



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 2019

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(the “Stock Exchange”)

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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.

- Revenue of the Group for the six months ended 30 September 2019 was approximately HK\$73,918,000.
- Loss attributable to owners of the Company was approximately HK\$5,866,000 for the six months ended 30 September 2019.
- Loss per share for the six months ended 30 September 2019 was approximately HK0.31 cent.
- Impairment loss on property, plant and equipment, right-of-use assets and goodwill were approximately HK\$323,000, HK\$2,154,000 and HK\$23,721,000 respectively (the “Impairment Losses”).
- Adjusted profit attributable to owners of the Company before the Impairment Losses was approximately HK\$20,332,000.
- The board of the Directors (the “Board”) does not recommend the payment of a dividend for the six months ended 30 September 2019.

The Directors hereby present the unaudited consolidated results of the Group for the six months ended 30 September 2019.

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\$73,918,000 for the six months ended 30 September 2019, representing a decrease of approximately 13.8% as compared to approximately HK\$85,788,000 for the six months ended 30 September 2018.

The Group made a loss attributable to owners of the Company of approximately HK\$5,866,000 for the six months ended 30 September 2019, as compared to the profit of approximately HK\$29,694,000 for the six months ended 30 September 2018. The decrease was mainly due to the decrease in revenue and the Impairment Losses. Adjusted Profit attributable to owners of the Company before the Impairment Losses was approximately HK\$20,332,000.

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 (全國學校體育機器人聯盟) to deploy robotics-related work with 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.

The Group provides robotics-related education and training, and hosts robot sports competition in Heilongjiang province (collectively, the “Robotics Education Business”). For the six months ended 30 September 2019, revenue from the Robotics Education Business was approximately HK\$66,650,000, representing a decrease of approximately 10.6% as compared to approximately HK\$74,550,000 for the six months ended 30 September 2018. Revenue from promotion and management services of “Shentong Card” was approximately HK\$7,268,000, representing a decrease of approximately 35.3% as compared to approximately HK\$11,238,000 for the six months ended 30 September 2018.

The Robotics Education Business is the main income source of business of the Group. With the continuous development of robotics education projects, it will stimulate the integration of robotics education, sports and technology, and revitalise the business growth of the Group. In August 2019, the “Third National China Robot Competition” was successfully held in Jiayuguan, Gansu Province. The competition further enhanced the influence of robot sports in the country and encouraged more robot enthusiasts to participate in the robotics training courses of the Group.

The deployment of robotics and artificial intelligence strategies is accelerating around the world, and the application of robotics and artificial intelligence technology in education will become more common. According to the industry report released by Deloitte China in September 2019, the global education industry is expected to reach RMB20 trillion in 2020, of which the market size of “Artificial Intelligence + Education” will reach approximately RMB7 trillion with an increasing proportion in the future. With the increasing implementation of artificial intelligence education, the Group believes that the domestic robotics education market will continue to develop steadily, and the development prospects of the robotics education business will be broader.

REVENUE AND PROFITABILITY

The Group recorded a revenue of approximately HK\$73,918,000 (2018: approximately HK\$85,788,000) for the six months ended 30 September 2019, representing a decrease of approximately 13.8% as compared with six months ended 30 September 2018 which was primarily due to the economic downturn.

The Group's gross profit for the six months ended 30 September 2019 amounted to approximately HK\$48,391,000 as compared to approximately HK\$60,817,000 for the six months ended 30 September 2018. The decrease was mainly attributable to the economic downturn.

Selling and distribution and administrative expenses for the six months ended 30 September 2019 was approximately HK\$18,735,000 as compared to approximately HK\$19,801,000 for the six months ended 30 September 2018.

LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The Group made a loss attributable to the owners of the Company of approximately HK\$5,866,000 for the six months ended 30 September 2019 as compared to profit of approximately HK\$29,694,000 for the six months ended 30 September 2018. The deterioration was mainly due to the decrease in revenue and gross profit and the Impairment Losses.

Due to the decrease in revenue and gross profit, the Group conducted assessment on the impairment losses for the property, plant and equipment, right-of-use assets and goodwill, impairment losses of approximately HK\$323,000, HK\$2,154,000 and HK\$23,721,000 has been made respectively as a result.

