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)

2021/22
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* (resigned on 31 December 2021 and re-appointed on 10 May 2022)
Ms. Ho Man Shan Grace, *CPA* (appointed on 31 December 2021 and resigned on 10 May 2022)

COMPLIANCE OFFICER

Mr. Bao Yueqing
Mr. Yiu King Ming, *CPA* (resigned on 31 December 2021 and re-appointed on 10 May 2022)
Ms. Ho Man Shan Grace, *CPA* (appointed on 31 December 2021 and resigned on 10 May 2022)

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* (resigned on 31 December 2021 and re-appointed on 10 May 2022)
Ms. Ho Man Shan Grace, *CPA* (appointed on 31 December 2021 and resigned on 10 May 2022)

AUDITORS

RSM Hong Kong
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
29th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3006, 30/F
West Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor
Hopewell Centre
183 Queen's Road East
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				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**12,161**	5,233	128,841	177,415	141,482
(Loss)/profit before tax	**(106,004)**	(23,226)	(288,134)	85,425	45,065
Income tax credit/(expense)	**23,156**	24	55,101	(26,593)	(17,463)
(Loss)/profit for the year attributable to owners	**(82,848)**	(23,202)	(233,033)	58,832	27,602
Basic (loss)/earnings per share (HK cent(s))	**(4.37)**	(1.22)	(12.29)	3.10	1.51

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**275,048**	371,218	368,374	704,849	667,302
Total liabilities	**(309,100)**	(333,178)	(330,618)	(405,148)	(393,125)
Net (liabilities)/assets	**(34,052)**	38,040	37,756	299,701	274,177
Net (liabilities)/assets per share (HK cent(s))	**(1.80)**	2.01	1.99	15.81	14.46

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 2022 (the "Year").

FINANCIAL PERFORMANCE

The Group recorded consolidated revenue of approximately HK$12,161,000 for the year ended 31 March 2022, representing an increase of approximately 132.4% as compared to approximately HK$5,233,000 for the year ended 31 March 2021.

The Group made a loss attributable to owners of the Company of approximately HK$82,848,000 for the year ended 31 March 2022, representing an increase of approximately 257.1% as compared to approximately HK$23,202,000 for the year ended 31 March 2021. The deterioration was mainly due to the loss on derecognition of intangible assets of approximately HK$89,501,000 (the "Derecognition"). Adjusted loss before tax before the Derecognition was approximately HK$16,503,000. The Derecognition is primarily non-cash and non-recurring in nature.

BUSINESS REVIEW

The principal business activities of the Group are the provision of promotion and management services for an electronic smart card "Designated Shentong Card" in the PRC (the "Promotion and Management Business") and provision of robotics related education and training in the PRC (the "Robotics Business"). The Group recorded an increase of approximately 132.4% in revenue for the year ended 31 March 2022 as compared with that for the year ended 31 March 2021. The improvement was mainly attributable to the increase in revenue which primarily resulted from less suspension of robotics classes due to the precautionary measures imposed by the government authority in the current year. As the COVID-19 outbreak has widespread and negatively impacted all businesses in general, the businesses of the ultimate customers of CCC, being a company which wholly owns CCI which in turn is a substantial shareholder of the Company, have been adversely affected while some of which had even become insolvent, and the scale-down of CCC's ultimate customers and its implementation of cost control measures, had led to a decrease in the revenue of CCC from hotline rental and server hosting and hence a decrease in promotion and after-sale services fees received by the Group. Further, the revenue generated from the Promotion and Management Business had decreased due to the reasons that marketing and promotion activities, such as client pitching are seriously interrupted due to the outbreak of COVID-19 in the PRC. As there were less active players for CCC's card game mobile application which uses the Designated Shentong Card system, the Group had been putting more resources into the Robotics Business as the growth of the Promotion and Management Business was low or even negative before the COVID-19 outbreak. In relation to the Robotics Business, robotics classes of our Group which are normally conducted at schools and training centres of the Group have been suspended for the period from January 2020 to August 2020, from January 2021 to February 2021, from August 2021 to December 2021 and from March 2022 onward due to the precautionary measures imposed by the local government in the PRC.

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

Chairman's Statement

In light of the current situation of the COVID-19 outbreak, the Group's plans are to adjust its robotics class arrangements to provide more online courses instead of physical classes and continue to apply its cost saving measures, including but not limited to, seeking to reduce the staff cost to the minimum necessary level. The Company expects that, after the release of the current restriction measures imposed by the government authority, more training classes will gradually resume operation depending on the recovery of demand for students to attend the classes.

On 18 November 2021, the Board was informed by Beijing Shentong Culture Club Co., Ltd. ("Beijing Shentong") that a written notice dated 12 November 2021 had been issued 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) ("SSDC") to Beijing Shentong that the CRC Organisation Contract would not be renewed upon its expiry on 31 December 2021 (the "Termination"). As such, the Heilongjiang CRC Authorisation will also lapse automatically on 31 December 2021 accordingly. The Board is of the view that the Termination will not pose any material adverse impact on the operation of the Group. It is the intention of the Group to continue to organize and develop robotic competitions and to provide robotic education and training courses under the Group's own brand after the lapse of the Heilongjiang CRC Authorisation. Upon the expiration of the China Robot Competition authorization, the exclusive rights classified as intangible assets had been fully derecognized, the Derecognition has been recognized accordingly. The Derecognition is primarily non-cash and non-recurring in nature. Details of the Derecognition is set out in note 21 to the consolidated financial statements.

* *English name is for identification purpose only*

PROSPECTS

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

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, 17 June 2022

Management Discussion and Analysis

REVENUE AND PROFITABILITY

The Group recorded a revenue of approximately HK$12,161,000 (2021: approximately HK$5,233,000) for the year ended 31 March 2022, representing an increase of approximately 132.4% as compared with the year ended 31 March 2021 which was primarily due to increase in revenue which was primarily due to there were less suspension of classes in current year.

The Group's gross profit for the year ended 31 March 2022 amounted to approximately HK$4,179,000 as compared to gross loss of approximately HK$2,025,000 for the year ended 31 March 2021. The improvement was mainly attributable to the increase in revenue which was primarily due to there were less suspension of classes in current year.

Selling and distribution and administrative expenses for the year ended 31 March 2022 was approximately HK$17,429,000 as compared to approximately HK$17,542,000 for the year ended 31 March 2021.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group made a loss attributable to owners of approximately HK$82,848,000 for the year ended 31 March 2022 as compared to approximately HK$23,202,000 for the year ended 31 March 2021. The deterioration was mainly due to the Derecognition.

SEGMENT INFORMATION

An analysis of the performance of the Group by reportable segments is set out in note 10 to the consolidated financial statements.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the Group had outstanding promissory note at principal amount of approximately HK$94.4 million (as at 31 March 2021: approximately HK$94.4 million) with carrying value of approximately HK$113.3 million (as at 31 March 2021: approximately HK$111.4 million). The promissory note was unsecured and interest bearing at 2% per annum. On 31 March 2022, the Group and China Communication Investment Limited ("CCI"), being the noteholder, agreed to extend the maturity date to 30 June 2023. As at 31 March 2022, the Group had outstanding loans from CCI of approximately HK$15.8 million (as at 31 March 2021: HK$8.3 million). The loans were unsecured, interest-free and repayable on demand. Other than the above, the Group did not have any other committed borrowing facilities as at 31 March 2022 (as at 31 March 2021: Nil).

As at 31 March 2022, the Group had net current assets of approximately HK$78.2 million (as at 31 March 2021: approximately HK$83.1 million). The Group's current assets mainly consisted of cash and cash equivalents of approximately HK$269.4 million (as at 31 March 2021: approximately HK$275.4 million) and prepayments, deposits and other receivables of approximately HK$3.2 million (as at 31 March 2021: approximately HK$5.8 million). The Group's current liabilities mainly include accruals and other payables of approximately HK$117.5 million (as at 31 March 2021: approximately HK$114.4 million), current tax liabilities of approximately HK$28.6 million (as at 31 March 2021: approximately HK$33.0 million), contract liabilities of approximately HK$28.6 million (as at 31 March 2021: approximately HK$39.6 million) and interest free loans from a substantial shareholder of the Company, CCI, of approximately HK$15.8 million (as at 31 March 2021: HK$8.3 million).

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

Management Discussion and Analysis

GEARING RATIO

The gearing ratio is measured by total interest-bearing borrowings as a percentage of share capital. As at 31 March 2022, the gearing ratio was 597.6% (as at 31 March 2021: 587.7%).

CAPITAL STRUCTURE

There was no 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 2022 and 31 March 2021.

EMPLOYEES, REMUNERATION POLICIES AND STAFF COSTS

As at 31 March 2022, the Group had 84 employees (2021: 99). The staff costs for the year ended 31 March 2022 was approximately HK$11.6 million (2021: HK$11.5 million). The Group's remuneration is determined with reference to the market conditions and the performance, qualifications and experience of individual employees while year-end bonus is based on the individual performance as recognition of and reward for their contributions. Other benefits accruing its employees include share option scheme, contributions made to statutory mandatory provident fund scheme and a group medical scheme to its employees.

MATERIAL INVESTMENT OR CAPITAL ASSETS

For the years ended 31 March 2022 and 31 March 2021, the Group had no significant investment. As at 31 March 2022, 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.

Management Discussion and Analysis

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2022 and 31 March 2021.

CAPITAL COMMITMENTS

Details of capital commitment is set out in note 36 to the consolidated financial statements.

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 2022.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. He Chenguang, aged 62, 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.

Mr. He was the chairman of Energy Committee of The Chinese People's Association for Friendship with Foreign Countries and 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 and was elected as a fellow of the Academy of Engineering and Technology of the Development World in 2019. Mr. He has been awarded the "Sino-US Cultural Exchange Contribution Award" issued by Mayor of San Francisco in the United States and the"Peaceful Development Contribution Award" issued by China Friendship Foundation for Peace and Development.

Mr. Bao Yueqing, aged 52, 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 was appointed as an executive Director again and the chief executive officer of the Group in January 2014. He is responsible for the daily operation of the Group and formulating 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 51, 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 is 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 over 27 years of experience in accounting, auditing and financial management.

Mr. Yip is currently an independent non-executive director of GCL Technology Holdings Limited. (formerly known as GCL-Poly Energy Holdings Limited), Redco Properties Group Limited, Dongguan Rural Commercial Bank Co., Ltd. and Zhongchang International Holdings Group Limited (all of which are listed on the Stock Exchange).

Biographical Details of Directors and Senior Management

Ms. Han Liqun, aged 69, 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.

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 20 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 26 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, supervisor and honorary chairman of the Professional Committee of Smart Products and Industry Working (智能產品與產業工作委員會名譽主任) of Chinese Association for Artificial Intelligence, the fellow of the Academy of Engineering of the Developing World, the executive director and executive vice chairman of the Artificial Intelligence and Robotics Education Professional Committee (人工智能與機器人教育專業委員會常務副理事長) of Chinese Society of Educational Development Strategy, one of the first group of experts of the Think Tank of Academicians and Experts of the Metaverse Working Committee of China Association of Private Science and Technology Industrialists, the vice president of the Simulation Application Society of China Computer Users Association, and the deputy director of the Editorial Board of "Computer Simulation".

Ms. Zhang Li, aged 63, 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 was 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 37 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.

