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

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

2017/18
ANNUAL REPORT

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This report, for which the directors (the "Directors") of Shentong Robot Education Group Company Limited (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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This Annual Report is printed on environmentally friendly paper

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. He Chenguang *(Chairman)*
Mr. Bao Yueqing *(Chief Executive Officer)*

Independent Non-Executive Directors
Mr. Yip Tai Him
Ms. Han Liqun
Ms. Zhang Li

COMPANY SECRETARY

Mr. Yiu King Ming, *CPA*

COMPLIANCE OFFICER

Mr. Bao Yueqing

AUDIT COMMITTEE

Mr. Yip Tai Him *(Chairman)*
Ms. Han Liqun
Ms. Zhang Li

REMUNERATION COMMITTEE

Mr. Yip Tai Him *(Chairman)*
Ms. Han Liqun
Ms. Zhang Li

NOMINATION COMMITTEE

Mr. He Chenguang *(Chairman)*
Mr. Yip Tai Him
Ms. Han Liqun
Ms. Zhang Li

AUTHORISED REPRESENTATIVES

Mr. Bao Yueqing
Mr. Yiu King Ming, *CPA*

AUDITORS

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Cayman Islands

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Royal Bank House-3rd Floor,
24 Shedden Road, P.O. Box 1586,
Grand Cayman, KY1-1110,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712–1716
17th Floor
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Wan Chai
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

WEBSITE ADDRESS

www.srobotedu.com

GEM STOCK CODE

8206

Financial Highlights

The following is a summary of the consolidated results and of the consolidated assets and liabilities of the Group for the last five financial years.

CONSOLIDATED RESULTS

	Year ended 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**141,482**	91,507	34,684	38,484	38,865
Profit/(loss) before tax	**45,065**	11,507	(18,820)	(8,269)	(6,723)
Income tax expense	**(17,463)**	(7,661)	(1,550)	(1,602)	(2,390)
Profit/(loss) for the year attributable to owners	**27,602**	3,846	(20,370)	(9,871)	(9,113)
Basic earnings/(loss) per share (HK cent(s))	**1.51**	0.24	(1.57)	(0.76)	(0.70)

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**667,302**	538,808	40,741	61,254	69,344
Total liabilities	**(393,125)**	(447,382)	(116,573)	(115,479)	(113,406)
Net assets/(liabilities)	**274,177**	91,426	(75,832)	(54,225)	(44,062)
Net assets/(liabilities) per share (HK cent(s))	**14.46**	5.52	(5.86)	(4.19)	(3.40)

Chairman's Statement

On behalf of the Board of the Directors (the "Board"), I am pleased to present the audited consolidated results of Shentong Robot Education Group Company Limited ("Shentong Robot Education" or the "Company", together with its subsidiary companies, the "Group") for the year ended 31 March 2018 (the "Year").

FINANCIAL PERFORMANCE

The Group's revenue were 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". 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.#) ("Heilongjiang Shentong") in May 2016, the Group successfully created a new source of revenues from industries related to robotics education and achieved continuous improvement in profitability.

The Group recorded consolidated revenue of approximately HK$141,482,000 for the year ended 31 March 2018, representing an increase of approximately 54.6% as compared to approximately HK$91,507,000 for the year ended 31 March 2017. For the Year, the Group recorded approximately HK$27,602,000 in profit attributable to owners of the Company, representing an increase of approximately 617.7% as compared to the approximately HK$3,846,000 for the year ended 31 March 2017. The Group's gross profit increased by 67.1% year-on-year to approximately HK$92,807,000, and gross profit margin increased approximately 4.9 percentage points years-to-year to approximately 65.6%. The business growth was mainly attributable to the increase in revenue from the robotics education business from approximately HK$60,050,000 for the year ended 31 March 2017 to approximately HK$110,062,000 for the year ended 31 March 2018.

ROBOTICS EDUCATION RELATED ACTIVITIES REVIEW

The robotics education which combines technology, education and practice has developed rapidly in the Year. As one of the leading regions of the PRC in the development of robotics education, Heilongjiang Province has deepened the integrated development of sports, education and technology through the innovative robot sports in recent years.

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 GASC attaches great importance to the development of robot sports and has formulated the China Quality Robotics Sports Generic Competition rules (《中國素質體育機器人運動通用競賽規則》) to lay a good foundation for robot sports. On the other hand, 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 robotics-related work, marking the commencement of sports robot movement nationwide. The NSSRL is jointly guided by the Ministry of Education and the GASC, and joined by universities, secondary schools and primary schools, vocational schools in the PRC in the name of school; with the parent company of the Group as the Secretary General of the NSSRL to be responsible for its daily matters. The NSSRL established the Working Committee of the NSSRL (全國學校體育聯盟機器人工作委員會) as a permanent management agency responsible for the day-to-day management of robotics education, examination and appraisal, membership applications, as well as providing robotics learning resources and support services for students in universities, secondary and primary schools to promote learning and practicing robotics-related knowledge and skills.

The Group is the only enterprise in Heilongjiang Province authorised to host robot sports competitions and provide robotics-related education and training business 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.

The Group has always been committed to develop robot sports into one of the important events in the national fitness activities of the PRC. In the past year, in addition to actively participating in various robot sports events in Heilongjiang Province, the Group also strived to create a high-end robotics education platform to nurture high-quality robot sports professionals, aiming at making greater contributions to the development of robotics education in the PRC.

English name is for identification purpose only

Chairman's Statement

Through organising diversified robotics education events in Heilongjiang Province, such as sports events, competition experience, course promotion, and experiential programmes, the Group successfully encouraged the development of local robotics education business and gained extensive market and social recognition. In November 2017, the China Robot Sports Rank Examination (中國機器人運動等級考試) organised by the China Robot Sports Working Committee (中國機器人運動工作委員會) and the Working Committee of the NSSRL was held in the Heilongjiang Province. In addition to the robotics-related expertise assessment on students in the province, the examination further propagated the robotics discipline and the concept of education in robot sports, and thus facilitating the development in areas such as robotics-related external communication and competitions. Meanwhile, the National Robot Competition Equipment Testing and Certification Center (國家機器人運動器材檢測認證中心) and the National Robot Teaching Equipment Testing and Certification Center (國家機器人教學器材檢測認證中心) were established in the Harbin Institute of Technology in the Heilongjiang Province, by which a national mechanism for standard testing and accreditation in the PRC was formally activated, effectively promoting the standardisation process of robotics education in the PRC.

BUSINESS REVIEW AND PROSPECTS

According to the Report on the Development of the Robotics Industry in China for 2017 (《中國機器人產業發展報告(2017年)》) issued by the Chinese Institute of Electronics, the scale of the global robotics market is continuously expanding. The trend of future technological innovation will facilitate China's continuous cultivation of smart technology talents. Under the guidance of developing intellectual innovation, the Group will exert its own advantages in robotics education, sports, competitions, international exchanges, and etc., and actively cooperate with various institutions in Heilongjiang Province to negotiate and carry out robotics education-related projects and promotion of international exchanges, so as to achieve a new milestone with the national education.

Generate education income through competitions

In the coming year, the Group will start with the youth's spirit of seeking knowledge in the field of science, technology and sports to plan diversified scientific experiences, in order to create a broad education platform for students and broaden their vision of science and technology and worldview. In April 2018, the "First Robotics Competition for University Students in Heilongjiang Province" was successfully held by the Department of Education of Heilongjiang Province and sponsored by the Group and Harbin Branch of China Mobile. It attracts nearly 500 students from around 40 universities and colleges. On the other hand, with the support from the Social Sports Direction Centre of the General Administration of Sport (國家體育總局社會體育指導中心) and the Physical Education, Health and Art Department at the Ministry of Education (教育部體育衛生與藝術教育司), the Group will host the "China Communication Cup First National Robotic Football Competition" in Daqing, Heilongjiang Province in August 2018. It is expected to be a football match using robots as the tools for competition, which will effectively raise the reputation of robot sports in Heilongjiang Province and drive the development of robotics education business of the Group.

The popularity of robotics education to boost considerable growth

With strengthened national policy support, the robotics education in Heilongjiang Province and throughout the country is expected to develop steadily. In the future, the Group will actively cooperate with the NSSRL to discuss how to improve the robotics education structure in order to provide students with quality and standardised practical teaching activities. "Robotics Curriculum Guide for Secondary and Primary Schools" (機器人學中小學課程教學指南) by the Ministry of Education was approved by experts in the beginning of 2016, setting clear standards and norms for the robotics education curriculum in primary and secondary schools in the PRC, and also laying a solid foundation for promoting the school-based teaching of robotics in the PRC. On the other hand, we will actively cooperate with the Robot Sports Association of Heilongjiang Province, take all efforts to promote robotics education and robotics competitions in Heilongjiang Province, and promote the vigorous development of national robotics-related business in Heilongjiang Province as well as throughout the country. Starting from May 2018, various types of robot-themed activities for primary and secondary school students have been organised in Heilongjiang, Beijing, Shandong and other places. At the past International Children's Day on 1 June, the Working Committee of the NSSRL teamed up with members of the League and the China Robot Competition Commission to organise various robot-themed activities for students in kindergartens, primary and secondary schools in the forms of competitions, exhibitions and teaching, demonstrating the charm of robotics education. It greatly strengthen the development of robotics education and robot sports throughout the country.

Chairman's Statement

Advocation of robotics education, compliance with the national policy to be talent-oriented, and support innovation and technology have become key elements in supporting the business growth of the Group. To sum up, the Group will continue to leverage its first-mover advantages in China robotics education, to develop more robotics education programmes, and strive to optimise the portfolio of businesses along the entire industry chain. According to information from the Department of Education of Heilongjiang Province, as of the end of 2017, there were about 10,000 academic schools of various levels of education in Heilongjiang Province, with nearly 4.6 million students; and over 5,000 non-governmental schools and educational institutions with nearly 210,000 registered students. The robotics education courses provided by the Group becomes more extensive. The number of participants in new items, including robotic football, racing, obstacles, and task events, has also increased. In addition to continue to deepen the development of the operating networks of Harbin City and Daqing City, the Group has successfully expanded its business to Anda City and Qiqihar City. We will continue to expand the robotics education business in Heilongjiang Province to attract more students and teachers to become a part of our robotics education, so as to facilitate a continuous increase in the Group's operating income and create long-term value for the Group and its shareholders.

Shoulder the mission to support innovation and technology

The unstoppable wave of innovation and technology is sweeping through the entire world. The HKSAR government has proposed in its latest budget to invest into the development of the "Hong Kong-Shenzhen Innovation and Technology Park" in the Lok Ma Chau Loop, including capital injection to the Innovation and Technology Fund and support for the construction of technology and innovation platforms to attract top-quality scientific research institutions and technology companies in the world to establish a presence in Hong Kong. President XI Jinping also indicated that he attaches importance to the development of scientific research in Hong Kong and emphasised cooperation between Hong Kong and the Mainland on technology to support Hong Kong as an international innovation and technology centre. As a listed company in Hong Kong, the Group will perform its responsibilities and obligations to actively participate in the development of innovation and technology and education in Hong Kong. We will seriously consider extending our existing robotics education-related business into the innovation and technology field in Hong Kong. We believe that, the robot sports events and education courses organised by the Group will promote the importance of sports and technology among the general public, as well as inspire and guide the younger generation to join the innovation and technology industry to develop Hong Kong into an international innovation and technology centre together.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to our shareholders for their tremendous support and to my fellow Directors and our management and staff for their dedication and contribution in the past year.

He Chenguang
Chairman

Hong Kong, 15 June 2018

Management Discussion and Analysis

REVENUE AND PROFITABILITY

The Group recorded a revenue of approximately HK$141,482,000 (2017: HK$91,507,000) for the year ended 31 March 2018, representing an increase of approximately 54.6% as compared with the year ended 31 March 2017 which was primarily due to the growth of the Robotics Education and Others.

The Group's gross profit for the year ended 31 March 2018 amounted to approximately HK$92,807,000 as compared to approximately HK$55,540,000 for the year ended 31 March 2017. The increase was mainly attributable to the growth of the Robotics Education and Others.

Selling and distribution and administrative expenses for the year ended 31 March 2018 was approximately HK$43,470,000 as compared to approximately HK$43,338,000 for the year ended 31 March 2017.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group made a profit attributable to owners of approximately HK$27,602,000 for the year ended 31 March 2018 as compared to approximately HK$3,846,000 for the year ended 31 March 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 9 to the consolidated financial statements.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the Group had outstanding promissory note at principal amount of approximately HK$94.4 million (as at 31 March 2017: approximately HK$94.4 million) with carrying value of approximately HK$105.7 million (as at 31 March 2017: approximately HK$103.8 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 to 30 June 2019. Other than the said promissory note, the Group did not have any other committed borrowing facilities as at 31 March 2018 (as at 31 March 2017: Nil).

As at 31 March 2018, the Group had net current assets of approximately HK$17.8 million (as at 31 March 2017: net current liabilities of approximately HK$227.2 million). The Group's current assets mainly consisted of cash and cash equivalents of approximately HK$146.6 million (as at 31 March 2017: approximately HK$92.5 million) and prepayments, deposits and other receivables of approximately HK$52.9 million (as at 31 March 2017: approximately HK$32.6 million). The Group's current liabilities mainly include accruals and other payables of approximately HK$109.9 million (as at 31 March 2017: approximately HK$209.6 million), current tax liabilities of approximately HK$32.9 million (as at 31 March 2017: approximately HK$17.2 million and education course obligation of approximately HK$38.8 million (as at 31 March 2017: approximately HK$21.6 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 31 March 2018, the gearing ratio was 38.6% (as at 31 March 2017: 113.6%).

Management Discussion and Analysis

CAPITAL STRUCTURE

On 4 July 2017, 240,000,000 new ordinary shares were issued and allotted to two subscribers, namely, Mr. Cao Bingsheng and Mr. Liang Haiqi, by way of subscription at HK$0.45 per share (the "Subscription"). The aggregate nominal value of the new shares issued was HK$2,400,000. The net proceeds of the Subscription (after deducting related professional fees and related expenses) were approximately HK$107.8 million (equivalent to approximately HK$0.449 per share), and will be/have been used in the following manner: (i) as to approximately HK$2.8 million for the general working capital of the Group; and (ii) as to approximately HK$105.0 million for settlement of a portion of the service fee under a service agreement. Further details of the Subscription were set out in the announcements of the Company dated 21 June 2017, 27 June 2017 and 4 July 2017.

Save as disclosed above, there was no other change in the capital structure during the year.

CHARGE ON ASSETS

The Group did not have any charge on its assets as at 31 March 2018 and 31 March 2017.