SEGMENT INFORMATION

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2019, the Group had outstanding promissory note at principal amount of approximately HK\$94.4 million (as at 31 March 2019: approximately HK\$94.4 million) with carrying value of approximately HK\$108.6 million (as at 31 March 2019: approximately HK\$107.6 million). The promissory note was unsecured and interest bearing at 2% per annum. On 31 March 2019, the Group and China Communication Investment Limited ("CCI"), being the noteholder, agreed to extend the maturity date to 30 June 2020. Other than the said promissory note, the Group did not have any other committed borrowing facilities as at 30 September 2019 (as at 31 March 2019: HK\$Nil).

As at 30 September 2019, the Group had net current liabilities of approximately HK\$38.2 million (as at 31 March 2019: net current assets of approximately HK\$66.5 million). The Group's current assets mainly consisted of cash and cash equivalents of approximately HK\$236.1 million (as at 31 March 2019: approximately HK\$221.4 million) and prepayments, deposits and other receivables of approximately HK\$34.3 million (as at 31 March 2019: approximately HK\$44.0 million). The Group's current liabilities mainly included promissory note of approximately HK\$108.6 million (as at 31 March 2019: classified as non-current liabilities of approximately HK\$107.6 million), contract liabilities of approximately HK\$51.6 million (as at 31 March 2019: approximately HK\$51.3 million), accruals and other payables of approximately HK\$110.9 million (as at 31 March 2019: approximately HK\$110.6 million) and current tax liabilities of approximately HK\$28.6 million (as at 31 March 2019: approximately HK\$37.1 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 2019, the gearing ratio was 41.4% (as at 31 March 2019: 35.9%).

CAPITAL STRUCTURE

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

CHARGE ON ASSETS

The Group did not have any charge on its assets as at 30 September 2019 and 31 March 2019.

EMPLOYEE, REMUNERATION POLICIES AND STAFF COSTS

As at 30 September 2019, the Group had 182 employees (as at 31 March 2019: 199). The staff costs for the six months ended 30 September 2019 was approximately HK\$11.2 million (six months ended 30 September 2018: approximately HK\$11.1 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 2019 and the year ended 31 March 2019, the Group had no significant investment. As at 30 September 2019, 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 2019 and 31 March 2019.

CAPITAL COMMITMENTS

Details of capital commitments is set out in note 26 to the condensed financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

		Unaudited			
		For the three months ended		For the six months ended	
		30 September		30 September	
		2019	2018	2019	2018
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Restated)		(Restated)
Revenue	4	33,193	43,650	73,918	85,788
Cost of service		<u>(13,097)</u>	<u>(12,747)</u>	<u>(25,527)</u>	<u>(24,971)</u>
Gross profit		20,096	30,903	48,391	60,817
Investment and other income	5	297	850	459	955
Other gains and losses	6	(24,991)	993	(24,040)	2,512
Impairment allowance on expected credit losses		4	(6)	(168)	(6)
Selling and distribution expenses		(2,875)	(4,610)	(6,879)	(8,246)
Administrative expenses		(6,069)	(5,864)	(11,856)	(11,555)
Other expenses		<u>–</u>	<u>(52)</u>	<u>–</u>	<u>(58)</u>
(Loss)/profit from operations		(13,538)	22,214	5,907	44,419
Finance costs	8	<u>(656)</u>	<u>(475)</u>	<u>(1,231)</u>	<u>(942)</u>
(Loss)/profit before tax		(14,194)	21,739	4,676	43,477
Income tax	9	<u>(4,901)</u>	<u>(6,477)</u>	<u>(10,542)</u>	<u>(13,783)</u>
(Loss)/profit for the period attributable to owners of the Company	10	<u>(19,095)</u>	<u>15,262</u>	<u>(5,866)</u>	<u>29,694</u>
		HK cent	HK cent	HK cent	HK cent
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/earnings per share	12				
Basic (cents per share)		<u>(1.01)</u>	<u>0.81</u>	<u>(0.31)</u>	<u>1.57</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 2019