SENIOR MANAGEMENT

Mr. Yiu King Ming, aged 37, 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 and CPA Australia. Prior to joining to the Group, he worked in a multinational accounting firm and has over 9 years' experience in auditing.

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 maintaining and ensuring 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 2022.

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 30 July 2021 (the "2021 AGM") due to their other business activities and unexpected engagement.

In addition, under the Code Provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company and he should also invite the chairman of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) of the Company to attend. Mr. He Chenguang (chairman of the Board and chairman of the nomination committee of the Company) was unable to attend the 2021 AGM due to his other business activities and unexpected engagement. Mr. Bao Yueqing (executive Director and Chief Executive Officer of the Company) was appointed as the chairman of the 2021 AGM to answer and address questions raised by shareholders of the Company at the 2021 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 2022, 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 2022. 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.

Corporate Governance Report

BOARD OF DIRECTORS

As at the date of this report, the Board comprises five Directors of which two are executive Directors and three are independent non-executive Directors. During the year ended 31 March 2022 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

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 2022 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	12/12	N/A	N/A	N/A	1/1
Mr. Bao Yueqing	12/12	N/A	N/A	N/A	N/A
Independent Non-Executive Directors					
Mr. Yip Tai Him	12/12	0/0	5/5	1/1	1/1
Ms. Han Liqun	12/12	0/0	5/5	1/1	1/1
Ms. Zhang Li	12/12	0/0	5/5	1/1	1/1

During the year, a total of one general meeting of the Company was held and the attendance record is as follow:

	Number of the meeting attended/held
Executive Directors	
Mr. He Chenguang	0/1
Mr. Bao Yueqing	1/1
Independent Non-Executive Directors	
Mr. Yip Tai Him	1/1
Ms. Han Liqun	0/1
Ms. Zhang Li	0/1

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.

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, at each annual general meeting, one-third of the Directors for the time being, or, if the 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 Group operates. All Directors are also encouraged to attend relevant training courses at the Company's expense.

Corporate Governance Report

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 is held by Mr. He Chenguang. The position of the Chief Executive Officer is held by Mr. Bao Yueqing. 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. Each of the independent non-executive Directors is 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 Director 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 revisions 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 Ms. Han Liqun will retire at the forthcoming annual general meeting and the re-election of Mr. He Chenguang as executive Director and Ms. Han Liqun 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 2022, 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	
	2022	2021
	HK$	HK$
Statutory audit services	**580,000**	625,000
Non-audit services (other services, mainly consist of review of interim financial statements)	**360,000**	505,000
	940,000	1,130,000

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.

Corporate Governance Report

For the year ended 31 March 2022, 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 2021;
— Quarterly reports for the first quarter and third quarter of 2021/22;
— Interim report for the first six months of 2021/22; and
— Review of continuing connected transactions of the Group.

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 59 to 62 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 was the company secretary of the Company for the period from 1 April 2021 to 31 December 2021 and re-appointed on 10 May 2022. Ms. Ho Man Shan Grace was the company secretary of the Company for the period from 31 December 2021 to 10 May 2022. Mr. Yiu and Ms. Ho have confirmed that they have taken no less than 15 hours of relevant professional training during the year ended 31 March 2022. The Company is of the view that Mr. Yiu and Ms. Ho have 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 Unit 3006, 30/F, West 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 (an executive Director and the Chief Executive Officer of the Company) had attended the annual general meeting held on 30 July 2021 to answer questions from the 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

Summary

The board of directors (the "Board") of Shentong Robot Education Group Company Limited (the "Company") is pleased to announce the Environmental, Social and Governance ("ESG") Report (the "Report") of the Company and its subsidiaries (collectively referred to as the "Group" or "we" or "us") for the year ended 31 March 2022 (the "Reporting Period"). This Report summarises the environmental, social and governance policies, sustainable development strategies, management practices, measures and performance adopted by the Group.

Reporting Scope

This Report covers promotion and management of the Group's electronic smart card Shentong Card ("Shentong Card") and the business in the provision of robotics training courses, which are the Group's core businesses and main income streams. There was no material change on the reporting scope during the Reporting Period.

Reporting Basis

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 20 to the GEM Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and complies with the "comply or explain" provisions therein, which are set out at the end of this Report.

Reporting Principles

The Group adheres to the following reporting principles as the basis for the preparation of this Report.

Materiality: When the Board determines that the ESG issues will have a significant impact on the Group's investors and other stakeholders, the Group should report them, details of which have been disclosed in the sections headed "Stakeholders' Engagement" and "Materiality Assessment".

Quantitative: Quantitative environmental and social key performance indicators ("KPIs") are disclosed in this Report to enable the Group's stakeholders to have a comprehensive understanding of the Group's ESG performance. The information is accompanied by a narrative explaining its purpose and impact.

Balance: This Report gives an unbiased picture of the Group's ESG performance as far as possible, and avoids selections, omissions, or presentation formats that may inappropriately influence the decision or judgement by the readers of the ESG Report.

Consistency: The Group has used consistency as far as reasonably practicable to allow for meaningful comparisons of ESG data over time.

II. ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT

Board Statement

The Board takes the overall responsibility for ESG issues and integrates it into the Group's management approach and strategy. It guides the management and monitoring of ESG issues relevant to the Group and reviews ESG-related goals.

Chairman's Statement

The Group has always been concerned about corporate social responsibility, and is committed to taking into account the environmental, social and economic benefits, hoping to balance the Group's business expansion and the interests of major stakeholders, and comprehensively operate its business in a sustainable manner. To achieve this vision, we have established a sustainability framework that focuses on environmental protection, resource management, employee and social well-being, and guides our sustainability efforts to ensure that sustainability is integrated into every aspect of our operations and all business decisions.

Despite the Group's relatively small environmental footprint, global warming is an increasingly worrying issue. As a socially responsible enterprise, the Group is committed to reducing its impact on the environment and integrating environmental practises into its business. At the same time, the Group is committed to establishing environmental protection awareness within the Company and working with employees to build an environmentally-friendly and resource-saving enterprise.

Although COVID-19 was raging around the world in the past year, the Group gave full play to its team spirit and provided support to employees in a multi-pronged manner to protect them from infection and curb the spread of COVID-19 in the society. Anti-epidemic measures include providing employees with masks and alcohol hand sanitizers, reminding employees to develop good hand hygiene habits and maintain appropriate social distancing, ensuring a clean and hygienic workplace, etc. Regardless of the severity of the pandemic, we still ensure the remuneration and benefits, development opportunities and safe working environment of employees. We adhere to the original intention of undertaking social responsibilities, actively cooperate with the national education development policy, and are committed to carrying out various robotics education courses to promote the development of robotics education business more effectively. However, there might be a long way to fight against the pandemic. It is expected that the Group, all staff and the society will continue to work hard and move towards sustainable development in the face of crises and challenges.

In order to achieve the above vision, the Board has set a number of environmental and social KPIs, adopted a top-down approach, decomposed the KPIs to various functional departments, and prompted us to make changes in various aspects, such as reducing greenhouse gas emissions, making good use of resources, and improving employee well-being. At the same time, the management team and all employees actively cooperate with the Group's sustainable development strategy and goals. We have achieved certain results. The areas, progress and results covered by these environmental and social KPIs will be disclosed in this Report.

The Group aims at becoming a respectable enterprise. We work together with our employees to achieve mutual benefits and strive to create value for our customers with quality services and products. At the same time, the Group hopes to improve its business performance by implementing the strategy and actively cultivating its corporate culture, so as to create more meaningful long-term value for the enterprise and its stakeholders.

Governance Structure

The Board believes that a sound ESG strategy can increase the Group's investment value and bring long-term returns to stakeholders. The establishment of an appropriate governance framework is essential to the successful implementation of the Group's sustainable development strategy in ESG aspects. Therefore, we have established an ESG governance structure with clear duties and responsibilities.

The Board	The Board is responsible for: ➢ developing long-term sustainability approach and strategy ➢ evaluating and determining ESG-related risks and opportunities ➢ ensuring appropriate and effective ESG risk management and internal control systems ➢ reviewing and approving ESG-related policies, objectives and action plans/measures
Management Team	The management team is responsible for: ➢ developing and reviewing ESG-related policies, objectives and action plans/measures ➢ overseeing and reporting to the Board on the progress and quality of implementation of action plans/measures ➢ identifying ESG risks and opportunities ➢ reviewing the ESG Report
Functional Departments	The functional departments are responsible for: ➢ identifying, assessing, determining and reporting material ESG issues to management ➢ executing ESG risk management and internal control ➢ ensuring ESG policies, objectives and action plans/measures are integrated into business operations ➢ reporting to management on the progress and quality of implementation of action plans/measures

The Board has engaged an independent consulting firm to advise on the Group's ESG issues, assist in collecting ESG data and information for different analysis, and provide suggestions for improving ESG performance. At the same time, the Group also obtains the opinions of major stakeholders on ESG issues from its daily operations and conducts a materiality assessment to identify the Group's material ESG issues, details of which have been disclosed in the sections headed "Stakeholders' Engagement" and "Materiality Assessment" below. In order to effectively lead the Group's ESG process, the Board continuously monitors the work of each department to ensure that all departments work closely together to achieve the sustainable development goals of compliant operation and social responsibility.

Stakeholders' Engagement

The Group is committed to maintaining the sustainable development of its business as well as providing supports to environmental protection and the communities in which it operates. The Group maintains a close tie with its stakeholders, including government/regulatory organisations, shareholders/investors, employees, customers, communities, etc., and strives to balance their opinions and interests through constructive communications in order to determine the direction of its sustainable development. The Group assesses and determines the environmental, social and governance risks to ensure that the relevant risk management and internal control systems are operating properly and effectively. The following table sets out the expectation and concern of stakeholders, communication channels and relevant responses from the Group's management:

Stakeholders	**Expectation and concern**	**Communication channels**	**Management's response**
Government/regulatory organisations	➢ Compliance with laws and regulations	➢ Regular reports/ announcements	➢ Uphold integrity and compliance obligation in operations
	➢ Fulfillment of tax obligation	➢ Correspondence	➢ Pay tax on time
	➢ Green operation	➢ Handling public affairs through government websites or applications	➢ Establish a comprehensive and effective internal control system
	➢ Act together against coronavirus disease ("COVID-19")		➢ Comply with the government's COVID-19 measures and guidelines to curb the spread of COVID-19
Shareholders/investors	➢ Investment returns	➢ Information disclosed on the websites of the Company and Stock Exchange	➢ Management possesses relevant experience and professional knowledge to ensure business sustainability
	➢ Information transparency	➢ General meetings and other shareholder meetings	➢ Ensure transparency and effective communications through regular publication of information on the websites of Stock Exchange and the Company
	➢ Corporate governance system		➢ Strive to improve internal control and risk management
	➢ Operational risk management		➢ Adopt effective prevention and control measures