EMPLOYEES, REMUNERATION POLICIES AND STAFF COSTS

As at 31 March 2018, the Group had 96 employees (2017: 100). The staff costs for the year ended 31 March 2018 was approximately HK$20.8 million (2017: HK$20.3 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 year ended 31 March 2018 and 31 March 2017, the Group had no significant investment. As at 31 March 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 year.

FOREIGN CURRENCY RISK

The income and expenditure of the Group are mainly carried in Hong Kong dollars and Renminbi ("RMB") and the assets and liabilities of the Group were mainly denominated in Hong Kong dollars 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 31 March 2018 and 31 March 2017.

CAPITAL COMMITMENTS

Details of capital commitments is set out in note 34 to the consolidated financial statements.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. He Chenguang, aged 57, joined the Group and was elected as the Chairman of the Group in April 2006. He is responsible for formulating the Group's strategy of overall business development. Mr. He holds a professional qualification in business administration and has extensive experience in management of major enterprises, in particular, management, operation and strategic development of telecommunication industry in the PRC. Currently, he is the chairman of the board of directors of the Company's substantial shareholder, 神州通信集團有限公司 (China Communication Group Co., Ltd.#) ("CCC"), a nationwide telecom operator and internet network operator in the PRC.

Mr. He is the chairman of Professional Energy Committee of The Chinese People's Association for Friendship with Foreign Countries, the vice president of China-Cuba Friendship Association (a friendship association with foreign countries and a national people's organisation of the PRC which was founded in 1962). Mr. He is a part-time professor in Harbin Engineering University and University of Science and Technology Beijing. In 2011, Mr. He has also been awarded "Peaceful Development Contribution Award" jointly issued by the Chinese People's Association for Friendship with Foreign Countries and China Friendship Foundation for Peace and Development.

Mr. Bao Yueqing, aged 48, joined the Group in April 2010 as an executive Director until 30 June 2011 and subsequently as a general manager of the Company in May 2012 and appointed as an executive Director again and chief executive officer of the Group in January 2014. He is responsible for the daily operation of the Group and forming and implementation of the Company's business strategies. Mr. Bao holds a Bachelor degree of Economics Management from Heilongjiang University and has extensive experience in management of major enterprises, in particular, management, operation and strategic development of telecommunication industry in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yip Tai Him, aged 47 joined the Group in October 2002. He is currently the chairman of each of the audit committee and remuneration committee and member of the nomination committee of the Company. He is responsible for reviewing the Company's annual report and accounts, half yearly reports and quarterly reports and to provide advices and comments thereon to the Board.

Mr. Yip has been a practising accountant in Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the institute of Chartered Accountants in England and Wales. He has about 26 years of experience in accounting, auditing and financial management.

Mr. Yip was previously an independent non-executive director of New Wisdom Holding Company Limited (a company listed on GEM), for the period from 8 November 2016 to 28 March 2018 and Vinco Financial Group Limited (a company listed on GEM), for the period from 20 May 2008 to 1 August 2016. He is currently an independent non-executive director of GCL-Poly Energy Holdings Limited, Bisu Technology Group International Limited, Sino Golf Holdings Limited and Redco Properties Group Limited (all are listed on the Stock Exchange).

Ms. Han Liqun, aged 65, was appointed as an independent non-executive Director in January 2014. Ms. Han holds a Bachelor degree of Instrumentation and Automation from Taiyuan University of Technology, a Master degree from the Institute of Computing Technology of the Chinese Academy of Sciences and a Doctorate degree of Pattern Recognition and Intelligent Systems from Beijing Institute of Technology. Ms. Han was a visiting research fellow at City University London.

English name is for identification purpose only

Biographical Details of Directors and Senior Management

Ms. Han has long been participated in the research in aspects such as artificial neural network theory and applications, pattern recognition and intelligent information processing as well as intelligent control and detection. She completed various significant scientific and technological research projects with outstanding results on pattern recognition and intelligent detection and control issues in light industry, chemical, agricultural, transportation and aerospace industries. Ms. Han also published 150 theses and 15 books, a number of which were included by various international literature institutions. Furthermore, she chaired and participated in over 20 scientific research projects, obtained 4 national invention patents and received a second prize from the first Wu Wenjun Artificial Intelligence Science Technology Awards.

Ms. Han, Beijing Outstanding Teacher, has been engaged in education for more than 25 years and taught 15 courses. She has taught in Beijing Light Industry School under the Ministry of Light Industry of the PRC and Beijing Technology and Business University as the Dean, illustrating her outstanding teaching and research achievements. She chaired over 20 education reforms in the Ministry of Education of the PRC, Ministry of Light Industry, Beijing Municipal Commission of Education, etc. By virtue of her teaching results, she received a grand prize and a first prize from the Institutional Outstanding Teaching Achievement Awards and a second prize from the Beijing Teaching Achievement Awards.

Ms. Han is currently the Member and Executive Vice President of Chinese Association for Artificial Intelligence and the Chairman of the Working Committee of Intelligence Products and Industry, the Vice Chairman of the Working Committee and the Chairman of the Expert Committee of the China Robotics Sports, the fellow of the Academy of Engineering of the Developing World, the Executive Vice President of China Intelligence Robots Innovation Alliance (全國智能機器人創新聯盟), the Chairman of the International Robotics Competition and Maker Education Alliance (國際機器人競技與創客教育聯盟), the Vice President of the Simulation Application Society of China Computer Users Association, the Deputy Director of the Editorial Board of "Computer Simulation" and the Associate Editor-in-Chief of "CAAI Transactions on Intelligent Systems".

Ms. Zhang Li, aged 58, was appointed as an independent non-executive Director in March 2014. Ms. Zhang holds a Bachelor of Engineering in Solid Mechanics from the Department of Mathematics and Mechanics of Henan University of Science and Technology, China, a Master of Engineering in Mechanical Design from the Department of Mechanical Design of Henan University of Science and Technology, China, and a Doctor of Engineering in Composite Materials from the School of Material Engineering of Wuhan University of Technology, China. Ms. Zhang is a professor at the School of Material and Mechanical Engineering of Beijing Technology and Business University, China, instructing the graduates and doctoral students. She was also the dean of the School of Mechanical Automation, the dean of the School of Mechanical Engineering and the deputy director of the Office of Evaluation and Construction for Undergraduate Assessment of Beijing Technology and Business University. Since 2007, Ms. Zhang has been to Canada, Singapore, the United States, the United Kingdom, Australia and other countries for academic exchanges and visits.

Ms. Zhang's expertise is in the study of mechanical automation and composite materials. Ms. Zhang has outstanding achievements in education and scientific research. Ms. Zhang focuses on the study of mechanical design and mechanics of composite materials, and engages in the design, manufacture and application of advanced composite material components as well as computer-aided engineering. She has chaired or participated in over 30 projects, such as "Research of Thermal Dynamic Performance of Composite Engines" by National Natural Science Foundation of China, National Science and Technology Support Program, the science and technology development project of "Research of Dynamic Performance of Composite Flywheels" by Beijing Municipal Commission of Education, talent training funded projects in Beijing and enterprise service projects. Ms. Zhang has published over 100 academic papers, some of which were included by various international literature institutions. She published 16 books, translations and textbooks and 1 Beijing quality textbook.

Ms. Zhang, an Excellent Teacher, has engaged in education for over 35 years. She was awarded the title of National Excellent Teacher, Top Creative Talent in Beijing Universities and the award of Top Teacher in Beijing Universities. She has also been merited as the Backbone Teacher of Mechanical Engineering across the century. Ms. Zhang served as the leader of Beijing Academic Innovation Team and won the First Class Award for School Education and Teaching Achievement. She was responsible for the completion of the Country's "10th five-year" key planning issues for tertiary education "Research on the education reform of new international division for electrical and mechanical engineering" and the Beijing education reform project "Improvement, reform and discussion on the education system, methodology and contents of engineering mechanics". She was also funded by the Beijing inter-organisational talent project.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Dr. Wong Lee Ping, aged 53, joined the Group in March 2015, is the investor relationship representative of the Group. He is responsible for the Group's strategy for investor relations functions. Dr. Wong is a certified public accountant of the HKICPA and also a fellow member of the Association of Chartered Certified Accountants. Dr. Wong holds a Doctor degree of Corporate Management from Jinan University of PRC and MBA from University of Portsmouth, UK.

Mr. Yiu King Ming, aged 33, joined the Group in September 2015, is the financial controller and company secretary of the Group. He is responsible for financial planning and reporting and general administration of the Group. Mr. Yiu holds a Bachelor Degree of Accountancy from the Hong Kong Polytechnic University. Mr. Yiu is a member of the HKICPA. Prior to joining to the Group, he worked in a multinational accounting firm and has over 9 years' experience in auditing.

Ms. Chow Tsz Yan, joined the Group in February 2016, is the Head of Corporate Communications of the Group. She is responsible for the operation and strategic direction of the Group's corporate communication. Ms. Chow holds a Bachelor of International Corporate Communication from the University of Central Lancashire.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges that good and effective corporate governance could make an important contribution to corporate success and enhance values to the Group and our shareholders. Therefore, the Board is committed to maintain and ensure the standards of corporate governance within the Group and to ensure that the business activities and decision making processes are regulated in a proper and responsible manner. Save as disclosed below, the Group has adopted the practices and code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2018.

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 the 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 2017 (the "2017 AGM") and the extraordinary general meeting held on 29 March 2018 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 2017 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 2017 AGM to answer and address questions raised by shareholders of the Company at the 2017 AGM.

Save as disclosed above, in the opinion of the Directors, the Company has complied with the code provisions set out in the CG Code. The key principles and practices of the Company are summarised below.

CONTINUOUS PROFESSIONAL DEVELOPMENT

To assist Directors' continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. During the year ended 31 March 2018, all Directors have participated in continuous professional development programmes such as attending external conferences, seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. The Company is of the view that all Directors has complied with the code provisions A.6.5. A record of the training received by the respective Directors are kept and updated by the company secretary of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Board has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year ended 31 March 2018. The Company also had made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises five Directors in which two are executive Directors and three are independent non-executive Directors. During the year ended 31 March 2018 and up to the date of this report, the Board comprises the following Directors:

Executive Directors:
Mr. He Chenguang, *Chairman of the Board*
Mr. Bao Yueqing, *Chief Executive Officer*

Independent Non-Executive Directors:
Mr. Yip Tai Him
Ms. Han Liqun
Ms. Zhang Li

Corporate Governance Report

The biographical details of the Directors are set out in the "Biographical Details of Directors and Senior Management" on pages 9 to 11 of this report.

The number of the Board meetings and the other committees' meetings held for the year ended 31 March 2018 and the attendance of each Director are as follows:

	Numbers of the meetings attended/held				
	Board	Independent Board Committee	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors					
Mr. He Chenguang	15/15	N/A	N/A	N/A	0/0
Mr. Bao Yueqing	15/15	N/A	N/A	N/A	N/A
Independent Non-Executive Directors					
Mr. Yip Tai Him	15/15	1/1	5/5	1/1	0/0
Ms. Han Liqun	15/15	1/1	5/5	1/1	0/0
Ms. Zhang Li	15/15	1/1	5/5	1/1	0/0

During the year, a total of two general meetings of the Company were held and the attendance record is as follow:

	Number of the meeting attended/held
Executive Directors	
Mr. He Chenguang	0/2
Mr. Bao Yueqing	2/2
Independent Non-Executive Directors	
Mr. Yip Tai Him	2/2
Ms. Han Liqun	0/2
Ms. Zhang Li	0/2

The Board is accountable to the shareholders and lead the Group in an ethical, responsible and effective manner. The Board sets the overall strategic directions of the Group, establishes effective management and monitors its performance. The Board is required to meet at least four times a year in addition to the meetings to approve the financial results. Notice of at least 14 days is given for a regular Board meeting and reasonable notice is generally given to all Directors for other Board meetings. Apart from these regular meeting, Board meetings are also held to approve major issues and notice of each regular meeting is given to all Directors. All relevant materials, including draft minutes were sent to all Directors relating to the matters brought before the meeting to ensure that the Directors are given sufficient time to review the same. All the Directors have been provided with sufficient resources to discharge their duties, and, upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expenses. All Directors will have the opportunity to include matters in the agenda for Board meetings. Matters requiring the Board's unanimous decision include material acquisitions or disposals of assets, significant investments, capital projects, annual budgets, and key issues relating to human resources and administration matters.

Corporate Governance Report

According to the practice of the Board, any material transaction, which involves a conflict of interest for a substantial shareholder (as defined in the GEM Listing Rules) or a Director, will be considered and dealt with by the Board at a Board meeting. The articles of association (the "Articles") contain certain provision requiring such Directors to abstain from voting and not to be counted in the quorum at such meetings for approving transactions in which such Directors or any of their respective associates have a material interests.

Daily operations and administration are delegated to the senior management team. All the said minutes are kept by the company secretary of the Company and are open for inspection at any reasonable time on reasonable notice by any Director.

According to the Articles of the Company, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or multiple of three, then the number nearest to, but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. All Directors appointed to fill a causal vacancy or as an addition to the Board shall be subject to election by the Shareholders at the first general meeting after their appointment.

Directors' training is an ongoing process. During the year, Directors have regular updates on changes and developments of the Group's business and to the regulatory environments in which the Company operates. All Directors are also encouraged to attend relevant training courses at the Company's expense.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of the Chairman and the Chief Executive Officer are held by separate individuals. The role and responsibilities of the Chairman is separate from that of the Chief Executive Officer. The position of the Chairman and Chief Executive Officer is held by Mr. He Chenguang and Mr. Bao Yueqing respectively. The Chairman was responsible for leading the Board in forming the Group's strategies and policies and for organising the business of the Board. The Chief Executive Officer was responsible for the daily operations of the Group and was accountable to the Board for the Group's financial and operational performance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 5.05(1) and 5.05A of the GEM Listing Rules, the Board currently comprises three independent non-executive Directors representing more than one-third of the Board. The independent non-executive Directors are appointed for a specific term. All the three independent non-executive Directors have been appointed for a term of one year and they are subject to retirement by rotation in accordance with the Articles.

The Company has received the annual independence confirmation from each of Mr. Yip Tai Him, Ms. Han Liqun and Ms. Zhang Li (all being independent non-executive Directors) pursuant to Rule 5.09 of the GEM Listing Rules. The Board has assessed their independence and concluded that all of them satisfied the independence criteria. Amongst three independent non-executive Directors, Mr. Yip Tai Him has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 5.05(2) of the GEM Listing Rules.

To assist the execution of its responsibilities, three Board committees, namely Audit Committee, Remuneration Committee and Nomination Committee, have been established by the Board. These committees well function within the clearly defined terms of reference. All independent non-executive Directors play a significant role in these committees to ensure the independence and objectivity.