	Unaudited			
	For the three months ended		For the six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the period	(19,095)	15,262	(5,866)	29,694
Other comprehensive income				
<i>Item that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	<u>(17,190)</u>	<u>(18,369)</u>	<u>(31,511)</u>	<u>(46,243)</u>
Total comprehensive income for the period attributable to owners of the Company	<u>(36,285)</u>	<u>(3,107)</u>	<u>(37,377)</u>	<u>(16,549)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2019

		Unaudited At 30 September 2019 <i>HK\$'000</i>	Audited At 31 March 2019 <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	13	13,132	16,115
Right-of-use assets	14	11,648	–
Goodwill	15	12,296	37,537
Intangible assets	16	362,943	385,745
Total non-current assets		400,019	439,397
Current assets			
Prepayments, deposits and other receivables	17	34,282	44,030
Bank and cash balances		236,092	221,422
Total current assets		270,374	265,452
TOTAL ASSETS		670,393	704,849
EQUITY AND LIABILITIES			
Share capital	22	18,957	18,957
Reserves		243,367	280,744
Total equity		262,324	299,701

		Unaudited At 30 September 2019 <i>HK\$'000</i>	Audited At 31 March 2019 <i>HK\$'000</i>
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Promissory note	19	–	107,621
Lease liabilities		6,820	–
Deferred tax liabilities	20	92,714	98,537
Total non-current liabilities		99,534	206,158
Current liabilities			
Contract liabilities	18	51,593	51,252
Receipt in advance		–	12
Accruals and other payables	21	110,856	110,647
Promissory note	19	108,564	–
Lease liabilities		7,187	–
Loans from China Communication Investment Limited (“CCI”)		1,700	–
Current tax liabilities		28,635	37,079
Total current liabilities		308,535	198,990
TOTAL LIABILITIES		408,069	405,148
TOTAL EQUITY AND LIABILITIES		670,393	704,849

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Unaudited							
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Foreign currency translation reserve HK\$'000	Statutory reserve HK\$'000	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2018 (audited)	18,957	1,354,838	8,320	27,589	625	3,280	(1,139,432)	274,177
Adjustments on initial application of — HKFRS 9	—	—	—	—	—	—	(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
At 1 April 2019 (audited)	18,957	1,354,838	8,320	(5,596)	625	1,483	(1,078,926)	299,701
Lapsed of share-based payments	—	—	—	—	—	(1,483)	1,483	—
Total comprehensive income for the period	—	—	—	(31,511)	—	—	(5,866)	(37,377)
Changes in equity for the period	—	—	—	(31,511)	—	(1,483)	(4,383)	(37,377)
At 30 September 2019	18,957	1,354,838	8,320	(37,107)	625	—	(1,083,309)	262,324

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	Unaudited	
	For the six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	35,032	40,344
Interest received	309	210
Proceeds from disposal of property, plant and equipment	–	281
Purchase of property, plant and equipment	(2,156)	(9,783)
NET CASH USED IN INVESTING ACTIVITIES	(1,847)	(9,292)
Loans from CCI	1,700	–
Payment of lease liabilities	(3,791)	–
NET CASH GENERATED FROM FINANCING ACTIVITIES	(2,091)	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,094	31,052
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(16,424)	(16,087)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	221,422	146,589
CASH AND CASH EQUIVALENTS AT END OF PERIOD	236,092	161,554
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	236,092	161,554

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

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 2019 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 2019 except as stated below.

The Group had net current liabilities of approximately HK\$38,161,000 as at 30 September 2019. 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 contract liabilities as at 30 September 2019 amounted to HK\$51,593,000 was deferred income in nature and would not require settlement in form of bank and cash balances.
- (b) On 1 November 2019, the Group agreed with CCI, a substantial shareholder of the Company, to postpone the repayment date to 15 November 2020 for an amount of HK\$95,100,000 due to CCI.
- (c) On 31 March 2019, the Group agreed with CCI to postpone the maturity date of the promissory note to 30 June 2020 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.

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.