Stakeholders	Expectation and concern	Communication channels	Management's response
Employees	➢ Labour rights	➢ Induction and on-the-job training	➢ Set up contractual obligations to protect labour rights
	➢ Career development	➢ Internal meetings and notices	➢ Encourage employees to participate in continuous education and professional trainings to enhance their capabilities
	➢ Compensation and welfare	➢ Contact via email, telephone and communication application	➢ Establish a fair, reasonable and competitive remuneration scheme
	➢ Occupational health and safety		➢ Focus on occupational health and safety
	➢ Act together against COVID-19		➢ Provide prevention supplies for COVID-19 and arrange shift duties reasonably
Customers	➢ High quality services	➢ Contact via email and telephone	➢ Continuously provide high quality services for customers' satisfaction
	➢ Reasonable price		➢ Ensure proper discharge of contractual obligations
Suppliers	➢ Stable demand	➢ Contact via email and telephone	➢ Ensure proper discharge of contractual obligations
	➢ Good relationship with the Company		➢ Establish policies and procedures in supply chain management
	➢ Corporate reputation		➢ Maintain sound and long-term cooperation relationship
			➢ Select suppliers with due care
			➢ Resume work as soon as possible
Communities	➢ Environmental protection	➢ Information disclosed on the websites of the Company and Stock Exchange	➢ Be concerned about climate change
	➢ Effective use of resources		➢ Enhance management on energy conservation and emissions reduction
	➢ Reduction of greenhouse gas emissions		➢ Educate our employees on environmental protection
	➢ Community participation		➢ Encourage employees to actively participate in charitable activities and voluntary services
	➢ Economic development and community employment		➢ Ensure good financial performance and business growth
	➢ Act together against COVID-19		➢ Comply with the government's COVID-19 measures and guidelines to curb the spread of COVID-19

Materiality Assessment

In order to determine the scope of the ESG Report, the key management will conduct internal discussion to list out the ESG items that the Group cares about. The functional departments communicate with the key stakeholders in the operation of ordinary course of business to understand the ESG items that the stakeholders are concerned about and the importance of each item, so as to select the relatively important environmental and social issues. For the materiality assessment, the Group has adopted the following three processes:

Identification

- Through multiple channels and internal discussions
- Review and adopt the ESG issues concerned by previous stakeholders' engagement activities
- Pay attention to emerging ESG issues

Prioritisation

- Consolidate, analyse and evaluate the opinions of all parties to identify potential material issues and prioritise these issues
- Compile the materiality matrix based on the materiality of the issues to the Group and key stakeholders

Validation

- Interaction with the management team to validate the materiality assessment results to ensure that these issues are aligned with the sustainability direction of the Group
- Report the materiality assessment results to the Board and disclose in the ESG Report

Materiality Matrix

During the Reporting Period, the Group has identified a number of environmental, social and operating-related issues, and assessed their importance to stakeholders and the Group through various channels. These assessments help the Group to ensure that its business development is in line with the stakeholders' expectation and concern. The Group's and stakeholders' matters of concern are set out in the following materiality matrix.

Materiality Matrix

Importance to Stakeholders	Low	Medium	High
High	◆ Anti-discrimination ◆ Protection of human rights	◆ Talent management ◆ Staff training and promotion opportunities ◆ Staff compensation and welfare	➢ Customers' satisfaction ➢ Anti-epidemic ➢ Service quality ➢ Anti-corruption ◆ Anti-epidemic ✧ Anti-epidemic
Medium	➢ Community participation	✧ Greenhouse gas emissions ✧ Use of energy ◆ Occupational health and safety	➢ Operational compliance ➢ Protection of customers' privacy ➢ Management of suppliers
Low	◆ Preventive measures for child and forced labour ✧ Exhaust gas emission ✧ Sewage discharge ✧ Discharge of non-hazardous wastes	✧ Water resources utilisation	

Importance to the Group

✧ Environment ◆ Employee ➢ Operation

III. ENVIRONMENTAL PROTECTION

The Group's Shentong Card has the functions of online payment and intelligent management platform, which provides an important platform for the promotion of paperless lifestyle in China and alleviates the increasingly serious environmental pollution and natural resources shortage. In addition, the Group strictly follows the environmental policy in energy saving and carbon reduction, and compliance with laws and regulations in response to the global environmental protection trends and to fulfill its social responsibilities. The Group promotes energy conservation, reduce emission of pollutants and mitigate environmental risks through various measures and actions (Please refer to the sections headed "Emissions Management" and "Resources Utilisation Management" below for details), including compliance of the applicable laws and regulations, relating to environmental protection ensuring efficient use of energy, water and other resources during operations, adopting various measures to raise staff awareness in environmental protection, and management monitoring of the implementation of environmental policies. We are working in a way to enable all levels of our employees to realize their impact on the environment, and to strike a balance between simultaneous development of stable business growth and implementation of environmental protection measures, so as to reduce the adverse effects on the environment brought by the enterprise's business activities and the employees' personal life.

1. Emissions Management

The Group engages in promotion and management of the Shentong Card and provision of robotics training courses. It mainly operates these businesses in office setting and training venues and did not involve in any production activities. Therefore, no packaging materials is used nor any hazardous waste is produced. Our impact on the environment mainly comes from the use of energy, generation of office and domestic wastes, and discharge of domestic wastewater. Waste management mainly involves domestic garbage and collection of waste paper for recycling.

Greenhouse Gas Emissions

The Group has to consume fuel and electricity during operations, hence directly and indirectly causing greenhouse gas emissions. For the greenhouse gas emissions during the Reporting Period, please refer to the section headed "Environmental Performance Data Summary" below. The Group understands the corelation between energy consumption and emission of exhaust gas and greenhouse gases. Therefore, we lower energy consumption and enhance energy efficiency by various energy conservation measures to reduce carbon footprint and cope with climate change.

Compliance

During the Reporting Period, the Group did not involve in any confirmed violations that are related to environmental protection that have a significant impact on the Group.

2. Resources Utilisation Management

In view of intensifying climate change, environmental protection and energy conversation is gaining more attention in the market. Therefore, the Group takes into consideration environmental factors when formulating sustainable development strategies, and actively responds to the government's stricter requirements on environmental protection related policies, and carefully manages the use of resources to ensure efficient and prudent usage of all the resources and continuously pays attention to, identifies and reduces negative impacts on the environment caused by its business operations. The Group hopes that every employee can understand the importance of resources conservation and cooperate with the measures set by the Group to not only save resources, but also make full use of resources, maximize their efficiency and eliminate waste.

Energy Conservation
The Group is committed to the establishment of an operation environment with "low carbon and low consumption" and formulating relevant energy conservation and emissions reduction plans and measures regarding the use of various resources.

Conservation of Gasoline and Diesel
Gasoline and diesel are mainly used for vehicles, while vehicles are mainly used for reception, promotional activities and business operation. Employees have to plan their routes in advance before using vehicles to shorten the travel distance and reduce the consumption of gasoline. We carry out regular repairs and maintenance on vehicles to improve energy efficiency and reduce fuel consumption and exhaust gas due to parts failure. We also encourage employees to use public transportation as much as possible to reduce the use of vehicles, thereby reducing exhaust gas and greenhouse gas emissions.

Due to the outbreak of COVID-19 pandemic in early 2020, companies in Mainland China did not use certain vehicles in the previous year, resulting in a decrease in gasoline and diesel consumption in the previous year. As the pandemic gradually eased and the business gradually returned to normal, the Group set a target at the beginning of the Reporting Period to increase the use of gasoline and diesel and related Scope 1 greenhouse gas emissions of this year by approximately 1.5 times as compared with the previous year. During the Reporting Period, the Group used approximately 9,257.50 litres of petrol and diesel, representing an increase of approximately 5,618.25 litres or 1.54 times as compared with the previous year. For the relevant data, please refer to the section headed "Environmental Performance Data Summary" below.

Conservation of Electricity
The Group formulates a series of measures to save electricity and improve the power efficiency of electrical appliances and educate employees on how to use energy to maintain the balance of the global ecosystem, and raise their awareness of conservation so that they can build good habit in use of electricity. For example, we use energy-efficient electrical equipment and strictly control the temperature and duration of use of air-conditioners; air conditioners should be used within a restricted period of time determined according to seasonal and temperature changes and should be turned off after work; doors and windows must remain closed when air conditioners are turned on in order to minimise energy consumption. Electrical equipment, including lighting, air-conditioners, computers, personal electronic devices and common office equipment, etc. are turned on according to actual need during office hours, and staff are encouraged to switch off the equipment when it is not in use and also after work. Employees have to strictly follow the manual to operate electrical equipment properly in order to keep them in good condition and to use electricity effectively. We also pay attention to the maintenance of electrical equipment. Employees must report to the responsible department immediately for repair to avoid any electricity wastage in case of any abnormality found.

During the outbreak of COVID-19 in early 2020, the companies in Mainland China implemented work suspension and staggered working hours measures, which reduced the number of employees to work and thus reduced the use of electrical equipment and hence electricity consumption. As the pandemic gradually eased and the business gradually returned to normal, the Group set a target at the beginning of the Reporting Period to increase the electricity consumption and related Scope 2 greenhouse gas emissions of this year by approximately 40% as compared with the previous year. In addition to the relief of the pandemic and the resumption of normal work of employees, rent-free period of one of the places of business of Harbin company has ended. The company started to record the relevant electricity consumption during the year. Therefore, the Group's electricity consumption during the Reporting Period increased by approximately 11.82 megawatt hours ("MWh") or 39.48% as compared with the previous year, with a total electricity consumption of approximately 41.76 MWh. Please refer to the section headed "Environmental Performance Data Summary" below for relevant data.

Water Conservation

The Group's water consumption is mainly from drinking water in barrels and toilet water. Drinking water in barrels is purchased; and toilet water is provided and managed by the property management company. During the Reporting Period, although we did not encounter any problems in obtaining applicable water sources, we still bear the responsibility of environmental protection and sustainable development, try our best to enhance utilisation rate of water resources and reduce the pressure on the environment. We begin with educating employees on daily water consumption habits. We focus on improving employees' awareness on water consumption and reminding them of the environmental impact of their own water consumption habit and helping them to build up proper water consumption concept, such as reminding them to cherish drinking water and not to use it for other purposes; controlling water flow when washing hands, controlling water flow from tap at low level and shutting down after use.

In the previous year, affected by the outbreak of COVID-19 pandemic in early 2020, the Mainland companies implemented work suspension and staggered working hours, which reduced the number of employees working at work and reduced the use of water, resulting in a decrease in water consumption in the previous year. As the pandemic gradually eased and the business gradually returned to normal, the Group set a target at the beginning of the Reporting Period to increase the electricity consumption and related Scope 2 greenhouse gas emissions of this year by approximately 20% as compared with the previous year. In addition to the easing of the epidemic and the resumption of normal work of employees, rent-free period of one of the business locations of Harbin company has ended. The company started to record the relevant water consumption this year. Therefore, the Group's water consumption during the Reporting Period increased by approximately 33.10 tonnes or 18.51% as compared with the previous year, with a total water consumption of approximately 211.95 tonnes. Please refer to the section headed "Environmental Performance Data Summary" below for relevant data.

Paper Conservation

The Group advocates the concept of "paperless office", advocates the use of online office system, encourages employees to transmit information and documents in electronic form as much as possible; recycles envelopes and folders; presets double-sided printing as default and posts notices next to printers to remind employees to use double-sided printing and reuse paper as much as possible; puts used paper, cartons and paper packaging on both sides into recycling paper collection boxes and is handled by qualified recyclers. The Group also supports printing annual reports with environmentally-friendly papers to reduce cutting down trees, deforestation and environmental impacts. During the Reporting Period, total paper consumption of the Group's business was approximately 0.32 tonnes, representing an increase of approximately 0.04 tonnes or 14.29% from last year.