REMUNERATION COMMITTEE

At the Board meeting held on 1 April 2005, a Remuneration Committee has been established. The Remuneration Committee consists of three members, all of whom are independent non-executive Directors. The Remuneration Committee is chaired by Mr. Yip Tai Him and meets at least once a year.

The roles and functions of the Remuneration Committee are to review and recommend the remuneration packages of the Directors and the senior management of the Group, oversee and review the administration of the Share Option Scheme and to review the appropriateness of compensation for Directors and the senior management of the Group. No Directors is involved in determining his/her own remuneration.

The Remuneration Committee takes into consideration the market condition, comparable companies, past performance and the experience and knowledge possessed when determining remuneration packages of the Directors. The remuneration package for executive Directors comprises a basic salary and a discretionary bonus for their contributions in accordance with code provisions B.1.2(c)(ii). All revision to remuneration packages of the Directors are subject to the review and approval of the Board.

NOMINATION OF DIRECTORS

At the Board meeting held on 30 April 2012, a Nomination Committee has been established. The Nomination Committee consists of four members, of which the present Nomination Committee consists of a majority of independent non-executive Directors. The Nomination Committee is chaired by Mr. He Chenguang. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors. It also has the responsibility to ensure the Board has an appropriate balance of independent Directors, with a mix of business experience in relevant disciplines. According to the board diversity policy adopted by the Nomination Committee, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service etc. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service etc. The final decision will be based on merit and contribution that the selected candidates will bring to the Board.

All Directors are subject to election by shareholders of the Company at the annual general meeting. The new Directors are notified on the role of the Board and Board Committee, their duties and obligation as a director of a listed company.

Mr. He Chenguang and Mr. Yip Tai Him will retire at the forthcoming annual general meeting and the re-election of He Chenguang as executive Director and Mr. Yip Tai Him as independent non-executive Director are to be proposed at the forthcoming annual general meeting.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for the following corporate governance functions:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- to review the Company's compliance with the code provisions and disclosure in the Corporate Governance Report; and
- such other corporate governance and functions set out in the code provisions (as amended from time to time) for which the Board are responsible.

AUDITOR'S REMUNERATION

The Company has appointed RSM Hong Kong as the auditors of the Group (the "Auditor") since April 2011. The Audit Committee is responsible for considering the appointment of the external auditor, including whether such non-audit engagements could affect their independence. The Board is authorised in the annual general meeting to determine the remuneration of the Auditor. For the year ended 31 March 2018, the Auditor's remuneration in connection with the provision of audit and non-audit services paid by the Group were as follows:

	For the year ended 31 March	
	2018	2017
	HK$	HK$
Statutory audit services	**650,000**	650,000
Non-audit services	**578,000**	700,000
	1,228,000	1,350,000

AUDIT COMMITTEE

The written terms of reference, which describe the authorities and duties of the Audit Committee, were implemented in accordance with the GEM Listing Rules. The Audit Committee comprises three members, all of whom are independent non-executive Directors and is chaired by Mr. Yip Tai Him.

The Audit Committee meets at least four times each year. The main duties of the Audit Committee are summarised as follows:

— Discuss the work with the external auditors of the Company;
— Meet with external auditors of the Company, when they consider necessary;
— Review the quarterly, interim and annual financial statements and the report of the independent auditors on the Company's annual consolidated financial statements before these are presented to the Board;
— Ensure the quarterly, interim and annual consolidated financial statements are properly prepared;
— Review the independence of the external auditors annually;
— Ensure that cooperation is provided by management to the external auditors; and
— Review the adequacy and effectiveness of the Group's internal control system.

The Audit Committee is empowered to conduct investigations on any matters within the scope of responsibilities of the Audit Committee. The Audit Committee is authorised to obtain independent professional advices if it deems necessary to discharge its responsibilities.

For the year ended 31 March 2018, the Audit Committee held five meetings in which the members of the Audit Committee reviewed and concluded with satisfaction in relation to the internal control system of the Group and the following reports:

— Annual report for the year ended 31 March 2017;
— Quarterly reports for the first quarter and third quarter of 2017/18;
— Interim report for the first six months of 2017/18; and
— Review of continuing connected transactions of the Group.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

The responsibilities of the external auditor with respect to their financial reporting are set out in the Independent Auditor's Report on pages 41 to 44 of this report.

INTERNAL CONTROL

The Board has overall responsibility for maintaining sound and effective risk management and internal control systems in order to manage rather than eliminate the risk of failure to achieve business objectives, and to provide reasonable and not absolute assurance against material misstatement or loss.

The Company does not maintain an internal audit function. The Company engaged a professional company to perform a risk management and internal control review occasionally in order to strengthen the risk management and to perform ongoing internal control system of the Group. The Company is of the opinion that taking into account the size and complexity of the Group's operations and business and the nature of the risks and challenges the Group faces and there is no immediate need to build up an internal audit function within the Group. The Company will review the need on an annual basis.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

COMPANY SECRETARY

Mr. Yiu King Ming has been the company secretary of the Company since September 2015. Mr. Yiu has confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 March 2018. The Company is of the view that Mr. Yiu has complied with Rule 5.15 of the GEM Listing Rules.

SHAREHOLDERS' RIGHTS

Right to put forward proposals and to convene a general meeting

In accordance with the Company's Article 69, two or more Shareholders holding at the date of deposit of the requisition of not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right by written requisition to the Company, to require a general meeting to be called by the Board for the transaction of any business specified in such requisition. If the Board does not within twenty-one (21) days from the date of deposit of such requisition proceed duly to convene the meeting to be held within a further twenty-one (21) days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of the deposit of such requisitions, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Right to put enquiries to the Board

Shareholders may at any time send their written enquiries or requests in respect of their rights to the principal place of business of the Company in Hong Kong at Units 2115–2116, 21/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong, for the attention of the Board.

INVESTOR RELATIONS

The annual general meeting provides an opportunity for Shareholders to exchange their views with the Board. Mr. Bao Yueqing (executive Director and chief executive officer of the Company) had attended the annual general meeting for Year 2017 held on 3 August 2017 to answer questions from Shareholders. The Company's website (http://www.srobotedu.com) offers a communication channel between the Company and the Shareholders and potential investors.

CONSTITUTIONAL DOCUMENTS

During the Year, there was no change in the Company's constitutional documents.

Environmental, Social and Governance Report

I. ABOUT THIS REPORT

The purpose of this Environmental, Social and Governance (hereinafter called "ESG") Report is not only to communicate the sustainability strategies, management approaches and performances of Shentong Robot Education Group Company Limited and its subsidiaries (collectively the "Group" or "we") with the stakeholders, but also strengthen the Group's understanding towards their ongoing activities in sustainable development of the society and the environment as a whole. This ESG Report summarizes the efforts and achievements made by the Group in corporate social responsibility and sustainable development.

The Group hopes to develop its business objectives and creates shareholder/investor value, while at the same time protects the ecological environment by fully utilizing resources and minimizing the emission of pollutants during operation. As a responsible and visionary corporate citizen, we have to balance the relationship between operations and environment by continuously optimizing operations management, business strategies and policies on environmental protection, training and development, and community investment; and contribute towards the sustainable development of the globe, human being and our business.

Scope and Period of Reporting

This ESG Report covers the Group's business in promotion, sales and management services relating to the China Robot Competition ("CRC") Shentong cards ("hereafter called "Shentong Card"), and provision of robotics education course and presents the Group's strategic approach to sustainability and performance in the environmental and social aspects of the above business. A summary of the environmental indicators and the performance data are listed out at the "Environmental Performance Data Summary". The reporting period is for the financial year ended 31 March 2018.

Reporting Guidelines

This ESG Report has been prepared in accordance with the updated Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited, as set out in Appendix 20 to the Rules Governing the GEM Board Listing of Securities on The Stock Exchange of Hong Kong Limited.

II. ENVIRONMENTAL PROTECTION

We are committed to promoting the rapidly developing smart electronic card and online gateway payment services. This is not only a business strategy of the Group, but also a bid of leveraging our advantages and strengths to seize the emerging business opportunity in the robustly growing Chinese market and to create an important platform in furtherance of paperless practices in China. In addition, we are aware of the importance of improving employees' awareness of environmental protection and have taken a series of measures to reduce emission and our carbon footprint. We will continue supporting measures to reduce the impacts of personal and business activities on the environment. We also hope that every staff can start from themselves, convey the message of protecting the environment to everyone, and join forces to help mitigate climate change.

1. Management of Emissions

In the Group's business activities, energy consumption accounts for a large part of greenhouse gas emissions. In order to realize the goal of energy conservation and emission reduction, we reduce energy consumption, improve energy efficiency and reduce environmental impact by undertaking various energy saving measures (refer to the section "Management of Resources Utilization" below for details). Waste management mainly involves domestic wastes and collection of waste paper for recycling. Our business will not cause any hazardous waste and air pollution. Our impact of water discharges on the environment is not significant.

2. Management of Resources Utilization

The Group is aware of its responsibility of protecting the environment in the course of its operating and business activities and mindful of and identify and take measures to reduce the impacts of its activities on the environment. We raise employees' awareness of the importance of resource conservation and require them to comply with our resource conservation measures to maximize resource utilization and eliminate waste.

Conversation of Energy

The Group controls the use of energy and improve resource usage efficiency through daily management and monitoring of energy consumption. We promote the use of energy-efficient lighting. Lights must be turned off if there is enough daylight. Air conditioners must be turned off after work, and the use of them is limited according to seasonal and temperature changes. Doors and windows are not allowed to stay open when air conditioners are on. Employees are required to check and ensure their own or their department's electrical appliances, such as lights, air-conditioners and fans, and computers including monitors are switched off before they get off work.

During the reporting period, the Group's business consumed approximately 80 megawatt hours of electricity, approximately 5 million litres of natural gas and approximately 13 tonnes of gasoline. With reference to the guidelines of the Greenhouse Gas Protocol and the regional emission factors, greenhouse gas emissions are calculated from the above-mentioned data. In terms of total carbon dioxide emission, Scope 1 emissions are approximately 44 tonnes and Scope 2 emissions are approximately 89 tonnes.

Conservation of Water

Water conservation is part of everyday life, with a number of measures being in place to enhance the employees' awareness, including not using drinking water for any other purpose; using water sparingly; and turning off water faucets immediately after use. During the reporting period, the Group's business consumed approximately 4,603 tonnes of water.

Conservation of Paper

We promote saving papers and avoid wastage through unified purchasing. We distribute files in electronic format to minimize photocopying and printing; fully utilize paper by reusing single-sided papers and collecting double-sided printed papers to qualified recycler for handling. During the reporting period, the Group's business consumed approximately 1 tonne of paper.

Compliance

During the reporting period, there were no confirmed non-compliance incidents in relation to environmental protection that have a significant impact on the Group.

3. The Environment and Natural Resources

The impact of the Group's business activities on the environment mainly attributed to the use of natural resources in office. Hence, we focused on the environmental education and advocacy among staff. Various resources saving measures are implemented to raise the awareness of our people to understand the importance of resource conservation. They are encouraged to make full use of resources, to maximize their effectiveness and to avoid wastage of resources. Please refer to "Management of Resources Utilization" above for details.

III. EMPLOYMENT AND LABOR PRACTICES

The Group devotes to provide a comfortable work place and establish a comprehensive management system. We formulate our human resources strategies on the base of the Group's long-term development plan. We establish an equal and competitive mechanism internally, regulate the promotion process of employees, and provide regular training activities to lay the foundation for their future career development. Besides, we care about staff's physical and mental health. We organize regular cultural and training activities to enrich their leisure time, improve their technical skills and promote team cohesion. We encourage employees to maintain harmonious interpersonal relationships, promote team spirit of cooperation and unity, bravely face difficulties and overcome challenges. Our human resources policies vary by locations to comply with the local labor laws and regulations. As such, policies are tailored-made by locations

Talent Selection

Emphasizing ability over education, and looking for virtue as well as talent in recruits. We follow the principles of fairness, equality and openness and non-discrimination to hire outstanding talents, and devote to protect human rights and privacy of employees. During staff recruitment, knowledge, ability, morality and job requirements are used as the selection standards, and they are not discriminated against because of their race, gender, age, nationality, religion, so as to maintain equal employment opportunities. We provide equal opportunities to employees in providing benefits, promotion, performance appraisal, training and career development. We only consider their morality, knowledge, ability and technical skills, etc. We work with our employees together to create a win-win situation.

Labor Standards

The Group respects human rights and strictly prohibit any unethical hiring practices, including child labor and forced labor in the workplace. Policies and procedures are established to comply with the relevant labor laws and regulations. During the recruitment process, we review the identity documents of the applicants and never hires any applicant below the legal working age. The work hours of staff are in line with the relevant local labor laws and regulations. Staff consent for working overtime is needed so as to prevent forced overtime work; and they are compensated in accordance with the requirement of the relevant laws and regulations.

Compensation and Welfare

The Group attracts and retains outstanding talents with competitive remuneration packages and regularly examines their salary levels to ensure it is up to standard. The Group collects up-to-date remuneration data within their industry and strives to establish a fair, reasonable and competitive remuneration scheme. We are committed to building harmonious labor-employer relations for win-win and our employee compensation varies from region to region. To attract and retain high-calibre employees, we have put in place a competitive compensation system that considers a comprehensive range of factors including knowledge, skills, experience and education of employees. Basic employee compensation covers a fixed salary, working meal allowance and paid leaves, among others. We strictly abide by national and local labor laws and regulations. Employees are entitled to all statutory rights including leave of absence, sick leave, marriage leave, funeral leave and maternity leave. Employees in the Mainland are all covered by social security, "five insurances" scheme and the Housing Accumulation Fund scheme, and employees in Hong Kong participate in the Mandatory Provident Fund (MPF) scheme. Our working and overtime hours, including overtime compensation or arrangements such as overtime pay or days off in lieu of overtime, are in accordance with applicable labor regulations. All terminations, including termination benefits, are also in accordance with applicable labor regulations.

We care for employees' physical and mental wellbeing and organize all kinds of activities outside of work such as photography competition to meet their increasing recreational needs. We also organize parties and dinners for important holidays such as the Spring Festival. These activities not only enrich employees' life outside work but also build team cohesion.

Development and Training

A staff that is high-calibre, professional, well-trained and responsible plays an important role in improving the Group's core competitiveness and driving its sustainable high-speed business growth. With this understanding, we have formulated long-term employee development strategies to provide training geared to improving employees' job skills and management capabilities, in addition to encouraging them to pursue continuous improvement and lifelong learning. Employee training includes induction training and on-the-job training (employee training and executive training). New recruits will receive induction training with content including corporate culture, management systems, job requirements, performance evaluation and, for employees in special and critical positions, qualification and accreditation. On-the-job training covers updates on regulatory compliance, business and industry knowledge, product knowledge, trainings or seminars on specialized skills, and trainings on general management skills. Continuous training not only helps improve employee knowledge and competence but also ensures that the relevant employees are sufficiently equipped with the technical knowledge and professional skills needed to provide customers with high-quality services. During the reporting period, we also organized various training programs. The training topics include staff code of conduct, office safety management measures, basic functions and application of Shentong Cards, telecommunication regulations, competition rules, education law, etc.