* *English name is for identification only*

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 (“HKFRS”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2019. HKFRSs comprise HKFRS; Hong Kong Accounting Standards (“HKAS”); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has initially adopted HKFRS 16 Leases from 1 April 2019. A number of other new standards are effective from 1 April 2019 but they do not have a material effect on the Group’s condensed financial statements.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases — Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied HKFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in accumulated losses at 1 April 2019. Accordingly, the comparative information presented for 2019 has not been restated — i.e. it is presented, as previously reported, under HKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under *IFRIC 4 Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) As a lessee

The Group leases a few premises and training centres.

As a lessee, the Group previously classified leases as operating leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The recognised right-of-use assets relate to the following types of assets:

	Balance as at	
	30 September	1 April
	2019	2019
	HK\$'000	HK\$'000
Properties (right-of-use assets)	11,648	18,181

Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

Previously, the Group classified property leases as operating leases under HKAS 17. These include office premises and teaching venues. The leases typically run for a period of 3 to 5 years.

At transition, for leases classified as operating leases under HKAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(c) Impacts of financial statements

Impact on transition

On transition to HKFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in accumulated losses. The change in accounting policy affected the following items on the condensed consolidated statement of financial position (increase/(decrease)) as at 1 April 2019 is summarised below.

	Under HKAS 17 31 March 2019 HK\$'000	Under HKFRS 16 1 April 2019 HK\$'000
Assets		
Right-of-use assets	—	18,181
Liabilities		
Lease liabilities	—	(18,181)
Equity		
Accumulated losses	—	—

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The rate applied is 3.68%.

	1 April 2019 <i>HK\$'000</i>
Operating lease commitment at 31 March 2019 as disclosed in the Group's consolidated financial statements	12,189
Less: Recognition exemption for leases with less than 12 months of lease term at transition	(186)
	12,003
Adjustments as a result of a difference treatment of extension and termination options	7,050
Discounted using the incremental borrowing rate at 1 April 2019	(872)
Lease liabilities recognised as at 1 April 2019	18,181
Of which are:	
Current lease liabilities	7,343
Non-current lease liabilities	10,838
	18,181

Impacts for the period

As a result of initially applying HKFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised HK\$11,648,000 of right-of-use assets and HK\$14,007,000 of lease liabilities as at 30 September 2019.

Also in relation to those leases under HKFRS 16, the Group has recognised depreciation and finance costs, instead of operating lease expense. During the six months ended 30 September 2019, the Group recognised HK\$3,776,000 of depreciation charges and HK\$288,000 of finance costs from these leases.

4. REVENUE

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major services line for the period is as follows:

Revenue from contracts with customers within the scope of HKFRS 15

For the three months ended
30 September (Unaudited)

Reportable Segments	2019			2018 (Restated)		
	Promotion and Management Services HK\$'000	Robotics Education and Others HK\$'000	Total HK\$'000	Promotion and Management Services HK\$'000	Robotics Education and Others HK\$'000	Total HK\$'000
Types of service						
Promotion and Management Services						
— Designated Shentong Cards	2,469	—	2,469	5,313	—	5,313
Robotics Education and Others						
— Robotics course	—	28,940	28,940	—	34,421	34,421
— Rental of training equipment	—	506	506	—	1,516	1,516
— Competition admission	—	1,278	1,278	—	1,896	1,896
— Voting service of robotics events	—	—	—	—	504	504
	—	30,724	30,724	—	38,337	38,337
Total	2,469	30,724	33,193	5,313	38,337	43,650
Geographical market						
Mainland China	2,469	30,724	33,193	5,313	38,337	43,650
Time of revenue recognition						
A point in time	—	1,278	1,278	—	2,400	2,400
Over time	2,469	29,446	31,915	5,313	35,937	41,250
	2,469	30,724	33,193	5,313	38,337	43,650

For the six months ended
30 September (Unaudited)