3. The Environment and Natural Resources

The Group is committed to caring for and preserving the natural environment, hoping that each individual can jointly build a better and more livable environment. In order for all levels of the Group to better understand the impact of themselves and business operations on the environment, we continue to reduce carbon footprints through various policies, measures and actions (please refer to the sections headed "Emissions Management" and "Resources Utilisation Management" above for details).

The Group will re-examine and identify the sources of waste generated from our operations, assess the impact of resource utilization on the environment, formulate and implement different emission reduction and energy conservation programs, widely use energy-saving products and effective measures to fully utilise office resources to reduce our carbon footprint. We continue to raise employees' awareness of environmental protection and resource conservation, fulfill social responsibilities and obligations in the development of business, and realise the coordinated development of the Group, the society and the environment.

4. Climate Change

Climate change makes various extreme weather more frequent and severe, often resulting in catastrophic losses. Climate change is also changing the seasonal and annual patterns of temperature, precipitation and other weather phenomena. In the long run, climate change may lead to long-term changes in climate patterns of rising sea levels and chronic heat waves (such as sustained high temperatures). While the unprecedented COVID-19 crisis has posed significant challenges to the world, the risks of climate change remain pressing. By understanding the corelation between these trends and our business, we are well-positioned to analyse the risks and opportunities that may arise, which will help us to capture the potential benefits of opportunities and build the Group's resilience in the long run.

Climate change is a major concern of governments around the world. Governments may change relevant policies, laws and regulations to cope with climate change. The Group may need to change its internal policies and measures to increase its exposure to relevant laws and regulations, which may increase its operating costs. The Group is committed to reducing carbon emissions and waste generation in the office as enterprises and the society are both concerned with energy conservation and emission reduction. Starting from the source, the Group reduces the consumption of electricity, water, paper and vehicle fuels, and follows the principles of reducing, reusing, replacing, repairing and re-thinking. Through daily management and strengthening education and publicity, the Group strengthens the concept of energy conservation and energy efficiency improvement, reduces carbon emissions and waste generation in the office while reducing operating costs, and actively explores new models of low-carbon development. The Group's ESG objectives are to provide a benchmark and future development direction for reference in reviewing the progress of greenhouse gas emission reduction and energy transformation on an annual basis, and to motivate actions to respond to climate change more efficiently.

IV. EMPLOYMENT AND LABOUR PRACTICES

Employees are the most valuable assets of the Group and key driver for the Group's sustainable and long-term business development. We are committed to creating a discrimination-free, equal, harmonious and safe workplace; to build relationships with mutual-respect; to encourage our employees to be innovative, flexible and committed when dealing with our customers and to provide high quality services. We also offer promotion opportunities to attract, develop, retain and reward our talented staff and provide commensurate remuneration and benefits.

1. Employment

In strict compliance with the "Constitution of the People's Republic of China", the "Labour Law of the People's Republic of China", the "Labour Contract Law of the People's Republic of China", the "Social Insurance Law of the People's Republic of China" in China and the "Employment Ordinance", the "Employees' Compensation Ordinance", the "Minimum Wage Ordinance", the "Mandatory Provident Fund Schemes Ordinance" in Hong Kong, anti-discrimination laws and other applicable laws and regulations, the Group specifies requirements concerning for recruitment, promotion, dismissal, working hours, rest periods, compensation, welfare and other benefits.

1.1 Recruitment, Promotion, Dismissal, Equal Opportunity, Diversity and Anti-Discrimination

The Group advocates equal opportunity, diversification and anti-discrimination, and recruits staff through various channels in accordance with national laws and regulations and combining the industrial characteristics and actual situations. The appropriate candidates would be selected based on their experiences, knowledge and abilities, and other job requirements, and regardless of their race, gender, age, region, or religion. This employment policy applies throughout all phases of the employment, including but not limited to hiring, promotion, performance appraisal, training, personal development and termination. On the basis of equality, the Group hopes to identify talents who are committed and dedicated to work, willing to take responsibility, keep learning, continuously improve their abilities and willing to move forward with the Group. We will handle the dismissal of employees and compensate them in accordance with the local laws and regulations.

As at the end of the Reporting Period, the Group has 84 employees (2020/2021: 99) with the distribution as below:

	2021/2022	2020/2021
Gender		
Male	48.81%	46.46%
Female	51.19%	53.54%
Employment Type		
Full time	100.00%	100.00%
Age Group		
18–30	28.57%	32.32%
31–45	66.67%	62.63%
46–60	4.76%	5.05%
Geographical Region		
Mainland China	94.05%	94.95%
Hong Kong	5.95%	5.05%

During the Reporting Period, the average monthly turnover rate of the Group's employees was as follows:

	2021/2022	2020/2021
Gender		
Male	2.25%	4.52%
Female	2.97%	5.33%
Age Group		
18–30	3.50%	6.90%
31–45	2.27%	3.97%
46–60	1.96%	3.03%
>60	–	33.33%
Geographical Region		
Mainland China	2.77%	5.19%

1.2 Compensation, Benefit and Other Welfare

The Group regularly assesses remuneration levels for its employees at each level and collects remuneration data in the external industry labour market to strive for the establishment of a fair, reasonable and competitive remuneration scheme. Employee remuneration is determined in accordance with factors including knowledge, skills, job duty, experience and education level as required in each position. Employee compensation varies from offices in different regions.

In addition, the Group provides social insurance benefits for all of its employees in accordance with the local labour laws as well as the laws and regulations in relation to social security benefits. The Group pays various social insurance premiums (including endowment insurance, medical insurance, unemployment insurance, work injury insurance and maternity insurance) and housing provident funds for its employees who engage in businesses in Mainland China, and contributes to the Mandatory Provident Fund Scheme for its employees in Hong Kong.

1.3 Working Hours and Rest Periods

The Group pays close attention to the health of its employees, encourages them to maintain work-life balance, and establishes their working hours and protects their rights of rest days and holidays in accordance with the local labour laws. All of its employees are entitled to rest days and statutory holidays, for example, annual leave, sick leave, marriage leave, maternity leave, bereavement leave, injury leave, etc.

1.4 Impact of COVID-19

The Group does not reduce the compensation of, or lay off, its employees due to the serious situation of COVID-19. For the sake of the health and life safety of its employees, the Group has adopted a number of epidemic prevention measures to reduce the chance of infection. Please refer to the section headed "Health and Safety" below for details.

2. Health and Safety

The Group always puts the health of its employees and safe working environment as priority. Hence, the Group has formulated the "Administrative Measures on Office Safety" and has taken comprehensive prevention measures in aspects such as life safety, driving safety, fire protection, environmental sanitation and electricity use to prevent the illness and injuries of its employees. To thoroughly implement the national occupational safety standards, laws and regulations as well as relevant requirements, the Group conducts safety publicity and education for its employees, improves its office conditions and strengthens its safety management. Smoking in the office areas and training venue is absolutely prohibited. Each employee should be familiar with the location and the use method of fire extinguisher. We also have clear evacuation procedures in case of fire outbreak in offices to ensure our employees are able to take sensible and immediate action. In addition, the Group not only has strict requirements on the environment of its robot sports training centre and provides safe training venues for its trainees, but it also offers safety training for its instructors to ensure the health and safety of both instructors and trainees.

With the outbreak of COVID-19, in addition to complying with the government's COVID-19 measures and guidelines, we have also taken a number of precautionary measures to reduce the chance of employees being infected or spreading the disease and to curb the spread of COVID-19. The contents of these preventive measures are as follows:

- launched the COVID-19 epidemic emergency plan and set up an epidemic emergency prevention and control team, and formulated daily management requirements for health and epidemic prevention to cope with the situation that may cause the spread of the epidemic in the office;

- classified the epidemic as no cases, suspected cases and confirmed cases, and formulated appropriate prevention and control measures according to the classification of the epidemic;

- ensure sufficient reserves of body temperature measurement, hand sanitizer, face mask and other epidemic prevention materials;

- strictly controlled personnel entering and leaving the Company. All employees and visitors must wear masks, measure body temperature, declare personal health conditions, and confirm that no suspected infection symptoms before entering into office;

- carried out comprehensive disinfection of office area and public area;

- employees were required to bring their own lunch boxes, take meals separately at their respective working locations and maintain appropriate distance. Employees were required to wash their hands before meals, wear masks immediately after meals, and prohibit employees from speaking when meals are served;

- cancellation of physical training courses and preparation of live-streaming training courses; and

- provided anti-epidemic training for employees, required employees to make washing and health habit and maintain appropriate social distance, and reminded employees of the precautions for COVID-19 during festivals such as National Day.

During the Reporting Period, the lost days due to work injury of the Group's employees were as follows:

	2021/2022	2020/2021
Lost days due to work injury	–	253

During the past three years (including the Reporting Period), there has not been any work-related fatality.

3. Development and Training

An excellent corporate team is critical to the Group's sustainable and long-term business development. Therefore, we encourage staff to continue study and lifelong learning. This not only enhances the quality and capability of employees, but also raises the cohesiveness among them, resulting in increased productivity. We provide on-the-job training and mentorship for new hires to help them adapting to the new work environment quickly, and enhance team cohesion. Training topics for new hires include corporate culture, business philosophy, development history, management practices, business scope, employee rights and obligations, human resources plan, etc.. During the Reporting Period, the Group also provides external online and internal training for employees, including areas in business, human resources, taxation, staff development, occupational health and safety, etc. Examples include double tax treaty update, FINTECH in the Asia-Pacific region: tax and transfer pricing at the intersection of technology and financial services, Southeast Asia in focus: A look at COVID-19 tax relief measures and potential income tax audits, export controls: An overview of the China, Australia, Southeast Asia and the United States extra-territorial export control rules, requirements and best practices, office safety management measures, job responsibilities and personnel rules and regulations, unremitting anti-corruption measures, COVID-19 precautions, safety precautions in office areas, hygiene and epidemic prevention requirements, etc.

During the Reporting Period, the percentage of trained employees of the Group was as follows:

	2021/2022	2020/2021
Gender		
Male	17.07%	23.91%
Female	9.30%	9.43%
Employee Category		
Senior Management	66.67%	66.67%
Middle Management	36.36%	50.00%
General Staff	4.76%	7.79%

During the Reporting Period, the average training hours[1] of the Group's employees were as follows:

	2021/2022	2020/2021
Gender		
Male	0.57	1.44
Female	0.74	1.05
Employee Category		
Senior Management	2.33	3.70
Middle Management	2.15	4.74
General Staff	0.28	0.56

Note:

1 "Average training hours" is calculated by dividing total training hours of our employees during the Reporting Period by the total number of employees at the end of the year.

4. Labour Standards

The Group values human rights and protects labour rights and strictly prohibits child and forced labour in accordance with relevant labour laws and regulations. The Group checks the identity documents of the applicants during the recruitment process to prevent recruiting child labour. In addition, the Group also strictly implements various measures to prevent any form of forced labour, such as signing labour contracts with employees on an equal and voluntary basis; ensuring that employees do not bear any employment costs when they join the Group; employees' wages, benefits or property shall not be withheld without any reason; no identity card or other identification document will be withheld; no violence, threats or illegal restriction of personal freedom is allowed to force employees to work. In order to avoid non-voluntary overtime work, employees' consent must be obtained for any overtime arrangement and employees are compensated in accordance with applicable laws and regulations.

Compliance

During the Reporting Period, the Group did not involve in any confirmed non-compliance incidents relating to employment, health and safety, and labour standards that have had a significant impact on the Group.