Health and Safety

We approach health and safety in a comprehensive way and make the prevention of diseases and injuries an integral part of our routine management. We participate in multiple fire drills organized by the property management company every year and are clear about the procedures to be taken in the event of a fire to ensure effective evacuation. The robot competition training centre is also designed to not only provide a safe training ground for trainees but also ensure the health and safety of our trainers.

Compliance

During the reporting period, the Group did not have violations relating to labor practices.

IV. OPERATING PRACTICES

Supply Chain Management

The Group is dedicated to maintaining long-term, stable and strategic cooperative relationships with leading suppliers, and is committed to a strategic procurement-led approach, achieving co-development with our suppliers on the basis of equality and win-win situation. We have established policies and procedures in supply chain management and provided various reporting channels for employees, suppliers, customers and other business partners to report any violations of laws or regulations when people are performing their duties for the Group. During the reporting period, the Group did not have significant issues relating to violations in this respect.

With a reputable credit history, favorable goodwill, high product/service quality, excellent compliance records, and commitment to building long-term strategic partnership with reputable entities, we are strongly positioned to build an efficient supply chain with suppliers and service providers. We review their performance on a regular basis to better control and ensure the quality of our products and services.

Product/Service Responsibility

The Group's CRC business organizes CRC events and provides related education courses in Heilongjiang province. We have strict requirements on teacher qualifications and conduct, and the training centre's environment to ensure that students will receive high-quality and efficient education in a safe training venue. As technology develops rapidly, we require our teachers to update their knowledge and professional skills to maintain their services at a high level. The Shentong Card is a service developed by CCC for promotion, sales and management by the Group. The R&D work is done by a professional R&D team to ensure the high quality of Shentong Card. In addition, the R&D team receives continuous training to make the service up to date technologically and meet customers' more sophisticated needs. As the Shentong Card system stores a lot of personal data, we have established a strict confidentiality system, under which no employee shall disclose any personal data of customers to any third party without customers' consent and any violation will be punished by the Company. Furthermore, we have an after-sales service system to handle customer requests and provide them with technical support for Shentong Card.

During the reporting period, the Group did not have significant issues relating to violations nor received any complaints concerning breaches of customer privacy and loss of data.

Anti-corruption

The Group firmly believes fairness, honesty and integrity are the important commercial assets of the Group. We strengthen the Group's internal control system, build honesty and trust, set up operation mission with abidance by law, integrity and quality services as its cores. Incorporating with the practical circumstances of the Group, we strengthen the system, bring the discipline inspection and supervision work in the operation process, ensure there are channels for reporting directly or in writing to the head of internal audit on confidential basis of cases of obtaining personal interests in carrying out one's job duties, briberies, extortion, frauds, money laundering in breach of policies, regulations and laws. We shall keep on improving our whistle-blowing system and are determinant in combating corruption and contribute to building a clean society. During the reporting period, there was no legal action against the Group or our employees for corruption.

V. COMMUNITY INVESTMENT

We organize CRC events and provide related education courses in Heilongjiang province. With respect to the participants, our activities not only increase their technology knowledge but also build their skills in communication and collaboration as well as cohesion. With respect to policy, our activities are in line with China's "Healthy China" initiative, which highlights health as a requisite for the development of individuals and society and the health of citizens as an important indicator of a country's affluence and strength and a common aspiration of all people, by engaging people in CRC events and improving their physical fitness and health. With respect to society, our activities waken and improve people's capabilities in creation, technological innovation and educational innovation and help develop a large amount of excellent high-quality professionals for the country. The sports industry of which we are a driver plays an important role in meeting people's diversified needs of sports, safeguarding and improving livelihood, expanding domestic demand, increasing employment, and strengthening the country's national solidarity and cultural competitiveness.

Environmental protection is a global concern, where the protection of trees which absorb carbon dioxide and alleviate the greenhouse effect features prominently. In this regard, the Shentong Card that we promote, which not only supports various connected devices (via the Internet, telecommunications networks, television networks and financial networks) but also is the only smart comprehensive educational billing card in China used for payment and smart management in connection with CRC competition events and education courses, plays a positive role by advancing paperless practices, thus reducing paper use and energy consumption, and ultimately reducing deforestation and alleviating the greenhouse effect and the global warming.

The Group is a responsible taxpayer and offers job opportunities to local people. We assisted our employees to prepare for their retirement. We have maintained good operation, actively promoting environmental protection and to achieve good development order; and to some certain extent, we have contributed to social stability and building a harmonious community.

VI. VISION OUTLOOK

As a good corporate citizen, the Group hopes to balance between achieving the corporate economic goals and business objectives, and to fulfill their social responsibility. The Group will continue to pay attention to environmental protection, employee care, product/service quality and community contribution so as to create niche for sustainable development.

As for environmental protection, the Group will endeavor to comply with the stringent environmental protection laws and regulations, and actively promote and participate in various environmental protection activities. When it comes to employee care, we will put employee satisfaction and work safety as our top priority. Through ensuring occupational safety and a competitive system, we aim to attract more talents in the technical and management arenas. As far as product and service quality are concerned, we will continue to put resources to provide customers with high quality products/service. For community contribution, we are committed to fulfilling its social responsibility by participating in charitable activities and promoting the community's sustainable development.

The Group aims at becoming a respectable enterprise, and hopes to improve business performance and create more meaningful value for our stakeholders through implementing sustainability strategies.

VII. ENVIRONMENTAL PERFORMANCE DATA SUMMARY

	Unit	2017/18
Greenhouse gas emissions:		
Scope 1	Tonnes	43.82
Scope 2	Tonnes	89.06
Air emissions:		
Nitrogen oxides	Tonnes	3.72
Sulfur oxide	Tonnes	0.30
Particulate matters	Tonnes	0.39
Energy and water consumption:		
Electricity	Megawatt hours	79.83
Natural gas	Litres (in million)	5.17
Gasoline	Tonnes	12.81
Water	Tonnes	4,603.14

VIII. "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE" BY HONG KONG STOCK EXCHANGE

Key Performance Indicators ("KPIs")	Reporting Guideline	Page
A. Environmental		
Aspect A1	**Emissions**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	19
KPI A1.1	The types of emissions and respective emissions data.	20
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	24
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity[1] (e.g. per unit of production volume, per facility).	N/A[2]
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity[1] (e.g. per unit of production volume, per facility).	24
KPI A1.5	Description of measures to mitigate emissions and results achieved.	20
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	20
Aspect A2	**Resources Utilization**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	20
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility)	24
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	24
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	20
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	20
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A[2]
Aspect A3	**The Environment and Natural Resources**	
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	20
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	20

Key Performance Indicators	Reporting Guideline	Page
B. Social [3]		
Aspect B1	**Employment and Labor Practices**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	21
Aspect B2	**Health and Safety**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	22
Aspect B3	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	22
Aspect B4	**Labor Standards**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	21
Aspect B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	22
Aspect B6	**Product Responsibility**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	23
Aspect B7	**Anti-corruption**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	23
Aspect B8	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	23

Notes:

1 The Group’s main business is promotion, sales and management services relating to Shentong cards, and provision of robotics education course, and not engages in any production activity. Hence, we recognize that the meaning of “intensity” to the Group is not great.

2 The Group’s main business is promotion, sales and management services relating to Shentong cards, and provision of robotics education course. We did not generate any hazardous wastes and use any packaging materials.

3 Pursuant to Appendix 20 of the “GEM Board Listing Rules”, the KPIs under Area B “Social” are recommended disclosures only. Therefore, the Group choose not to disclose those KPIs in this report.

Directors' Report

The Directors have pleasure in presenting their annual report together with the audited financial statements of the Group and the Company for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding.

Details of the principal activities of the subsidiary companies are set out in note 20 to the consolidated financial statements.

Further discussion and analysis of the business review required by Schedule 5 to the Companies Ordinance including an analysis on financial key performance indication of likely future development in the Group business, employment policy and subsequent events can be found in the "Chairman's Statement" and "Management Discussion and Analysis" set out on pages 4 to 8 of the annual report. Those discussion forms part of this "Directors' Report".

The financial risk management objectives and policies of the Group are shown in note 6 to the consolidated financial statements.

As a responsible corporation, the Company is committed to protecting the environment in the areas where we operate. To ensure our business development and sustainability, the Company endeavors to comply with the laws and regulations regarding environmental protection and to adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. Details of the Group's environmental policies & performance are set out in the section headed "Environmental, Social and Governance Report" on pages 19 to 27 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is incorporated in Cayman Islands with its shares listed on GEM of the Stock Exchange of Hong Kong Limited. The Group's subsidiaries are incorporated in the British Virgin Islands, Hong Kong and the PRC. The Group's operations are mainly carried out by the Group's subsidiaries in the PRC while the Group also has a corporate and administrative office in Hong Kong.

The Group's establishments and operations accordingly shall comply with relevant laws and regulations in Cayman Islands, the British Virgin Islands, the PRC and Hong Kong. During the year under review, the Group complied with all the relevant laws and regulations in Cayman Islands, the British Virgin Islands, the PRC and Hong Kong that have a significant impact on the Group.

SEGMENT INFORMATION

An analysis of the Group's revenue and contributions to results by principal activities for the year is set out in note 9 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss on page 45 of this report.

The state of affairs of the Group and the Company at 31 March 2018 are set out in the consolidated statement of financial position and statement of financial position on page 47 of this report and note 29(a) to the consolidated financial statements respectively.

Directors' Report

DIVIDENDS

The Directors do not recommend the payment of any dividends in respect of the year ended 31 March 2018 (2017: Nil).

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statements of changes in equity on page 48 and note 29(b) to the consolidated financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year ended 31 March 2018 are set out in note 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the Company had reserves available for distribution, calculated in accordance with the provisions of the Cayman Islands Companies Law, amounting to approximately HK$160,368,000. The share premium account of the Company of approximately HK$1,354,838,000 as at 31 March 2018 is distributable to the Shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

DONATIONS

No donations were made to charities by the Group during the year ended 31 March 2018 (2017: Nil).

RETIREMENT BENEFITS SCHEME

The Group contributes to defined contribution retirement schemes which are available to all employees. With effect from 1 December 2000, the Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules of the scheme. The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme. The only obligation of the Group with respect to these schemes is to make the required contributions under the schemes.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights either under the Articles, or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the Company's shares.

FINANCIAL INFORMATION SUMMARY

A summary of the consolidated results and of the consolidated assets and liabilities of the Group for the last five financial years is set out on page 3.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiary companies had purchased, sold or redeemed any of the Company's shares on the GEM during the year ended 31 March 2018.

SHARE OPTION SCHEMES

The Company adopted a share option scheme (the "2013 Share Option Scheme") pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 7 August 2013. Summary of the 2013 Share Option Scheme is as follows:

(a) Purpose and Participants of the 2013 Share Option Scheme

The purpose of the 2013 Share Option Scheme is to enable the Company to grant options to (i) any employees (including, without limitation, executive Directors) of the Company and/or any of its subsidiaries; (ii) any non-executive Directors (including, without limitation, independent non-executive Directors) of the Company and/or any of its subsidiaries; (iii) any consultants, suppliers or customers of the Company and/or any of its subsidiaries; (iv) any employee (whether full-time or part-time and including Directors) of any entity (the "Invested Entity") in which the Group holds any equity interest; and/or (v) any person who, in the sole discretion of the Board, has contributed or may contribute to the Group eligible for share options under the 2013 Share Option Scheme (the "Eligible Participants") as incentives or rewards for their contribution to the Company and/or its Subsidiaries.

(b) Maximum number of shares available for issue

The maximum number of shares 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 2013 Share Option 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 limit of the 2013 Share Option Scheme can be issued under the 2013 Share Option Scheme was 129,469,701 which is equivalent to 10% of the issued share capital of the Company as at the date of the annual general meeting of the Company held on 7 August 2013.

Subject to the issue of a circular by the Company and the approval of the shareholders of the Company (the "Shareholders") in general meeting and/or such other requirements prescribed under the GEM Listing Rules from time to time, the Board may:

(i) refresh this limit at any time to 10% of the shares of the Company in issue as at the date of the approval by the Shareholders in general meeting (options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed).

(ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board whereupon the Company shall send a circular to the Shareholders containing a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted and the purpose of granting options to the specified participants with an explanation as to how the options serve such purpose.

(iii) notwithstanding the foregoing, the shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2013 Share Option 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 subsidiary companies if this will result in the 30% limit being exceeded.

As at the latest practicable date prior to the issue of this report, options to subscribe for a total of 17,800,000 option shares were still outstanding under the 2013 Share Option Scheme which represents approximately 0.9% of the issued ordinary shares of the Company.

(c) Maximum entitlement of each Eligible Participant

The total number of shares issued and to be issued upon exercise of the options granted to each Eligible Participant or Grantee (including exercised and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue. Where it is proposed that any offer is to be made to an Eligible Participant (or where approximate, an existing Grantee) which would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the relevant date of grant to exceed such limit, such offer and any acceptance thereof must be conditional upon Shareholders' approval in general meeting with such Eligible Participant (or where appropriate, an existing Grantee) and his, her or its associates abstaining from voting.

The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant or Grantee, the number and terms of options to be granted (and options previously granted) to such Eligible Participant, the information required under the GEM Listing Rules. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before the date on which Shareholders' approval is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(d) Price of shares

The subscription price for a share of the Company in respect of any particular option granted under the 2013 Share Option 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 sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

(e) Granting options to connected persons

Any grant of options to a Director, chief executive or substantial shareholder (as defined in the GEM Listing Rules) of the Company, or any of their respective associates (as defined in the GEM Listing Rules) must be approved by the independent non-executive Directors (excluding the independent non- executive Director who is the proposed grantee of the option).

Where any grant of options to a substantial shareholder (as defined in the GEM Listing Rules) of the Company or an independent non-executive Director or any of their respective associates (as defined in the GEM Listing Rules) would result in the shares issued or to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the relevant class of shares of the Company in issue; and

(ii) having an aggregate value, based on the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange at the date of each grant, in excess of HK$5 million, such further grant of options must be approved by Shareholders of the Company.