Reportable Segments	2019			2018 (Restated)		
	Promotion and Management Services HK\$'000	Robotics Education and Others HK\$'000	Total HK\$'000	Promotion and Management Services HK\$'000	Robotics Education and Others HK\$'000	Total HK\$'000
Types of service						
Promotion and Management Services						
— Designated Shentong Cards	7,268	—	7,268	11,238	—	11,238
Robotics Education and Others						
— Robotics course	—	63,063	63,063	—	68,336	68,336
— Rental of training equipment	—	1,127	1,127	—	2,535	2,535
— Competition admission	—	2,460	2,460	—	3,175	3,175
— Voting service of robotics events	—	—	—	—	504	504
	—	66,650	66,650	—	74,550	74,550
Total	7,268	66,650	73,918	11,238	74,550	85,788
Geographical market						
Mainland China	7,268	66,650	73,918	11,238	74,550	85,788
Time of revenue recognition						
A point in time	—	2,460	2,460	—	3,679	3,679
Over time	7,268	64,190	71,458	11,238	70,871	82,109
	7,268	66,650	73,918	11,238	74,550	85,788

(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 2019 HK\$'000	Audited As at 31 March 2019 HK\$'000
Within 1 year	51,593	51,252
More than 1 year	—	—
	51,593	51,252

5. INVESTMENT AND OTHER INCOME

	Unaudited		Unaudited	
	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000 (Restated)	2019 HK\$'000	2018 HK\$'000 (Restated)
Interest income	147	105	309	210
Other income	150	226	150	226
Sponsorship income	—	519	—	519
	<u>297</u>	<u>850</u>	<u>459</u>	<u>955</u>

6. OTHER GAINS AND LOSSES

	Unaudited		Unaudited	
	For the three months ended 30 September		For the six months ended 30 September	
	2019 HK\$'000	2018 HK\$'000 (Restated)	2019 HK\$'000	2018 HK\$'000 (Restated)
Exchange gain	1,207	993	2,158	2,512
Impairment loss on property, plant and equipment (<i>note 13</i>)	(323)	—	(323)	—
Impairment loss on right-of-use assets	(2,154)	—	(2,154)	—
Impairment loss on goodwill (<i>note 15</i>)	(23,721)	—	(23,721)	—
	<u>(24,991)</u>	<u>993</u>	<u>(24,040)</u>	<u>2,512</u>

7. SEGMENT INFORMATION

The Group has the following operating segments:

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

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

	Promotion and Management services <i>HK\$'000</i>	Unaudited Robotics Education and Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 September 2019:			
Revenue from external customer (including a related company)	7,268	66,650	73,918
Segment (loss)/profit	(3,723)	16,363	12,640
Other material non-cash items:			
Impairment loss on property, plant and equipment	(323)	–	(323)
Impairment loss on right-of-use assets	(2,154)	–	(2,154)
Impairment loss on goodwill	–	(23,721)	(23,721)
As at 30 September 2019:			
Segment assets	38,978	647,306	686,284
Segment liabilities	<u>5,653</u>	<u>270,540</u>	<u>276,193</u>
	Promotion and Management services <i>HK\$'000</i>	Unaudited Robotics Education and Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 September 2018:			
Revenue from external customer (including a related company)	11,238	(Restated) 74,550	85,788
Segment (loss)/profit	(1,395)	52,956	51,561
As at 31 March 2019:			
Segment assets	41,608	678,171	719,779
Segment liabilities	<u>2,326</u>	<u>263,705</u>	<u>266,031</u>

Unaudited
For the six months ended
30 September
2019 2018
HK\$'000 **HK\$'000**

Reconciliation of segment profit or loss:

Total profit of reportable segments	12,640	51,561
Interest on promissory note payable to CCI	(943)	(942)
Income tax	(10,542)	(13,783)
Unallocated amounts:		
Directors' emoluments and allowances	(1,914)	(1,914)
Legal and professional fees	(172)	(159)
Rent	(1,231)	(1,231)
Salaries	(2,319)	(2,072)
Other unallocated head office and corporate expenses	(1,385)	(1,766)
	<u> </u>	<u> </u>
Consolidated (loss)/profit for the period	<u>(5,866)</u>	<u>29,694</u>

8. FINANCE COSTS

	Unaudited			
	For the three months ended		For the six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on promissory note payable to CCI	476	475	943	942
Interest on lease liabilities	180	—	288	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>656</u>	<u>475</u>	<u>1,231</u>	<u>942</u>

9. INCOME TAX

	Unaudited			
	For the three months ended		For the six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax — PRC				
— Provision for the period	4,945	6,523	10,631	13,877
Deferred tax (<i>note 20</i>)	(44)	(46)	(89)	(94)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>4,901</u>	<u>6,477</u>	<u>10,542</u>	<u>13,783</u>

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 2019 and 2018.