V. OPERATING PRACTICES

1. Supply Chain Management

The Group has told its suppliers and business partners about the measures we have taken on environmental protection and its expectations, hoping that everyone can cooperate with the Group in fulfilling its social responsibilities to the society. We wish to establish a long-term and stable cooperative partnership with competent suppliers and develop businesses together with them on an equal and win-win basis. In order to build an efficient green supply chain with each other, we have maintained a long-term strategic and cooperative partnership with certain groups that have a reputable credit history, favorable goodwill, high product and service quality, excellent environmental compliance records and commitment to social responsibilities. Due to the impact of COVID-19, the Group has significantly reduced the supply of procurement equipment to suppliers, so the Group has not disclosed the data on the number of suppliers in this Report.

2. Product and Service Responsibility

Product and Service Quality Management

The Robotics Business of the Group holds national robot sports events and related training courses in Heilongjiang Province. Despite the impact of COVID-19, we temporarily suspended robotics sports events and related physical training courses during the year, but we still maintain strict requirements on the professional skills and ethics of the tutors and the environment of the training centre, hoping that we can continue to provide safe training fields and high-quality technical training for the trainees when they return to sports events in the future. In addition to requiring the tutors to possess relevant training and education qualification certificates, the Group also continuously updates the tutors' technological knowledge and professional skills to maintain a high level of service quality.

Shentong Card is developed by the Group's substantial shareholder and the Group is responsible for its promotion and management. It is monitored by a professional technical team to ensure the quality of Shentong Card. The professional technical team also receives continuous training to meet the increasing technological level and customers' needs.

Customer Complaint Management

Since the Group attaches great importance to the opinions and complaints of its customers, there is an after-sales service mechanism in place, under which a rigorous customer complaint and handling process is established to ensure that the quality and technical problems of Shentong Card can be processed for the customers and give them support quickly. The Group also hopes to use this mechanism to analyse the causes of customer complaints and propose feasible corrective and preventive measures. During the Reporting Period, the Group did not receive any complaints about products and services.

Protection of Customer Data and Privacy Policy

Confidentiality is one of the Group's core values. As the Shentong Card system stores a lot of customer personal data, in order to comply with the related requirements of the "Regulation on Telecommunications of the People's Republic of China", the "Telecommunication Services Rules" and the "Confidentiality Law of the People's Republic of China" and to protect the basic rights and interests of its customers, the Group must carefully maintain the safety of its customer data and enhance the confidentiality of their personal privacy to prevent any leakage of their personal data. No employee shall disclose customer personal data to any third party without customers' consent and punishment by the company will be required for any violation. In addition, the Group has formulated an information security management system and set up firewalls for an information system to ensure the safety of its customer data.

Protection of Intellectual Property Rights

The Group respects intellectual property rights. Employees are not allowed to possess or use copyrighted material without the permission of the copyright owners.

Compliance

During the Reporting Period, the Group did not involve in any confirmed violations of laws and regulations related to product and service responsibility that have a significant impact on the Group, nor did it receive any complaints about breaches of customer privacy, loss of customer data and intellectual property rights.

3. Anti-corruption

The Group firmly believes that fairness, honesty and integrity are the important core values of its long-term development and adopts a zero-tolerance approach for all kinds of corruption, bribery, extortion situation. To comply with the "Criminal Law of the People's Republic of China", the "Prevention of Bribery Ordinance" enforced by the Hong Kong Independent Commission Against Corruption and other applicable laws and regulations and to protect the interests of stakeholders, the Group formulated employee the "Employee Daily Behaviour Standards", the "Employee Professional Code of Ethics" and the "Anti-Corruption Management System" to strictly regulate the behavior of employees. The Group has set out strict penalties to combat inappropriate collection and acceptance of bribes, commissions or other illegal interests (such as property, banquet activities, etc.). The Group provides on-the-job anti-corruption training to all employees, including directors and employees, so that all employees can be honest and trustworthy. The Group requires all personnel to abide by rules and regulations and does not tolerate any bribery act at all. For employees who violate the company's rules, we will directly dismiss the employee as punishment or refer to law enforcement agencies for handling according to the seriousness of the incident. These measures prove the Group's determination to fight corruption and uphold integrity, hoping to combat corruption and contribute to building a clean society. During the Reporting Period, there is no litigation of corruption involving the Group or its employees.

VI. COMMUNITY INVESTMENT

To align with national education development policies, the Group is committed to providing various robotics education courses to promote the development of robotics education business more effectively. We organise various robotics trainings, seminars and experiential courses. Various training courses allow participants to gain and master new technological knowledge within a diverse learning structure and encourage them to unleash their unlimited creativity and enhance their imagination. Although robotics sports events and related physical training courses were cancelled due to the impact of COVID-19, our business development goal remains unchanged. During the year, we arranged live training courses to maintain students' interest in robotics learning, and will continue to promote the development of robotics education when the COVID-19 situation is fully under control.

The Group has always been concerned about the environment and climate change of China. The intensifying global warming phenomenon brings a certain level of risks to the operation of the Group. The Shentong Card that we promote not only applies to terminals of various networks (including the internet, telecommunications networks, television networks and financial networks), but is also the integrated education billing smart card in China used for the payment and smart management of relevant training. We hope to establish an environmentally-friendly platform for paperless lifestyle by promoting the Shentong Card business to reduce paper use and energy consumption, reduce deforestation and alleviate the greenhouse effect and the global warming.

The Group is a responsible enterprise and taxpayer, and spares no effort in easing local employment pressure. We assist our employees in planning their retirement life and provide social insurance benefits for all employees. We have maintained good operation environment, actively promoted the environmental protection and achieved good development order, and to a certain extent, we have contributed to maintaining social stability and building a harmonious community.

VII. ENVIRONMENTAL PERFORMANCE DATA SUMMARY

	Unit	2021/22	2020/21[5]
Greenhouse gas emissions[3]			
Scope 1[1]:			
Total	Tonnes	24.87	9.82
Intensity[4]	Tonnes	0.28	0.09
Scope 2[2]:			
Total	Tonnes	26.72	27.21
Intensity[4]	Tonnes	0.30	0.26
Total air emissions[3]			
Nitrogen oxides	Kilograms	137.64	31.25
Sulfur oxides	Kilograms	0.14	0.05
Particulate matters	Kilograms	8.76	2.13
Energy and water consumption			
Electricity:			
Total	Megawatt hours	41.76	29.94
Intensity[4]	Megawatt hours	0.47	0.29
Gasoline and diesel:			
Total	Thousand litres	9.26	3.64
Intensity[4]	Thousand litres	0.10	0.03
Water resources:			
Total	Tonnes	211.95	178.85
Intensity[4]	Tonnes	2.38	1.70

Notes:

1 Scope 1 refers to greenhouse gas emissions directly generated by the Group's business, including combustion of gasoline and diesel.

2 Scope 2 refers to greenhouse gas emissions from "indirect energy" caused by the internal consumption of purchased electricity by the Group's business.

3 The calculation of greenhouse gas and air emissions are calculated with reference to the emission factors published by the electricity suppliers, the "2019 China Regional Grid Baseline Emission Factors 2019 中國區域電網基準線排放因子" issued by the Climate Change Department of the Ministry of Ecology and Environment of the PRC and the "Reporting Guidance on Environmental Key Performance Indicators" issued by The Stock Exchange of Hong Kong Limited.

4 Intensity is based on each employee.

5 Some figures in last year are restated for comparison.

VIII. ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE BY THE STOCK EXCHANGE OF HONG KONG LIMITED

General Disclosure/ 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.	27
KPI A1.1	The types of emissions and respective emissions data.	28–29, 40
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	40
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	28–29
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	27
Aspect A2	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	27–30
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).	28–29, 40
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	29, 40
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	28–29
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	29
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A

General Disclosure/ Key Performance Indicators ("KPIs")	Reporting Guideline	Page
Aspect A3	**The Environment and Natural Resources**	
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	30
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	30
Aspect A4	**Climate Change**	
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	31
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	31
B. Social		
Aspect B1	**Employment and Labour 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.	32–33
KPI B1.1	Total workforce by gender, employment type (for example, fulltime or part-time), age group and geographical region	32
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	33
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.	34–35
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years (including the reporting year).	34–35
KPI B2.2	Lost days due to work injury.	35
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	35
Aspect B3	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	35–36
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	35
KPI B3.2	The average training hours completed per employee by gender and employee category.	36

General Disclosure/ Key Performance Indicators ("KPIs")	Reporting Guideline	Page
Aspect B4	**Labour 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 labour.	36
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	36
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	36
Aspect B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	37
KPI B5.1	Number of suppliers by geographical region.	37
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	37
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	37
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	37
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.	37–38
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	37
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	38
KPI B6.4	Description of quality assurance process and recall procedures.	N/A
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	38

General Disclosure/ Key Performance Indicators ("KPIs")	Reporting Guideline	Page
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.	38
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	38
KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	38
KPI B7.3	Description of anti-corruption training provided to directors and staff.	38
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.	39
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	39
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	39

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 2022.

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 22 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 20 to 44 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 10 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2022 are set out in the consolidated statement of profit or loss on page 63 of this report.

The state of affairs of the Group and the Company at 31 March 2022 are set out in the consolidated statement of financial position and statement of financial position on pages 65 to 66 of this report and note 32(a) to the consolidated financial statements respectively.

DIVIDENDS

The Directors do not recommend the payment of any dividends in respect of the year ended 31 March 2022 (2021: 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 67 and note 32(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 18 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year ended 31 March 2022 are set out in note 31 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2022, the Company does not have excess reserves available for distribution.

DONATIONS

No donations were made to charities by the Group during the year ended 31 March 2022 (2021: 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 contributions to the MPF scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income and are charged to profit or loss as they become payable in accordance with the rules of the MPF scheme. No forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

The employees of the Group's subsidiaries which operate in mainland China are required to participate in a defined contribution pension scheme centrally operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The only obligation of the Company with respect to the central pension scheme is to make the required contributions. No forfeited contribution under the central pension scheme is available to reduce the contribution payable in future years. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

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 2022.

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, nil option share was outstanding under the 2013 Share Option Scheme.

(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.

Directors' Report

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 Ms. Han Liqun 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 paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the course of the directors' term of office. With effect from 1 February 2022, Mr. He Chenguang's remuneration was revised to HK$80,000 per month. The remuneration was determined based on his qualification, experience, level of responsibilities and prevailing market conditions.

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

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' 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 2022 are set out in notes 14 and 15 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

No director 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 2022 or any time during the year ended 31 March 2022.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

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

As at 31 March 2022, the interests and short positions of the Directors and the chief executives of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong)) which (a) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred therein; or (c) were required to be notified to the Company and the Stock Exchange, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

	Number of shares held			
Name of Director	**Personal interests**	**Corporate interests**	**Total**	**Approximate percentage of issued share capital**
Bao Yueqing	2,844,000	–	2,844,000	0.15%

Save as disclosed above, none of the Directors or the chief executives has any interests or short positions in the shares and underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred therein; or (c) were required to be notified to the Company and the Stock Exchange, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules as at 31 March 2022.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 March 2022, so far as is known to, or can be ascertained after reasonable enquiry by, the Directors, the following persons (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO and Section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

	Number of shares held				
Name of shareholder	**Personal interests**	**Corporate interests**	**Other interests**	**Total**	**Approximate percentage of issued share capital**
神州通信集團有限公司 (China Communication Group Co., Ltd#) ("CCC") (Note 1)	–	542,042,000	–	542,042,000	28.59%
China Communication Investment Limited ("CCI")	542,042,000	–	–	542,042,000	28.59%
Yang Shao Hui	191,041,256	–	–	191,041,256	10.08%
Cao Bingsheng	120,000,000	–	–	120,000,000	6.33%
Liang Haiqi	120,000,000	–	–	120,000,000	6.33%
Li Chungang (Note 2)	–	109,900,000	–	109,900,000	5.80%
Friendly Capital Limited	109,900,000	–	–	109,900,000	5.80%

Notes:

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

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

Save as disclosed above, as at 31 March 2022, so far as is known to, or can be ascertained after reasonable enquiry by the Directors, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which requires to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO or, who were or were expected, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

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.