The Company must send a circular to the Shareholders disclosing (i) details of the number and terms of the options to be granted; (ii) a recommendation from the independent non-executive Directors (excluding an independent non-executive Director who is the proposed grantee of the options) on whether or not to vote in favour of the proposed grant; (iii) the information relating to any Directors who are trustees of the scheme or have a direct or indirect interest in the trustees; and (iv) the information required under the GEM Listing Rules. Any change in the terms of options granted to a connected person or its associates must be approved by Shareholders in a general meeting.

(f) Time of exercise of option

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. The date of grant of any particular option is the date when the duplicate offer document constituting acceptance of the option duly signed by the grantee, together with a remittance in favour of the Company of HK$1.00 by way of consideration is received by the Company, such date must be on or before the 30th day after the option is offered to the relevant grantee. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the 2013 Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the 2013 Share Option Scheme shall be valid and effective for a period of 10 years after the date of adoption of the 2013 Share Option Scheme by Shareholders by resolution at the general meeting.

Particulars of the outstanding options which have been granted under the 2013 Share Option Scheme as at 31 March 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 1 April 2017	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	As at 31 March 2018
Directors										
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
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	11,000,000	–	–	(200,000)	–	10,800,000
Total					18,000,000	–	–	(200,000)	–	17,800,000

Save as disclosed above, at no time during the year 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.

Details of the valuation of the share options are set out in note 31 to the consolidated financial statements.

DIRECTORS

The Directors who held office during the year and up to the date of this report were as follows:

Executive Directors
Mr. He Chenguang
Mr. Bao Yueqing

Independent Non-Executive Directors
Mr. Yip Tai Him
Ms. Han Liqun
Ms. Zhang Li

In accordance with Article 108 of the Articles of the Company, one-third (or, if their number is not three or a multiple of three, than the number nearest to, but not less than, one-third) of the Directors for the time being shall retire from office by rotation at the annual general meeting of the Company but shall then be eligible for re-election provided that every Director shall be subject to retirement by rotation at least once every three years. In accordance with Article 96 of the Articles, any Director appointed either to fill a causal vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. Accordingly, Mr. He Chenguang and Mr. Yip Tai Him shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received written confirmations from each of the independent non-executive Directors for their annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company has assessed their independence and concluded that all independent non-executive Directors are considered to be independent within the definition of the GEM Listing Rules.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A (1) of the GEM Listing Rules, there are changes in the information required to be disclosed pursuant to paragraph (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the course of the directors' term of office. With effect from 1 January 2018, Mr. He Chenguang's and Mr. Bao Yueqing's remuneration were revised to HK$170,000 and HK$120,000 per month respectively. The remuneration was determined based on their qualifications, experience, level of responsibilities and prevailing market conditions.

Mr. Yip Tai Him ceased to be the independent non-executive director of New Wisdom Holding Company Limited (stock code: 8213) with effect from 28 March 2018.

Save as disclosed above, there are no other matters that need to be disclosed pursuant to Rule 17.50A (1) of the GEM Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company. The employment of each executive Directors under their respective service contract shall be continuous subject to termination by either party to the contract serving written notice to the other to terminate such employment to take effect three months from the date of service of such notice.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiary companies which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Report

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the directors' emoluments and those of the five highest paid individuals of the Group for the year ended 31 March 2018 are set out in notes 13 and 14 to the consolidated financial statements respectively.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received the annual independence confirmation from each of the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive directors to be independent.

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the Directors' interests in contracts as disclosed in the section headed "Details of the continuing connected transactions of the Group" below, no Directors had a significant beneficial interest, whether directly or indirectly, in any contracts of significance to the business of the Group to which the Company or any of its subsidiary companies were a party at the end of the year ended 31 March 2018 or any time during the year ended 31 March 2018.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on page 9 to 11.

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

As at 31 March 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:

	Number of shares held				
Name of Director	**Personal interests**	**Corporate interests**	**Total**	**Approximate percentage of issued share capital**	**Share options held**
He Chenguang	–	–	–	–	2,000,000
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 31 March 2018.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 March 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:

	Number of shares held				
Name of shareholder	**Personal interests**	**Corporate interests**	**Other interests**	**Total**	**Approximate percentage of issued share capital**
CCC (Note 1)	–	472,042,000	–	472,042,000	24.9%
CCI	472,042,000	–	–	472,042,000	24.9%
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 (Note 2)	–	109,900,000	–	109,900,000	5.80%
Friendly Capital Limited	109,900,000	–	–	109,900,000	5.80%

Notes:

(1) CCC is deemed to be substantial shareholder as defined in the GEM Listing Rules. CCI is a wholly-owned subsidiary of CCC.

(2) Friendly Capital Limited is wholly-owned by Li Chungang and is therefore deemed to be interested in 109,900,000 shares held by Friendly Capital Limited by virtue of the SFO.

Save as disclosed above, as at 31 March 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.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, the Directors and other officers, for the time being acting in relation to the affairs of the Company, shall be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group to protect the Directors and officers of the Group against any potential liability arising from the Group's activities which such Directors and officers may be held liable.

MANAGEMENT CONTRACTS

No substantial contracts concerning the management and administration of the Company were entered into or existed during the reporting year.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

	2018
Purchases	
— the largest supplier	**57%**
— five largest suppliers	**76%**
Sales	
— the largest customer	**22%**
— five largest customers	**22%**

Save as disclosed in note 36 to the consolidated financial statements, none of the Directors, their associates or any shareholder of the Company (which to the best knowledge of the Directors owns more than 5% of the Company's issued share capital) had any beneficial interest in the major suppliers or customers noted above.

The Group understands that customers and suppliers are important to the sustainable and stable development of its business. The Group seeks to work with its suppliers in pursuit of continuous improvement in social and environmental performance. The Group is also committed to ensuring that environmental considerations are an integral part of its operation through cooperation with its suppliers to provide high-quality services to its customers. The Group conducts assessment process from time to time to evaluate the performance of its suppliers.

CONTINUING CONNECTED TRANSACTIONS

Relationship between the Group and each of the relevant connected persons

CCC is a company established under the laws of the PRC. By virtue of its interests as to approximately 24.90% of the issued share capital of the Company held by CCI, its wholly-owned subsidiary, which is holding 472,042,000 shares of the Company, CCC is considered to be a connected person to the Company. Mr. He Chenguang, the chairman of the Board and an executive Director, was also the legal representative of CCC and is therefore considered to be interested in the transactions.

神州通信黑龍江有限公司 (China Communication Heilongjiang Co., Ltd.#) ("China Communication Heilongjiang") and 哈爾濱神州通信技能培訓有限公司 (Harbin China Communication Skill Training Co., Ltd.#) ("Harbin China Communication Skill Training"), each a company established in the PRC with limited liability, are wholly-owned subsidiaries of CCC and therefore connected persons of the Company. 神州通信黑龍江有限公司賓縣分公司 (China Communication Heilongjiang Co., Ltd. Bin County Branch Company#) ("China Communication Heilongjiang Bin County Branch") is a branch company of China Communication Heilongjiang.

English name is for identification purpose only

Details of the continuing connected transactions of the Group

Pursuant to Rule 20.46 of the GEM Listing Rules, details of the continuing connected transactions during the year ended 31 March 2018 which the Company undertakes the transactions under the written agreements are set out as follows:

1. On 9 March 2015, CCC and Yijia entered into the third customers service hotline rental agreement, pursuant to which CCC shall provide a designated national customer service hotline number 95130*** to Yijia, in consideration of which CCC would charge Yijia (i) an annual fee of RMB20,000; (ii) a calling charge of RMB0.06 per 6 seconds for long distance incoming calls (subject to scaled-discount rates); and (iii) a calling charge of RMB0.15 per minute for outgoing calls via internet through the "VoIP" (Voice-Over Internet Protocol) telephone system, representing a discount of 50% to the nationwide standard rate in the PRC. The calling charge rate was subject to adjustment in accordance with any new charging standard to be announced by the PRC government from time to time;

2. On 9 March 2015, CCC and Yijia entered into the third server hosting agreement, pursuant to which (i) Yijia would place its servers in CCC's server rooms and CCC would provide monitoring, management and technical support services to Yijia and (ii) CCC would provide designated 300M-bandwidth share of the broadband leased line to Yijia for the operation of its website and CCC will also provide 90 IP addresses and not more than ten (10) racks of servers for the use of Yijia and supply 2200W (10A) electricity for each rack of servers rented to Yijia, in consideration of which CCC would charge Yijia an annual rental fee of not more than RMB8.4 million;

3. On 9 March 2015, CCC and Yijia entered into the third service agreement, pursuant to which Yijia would provide to CCC services regarding (i) the management and sale of the Designated Shentong Card; (ii) assistance in the after-sale-services for the Designated Shentong Card; and (iii) following-up with the enquiries and/or complaints raised by the users of the Designated Shentong Card; and (iv) customer management service, and promotion and marketing of the Designated Shentong Card, in consideration of which Yijia would charge CCC (i) issuance handling fees of RMB5 for each Designated Shentong Card issued by Yijia; (ii) technical service commission of 20% of the total value of purchases made by the users through the Designated Shentong Card issued by Yijia; (iii) sale commission of RMB3 for the insurance products preloaded in the Designated Shentong Card issued by Yijia; and (iv) sale commission of 20% of the total value of purchases made by the users through the designated "Shentong Card" issued by Yijia for the property and life insurance products and 10% for the purchases of health insurance products;

4. On 9 March 2015, CCC and Yijia entered into the third web advertising agreement, pursuant to which Yijia agreed to place and CCC agreed to arrange for the web advertisements of Yijia to be published on the website of CCC "Shentong Net", and 24-hour technical support services should also be provided by CCC to Yijia to handle all technical issues arising out of the publication of the advertisements. The amount of advertising fees to be incurred by Yijia during the term of such web advertising agreement should not be made more than RMB5 million for the period commencing on the Effective Date until 31 March 2016 and RMB5 million for each of the two years ending 31 March 2018 and details of the advertising arrangement and the payment methods should be determined based on mutual agreement of Yijia and CCC to be reached at least three days prior to the publication of the relevant advertisements;

5. On 1 January 2013, CCC and Heilongjiang Shentong entered into the customer service hotline rental contract, pursuant to which CCC shall provide a designated national customer service hotline number 95130*** to Heilongjiang Shentong, in consideration of which CCC will charge Heilongjiang Shentong (i) an annual fee of RMB20,000 which is on a pro-rata on a 12-month year basis; (ii) a calling charge of RMB0.06 per 6 seconds for long distance incoming calls (subject to the scaled-discount rates); and (iii) a calling charge of RMB0.15 per minute for outgoing calls via internet through the "VoIP" (Voice-Over Internet Protocol) telephone system, representing a discount of 50% to the nationwide standard rate in the PRC. The calling charges are subject to adjustment in accordance with any new charging standard to be announced by the PRC government from time to time;

Directors' Report

6. On 1 January 2013, CCC and Heilongjiang Shentong entered into the server hosting agreement, pursuant to which (i) CCC will provide server equipment to Heilongjiang Shentong, and Heilongjiang Shentong will place its servers in CCC's server rooms and CCC will provide monitoring, management and technical support services to Heilongjiang Shentong and (ii) CCC will provide designated 300M bandwidth share of the broadband leased lines to Heilongjiang Shentong for the operation of its website. CCC will also provide 90 IP addresses and not more than ten racks of servers for the use of Heilongjiang Shentong, in consideration of which CCC will charge Heilongjiang Shentong a fee of RMB80,000 per month for each server used by Heilongjiang Shentong for the provision of server hosting service and dedicated leased-lines;

7. On 1 March 2013, China Communication Heilongjiang and Heilongjiang Shentong entered into the web advertising contract (Heilongjiang Shentong), pursuant to which Heilongjiang Shentong agreed to place and China Communication Heilongjiang agreed to arrange for the web advertisements of Heilongjiang Shentong be published on the internet. 24-hour technical support services shall also be provided by China Communication Heilongjiang to Heilongjiang Shentong to handle all technical issues arising out the publication of the advertisements. In consideration of which China Communication Heilongjiang will charge Heilongjiang Shentong a fee of RMB5,000–8,000 per 3 or 4 hours with a discount of 35%.

8. On 1 April 2014, China Communication Heilongjiang and 大慶市神通文化俱樂部有限公司 (Daqing Shentong Cultural Club Co., Ltd.#) ("Daqing Shentong") entered into the web advertising contract (Daqing Shentong), pursuant to which Daqing Shentong agreed to place and China Communication Heilongjiang agreed to arrange for the web advertisements of Daqing Shentong be published on the internet. 24-hour technical support services shall also be provided by China Communication Heilongjiang to Daqing Shentong to handle all technical issues arising out the publication of the advertisements. In consideration of which China Communication Heilongjiang will charge Daqing Shentong a fee of RMB5,000–8,000 per 3 or 4 hours with a discount of 35%;

9. On 1 January 2013, CCC and Heilongjiang Shentong entered into the Heilongjiang Shentong CRC Shentong Card payment system contract, pursuant to which CCC shall provide Heilongjiang Shentong the right to use the CRC Shentong Card integrated payment management system to facilitate customer's information maintenance, customer enquiry services and payment processing services, in consideration of which Heilongjiang Shentong shall be responsible for the payment of a fee which is 6% of its overall income (including income from education and competitions) which payment is made through and processed by the CRC Shentong Card integrated payment management system to CCC;

10. On 1 June 2014, CCC and Daqing Shentong entered into the Daqing Shentong CRC Shentong Card payment system contract, pursuant to which CCC shall provide Daqing Shentong the right to use the CRC Shentong Card integrated payment management system to facilitate customer's information maintenance, customer enquiry services and payment processing services, in consideration of which Daqing Shentong shall be responsible for the payment of a fee which is 6% of its overall income (including income from education and competitions) which payment is made through and processed by the CRC Shentong Card integrated payment management system to CCC;

11. On 1 January 2013, China Communication Heilongjiang and Heilongjiang Shentong entered into the website maintenance contract, pursuant to which China Communication Heilongjiang has designated a team of not less than 20 IT technicians to provide website production and maintenance service in the PC, Android and iOS platform for the website of the Heilongjiang Shentong, in consideration of which China Communication Heilongjiang charges Heilongjiang Shentong a monthly fee of RMB0.45 million;

English name is for identification purpose only

12. On 1 March 2013, Harbin China Communication Skill Training and Heilongjiang Shentong entered into the Harbin China Communication Skill Training venue rental agreement, pursuant to which provision of venue, cleaning services and electricity from Harbin China Communication Skill Training to Heilongjiang Shentong for holding conference or training, in consideration of which Harbin China Communication Skill Training charges Heilongjiang Shentong (i) accommodation charge at daily rate ranging from RMB318 to RMB1,888 with a discount of 20% to 50% according to different type of room and level of management authority respectively; (ii) conference room leasing fee ranging from RMB1,800 to RMB5,000 for every four hours with a discount of 20% to 50% according to different level of management authority; (iii) food and beverage and supportive services will be charged on actual usage based on a pre-determined services fee; and

13. On 1 March 2013, China Communication Heilongjiang Bin County Branch and Heilongjiang Shentong entered into the China Communication Heilongjiang Bin County Branch venue rental contract, pursuant to which provision of venue from China Communication Heilongjiang Bin County Branch to Heilongjiang Shentong for holding of competition, in consideration of which China Communication Heilongjiang Bin County Branch charges Heilongjiang Shentong rental at a rate of RMB25,000 per hour.