Tax charge on estimated assessable profits in the PRC has been calculated at the prevailing tax rate of 25% (2018: 25%).

10. (LOSS)/PROFIT FOR THE PERIOD

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

	Unaudited			
	For the three months ended		For the six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of intangible assets				
— Include in cost of service	176	218	356	375
Depreciation (<i>note 13</i>)	2,016	1,879	3,924	3,153
Depreciation of right-of-use assets	2,242	—	3,776	—
Directors' emoluments	960	960	1,914	1,914
Legal and professional fees	106	101	184	172
Impairment loss on property, plant and equipment (<i>note 13</i>)	323	—	323	—
Impairment loss on right-of-use assets	2,154	—	2,154	—
Impairment loss on goodwill (<i>note 15</i>)	23,721	—	23,721	—
Minimum lease payments paid under operating leases in respect of rented premises	—	2,071	—	3,963
Operating leases expenses in respect of short term leases	118	—	292	—
Employee benefits expense including Directors' emoluments				
— Salaries, bonus and allowances	5,445	5,694	10,420	10,501
— Retirement benefits scheme contributions	374	317	772	644
	<u>5,819</u>	<u>6,011</u>	<u>11,192</u>	<u>11,145</u>

11. DIVIDENDS

No dividends have been paid or proposed during the three months and six months ended 30 September 2019, nor has any dividend been proposed since the end of the reporting period (three months and six months ended 30 September 2018: Nil).

12. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings 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 2019 is based on the loss for the period attributable to owners of the Company of approximately HK\$19,095,0000 (three months ended 30 September 2018: earnings HK\$15,262,000) and HK\$5,866,000 (six months ended 30 September 2018: earnings HK\$29,694,000) respectively and the weighted average number of ordinary shares of 1,895,697,017 (three months and six months ended 30 September 2018: 1,895,697,017) in issue during both periods.

(b) Diluted (loss)/earnings per share

No diluted (loss)/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 2019 and 30 September 2018.

13. PROPERTY, PLANT AND EQUIPMENT

	Unaudited At 30 September 2019 HK\$'000	Audited At 31 March 2019 HK\$'000
Net carrying amount, beginning of the period/year	16,115	13,863
Additions	2,156	10,401
Depreciation	(3,924)	(7,055)
Disposals	–	(134)
Written off	–	(43)
Impairment loss	(323)	–
Exchange differences	(892)	(917)
	<u>13,132</u>	<u>16,115</u>
Net carrying amount, end of the period/year	<u>13,132</u>	<u>16,115</u>

14. RIGHT-OF-USE ASSETS

During the six months ended 30 September 2019, the Group has not entered into any new lease agreement that required to be recognised as right-of-use assets.

15. GOODWILL

	Unaudited At 30 September 2019 HK\$'000	Audited At 31 March 2019 HK\$'000
Net carrying amount, beginning of the period/year	37,537	40,190
Impairment loss	(23,721)	–
Exchange differences	(1,520)	(2,653)
	<u>12,296</u>	<u>37,537</u>
Net carrying amount, end of the period/year	<u>12,296</u>	<u>37,537</u>

The recoverable amounts of the CGU have been determined on the basis of their value in use calculations using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and revenue during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGU operate. Budgeted gross margin and revenue are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 2% (2019: 3%). This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from the Group's Robotics Education and Others CGU is 26.0% (2019: 27.3%)

At 30 September 2019, before impairment testing, goodwill of HK\$35,352,000 was allocated to Robotics Education and Others CGU. Due to economic downturn and declined revenue, the Group has revised its cash flow forecasts for this CGU. The CGU carrying amount has been reduced to its recoverable amount of HK\$363,944,000 and impairment loss of HK\$23,721,000 was recognised on goodwill.