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:

	2022
Purchases	
— the largest supplier	**55.1%**
— five largest suppliers	**59.6%**
Sales	
— the largest customer	**1.4%**
— five largest customers	**2.2%**

Save as disclosed in note 38 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 28.59% of the issued share capital of the Company held by CCI, its wholly-owned subsidiary, which is holding 542,042,000 shares of the Company, CCC is considered to be a connected person to the Company.

神州通信黑龍江有限公司 (China Communication Heilongjiang Co., Ltd.#) ("China Communication Heilongjiang"), a company established in the PRC with limited liability, is a wholly-owned subsidiary of CCC and therefore a connected person of the Company. 神州通信黑龍江有限公司牡丹江公司 (China Communication Heilongjiang Co., Ltd. Mudanjiang Company#) ("China Communication Heilongjiang Mudanjiang"), a branch company of China Communication Heilongjiang.

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 2022 which the Company undertakes the transactions under the written agreements are set out as follows:

1. On 4 February 2021, CCC and 北京神通益家科技服務有限公司 (Beijing Shentong Yijia Technology Services Company Limited#) ("Yijia") entered into the Yijia Customers Service Hotline Rental Contract, 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 which is on pro-rata and 12 month-year basis; (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. 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 4 February 2021, CCC and Yijia entered into the Yijia 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 1 rack of server for the use of Yijia and CCC will also supply 2200W (10A) electricity for each rack of server rented to Yijia, in consideration of which CCC would charge Yijia a fee of RMB80,000 per month for each server used by Yijia for the provision of server hosting service and dedicated leased-lines;

3. On 4 February 2021, CCC and Yijia entered into the Shentong Card Management and Sales Contract, pursuant to which Yijia would provide to CCC services regarding (i) the management and sale of the Designated Shentong Cards; (ii) assisting CCC 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;

\# *English name is for identification purpose only*

4. On 4 February 2021, CCC and 黑龍江神通文化俱樂部有限公司 (Heilongjiang Shentong Cultural Club Company Limited#) ("Heilongjiang Shentong") entered into the Heilongjiang Shentong 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. 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;

5. On 4 February 2021, CCC and Heilongjiang Shentong entered into the Heilongjiang Shentong 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 7 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;

6. On 4 February 2021, China Communication Heilongjiang and Heilongjiang Shentong entered into the Heilongjiang Shentong Web Advertising Contract, 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 RMB10,000–18,800 per 3 or 4 hours with a discount of 35%;

7. On 4 February 2021, China Communication Heilongjiang Mudanjiang and Heilongjiang Shentong entered into the Heilongjiang Operation and Management Contract, pursuant to which China Communication Heilongjiang Mudanjiang shall provide operation and management services to Heilongjiang Shentong in a training centre in Mudanjiang City in the Heilongjiang Province, the PRC. In consideration of which Heilongjiang Shentong shall pay a fee to China Communication Heilongjiang Mudanjiang which is calculated as 15% of its overall income of the operation of the training centre of Heilongjiang Shentong in Mudanjiang which payment is made through and processed by the Shentong Card integrated payment management system;

8. On 4 February 2021, CCC and Heilongjiang Shentong entered into the Heilongjiang Shentong Card Payment System Contract, pursuant to which CCC shall provide Heilongjiang Shentong the right to use the 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 Shentong Card integrated payment management system.

The aforesaid agreements have been reviewed by independent non-executive Directors of the Company who have confirmed that for the year ended 31 March 2022, 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 12 March 2021 and the announcement of the Company dated 4 February 2021.

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 2022, save as the continuing connected transactions mentioned on pages 54 to 56 and related party transactions disclosed in note 38 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 15 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 6 to 8.

CORPORATE GOVERNANCE REPORT

A corporate governance report is shown on pages 12 to 19.

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 2022 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 are Mr. Bao Yueqing and Mr. Yiu King Ming 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.

The consolidated financial statements have been audited by RSM Hong Kong who retired 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 2022.

By Order of the Board
He Chenguang
Chairman

Hong Kong, 17 June 2022

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 63 to 120, which comprise the consolidated statement of financial position as at 31 March 2022, 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 2022, 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.

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements, which indicates that, the Group had incurred a loss of approximately HK$82,848,000 for the year ended 31 March 2022 and the Group had net liabilities of approximately HK$34,052,000 as at 31 March 2022. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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. We have determined that there are no key audit matters to be communicate in our report.

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.

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 judgement 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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, actions taken to eliminate threats or safeguards applied.

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. Yam Tak Fai, Ronald.

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

17 June 2022

Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED 31 MARCH 2022

	Note	**2022** **HK$'000**	2021 HK$'000
Revenue	7	**12,161**	5,233
Cost of service		**(7,982)**	(7,258)
Gross profit/(loss)		**4,179**	(2,025)
Investment and other income	8	**1,189**	1,218
Other gains and losses, net	9	**(91,015)**	(2,780)
(Impairment allowance)/Reversal of impairment allowance on expected credit losses		**(891)**	141
Selling and distribution expenses		**(2,246)**	(1,786)
Administrative expenses		**(15,183)**	(15,756)
Loss from operations		**(103,967)**	(20,988)
Finance costs	11	**(2,037)**	(2,238)
Loss before tax		**(106,004)**	(23,226)
Income tax credit	12	**23,156**	24
Loss for the year attributable to owners of the Company	13	**(82,848)**	(23,202)
		HK cent	HK cent
Loss per share			
Basic (cents per share)	17(a)	**(4.37)**	(1.22)
Diluted (cents per share)	17(b)	**N/A**	N/A

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2022

	2022 HK$'000	2021 HK$'000
Loss for the year	**(82,848)**	(23,202)
Other comprehensive income		
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**10,756**	23,486
Total comprehensive income for the year attributable to owners of the Company	**(72,092)**	284

Consolidated Statement of Financial Position

AT 31 MARCH 2022

	Note	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	18	**29**	623
Right-of-use assets	19	**2,354**	1,639
Intangible assets	21	**–**	87,740
Total non-current assets		**2,383**	90,002
Current assets			
Prepayments, deposits and other receivables	23	**3,226**	5,793
Bank and cash balances	24	**269,439**	275,423
Total current assets		**272,665**	281,216
Current liabilities			
Contract liabilities	26	**28,635**	39,592
Receipt in advance		**12**	12
Accruals and other payables	25	**117,451**	114,423
Interest free loans from a substantial shareholder of the Company, China Communication Investment Limited ("CCI")	27	**15,750**	8,300
Lease liabilities	29	**4,050**	2,731
Current tax liabilities		**28,599**	33,044
Total current liabilities		**194,497**	198,102
Net current assets		**78,168**	83,114
Total assets less current liabilities		**80,551**	173,116

Consolidated Statement of Financial Position

AT 31 MARCH 2022

	Note	**2022** **HK$'000**	2021 HK$'000
Non-current liabilities			
Lease liabilities	29	**283**	–
Promissory note	28	**113,293**	111,404
Deferred tax liabilities	30	**1,027**	23,672
Total non-current liabilities		**114,603**	135,076
TOTAL (LIABILITIES)/ASSETS		**(34,052)**	38,040
CAPITAL AND RESERVES			
Share capital	31	**18,957**	18,957
Reserves	33	**(53,009)**	19,083
(CAPITAL DEFICIENCY)/TOTAL EQUITY		**(34,052)**	38,040

Approved by the Board of Directors on 17 June 2022 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 2022

	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Foreign currency translation reserve HK$'000	Statutory reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020	18,957	1,354,838	8,320	(34,508)	625	(1,310,476)	37,756
Total comprehensive income for the year	–	–	–	23,486	–	(23,202)	284
Changes in equity for the year	–	–	–	23,486	–	(23,202)	284
At 31 March 2021	18,957	1,354,838	8,320	(11,022)	625	(1,333,678)	38,040
At 1 April 2021	**18,957**	**1,354,838**	**8,320**	**(11,022)**	**625**	**(1,333,678)**	**38,040**
Total comprehensive income for the year	**–**	**–**	**–**	**10,756**	**–**	**(82,848)**	**(72,092)**
Changes in equity for the year	**–**	**–**	**–**	**10,756**	**–**	**(82,848)**	**(72,092)**
At 31 March 2022	**18,957**	**1,354,838**	**8,320**	**(266)**	**625**	**(1,416,526)**	**(34,052)**

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2022

	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(106,004)**	(23,226)
Adjustments for:		
Amortisation of intangible assets (note 21)	**–**	95
Depreciation of property, plant and equipment (note 18)	**636**	1,542
Depreciation of right-of-use assets (note 19)	**2,380**	2,608
Gain on early termination of leases (note 9)	**–**	(112)
Finance costs (note 11)	**2,037**	2,238
Gain on disposal of property, plant and equipment (note 9)	**–**	(54)
Impairment allowance/(Reversal of impairment allowance) on expected credit losses	**891**	(141)
Interest income (note 8)	**(631)**	(581)
Loss on derecognition of intangible assets (note 9)	**89,501**	–
Operating loss before working capital changes	**(11,190)**	(17,631)
Decrease in prepayments, deposits and other receivables	**2,100**	12,604
Increase/(decrease) in accruals and other payables	**3,028**	(2,885)
Decrease in contract liabilities	**(12,392)**	(3,231)
Cash used in operations	**(18,454)**	(11,143)
Interest on lease liabilities	**(148)**	(349)
Income tax paid, net	**(5,433)**	(4,873)
Net cash used in operating activities	**(24,035)**	(16,365)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of property, plant and equipment	**–**	66
Purchases of property, plant and equipment (note 18)	**(29)**	–
Interest received (note 8)	**631**	581
Net cash generated from investing activities	**602**	647

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2022

	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal elements of lease liabilities	**(1,552)**	(3,929)
Interest free loans from CCI	**7,450**	8,300
Net cash generated from financing activities	**5,898**	4,371
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(17,535)**	(11,347)
Effect of foreign exchange rate changes	**11,551**	24,171
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**275,423**	262,599
CASH AND CASH EQUIVALENTS AT END OF YEAR	**269,439**	275,423
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**269,439**	275,423

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 Unit 3006, 30/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong effect from 22 July 2021 (Formerly address is Units 2115-2116, 21/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong). The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 22 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 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.