The aforesaid agreements have been reviewed by independent non-executive Directors of the Company who have confirmed that for the year ended 31 March 2018, the above agreements have been entered into (a) in the ordinary and usual course of business of the Group; (b) on terms no less favourable to the Group than terms available to or from independent third parties, and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Based on the work performed, the auditor of the Company has confirmed to us that, in respect of the above-mentioned continuing connected transactions: (a) nothing has come to the auditor's attention that causes the auditor to believe that the transactions have not been approved by the Company's Board of Directors; (b) nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group; (c) nothing has come to the attention of the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material aspects, in accordance with the relevant agreements governing such transactions; and (d) with respect to the aggregate amount of each of the transactions, nothing has come to the auditor's attention that causes the auditor to believe that the transactions have exceeded the annual cap disclosed in the circular of the Company dated 24 March 2015 and 31 December 2015 and the announcement of the Company dated 30 November 2017.

On 2 February 2018, except the web advertising contract (Daqing Shentong), Daqing Shentong CRC Shentong Card payment system contract and website maintenance contract, all of the above agreements/contracts were renewed. Further details were set out in the announcements of the Company dated 9 February 2018 and 6 March 2018 and the circular of the Company dated 13 March 2018.

The Company confirms that it has complied with the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules during the reporting year.

RELATED PARTY TRANSACTIONS

During the year ended 31 March 2018, save as the continuing connected transactions mentioned on page 36 to 39 and related party transactions disclosed in note 36 to the consolidated financial statements, the Group had not entered into other significant transactions with related parties. No transactions have been entered into with the Directors (being the key management personnel) during the year other than the emoluments paid to them as disclosed in note 14 to the consolidated financial statements.

Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

A management discussion and analysis of the Group's annual results is shown on pages 7 to 8.

CORPORATE GOVERNANCE REPORT

A corporate governance report is shown on pages 12 to 18.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors. The audit committee has reviewed the accounting principles and practice adopted by the Group and the Company's audited results for the year ended 31 March 2018 and discussed with the management regarding auditing, internal control and financial reporting matters.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Directors and within the knowledge of the Directors, it is confirmed that there is sufficient public float, representing more than 25% of the Company's issued shares at the latest practicable date prior to the issue of this report.

COMPETING INTERESTS

None of the Directors of the Company 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.

OTHER MATTERS

(a) The company secretary and the qualified accountant of the Company is Mr. Yiu King Ming, CPA.

(b) The compliance officer of the Company is Mr. Bao Yueqing appointed pursuant to Rule 5.19 of the GEM Listing Rules.

AUDITORS

At the Company's last annual general meeting, RSM Hong Kong was re-appointed as auditor of the Company.

RSM Hong Kong will retire and being eligible, offer itself for re-appointment. A resolution for the re-appointment of RSM Hong Kong as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

There has been no change in auditors of the Company in the three years ended 31 March 2018.

By Order of the Board
He Chenguang
Chairman

Hong Kong, 15 June 2018

Independent Auditor’s Report

TO THE SHAREHOLDERS OF
SHENTONG ROBOT EDUCATION GROUP COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Shentong Robot Education Group Company Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 45 to 90, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter we identified is impairment assessment on goodwill and intangible assets attributable to the "Robotics Education and Others Cash Generating Unit"

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on goodwill and intangible assets attributable to the "Robotics Education and Others Cash Generating Unit" Refer to Notes 5(b), 18 and 19 to the consolidated financial statements and the accounting policies 4(b), 4(e) and 4(u). The Group's Robotics Education and Others Cash Generating Unit ("CGU") has goodwill and intangible assets with carrying amounts of HK$40,190,000 and HK$413,792,000 respectively. Goodwill together with intangible assets with indefinite useful lives are required to be tested for impairment on an annual basis with reference to the CGU recoverable amount. In performing the impairment assessment, the recoverable amount of the CGU was determined on the basis of a value in use model that required significant management judgement in making assumptions about budgeted revenue, profit margins, growth rates and in selecting an appropriate market discount rate.	Our procedures in relation to management's impairment assessment included: — Evaluating the independent external valuer's competence, capabilities and objectivity; — Assessing the integrity of the value in use model; — Challenging the reasonableness of management's key assumptions based on our knowledge of the business and industry; — Reconciling input data to supporting evidence, including approved budgets and considering the historical accuracy of these budgets; and — Assessing the appropriateness of the discount rate used with the assistance of our internal valuation specialist.

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Other Information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chris Wong Wo Cheung.

RSM Hong Kong
Certified Public Accountants
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

15 June 2018

Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED 31 MARCH 2018

	Note	**2018** **HK$'000**	2017 HK$'000
Revenue	7	**141,482**	91,507
Cost of sales		**(48,675)**	(35,967)
Gross profit		**92,807**	55,540
Other income	8	**338**	1,655
Selling and distribution expenses		**(18,016)**	(13,636)
Administrative expenses		**(25,454)**	(29,702)
Other operating expenses		**(2,719)**	(456)
Profit from operations		**46,956**	13,401
Finance costs	10	**(1,891)**	(1,894)
Profit before tax		**45,065**	11,507
Income tax expense	11	**(17,463)**	(7,661)
Profit for the year attributable to owners of the Company	12	**27,602**	3,846
		HK cent	HK cent
Earnings per share			
Basic (cents per share)	16(a)	**1.51**	0.24
Diluted (cents per share)	16(b)	**N/A**	N/A

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2018

	2018 HK$'000	2017 HK$'000
Profit for the year	**27,602**	3,846
Other comprehensive income		
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**47,300**	(20,354)
Total comprehensive income for the year attributable to owners of the Company	**74,902**	(16,508)

Consolidated Statement of Financial Position

AT 31 MARCH 2018

	Note	**2018** **HK$'000**	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**13,863**	5,416
Goodwill	18	**40,190**	36,302
Intangible assets	19	**413,792**	371,929
Total non-current assets		**467,845**	413,647
Current assets			
Inventories	21	**–**	54
Prepayments, deposits and other receivables	22	**52,868**	32,582
Bank and cash balances	23	**146,589**	92,525
Total current assets		**199,457**	125,161
TOTAL ASSETS		**667,302**	538,808
EQUITY AND LIABILITIES			
Share capital	28	**18,957**	16,557
Reserves	30	**255,220**	74,869
Total equity		**274,177**	91,426
LIABILITIES			
Non-current liabilities			
Promissory note	26	**105,734**	–
Deferred tax liabilities	27	**105,698**	95,014
Total non-current liabilities		**211,432**	95,014
Current liabilities			
Education course obligation	25	**38,841**	21,581
Receipt in advance		**12**	129
Accruals and other payables	24	**109,912**	209,590
Promissory note	26	**–**	103,843
Current tax liabilities		**32,928**	17,225
Total current liabilities		**181,693**	352,368
TOTAL EQUITY AND LIABILITIES		**667,302**	538,808

Approved by the Board of Directors on 15 June 2018 and are signed on its behalf by:

He Chenguang
Director

Bao Yueqing
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH 2018

	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 2016	12,947	1,072,549	8,320	643	625	–	(1,170,916)	(75,832)
Shares issued upon subscription (note 28)	3,610	176,840	–	–	–	–	–	180,450
Share-based payments (note 31)	–	–	–	–	–	3,316	–	3,316
Total comprehensive income for the year	–	–	–	(20,354)	–	–	3,846	(16,508)
Changes in equity for the year	3,610	176,840	–	(20,354)	–	3,316	3,846	167,258
At 31 March 2017	16,557	1,249,389	8,320	(19,711)	625	3,316	(1,167,070)	91,426
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 28)	**2,400**	**105,449**	**–**	**–**	**–**	**–**	**–**	**107,849**
Share option scheme-lapsed share option (note 31)	**–**	**–**	**–**	**–**	**–**	**(36)**	**36**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**47,300**	**–**	**–**	**27,602**	**74,902**
Changes in equity for the year	**2,400**	**105,449**	**–**	**47,300**	**–**	**(36)**	**27,638**	**182,571**
At 31 March 2018	**18,957**	**1,354,838**	**8,320**	**27,589**	**625**	**3,280**	**(1,139,432)**	**274,177**

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2018

	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**45,065**	11,507
Adjustments for:		
Amortisation of intangible assets (note 19)	**309**	–
Allowance on inventories	**56**	–
Depreciation (note 17)	**4,840**	3,427
Finance costs (note 10)	**1,891**	1,894
Share-based payments (note 31)	**–**	3,316
Written off of property, plant and equipment	**13**	90
Loss on disposal of property, plant and equipment	**–**	364
Interest income (note 8)	**(338)**	(89)
Operating profit before working capital changes	**51,836**	20,509
(Increase)/decrease in prepayments, deposits and other receivables	**(20,286)**	65,949
Increase/(decrease) in accruals and other payables	**5,322**	(4,212)
Increase in education course obligation	**17,260**	2,549
(Decrease)/increase in receipt in advance	**(117)**	117
Increase in inventories	**–**	(10)
Cash generated from operations	**54,015**	84,902
Income tax paid	**(3,191)**	(5,766)
Net cash generated from operating activities	**50,824**	79,136
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries (note 32(a))	**–**	(28,763)
Proceeds from disposals of property, plant and equipment	**–**	195
Purchase of intangible assets (note 19)	**(2,226)**	–
Purchases of property, plant and equipment (note 17)	**(12,281)**	(1,869)
Settlement of service fee payable to CCI relating to Exclusive Rights	**(105,000)**	(149,900)
Interest received (note 8)	**338**	89
Net cash used in investing activities	**(119,169)**	(180,248)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from subscription of shares (note 28)	**107,849**	180,450
Net cash generated from financing activities	**107,849**	180,450
NET INCREASE IN CASH AND CASH EQUIVALENTS	**39,504**	79,338
Effect of foreign exchange rate changes	**14,560**	(4,774)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**92,525**	17,961
CASH AND CASH EQUIVALENTS AT END OF YEAR	**146,589**	92,525
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**146,589**	92,525

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 GT, 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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 20 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM") of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

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

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 April 2017. None of these impact on the accounting policies of the Group.

Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided this information in note 32(b).

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's first quarterly report for the three months ended 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

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

(b) **New and revised HKFRSs in issue but not yet effective** (Continued)

HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

Impairment

HKFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. Based on a preliminary assessment, the Group does not expect the application of HKFRS 9 would have significant impact on the recognition of impairment loss.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

Currently, revenue arising from the provision of management services and education is recognised over time.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

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

(b) New and revised HKFRSs in issue but not yet effective (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for service at a single point in time, being when control has passed.

The Group has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue from the provision of management services and education.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office properties leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in note 35, the Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to HK$18,236,000 as at 31 March 2018. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

HK(IFRIC) 23 Uncertainty over Income Tax Treatments

The interpretation of HKAS 12 Income Taxes sets out how to apply that standard when there is uncertainty about income tax treatments. Entities are required to determine whether uncertain tax treatments should be assessed separately or as a group depending on which approach will better predict the resolution of the uncertainties. Entities will have to assess whether it is probable that a tax authority will accept an uncertain tax treatment. If yes, the accounting treatment will be consistent with the entity's income tax filings. If not, however, entities are required to account for the effects of the uncertainty using either the most likely outcome or expected value method depending on which method is expected to better predict its resolution.

The Group is unable to estimate the impact of the interpretation on the consolidated financial statements until a more detailed assessment has been completed.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise the right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combination (other than under common control) and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in of profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to the consolidated profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Computer equipment	33% – 50%
Leasehold improvement	Shorter of unexpired lease period and useful lives
Equipments, furniture and fixtures	20% – $33^1/_3$%
Motor vehicles	18% – 25%
Training equipments	$33^1/_3$%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets

(i) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset.

Intangible assets assessed to have indefinite useful lives are not amortised. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and amortisation is charged to profit or loss on a straight-line basis over the asset's estimated remaining useful life.

Impairment reviews of intangible assets with indefinite useful lives are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment.

(ii) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation of intangible assets is charged to the consolidated statement of profit or loss on a straight line basis over the estimated useful lives.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Operating leases (the Group as lessee)

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically other receivables, bank and cash balances are classified in this category.

(j) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(k) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Education course income is recognised when the relevant lessons is provided.

Competition admission fee income is recognised when the service is rendered.

Rental income of training equipments is recognised upon provision of rental service.

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.

Interest income is recognised on a time-proportion basis using the effective interest method.

(q) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all eligible employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(r) Share-based payments

The Group issues equity-settled share-based payments to certain employees and others providing similar services. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(t) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Taxation (Continued)

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(u) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(v) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets (other than those at fair value through profit or loss) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

The carrying amount of financial assets is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(x) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that has the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Exclusive Rights assessed to have indefinite useful lives

The Group regarded and assessed the Exclusive Rights to have indefinite useful lives as at date of acquisition and at end of reporting period. Accounting policy of intangible assets with indefinite useful lives is set out in note 4(e) to the consolidated financial statements. Details of the Exclusive Rights and the reasons for the Group's assessment are set out in note 19 to the consolidated financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Useful lives and depreciation of property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 31 March 2018 was HK$13,863,000 (2017: HK$5,416,000).

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(b) Robotics Education and Others CGU impairment assessment

The Group's Robotics Education and Others Cash Generating Unit ("CGU") has goodwill and intangible assets (i.e. Exclusive Rights and Mobile Application). These relate to the Group's acquisition of Robotics Education and Others operations which management is required to assess for impairment. The impairment assessment involve the value in use of CGU, which requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill and intangible assets at end of the reporting period were HK$40,190,000 and HK$413,792,000 (2017: HK$36,302,000 and HK$371,929,000) respectively.

(c) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, HK$17,463,000 (2017: HK$7,661,000) of income tax was charged in profit or loss based on the estimated profits of the Group's subsidiaries in the PRC.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the principal operation entities of the Group. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The Group's credit risk is primarily attributable to other receivables and bank and cash balances. In order to minimise credit risk, the directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the directors review the recoverable amount of each individual receivable regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group has certain concentrations of credit risk in the amount due from a substantial shareholder and amounts due from related companies, which is closely monitored by the directors.