16. INTANGIBLE ASSETS

	Unaudited At 30 September 2019 HK\$'000	Audited At 31 March 2019 HK\$'000
Net carrying amount, beginning of the period/year	385,745	413,792
Amortisation for the period/year	(356)	(735)
Exchange differences	(22,446)	(27,312)
	<u>362,943</u>	<u>385,745</u>
Net carrying amount, end of the period/year	<u>362,943</u>	<u>385,745</u>

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited At 30 September 2019 HK\$'000	Audited At 31 March 2019 HK\$'000
Amount due from CCC (<i>note (i)</i>)	31,336	39,296
Other receivables	293	1,018
Prepayment and deposits	2,653	3,716
	<u>34,282</u>	<u>44,030</u>

Note:

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

18. CONTRACT LIABILITIES

	Unaudited 30 September 2019 HK\$'000	Unaudited 1 April 2019 HK\$'000	Audited 31 March 2019 HK\$'000
Contract liabilities			
Billings in advance of performance obligation — Robotics course fee	<u>51,593</u>	<u>51,252</u>	<u>51,252</u>

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

Movements in contract liabilities:

	Unaudited At 30 September 2019 HK\$'000	Audited At 31 March 2019 HK\$'000
Beginning of the period/year	51,252	38,841
Increase in contract liabilities as a result of advance payments of robotics course fee received	68,455	160,413
Decrease in contract liabilities as a result of recognising revenue during the period/year	(65,190)	(145,414)
Exchange differences	<u>(2,924)</u>	<u>(2,588)</u>
End of the period/year	<u>51,593</u>	<u>51,252</u>

19. PROMISSORY NOTE

As at 30 September 2019, the promissory note is held by CCI with principal amount of approximately HK\$94,427,000 (as at 31 March 2019: HK\$94,427,000).

On 31 March 2019, the Group and CCI agreed to postpone the maturity date from 30 June 2019 to 30 June 2020.

The principal amount of the promissory note is denominated in HK\$. The promissory note is unsecured. As at 30 September 2019, the coupon rate is 2% per annum (as at 31 March 2019: 2% per annum) and the effective interest rate is 1.75% (as at 31 March 2019: 1.75%).

20. DEFERRED TAX LIABILITIES

	Intangible assets HK\$'000	Undistributed profits of subsidiaries HK\$'000	Total HK\$'000
At 1 April 2018 (Audited)	103,449	2,249	105,698
Charge to profit or loss for the year	(184)	–	(184)
Exchange differences	(6,828)	(149)	(6,977)
At 31 March 2019 and 1 April 2019 (Audited)	96,437	2,100	98,537
Charge to profit or loss for the period	(89)	–	(89)
Exchange differences	(5,612)	(122)	(5,734)
At 30 September 2019 (Unaudited)	90,736	1,978	92,714

21. ACCRUALS AND OTHER PAYABLES

	Unaudited At 30 September 2019 HK\$'000	Audited At 31 March 2019 HK\$'000
Amount due to CCI (<i>note a</i>)	95,100	95,100
Amount due to related companies (<i>note b</i>)	2,194	1,364
Accrued salaries	4,457	5,880
Accrued expenses	2,284	1,110
Security deposits (<i>note c</i>)	4,947	5,252
Other payables	1,874	1,941
	110,856	110,647

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 2019. On 1 November 2019, the Group agreed with CCI to postpone the maturity date to 15 November 2020 and the directors expect that the repayment date will be further postponed successfully.

(b) The amounts due to related companies are denominated in HK\$ and RMB, 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.

22. SHARE CAPITAL

	Unaudited At 30 September 2019		Audited At 31 March 2019	
	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>

23. 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 2019	31 March 2019
			HK\$	'000	'000
				(Unaudited)	(Audited)
26 August 2016	Immediately	26 August 2016 to 25 August 2019 (both days inclusive)	0.53	<u>–</u>	<u>7,800</u>

Options not exercised will expire after the exercisable period.