The Group had incurred a loss of approximately HK$82,848,000 during the year ended 31 March 2022 and the Group had net liabilities of approximately HK$34,052,000 as at 31 March 2022. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the Directors had adopted the going concern basis in the preparation of these consolidated financial statements of the Group based on the following:

(a) On 1 November 2021, the Group agreed with CCI, a substantial shareholder of the Company, to postpone the repayment date to 15 November 2022 for an amount of HK$95,100,000 due to CCI. The directors expect that the repayment date can further postponed and CCI agreed not to demand repayment until the Group have the ability to do so.

(b) On 31 March 2022, the Group agreed with CCI to postpone the maturity date of the promissory note to 30 June 2023. The directors expect that the repayment date can further postponed and CCI agreed not to demand repayment until the Group have the ability to do so.

2. BASIS OF PREPARATION (CONTINUED)

(c) CCI agreed not to demand repayment of loans amounted HK$15,750,000 until the Group have the ability to do so.

(d) The Directors have obtained the confirmation from CCC, the holding company of CCI and regarded as substantial shareholder of the Company, that CCC will continue to provide adequate funds for the Group to meet its present and future financial obligations as they fall due, and to cause CCI to postpone the repayment dates of any present and future liabilities due to CCI by the Group when necessary.

(e) Notwithstanding the derecognition of intangible assets of exclusive rights on 31 December 2021, the Group has been continuing to provide robotic education and training courses under the Group's own brand.

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

* *English name is for identification purpose only*

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

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group has early applied the Amendments to HKFRS 16, COVID-19- Related Rent Concessions beyond 30 June 2021.

Except as described below, the application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform — Phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("IBOR reform").

The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

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

(a) Application of new and revised HKFRSs (Continued)

Amendment to HKFRS 16, COVID-19-Related Rent Concessions

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met (see note 4(f)). One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The amendments do not have an impact on these financial statements to the Group since the Group did not have any rent obtain rent concession during the year.

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

Other than the amendments to HKFRS 16, COVID-19 Related Rent Concessions beyond 30 June 2021, the Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2021. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Business Combination — Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37 Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

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 it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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).

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 gain 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 improvements	Shorter of unexpired lease period and useful lives
Equipment, furniture and fixtures	20%–$33^1/_3$%
Motor vehicles	18%–25%
Training equipments	$33^1/_3$%

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (Continued)

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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.

(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) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, a net contract liability is presented.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(g) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases (Continued)

The Group as a lessee

Where the contract contains lease components and non-lease components, the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leases (Continued)

The Group as a lessee (Continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16. In such cases, the group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

(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 and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified as amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL.

(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.

(o) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an equity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(p) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue and other income (Continued)

Promotion and Management Services

The Group provides "Designated Shentong Card" marketing and after-sale services to its substantial shareholder 神州通信集團有限公司 (China Communication Group Co., Ltd.*) ("CCC"). The Group is responsible for providing the relevant services to CCC on an ongoing basis and relevant revenue being calculated and settled according to relevant contract monthly. The management is of the opinion that the relevant services are provided as a series of distinct services of similar nature which CCC consumes as the Group provides, hence the relevant revenue are recognised over the ongoing servicing period.

The revenue includes issuance handling fees, sale commission and technical service commission.

* *English name is for identification purpose only*

Robotics Education and Others

The Group organises various robotics courses in Heilongjiang Province of the PRC.

For robotics course income, the Group charges the enrolled students with published course fees fully in advance and recorded as "contract liabilities". The courses are divided into lessons of equal teaching hours that scheduled across a period of several months to half year. The Group recognise the corresponding portion of course fee as revenue after the delivery of each lesson. At the end of accounting period, the carrying amount of "contract liabilities" represents the transaction price of lessons allocated to the remaining performance obligation with enrolled students (i.e. unearned revenue).

Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits (Continued)

(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) 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. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

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

(s) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Taxation (Continued)

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.

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

Intangible assets that have an indefinite useful life or that are not yet available for use are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Impairment of financial assets and contracts assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Impairment of financial assets and contracts assets (Continued)

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk for a particular financial instrument;

— existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

— an actual or expected significant deterioration in the operating results of the debtor;

— significant increases in credit risk on other financial instruments of the same debtor;

— an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Impairment of financial assets and contracts assets (Continued)

Significant increase in credit risk (Continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

— when there is a breach of financial covenants by the counterparty; or

— information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

— significant financial difficulty of the issuer or the counterparty;

— a breach of contract, such as a default or past due event;

— the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

— it is becoming probable that the counterparty will enter bankruptcy or other financial reorganization; or

— the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Impairment of financial assets and contracts assets (Continued)

Measurement and recognition of ECL

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

(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) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the substantial shareholders and their undertakings not to demand the repayment of liabilities due from Group until the Group have the ability to do so. Details are explained in note 2 to financial statements.

(b) Significant increase in credit risk

As explained in note 4(v), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

(c) Determining the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group’s operation.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group’s control. During the current financial year, no lease term has been reassessed.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

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) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions of the Group's operation.

The carrying amounts of property, plant and equipment and right-of-use assets as at 31 March 2022 were approximately HK$29,000 (2021: HK$623,000) and HK$2,354,000 (2021: HK$1,639,000).

(b) 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$23,156,000 (2021: HK$24,000) income tax credit was recognised in profit or loss mainly due to the reversal of deferred tax liabilities on intangible assets.

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

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables (including trade balance due from 神州通信集團有限公司 (China Communication Group Co., Ltd.) ("CCC"), the holding company of CCI and regarded as the substantial shareholder of the Company)*

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing. Debtors with balances that are more than 90 days past due are requested to settle all outstanding balances before any further credit is granted.

The Group measures loss allowances for trade receivables and similar trade in nature balances at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group's amount due from a substantial shareholder is trade in nature.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) **Credit risk** (Continued)

Trade receivables (including trade balance due from 神州通信集團有限公司 (China Communication Group Co., Ltd.) ("CCC"), the holding company of CCI and regarded as the substantial shareholder of the Company)* (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for amount due from a substantial shareholder as at 31 March 2021:

	2021		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	HK$'000	HK$'000
Not past due	0%	–	–
1–30 days past due	0%	1,291	–
31–60 days past due	0%	439	–
61–90 days past due	0%	–	–
Over 90 days past due	N/A	–	–
		1,730	–

Expected loss rates are based on actual loss experience over the past 3 years and are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables for the year ended 31 March 2021 was as follows:

	2021
	HK$'000
At 1 April	–
Impairment losses recognised for the year	–
At 31 March	–

Financial assets at amortised cost

Financial assets at amortised cost include other receivables, deposits and bank and cash balances.

All of the Group's financial assets at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. They are considered to be 'low credit risk' when they have a low rate of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) **Credit risk** (Continued)

Financial assets at amortised cost (Continued)

Movement in the loss allowance for financial assets at amortised cost is as follows:

	Other receivables HK$'000	Deposits HK$'000	Bank and cash balances HK$'000	Total HK$'000
Adjusted balance at 1 April 2020	–	–	(896)	(896)
Reversal of impairment allowance	–	–	141	141
At 31 March 2021 and 1 April 2021	**–**	**–**	**(755)**	**(755)**
Impairment allowance	**(467)**	**–**	**(424)**	**(891)**
At 31 March 2022	**(467)**	**–**	**(1,179)**	**(1,646)**

(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 2022			
Accruals and other payables	**117,451**	**–**	**117,451**
Promissory note	**–**	**115,653**	**115,653**
Interest free loans from CCI	**15,750**	**–**	**15,750**
Lease liabilities	**4,093**	**284**	**4,377**
At 31 March 2021			
Accruals and other payables	114,423	–	114,423
Promissory note	–	113,763	113,763
Interest free loans from CCI	8,300	–	8,300
Lease liabilities	2,804	–	2,804

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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.

The Group's loans from CCI are interest free which have no interest rate risk.

(e) Categories of financial instruments at 31 March:

	2022	2021
	HK$'000	HK$'000
Financial assets:		
Financial assets measured at amortised cost		
— Deposits and other receivables	**659**	2,963
— Bank and cash balances	**269,439**	275,423
Financial liabilities:		
Financial liabilities at amortised cost		
— Accruals and other payables	**117,451**	114,423
— Interest free loans from CCI	**15,750**	8,300
— Promissory note	**113,293**	111,404

(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

(a) Disaggregation of revenue

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

Revenue from contracts with customers within the scope of HKFRS 15

	2022			2021		
Reportable Segments	**Promotion and Management Services HK$'000**	**Robotics Education and Others HK$'000**	**Total HK$'000**	Promotion and Management Services HK$'000	Robotics Education and Others HK$'000	Total HK$'000
Types of service						
Promotion and Management Services — Designated Shentong Cards	**173**	**–**	**173**	562	–	562
Robotics Education and Others — Robotics course	**–**	**11,988**	**11,988**	–	4,671	4,671
Total	**173**	**11,988**	**12,161**	562	4,671	5,233
Geographical market						
Mainland China	**173**	**11,988**	**12,161**	562	4,671	5,233
Time of revenue recognition						
Over time	**173**	**11,988**	**12,161**	562	4,671	5,233

(b) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2022 and the expected timing of recognising revenue as follows:

	Robotics Education and Others	
	2022 HK$'000	2021 HK$'000
Within 1 year	**28,635**	39,592
More than 1 year	**–**	–
	28,635	39,592

8. INVESTMENT AND OTHER INCOME

	2022	2021
	HK$'000	HK$'000
Interest income	**631**	581
Government grant*	**–**	324
Others	**558**	313
	1,189	1,218

* For year ended 31 March 2021, the Group recognised government grants of HK$324,000 in respect of COVID-19 under subsidies for Employment Support Scheme provided by the Hong Kong Government.

9. OTHER GAINS AND LOSSES, NET

	2022	2021
	HK$'000	HK$'000
Exchange loss	**(1,514)**	(2,946)
Gain on early termination of lease	**–**	112
Gain on disposal of property, plant and equipment	**–**	54
Loss on derecognition of intangible assets — Exclusive Rights (note 21)	**(89,501)**	–
	(91,015)	(2,780)

10. SEGMENT INFORMATION

The Group has the following operating segments:

Promotion and Management Services	—	Provision of promotion and management services for an electronic smart card "Designated Shentong Card" in the PRC.
Robotics Education and Others	—	Provision of robotics 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.