The credit risk on bank and cash balances is limited because the counterparties are banks which high credit-ratings assigned by international credit-rating agencies.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Total HK$'000
At 31 March 2018			
Accruals and other payables	**109,912**	**–**	**109,912**
Promissory note	**–**	**108,098**	**108,098**
At 31 March 2017			
Accruals and other payables	209,590	–	209,590
Promissory note	106,209	–	106,209

(d) Interest rate risk

The Group has minimal exposure to interest rate risk as the changes in market interest rates have insignificant effect on the Group's operating cash flow.

The Group's interest-rate risk arises from promissory note, which is at fixed rate and will expose the Group to fair value interest-rate risk.

(e) Categories of financial instruments at 31 March:

	2018 HK$'000	2017 HK$'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)		
— Deposits and other receivables	**45,910**	28,965
— Bank and cash balances	**146,589**	92,525
Financial liabilities:		
Financial liabilities at amortised cost		
— Accruals and other payables	**109,912**	209,590
— Promissory note	**105,734**	103,843

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. REVENUE

	2018 **HK$'000**	2017 HK$'000
Promotion and management services income from 神州通信集團有限公司 (China Communication Group Co., Ltd.#) ("CCC")	**31,420**	31,457
Robotics Education and Others	**110,062**	60,050
	141,482	91,507

8. OTHER INCOME

	2018 **HK$'000**	2017 HK$'000
Exchange gain	**–**	90
Interest income	**338**	89
Sundry income	**–**	12
Gain on waiver of other payables	**–**	1,464
	338	1,655

9. 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 (Formerly known as "Robotics training course and others")	–	Organising and hosting of China Robot Competition ("CRC") and provision of CRC education course in Heilongjiang Province in the PRC.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. Each of the above operating segments corresponds to related subsidiaries engaging in the respective segment activities.

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

English name is for identification purpose only.

9. SEGMENT INFORMATION (CONTINUED)

Information about operating segments' profit or loss, assets and liabilities:

	2018			2017		
	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
Year ended 31 March						
Revenue from external customer (including related companies)	31,420	110,062	141,482	31,457	60,050	91,507
Segment profit	3,842	60,110	63,952	5,844	28,598	34,442
Interest income	80	256	336	61	27	88
Depreciation and amortisation	406	4,721	5,127	553	2,856	3,409
Gain on waiver of other payables (note 8)	–	–	–	–	1,464	1,464
Additions to segment non-current assets:						
— Acquisition of subsidiaries (note 32(a))	–	–	–	–	435,767	435,767
— Purchase of intangible assets (note 19)	–	2,226	2,226	–	–	–
— Purchases of property, plant and equipment (note 17)	141	12,127	12,268	1,043	818	1,861
	141	14,353	14,494	1,043	436,585	437,628
As at 31 March						
Segment assets	47,382	630,996	678,378	39,420	498,026	537,446
Segment liabilities	2,180	249,496	251,676	1,403	229,046	230,449

9. SEGMENT INFORMATION (CONTINUED)

Reconciliations of segment revenue, profit, assets and liabilities:

	2018	2017
	HK$'000	HK$'000
Revenue		
Total revenue of reportable segments	**141,482**	91,507
Consolidated revenue	**141,482**	91,507
Profit or loss		
Total profit of reportable segments	**63,952**	34,442
Finance costs	**(1,891)**	(1,894)
Income tax expense	**(17,463)**	(7,661)
Unallocated amounts:		
Consultancy fee	**(780)**	(650)
Directors' emoluments and allowances (note 14(a))	**(4,006)**	(5,174)
Legal and professional fee	**(1,509)**	(3,151)
Rent	**(2,461)**	(2,401)
Salaries and share-based payments	**(5,067)**	(6,167)
Other unallocated head office and corporate expenses	**(3,173)**	(3,498)
Consolidated profit for the year	**27,602**	3,846
Assets		
Total assets of reportable segments	**678,378**	537,446
Elimination of intersegment assets	**(117,915)**	(2,915)
Unallocated assets:		
Amount due from reportable segment	**105,000**	–
Bank and cash balances	**704**	3,168
Other unallocated head office and corporate assets	**1,135**	1,109
Consolidated total assets	**667,302**	538,808
Liabilities		
Total liabilities of reportable segments	**251,676**	230,449
Elimination of intersegment liabilities	**(117,915)**	(2,915)
Current tax liabilities	**32,928**	17,225
Deferred tax liabilities	**105,698**	95,014
Promissory note	**105,734**	103,843
Other unallocated head office and corporate liabilities	**15,004**	3,766
Consolidated total liabilities	**393,125**	447,382

9. SEGMENT INFORMATION (CONTINUED)

Geographical information

No separate analysis of segment information by geographical is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is the PRC.

Revenue from major customer

	2018 HK$'000	2017 HK$'000
CCC — Promotion and management services segment	**31,420**	31,457

10. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on promissory note payable to China Communication Investment Limited ("CCI")	**1,891**	1,894

11. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Current tax — PRC		
Provision for the year	**16,821**	7,966
Under/(over)-provision in prior year	**162**	(305)
Deferred tax (note 27)	**480**	–
	17,463	7,661

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the years ended 31 March 2018 and 2017.

PRC Enterprise Income Tax has been provided at a rate of 25% (2017: 25%).

11. INCOME TAX EXPENSE (CONTINUED)

The reconciliation between the income tax expense and the product of profit before tax multiplied by the PRC Enterprise Income Tax rate is as follows:

	2018 HK$'000	2017 HK$'000
Profit before tax	**45,065**	11,507
Tax at the PRC Enterprise Income Tax rate of 25% (2017: 25%)	**11,266**	2,876
Tax effect of temporary differences not recognised	**460**	(19)
Tax effect of expenses that are not deductible	**5,575**	5,109
Under/(over)-provision in the prior year	**162**	(305)
Income tax expense	**17,463**	7,661

12. PROFIT FOR THE YEAR

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

	2018 HK$'000	2017 HK$'000
Auditor's remuneration		
— audit services	**650**	650
— other services	**578**	700
	1,228	1,350
Amortisation of intangible assets		
— included in cost of sales	**309**	–
Acquisition related costs	**–**	2,469
Cost of sales		
Allowance on inventories	**56**	–
Depreciation	**4,840**	3,427
Operating lease charges for land and buildings	**7,960**	5,917
Legal and professional fee (excluding auditor's remuneration)	**1,522**	3,164
Loss on disposal of property, plant and equipment	**–**	364
Property, plant and equipment written off (note 17)	**13**	90
Gain on waiver of other payables (note 8)	**–**	(1,464)

13. EMPLOYEE BENEFITS EXPENSE

	2018 HK$'000	2017 HK$'000
Employee benefits expenses:		
Salaries, bonuses and allowances	**19,070**	15,792
Equity-settled share-based payment	**–**	3,316
Retirement benefit scheme contributions	**1,694**	1,212
	20,764	20,320

Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2017: two) directors whose emoluments are reflected in the analysis presented in note 14. The emoluments of the remaining three (2017: three) individuals are set out below:

	2018 HK$'000	2017 HK$'000
Basic salaries and allowances	**2,871**	2,742
Share based payments	**–**	1,850
Retirement benefits scheme contributions	**54**	54
	2,925	4,646

The emoluments fell within the following band:

	Number of individuals 2018	2017
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**–**	–
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**–**	1

14. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees HK$'000	Salaries HK$'000	Employer's contribution to a retirement benefits scheme HK$'000	Others HK$'000	Share-based payments HK$'000	HK$'000	Total HK$'000
Executive directors							
He Chenguang	**–**	**2,160**	**18**	**–**	**–**	**–**	**2,178**
Bao Yueqing	**–**	**1,126**	**18**	**384**	**–**	**–**	**1,528**
Independent non-executive directors							
Yip Tai Him	**100**	**–**	**–**	**–**	**–**	**–**	**100**
Han Liqun	**100**	**–**	**–**	**–**	**–**	**–**	**100**
Zhang Li	**100**	**–**	**–**	**–**	**–**	**–**	**100**
Total for the year ended 31 March 2018	**300**	**3,286**	**36**	**384**	**–**	**–**	**4,006**
Executive directors							
He Chenguang	–	2,095	18	–	383	–	2,496
Bao Yueqing	–	1,383	18	62	957	–	2,420
Independent non-executive directors							
Yip Tai Him	100	–	–	–	–	–	100
Han Liqun	79	–	–	–	–	–	79
Zhang Li	79	–	–	–	–	–	79
Total for the year ended 31 March 2017	258	3,478	36	62	1,340	–	5,174

None of the directors had waived any emoluments during the year (2017: Nil).

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

15. DIVIDENDS

No dividends have been paid or proposed during the year, nor has any dividend been proposed since the end of reporting period (2017: Nil).

16. EARNINGS PER SHARE

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

	2018	2017
	HK$'000	HK$'000
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	**27,602**	3,846

(a) Basic earnings per share

	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,833,888,798**	1,610,201,127

(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 years ended 31 March 2018 and 2017.

17. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment HK$'000	Leasehold improvements HK$'000	Equipment, furniture and fixtures HK$'000	Motor vehicles HK$'000	Training equipments HK$'000	Total HK$'000
Cost						
At 1 April 2016	4,924	1,534	517	999	–	7,974
Acquisition of subsidiaries (note 32(a))	244	–	791	427	5,675	7,137
Additions	9	426	3	1,259	172	1,869
Written off	–	–	–	–	(198)	(198)
Disposals	–	–	(253)	(838)	(913)	(2,004)
Exchange differences	(303)	(43)	(75)	(129)	(517)	(1,067)
At 31 March 2017 and 1 April 2017	4,874	1,917	983	1,718	4,219	13,711
Additions	4,613	1,770	61	744	5,093	12,281
Written off	(4)	–	–	–	(199)	(203)
Exchange differences	752	209	127	274	924	2,286
At 31 March 2018	10,235	3,896	1,171	2,736	10,037	28,075
Accumulated depreciation and impairment losses						
At 1 April 2016	4,453	1,239	505	844	–	7,041
Charge for the year	375	241	166	428	2,217	3,427
Written off	–	–	–	–	(108)	(108)
Disposals	–	–	(163)	(812)	(470)	(1,445)
Exchange differences	(274)	(22)	(43)	(82)	(199)	(620)
At 31 March 2017 and 1 April 2017	4,554	1,458	465	378	1,440	8,295
Charge for the year	800	202	192	497	3,149	4,840
Written off	(4)	–	–	–	(186)	(190)
Exchange differences	494	67	79	115	512	1,267
At 31 March 2018	5,844	1,727	736	990	4,915	14,212
Carrying amount						
At 31 March 2018	4,391	2,169	435	1,746	5,122	13,863
At 31 March 2017	320	459	518	1,340	2,779	5,416

18. GOODWILL

	Robotics Education and Others CGU HK$'000
Cost	
Acquisition of subsidiaries (note 32(a))	38,116
Exchange differences	(1,814)
At 31 March 2017	36,302
Exchange differences	3,888
At 31 March 2018	40,190
Accumulated impairment losses	
At acquisition date	–
Exchange differences	–
At 31 March 2017, 1 April 2017 and 31 March 2018	–
Carrying amount	
At 31 March 2018	40,190
At 31 March 2017	36,302

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination.

The Group acquired 100% equity interest of Copious Link Ventures Limited and its subsidiaries (collectively referred to the "Copious Link Group") on 16 May 2016. The goodwill arising from the acquisition is allocated to Robotics Education and Others Cash Generating Unit ("CGU").

The recoverable amounts of the CGU has 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 turnover 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.

18. GOODWILL (CONTINUED)

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 3% (2017: 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 28.5% (2017: 28.4%)

19. INTANGIBLE ASSETS

	Distribution network HK$'000	Service contract HK$'000	Exclusive Rights HK$'000 (note (i))	Mobile Application HK$'000 (note (ii))	Total HK$'000
Cost					
At 1 April 2016	70,643	175,626	–	–	246,269
Acquisition of subsidiaries (note 32(a))	–	–	390,514	–	390,514
Exchange differences	(4,075)	(10,130)	(18,585)	–	(32,790)
At 31 March 2017 and 1 April 2017	66,568	165,496	371,929	–	603,993
Additions	–	–	–	2,226	2,226
Exchange differences	7,129	17,724	39,833	132	64,818
At 31 March 2018	73,697	183,220	411,762	2,358	671,037
Accumulated amortisation and impairment losses					
At 1 April 2016	70,643	175,626	–	–	246,269
Exchange differences	(4,075)	(10,130)	–	–	(14,205)
At 31 March 2017 and 1 April 2017	66,568	165,496	–	–	232,064
Amortisation for the year	–	–	–	309	309
Exchange differences	7,129	17,724	–	19	24,872
At 31 March 2018	73,697	183,220	–	328	257,245
Carrying amount					
At 31 March 2018	–	–	411,762	2,030	413,792
At 31 March 2017	–	–	371,929	–	371,929

19. INTANGIBLE ASSETS (CONTINUED)

Notes:

(i) Exclusive Rights represent the rights to use the CRC Shengtong Card payment system, to organise and develop China Robot Competition (全國素質體育機器人運動會) ("CRC") competition events and to provide CRC education and training courses in Heilongjiang Province of the PRC.

Heilongjiang Shentong Cultural Club Company Limited ("Heilongjiang Shentong"), a subsidiary of the Company, was authorised by Beijing Shentong Culture Club Co., Ltd. ("Beijing Shentong"), and consented by the Social Sports Direction Centre of the General Administration of Sport (國家體育總局社會體育指導中心) and further confirmed by the Heilongjiang Province Sports Federation (黑龍江省體育總會) and the Harbin Municipal Sports Federation (哈爾濱市體育總會) to organise and develop CRC competition events and to provide CRC education and training courses in Heilongjiang Province of the PRC.

Pursuant to CRC Organisation Contract, Beijing Shentong obtained from the Social Sports Direction Centre of the General Administration of Sport, among other things, the rights to organise and develop CRC competition events and to provide CRC education and training courses at a national level for an initial period from 9 May 2011 to 31 December 2016, upon the expiry of which the CRC Organisation Contract would be automatically extended. Each extension shall be for a duration of five years if the parties have no objection. The parties intend to form a long-term cooperation relationship, and that the CRC Organisation Contract shall remain effective for a long-term.

Pursuant to the Heilongjiang CRC Authorisation Supplemental Agreement, so long as the co-operation period between the Social Sports Direction Centre of the General Administration of Sport and Beijing Shentong under the CRC Organisation Contract remains effective, the authorisation granted by Beijing Shentong to Heilongjiang Shentong would be automatically extended indefinitely unless terminated by Heilongjiang Shentong by written notice.