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

	Unaudited		Audited	
	For the six months ended		For the year ended	
	30 September 2019		31 March 2019	
	Number	Weighted	Number	Weighted
	of share	average	of share	average
	options	exercise price	options	exercise price
	'000	HK\$	'000	HK\$
Outstanding at the beginning of the period/year	7,800	0.53	17,800	0.53
Lapsed during the period/year	(7,800)	0.53	(10,000)	0.53
Granted during the period/year	–	N/A	–	N/A
Outstanding at the end of the period/year	–	N/A	7,800	0.53
Exercisable at the end of the period/year	–	N/A	7,800	0.53

No share option has been exercised during the three months and six months ended 30 September 2019.

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.

24. 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		For the six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loans from CCI	1,700	–	1,700	–
Promotion and management service income from CCC	2,469	5,313	7,268	11,238
Interest on promissory note payable to CCI	(475)	(475)	(943)	(942)
Salaries and allowance paid to a close family member of an executive director	(155)	(155)	(309)	(309)
Service fee to CCC				
— Web advertising expenses	(912)	(1,503)	(1,838)	(2,981)
— Customer service hotline rental	(1,148)	(1,249)	(2,397)	(2,491)
— CRC Shentong Card payment system management	(1,896)	(2,302)	(4,064)	(4,469)
— Server hosting service	(2,986)	(4,146)	(6,333)	(8,578)
Service fee to related companies				
— Web advertising expenses	(812)	(675)	(1,614)	(1,524)
— Heilongjiang Operation and Management Contract	(366)	(127)	(660)	(127)
— Rental of competition venue	(59)	(160)	(93)	(179)
— Office rental	(291)	–	(582)	–

- (b) A related party has provided course venue to the Group to use for nil consideration for the period ended 30 September 2019 and 30 September 2018.

- (c) 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	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Short-term benefits	1,826	1,631	3,665	3,273
Post-employment benefits	—	—	—	—
Other long-term benefits	—	—	—	—
Share-based payments	—	—	—	—
Termination benefits	—	—	—	—
	1,826	1,631	3,665	3,273

25. CONTINGENT LIABILITIES

As at 30 September 2019, the Group did not have any significant contingent liabilities (at 31 March 2019: Nil).

26. CAPITAL COMMITMENTS

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

	Unaudited	Audited
	At	At
	30 September	31 March
	2019	2019
	HK\$'000	HK\$'000
Purchase of property, plant and equipment		
— Contracted but not provide for	3	639

27. EVENTS AFTER THE REPORTING PERIOD

- (i) On 1 November 2019, the Group agreed with CCI to postpone the maturity date of an amount of HK\$95,100,000 due to CCI to 15 November 2020.
- (ii) On 22 October 2019, the Company further borrowed HK\$2,000,000 from CCI. The amount is unsecured, interest free and repayable on demand.

28. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the current period's presentation. The new classification of the accounting items are considered to provide a more appropriate presentation of the state of affairs of the Group.

29. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 12 November 2019.

OTHER INFORMATION

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

As at 30 September 2019, 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	–	–	–	–	–
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 2019.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 September 2019, 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	207,028,256	–	–	207,028,256	10.92%
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 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 2019, 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 2018/19.

Particulars of the outstanding options which have been granted under the 2013 Share Option Scheme as at 30 September 2019 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 1 April 2019	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	As at 30 September 2019
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	800,000	–	–	(800,000)	–	–
Total					7,800,000	–	–	(7,800,000)	–	–

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 2019.

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 2019, 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 2019. 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 2019, 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 Liquan and Ms. Zhang Li, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 2 August 2019 (the “2019 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 2019 AGM due to his other business activities and unexpected engagement. Mr. Bao Yueqing (executive Director and Co-Chief Executive Officer of the Company) was appointed as the chairman of the 2019 AGM to answer and address questions raised by shareholders at the 2019 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 2019.

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 Co-Chief Executive Officer*)
Mr. Yip Tai Him (*Independent Non-Executive Director*)
Ms. Han Liquan (*Independent Non-Executive Director*)
Ms. Zhang Li (*Independent Non-Executive Director*)

Hong Kong, 12 November 2019

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.