/year	–	N/A	–	N/A
Outstanding at the end of the period/year	<u>17,800</u>	0.53	<u>17,800</u>	0.53
Exercisable at the end of the period/year	<u>17,800</u>	0.53	<u>17,800</u>	0.53

No share option has been exercised during the three months and six months ended 30 September 2018. The options outstanding at the end of the reporting period have a weighted average remaining contractual life of 0.9 years and the exercise price is HK\$0.53.

Options under the Scheme were granted on 26 August 2016. The estimated fair value of the options granted on that date is HK\$3,316,000. The fair value was calculated using Binomial Option Pricing Model. The inputs into the model are as follows:

Grant date	26 August 2016
Share price of the Company on grant date	HK\$0.53
Exercise price	HK\$0.53
Expected volatility	53.8%
Contractual life	3 years
Risk-free rate	0.96%
Expected dividend yield	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 3 years.

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:

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Promotion and management service income from CCC	5,313	7,535	11,238	14,624
Service fee to CCC				
— Advertising expenses	(1,503)	(1,384)	(2,981)	(2,794)
— Customer service hotline rental	(1,249)	(1,070)	(2,491)	(2,128)
— Server hosting service	(4,146)	(4,175)	(8,578)	(8,264)
— CRC Shentong Card payment system management	(2,302)	(1,655)	(4,469)	(3,132)
Interest on promissory note payable to CCI	(475)	(474)	(942)	(948)
Service fee to related companies				
— Advertising expenses	(675)	(567)	(1,524)	(1,143)
— Operation and Management Contract	(127)	—	(127)	—
— Rental of competition venue	(160)	(53)	(179)	(115)
— Web maintenance fee	—	(1,485)	—	(3,018)

23. CONTINGENT LIABILITIES

As at 30 September 2018, the Group did not have any significant contingent liabilities (at 31 March 2018: Nil).

24. CAPITAL COMMITMENTS

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

	At 30 September 2018 HK\$'000 (Unaudited)	At 31 March 2018 HK\$'000 (Audited)
Purchase of property, plant and equipment — Contracted but not provide for	<u>639</u>	<u>1,168</u>

25. LEASE COMMITMENTS

At the end of each of the reporting period the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 September 2018 HK\$'000 (Unaudited)	At 31 March 2018 HK\$'000 (Audited)
Within one year	6,451	6,219
In the second to fifth years inclusive	<u>9,811</u>	<u>12,017</u>
	<u>16,262</u>	<u>18,236</u>

Operating lease payments represent rentals payable by the Group for a number of properties held under operating leases. Leases are negotiated for a period from one to five years and rentals are fixed over the lease terms and do not include contingent rentals.

26. EVENTS AFTER THE REPORTING PERIOD

On 1 November 2018, the Group agreed with CCI to postpone the maturity date of an amount of HK\$95,100,000 due to CCI to 15 November 2019.

27. NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2018 and earlier application is permitted. The Group has not early adopted any new or amended standards that has been issued but is not yet effective.

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 9 November 2018.

OTHER INFORMATION

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

As at 30 September 2018, 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	Share option held
	Personal interests	Corporate interests	Total		
Mr. He Chenguang	–	–	–	–	2,000,000
Mr. Bao Yueqing	2,844,000	–	2,844,000	0.15%	5,000,000

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 2018.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 September 2018, 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>)	–	472,042,000	–	472,042,000	24.90%
CCI	472,042,000	–	–	472,042,000	24.90%
Yang Shao Hui	209,032,256	–	–	209,032,256	11.03%
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%

Note:

- (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 2018, 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 2017/18.

Particulars of the outstanding options which have been granted under the 2013 Share Option Scheme as at 30 September 2018 were as follows:

					Number of share options					
Name or category of participant	Date of grant	Exercisable period	Exercise price per share HK\$	Closing price per share immediately before date of grant HK\$	As at	Granted	Exercised	Lapsed	Cancelled	As at
					1 April 2018	during the period	during the period	during the period	during the period	30 September 2018
Directors										
Mr. He Chenguang	26 August 2016	26 August 2016 to 25 August 2019 (both days inclusive)	0.53	0.53	2,000,000	–	–	–	–	2,000,000
Mr. Bao Yueqing	26 August 2016	26 August 2016 to 25 August 2019 (both days inclusive)	0.53	0.53	5,000,000	–	–	–	–	5,000,000
Sub-total					7,000,000	–	–	–	–	7,000,000
Other Eligible Participants										
In aggregate	26 August 2016	26 August 2016 to 25 August 2019 (both days inclusive)	0.53	0.53	10,800,000	–	–	–	–	10,800,000
Total					17,800,000	–	–	–	–	17,800,000

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or other body corporate granted to any Directors or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective associates to acquire such rights in any other body corporate.

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 2018.

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 2018, 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 2018. 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 2018, save for the deviation from Code Provisions A.6.7 and E.1.2 which are explained below:

Under Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders, Ms. Han Liqun and Ms. Zhang Li, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 3 August 2018 (the “2018 AGM”) due to their other business activities and unexpected engagement.

In addition, under the Code Provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company and he should also invite the chairman of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) of the Company to attend. Mr. He Chenguang (chairman of the Board and chairman of the nomination committee of the Company) was unable to attend the 2018 AGM due to an unexpected engagement. Mr. Bao Yueqing (executive Director and chief executive officer of the Company) was appointed as the chairman of the 2018 AGM to answer and address questions raised by shareholders at the 2018 AGM.

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Conduct regarding Securities Transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “Code of Conduct”). Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Code of Conduct during the six months ended 30 September 2018.

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

Hong Kong, 9 November 2018

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.