Pursuant to the CRC Shentong Card Payment System Heilongjiang Province Exclusive Right Authorisation Agreement, CCC granted to Heilongjiang Shentong the long-term and exclusive right to use the CRC Shentong Card payment system. The CRC Shentong Card Payment System Heilongjiang Province Exclusive Right Authorisation Agreement shall be effective and extended indefinitely unless terminated by Heilongjiang Shentong.

Exclusive Rights of the Group are regarded and assessed to have indefinite useful lives as there is no foreseeable limit to the period over which these assets are expected to generate cash flows for the Group.

As the economic benefits arising from these intangible assets are totally integrated with Robotics Education and Others, these carrying amount have been taken into consideration for the impairment assessment of goodwill allocated to this segment (note 18).

(ii) Mobile Application represents the mobile phone software to facilitate education course, CRC competition enrollment and attendance management. The amortisation period is 3 years and the remaining life is 2.58 years. (2017: N/A)

20. INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2018 are as follows:

Name	Place of incorporation/ registration and operation	Issued and paid up capital/ registered capital	Percentage of ownership interest/voting power/profit sharing Direct	Indirect	Principal activities
Copious Link Ventures Limited	British Virgin Islands	US$10 ordinary shares	100%	–	Investment holding
Favor Grow Holdings Limited	British Virgin Islands	US$10 ordinary shares	100%	–	Investment holding
HK6 Investment China (BVI) Limited	British Virgin Islands	US$1 ordinary share	100%	–	Investment holding
HK6 Investment Limited	British Virgin Islands	US$2,614 ordinary shares	100%	–	Investment holding
China Communication Investment (H.K.) Limited	Hong Kong	HK$100 ordinary shares	–	100%	Investment holding
Global Luck Investment Limited	Hong Kong	HK$1 ordinary share	–	100%	Investment holding
Grandsun International Creation Limited	Hong Kong	HK$1 ordinary share	–	100%	Investment holding
hk6.com Limited	Hong Kong	HK$1,000 ordinary shares	–	100%	Inactive
HK6 Media Limited	Hong Kong	HK$2 ordinary shares	–	100%	Inactive
Hong Kong Financial Institute Limited	Hong Kong	HK$1,307 ordinary shares	–	100%	Inactive
Oriental Glory (H.K.) Limited	Hong Kong	HK$1 ordinary share	–	100%	Investment holding
Pro-Concept Development Limited	British Virgin Islands	US$1 ordinary share	–	100%	Inactive
Sino Key International Limited	British Virgin Islands	US$1 ordinary share	–	100%	Inactive
Success Advantage Investments Limited	British Virgin Islands	US$1 ordinary share	–	100%	Inactive
神州奧美網絡(國際)有限公司	Hong Kong	HK$1 ordinary share	100%	–	Not yet commence business

20. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Particulars of the subsidiaries as at 31 March 2018 are as follows: (Continued)

Name	Place of incorporation/ registration and operation	Issued and paid up capital/ registered capital	Percentage of ownership interest/voting power/profit sharing		Principal activities
			Direct	Indirect	
北京神通益家科技服務有限公司 (note) (Beijing Shentong Yijia Technology Services Company Limited*)	PRC	RMB1,000,000	–	100%	Provision of promotion and management services for an electronic smart card "Designated Shentong Card" in the PRC
黑龍江神通文化俱樂部有限公司 (note) (Heilongjiang Shentong Cultural Club Company Limited*)	PRC	RMB1,000,000	–	100%	Provision of robot related consultancy services, organisation of robot competition using Shentong Card as main payment medium, conference services and advertising services

Note: Established in the PRC as a wholly foreign-owned enterprise.

* *English name is for identification purpose only*

As at 31 March 2018, the bank and cash balances of the Group's subsidiaries in the PRC denominated in Renminbi ("RMB") amounted to approximately HK$145,817,000 (2017: HK$88,789,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

21. INVENTORIES

	2018 **HK$'000**	2017 HK$'000
Finished goods	**–**	54

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Amount due from a substantial shareholder (note a)	**43,956**	25,687
Amounts due from related companies (note b)	**469**	2,241
Other receivables	**675**	289
Prepayments and deposits	**7,768**	4,365
	52,868	32,582

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

(b) The amounts due from related companies are denominated in RMB, unsecured, interest-free and repayable on demand.

23. BANK AND CASH BALANCES

As at 31 March 2018, the bank and cash balances of the Group denominated in RMB was amounted to approximately HK$145,817,000 (2017: HK$88,789,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

24. ACCRUALS AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Amount due to a substantial shareholder (note a)	**95,100**	200,100
Amount due to a related company (note b)	**564**	564
Accrued salaries	**3,809**	1,419
Accrued expenses	**2,670**	1,286
Security deposits (note c)	**5,624**	5,080
Other payables	**2,145**	1,141
	109,912	209,590

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.

(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.

25. EDUCATION COURSE OBLIGATION (FORMERLY KNOWN AS "TRAINING COURSE OBLIGATION")

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

26. PROMISSORY NOTE

As at 31 March 2018, the promissory note is held by CCI with principal amount of approximately HK$94,427,000 (2017: HK$94,427,000).

On 31 May 2017, the Group and CCI agreed to extend the maturity date from 30 June 2017 to 30 June 2018. On 31 March 2018, the Group and CCI agreed to extend 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 31 March 2018, the coupon rate is 2% per annum (2017: 2% per annum) and the effective interest rate is 1.79% (2017: 1.86%).

27. DEFERRED TAX LIABILITIES

	Intangible assets	Undistributed profits of subsidiaries	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2016	–	–	–
Acquisition of subsidiaries (note 32(a))	97,629	2,133	99,762
Exchange differences	(4,646)	(102)	(4,748)
At 31 March 2017 and 1 April 2017	92,983	2,031	95,014
Charge for the year	480	–	480
Exchange differences	9,986	218	10,204
At 31 March 2018	103,449	2,249	105,698

At the end of the reporting period, the Group has unused tax losses of approximately HK$19,566,000 (2017: HK$19,566,000) available for offset against future profits and may be carried forward indefinitely.

No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately HK$142,765,000 (2017: HK$79,396,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

28. SHARE CAPITAL

	2018 Number of shares	2018 Amount HK$'000	2017 Number of shares	2017 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each				
At the beginning and the end of the year	**10,000,000,000**	**100,000**	10,000,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At the beginning of the year	**1,655,697,017**	**16,557**	1,294,697,017	12,947
Shares issued upon subscription (note)	**240,000,000**	**2,400**	361,000,000	3,610
At the end of the year	**1,895,697,017**	**18,957**	1,655,697,017	16,557

Notes: (i) On 3 May 2016, the Company entered into CCI Subscription Agreement (as defined in the announcement dated the same) with CCI in respect of 100,000,000 new shares of the Company to be allotted and issued to CCI at HK$0.5 per new share. The CCI Subscription Agreement (as defined in the announcement dated the same) was completed on 16 May 2016. On 3 May 2016, the Company entered into Subscription Agreements with 6 independent investors in respect of a total of 261,000,000 new shares of the Company to be allotted and issued to them at HK$0.5 per new share. The Subscription Agreements were completed on 16 May 2016.

(ii) On 21 June 2017, the Company entered into Subscription Agreements (as defined in the announcement dated the same) 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.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amounts of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes judgements to the capital structure in light of changes in economic conditions. In order to adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Total debt is defined as promissory note and all amounts due to related companies. Adjusted capital comprises all components of equity except for non-controlling interests, if any.

28. SHARE CAPITAL (CONTINUED)

During the current reporting period, the Group's strategy, which was unchanged from prior years, was to reduce the debt-to-adjusted capital ratio to reasonable level in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratios at 31 March 2018 and 31 March 2017 were as follows:

	2018	2017
	HK$'000	HK$'000
Total debt	**201,398**	304,507
Less: cash and cash equivalents	**(146,589)**	(92,525)
Net debt	**54,809**	211,982
Total equity	**274,177**	91,426
Debt-to-adjusted capital ratio	**20%**	232%

The decrease of net debt is because of settlement of debt in the reporting period. The increase of total equity was caused by subscription of new shares during the reporting period.

The externally imposed capital requirement is that for the Company to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of its issued shares throughout the year. The Company was not informed of any change in its shareholdings that would lead to its non-compliance with the 25% limit throughout the year.

29. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Investments in subsidiaries		**30,020**	30,020
Current assets			
Amounts due from subsidiaries		**169,856**	64,823
Prepayments, deposits and other receivables		**249**	213
Bank and cash balances		**366**	2,131
Total current assets		**170,471**	67,167
TOTAL ASSETS		**200,491**	97,187
EQUITY AND LIABILITIES			
Share capital		**18,957**	16,557
Reserves	29(b)	**163,648**	74,930
Total equity		**182,605**	91,487
LIABILITIES			
Current liabilities			
Accruals and other payables		**1,956**	740
Amount due to subsidiaries		**15,930**	4,960
Total current liabilities		**17,886**	5,700
TOTAL EQUITY AND LIABILITIES		**200,491**	97,187

Approved by the Board of Directors on 15 June 2018 and are signed on its behalf by:

He Chenguang
Director

Bao Yueqing
Director

29. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserves movement of the Company

	Share premium HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2016	1,072,549	–	(1,065,631)	6,918
Loss for the year	–	–	(112,144)	(112,144)
Share issued upon subscription (note 28)	176,840	–	–	176,840
Share-based payments (note 31)	–	3,316	–	3,316
At 31 March 2017	1,249,389	3,316	(1,177,775)	74,930
At 1 April 2017	**1,249,389**	**3,316**	**(1,177,775)**	**74,930**
Loss for the year	**–**	**–**	**(16,731)**	**(16,731)**
Share issued upon subscription (note 28)	**105,449**	**–**	**–**	**105,449**
Share option scheme				
— lapsed share option (note 31)	**–**	**(36)**	**36**	**–**
At 31 March 2018	**1,354,838**	**3,280**	**(1,194,470)**	**163,648**

30. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Merger reserve

The merger reserve of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 2002.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(c) to the consolidated financial statements.

(iv) Statutory reserve

The statutory reserve, which is non-distributable, is appropriated from the profit after taxation of the Group's PRC subsidiaries under the applicable laws and regulations in the PRC.

(v) Share-based payment reserve

The share-based payment reserve represents equity-settled share-based payments to certain eligible participants of the Group recognised in accordance with the accounting policy adopted for share-based payments in note 4(r) to the consolidated financial statements.

31. 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, the Scheme 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.

31. SHARE-BASED PAYMENTS (CONTINUED)

Equity-settled share option scheme (Continued)

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

Date of grant	Vesting period	Exercisable period	Exercise price HK$	Number of shares issuable under options granted 2018 '000	2017 '000
26 August 2016	Immediately	26 August 2016 to 25 August 2019 (both days inclusive)	0.53	**17,800**	18,000

Options not exercised were expired after the exercisable period.

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

	2018		2017	
	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 year	**18,000**	**0.53**	–	N/A
Granted during the year	**–**	**N/A**	18,000	0.53
Lapsed during the year	**(200)**	**0.53**	–	N/A
Outstanding at the end of the year	**17,800**	**0.53**	18,000	0.53
Exercisable at the end of the year	**17,800**	**0.53**	18,000	0.53

No share option has been exercised during the year. The options outstanding at the end of the reporting period have a weighted average remaining contractual life of 1.4 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.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

(a) Acquisition of subsidiaries

On 16 May 2016, the Group acquired 100% equity interest of Copious Link Group by cash consideration of HK$30,000,000. Copious Link Group is engaged in robotics education in Heilongjiang province of the PRC. The acquisition is for the purpose of diversifying the Group's revenue base. The fair value of the identifiable assets and liabilities of it as at the date of acquisition, is as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment (note 17)	7,137
Intangible assets — Exclusive Rights (note 19)	390,514
Inventories	44
Prepayment, deposits and other receivables	26,566
Amount due from a substantial shareholder — CCC	43,696
Amounts due from related companies	6,422
Bank and cash balances	1,237
Receipt in advance	(12)
Education course obligation (note 25)	(19,032)
Accruals and other payables	(11,035)
Amount due to a substantial shareholder — CCI	(350,100)
Amount due to a related company	(564)
Current tax liabilities	(3,227)
Deferred tax liabilities (note 27)	(99,762)
	(8,116)
Goodwill on acquisition (note 18)	38,116
	30,000
Satisfied by:	
Cash	30,000
Net cash outflow arising on acquisition:	
Cash consideration paid	(30,000)
Cash and cash equivalents acquired	1,237
	(28,763)

The fair values of other receivables, amount due from a substantial shareholder and amounts due from related companies are HK$2,643,000, HK$43,696,000 and HK$6,422,000 respectively. All of the contractual cash flows are expected to be collected in full.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)

(a) Acquisition of subsidiaries (Continued)

The goodwill arising on the acquisition of Copious Link Group is attributable to the anticipated profitability of utilizing the Group's experience in smart electronic card application to the new robotics education business and the anticipated future operating synergies from the combination.

Copious Link Group contributed approximately HK$60,050,000 and HK$28,598,000 to the Group's revenue and profit for the year ended 2017 respectively between the date of acquisition and the year ended 31 March 2017.

If the acquisition had been completed on 1 April 2016, the Group's revenue for 2017 and profit for 2017 would have been approximately HK$100,490,000 and HK$6,538,000 respectively. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2016, nor is intended to be a projection of future results.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 April 2017 HK$'000	**Changes from financing cash flows HK$'000**	**Interest on promissory note payable to CCI (note 10) HK$'000**	**31 March 2018 HK$'000**
Promissory note	**103,843**	–	1,891	105,734

33. CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any significant contingent liabilities (2017: Nil).

34. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2018 HK$'000	2017 HK$'000
Property, plant and equipment		
— Contracted but not provide for	**1,168**	3,990

35. LEASE COMMITMENTS

At 31 March 2018 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018	2017
	HK$'000	HK$'000
Within one year	**6,219**	4,501
In the second to fifth years inclusive	**12,017**	8,453
	18,236	12,954

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

36. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with its related parties during the year:

	2018	2017
	HK$'000	HK$'000
Acquisition of subsidiaries from a related company (note 32(a))	**–**	(30,000)
Promotion and management service income from CCC	**31,420**	31,457
Service fee to CCC		
— Advertising expenses	**(5,717)**	(5,610)
— Customer service hotline rental	**(4,378)**	(3,675)
— Server hosting service	**(16,821)**	(15,371)
— CRC Shentong Card payment system management	**(6,718)**	(3,374)
Interest on promissory note payable to CCI	**(1,891)**	(1,894)
Service fee to related companies		
— Advertising expenses	**(2,681)**	(1,865)
— Rental of competition venue	**(215)**	(150)
— Web maintenance fee	**(6,243)**	(5,381)