10. SEGMENT INFORMATION (CONTINUED)

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

	2022			2021		
	Promotion and Management Services HK$'000	Robotics Education and Others HK$'000	Total HK$'000	Promotion and Management Services HK$'000	Robotics Education and Others HK$'000	Total HK$'000
Year ended 31 March						
Revenue from external customer (including a related company)	173	11,988	12,161	562	4,671	5,233
Segment loss	(1,402)	(93,428)	(94,830)	(1,903)	(9,006)	(10,909)
Interest income	18	613	631	21	560	581
Depreciation and amortisation	–	(1,375)	(1,375)	(117)	(1,919)	(2,036)
Other materials non-cash items:						
Gain on early termination of lease (note 9)	–	–	–	112	–	112
(Impairment allowance)/Reversal of impairment allowance on expected credit losses	–	(891)	(891)	–	141	141
Loss on derecognisation of intangible assets — Exclusive Rights (note 21)	–	(89,501)	(89,501)	–	–	–
Additions to segment non-current assets	–	–	–	–	–	–
As at 31 March						
Segment assets	36,279	258,235	294,514	35,853	354,093	389,946
Segment liabilities	3,386	249,308	252,694	2,900	257,098	259,998

10. SEGMENT INFORMATION (CONTINUED)

Reconciliations of segment revenue, profit, assets and liabilities:

	2022 HK$'000	2021 HK$'000
Revenue		
Total revenue of reportable segments	**12,161**	5,233
Consolidated revenue	**12,161**	5,233
Profit or loss		
Total loss of reportable segments	**(94,830)**	(10,909)
Finance costs	**(2,037)**	(2,238)
Income tax credit	**23,156**	24
Unallocated amounts:		
Depreciation of property, plant and equipment	**(17)**	(29)
Depreciation of right-of-use assets	**(1,624)**	(2,179)
Directors' emoluments and allowances (note 15(a))	**(3,256)**	(3,396)
Legal and professional fee	**(662)**	(922)
Salaries and allowances	**(1,702)**	(1,491)
Other unallocated head office and corporate expenses	**(1,876)**	(2,062)
Consolidated loss for the year	**(82,848)**	(23,202)
Assets		
Total assets of reportable segments	**294,514**	389,946
Elimination of intersegment assets	**(127,524)**	(126,915)
Unallocated assets:		
Amount due from reportable segment	**105,000**	105,000
Bank and cash balances	**1,248**	1,387
Other unallocated head office and corporate assets	**1,810**	1,800
Consolidated total assets	**275,048**	371,218
Liabilities		
Total liabilities of reportable segment	**252,694**	259,998
Elimination of intersegment liabilities	**(127,524)**	(126,915)
Current tax liabilities	**28,599**	33,044
Deferred tax liabilities	**1,027**	23,672
Promissory note	**113,293**	111,404
Unallocated liabilities:		
Interest free loans from CCI	**15,750**	8,300
Other unallocated head office and corporate liabilities	**25,261**	23,675
Consolidated total liabilities	**309,100**	333,178

10. 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

	2022 **HK$'000**	2021 HK$'000
CCC — Promotion and Management Services segment	**173**	562

11. FINANCE COSTS

	2022 **HK$'000**	2021 HK$'000
Interest on promissory note payable to CCI	**1,889**	1,889
Interest expenses on lease liabilities	**148**	349
	2,037	2,238

12. INCOME TAX CREDIT

	2022 **HK$'000**	2021 HK$'000
Current tax — PRC		
Provision for the year	**–**	–
Deferred tax (note 30)	**(23,156)**	(24)
	(23,156)	(24)

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the years ended 31 March 2022 and 2021.

No provision for PRC Enterprise Income Tax is required since the Group has no assessable profit for the year ended 31 March 2022 and 2021.

12. INCOME TAX CREDIT (CONTINUED)

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

	2022 HK$'000	2021 HK$'000
Loss before tax	**(106,004)**	(23,226)
Tax at the PRC Enterprise Income Tax rate of 25% (2021: 25%)	**(26,500)**	(5,806)
Tax effect of temporary differences not recognised	**(23,156)**	(24)
Tax effect of expenses that are not deductible	**25,600**	3,051
Tax effect of unused tax losses not recognised	**900**	2,755
Income tax credit	**(23,156)**	(24)

13. LOSS FOR THE YEAR

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

	2022 HK$'000	2021 HK$'000
Auditor's remuneration		
— audit services	**580**	625
— other services	**360**	505
Amortisation of intangible assets		
— included in cost of service	**–**	95
Depreciation of property, plant and equipment (note 18)	**636**	1,542
Depreciation of right-of-use assets (note 19)	**2,380**	2,608
Gain on disposal of property, plant and equipment (note 9)	**–**	(54)
Gain on early termination of lease (note 9)	**–**	(112)
Loss on derecognition of intangible assets — Exclusive Rights (note 21)	**89,501**	–
Legal and professional fee (excluding auditor's remuneration)	**706**	935
Operating lease charges for land and buildings	**32**	–

14. EMPLOYEE BENEFITS EXPENSE

	2022 **HK$'000**	2021 HK$'000
Employee benefits expenses:		
Salaries, bonuses and allowances	**10,629**	10,978
Retirement benefit scheme contributions	**954**	508
	11,583	11,486

Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2021: two) directors whose emoluments are reflected in the analysis presented in note 15. The emoluments of the remaining three (2021: three) individuals are set out below:

	2022 **HK$'000**	2021 HK$'000
Basic salaries and allowances	**1,652**	1,704
Retirement benefits scheme contributions	**50**	54
	1,702	1,758

The emoluments fell within the following band:

	Number of individuals **2022**	 2021
Nil to HK$1,000,000	**3**	3
HK$1,000,001 to HK$1,500,000	**–**	–

15. 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	Salaries	Discretionary bonus	Estimated money value of other benefits	Employer's contribution to a retirement benefits scheme	Remunerations paid or receivable in respect of accepting office director	Housing allowance		Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors									
He Chenguang	**–**	**1,660**	**–**	**–**	**18**	**–**	**–**	**–**	**1,678**
Bao Yueqing	**–**	**888**	**–**	**–**	**18**	**–**	**372**	**–**	**1,278**
Independent non-executive directors									
Yip Tai Him	**100**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**100**
Han Liqun	**100**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**100**
Zhang Li	**100**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**100**
Total for the year ended 31 March 2022	**300**	**2,548**	**–**	**–**	**36**	**–**	**372**	**–**	**3,256**
Executive directors									
He Chenguang	–	1,800	–	–	18	–	–	–	1,818
Bao Yueqing	–	868	–	–	18	–	392	–	1,278
Independent non-executive directors									
Yip Tai Him	100	–	–	–	–	–	–	–	100
Han Liqun	100	–	–	–	–	–	–	–	100
Zhang Li	100	–	–	–	–	–	–	–	100
Total for the year ended 31 March 2021	300	2,668	–	–	36	–	392	–	3,396

None of the directors had waived any emoluments during the year (2021: Nil).

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

Save for salaries and allowance paid to a close family member of an executive director and official rental as disclosed in note 38(a) to the consolidated financial statements, 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.

16. DIVIDENDS

No dividends have been paid or proposed during the year, nor has any dividend been proposed since the end of reporting period (2021: Nil).

17. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$82,848,000 (2021: HK$23,202,000) and the weighted average number of ordinary shares of approximately 1,895,697,017 (2021: 1,895,697,017) in issue during the year.

(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 2022 and 2021.

18. 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 2020	6,445	7,708	1,081	2,358	14,350	31,942
Written off	–	(754)	(153)	–	(641)	(1,548)
Disposal	–	–	–	(108)	(22)	(130)
Exchange differences	532	544	87	196	1,195	2,554
At 31 March 2021 and 1 April 2021	**6,977**	**7,498**	**1,015**	**2,446**	**14,882**	**32,818**
Addition	**–**	**–**	**29**	**–**	**–**	**29**
Written off	**(601)**	**(996)**	**(2)**	**–**	**–**	**(1,599)**
Exchange differences	**266**	**269**	**42**	**101**	**616**	**1,294**
At 31 March 2022	**6,642**	**6,771**	**1,084**	**2,547**	**15,498**	**32,542**
Accumulated depreciation and impairment losses						
At 1 April 2020	6,196	7,170	1,032	1,830	13,654	29,882
Charge for the year	231	453	50	417	391	1,542
Written off	–	(754)	(153)	–	(641)	(1,548)
Disposal	–	–	–	(96)	(22)	(118)
Exchange differences	519	516	86	167	1,149	2,437
At 31 March 2021 and 1 April 2021	**6,946**	**7,385**	**1,015**	**2,318**	**14,531**	**32,195**
Charge for the year	**26**	**118**	**11**	**130**	**351**	**636**
Written off	**(601)**	**(996)**	**(2)**	**–**	**–**	**(1,599)**
Exchange differences	**271**	**264**	**41**	**99**	**606**	**1,281**
At 31 March 2022	**6,642**	**6,771**	**1,065**	**2,547**	**15,488**	**32,513**
Carrying amount						
At 31 March 2022	**–**	**–**	**19**	**–**	**10**	**29**
At 31 March 2021	31	113	–	128	351	623

19. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
At 1 April 2020	4,349
Depreciation	(2,608)
Early termination of leases	(187)
Exchange differences	85
At 31 March 2021	**1,639**
Addition	**3,039**
Depreciation	**(2,380)**
Exchange differences	**56**
At 31 March 2022	**2,354**

	2022 HK$'000	2021 HK$'000
Depreciation expenses on right-of-use assets (included in cost of service, selling expenses and administrative expenses)	**2,380**	2,608
Interest expense on lease liabilities (included in finance cost)	**148**	349
Expenses relating to short-term lease	**32**	–

Details of total cash outflow for leases is set out in note 34(b).

For both years, the Group leases various offices and venues for its operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Lease contracts are entered into for fixed term of 1 year to 6 years. Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

20. ROBOTICS EDUCATION AND OTHERS CASH GENERATING UNITS ("CGU")

As at 31 March 2022

On 18 November 2021, the Company was informed by Beijing Shentong Culture Club Co., Ltd. ("Beijing Shentong") by written notice dated on 12 November 2021 that the China Robot Competition (全國素質體育機器人運動會) ("CRC") Organisation Contract between Social Sports Direction Centre of the General Administration of Sport and Beijing Shentong would not be renewed upon its expiry on 31 December 2021. As such, the Heilongjiang CRC Authorisation lapsed automatically on 31 December 2021 accordingly. Therefore, the Group had derecognised the Exclusive Rights on the same day. Details are set out in the Company's announcement dated on 18 November 2021.

At 31 March 2022, property, plant and equipment and right-of-use assets with carrying amounts of HK$10,000 (after impairment in year ended 31 March 2020) and $1,051,000 (after impairment in year ended 31 March 2020) was allocated to the Robotics Education and Others CGU.

The Group's management have estimated the recoverable amount of Robotics Education and Others CGU and no further impairment is required for the year ended 31 March 2022.

As at 31 March 2021

The recoverable amounts of the Robotics Education and Others CGU have been determined on the basis of their value in use calculations using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, terminal growth rates and budgeted gross profit 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 Robotics Education and Others 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.

At 31 March 2021, property, plant and equipment, right-of-use assets and intangible assets with carrying amounts of HK$613,000, HK$732,000 and HK$87,740,000 (after impairment in year ended 31 March 2020) was allocated to the Robotics Education and Others CGU. Management has prepared cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using terminal growth rate of 2%. This rate does not exceed the average long-term growth rate for the relevant markets.

The Group has engaged external independent valuer to assist the management to estimate the recoverable amounts of the Robotics Education and Others CGU. The pre-tax discount rate used to discount the forecast cash flows of the CGU is 19.7%.

Based on the result of the impairment testing at 31 March 2021, management assessed that no additional impairment is required for the year ended 31 March 2021.

At 31 March 2021, the recoverable amount of Robotics Education and Others CGU (which is within the Robotics Education and Others segment) was approximately equal to its value in use. Any change in management assumptions would lead of further impairment of assets of this CGU.

21. INTANGIBLE ASSETS

	Exclusive Rights HK$'000 (note (i))	Mobile Application HK$'000 (note (ii))	Total HK$'000
Cost			
At 1 April 2020	359,690	2,059	361,749
Exchange differences	30,511	175	30,686
At 31 March 2021 and 1 April 2021	**390,201**	**2,234**	**392,435**
Derecognition	**(398,030)**	**–**	**(398,030)**
Exchange differences	**7,829**	**92**	**7,921**
At 31 March 2022	**–**	**2,326**	**2,326**
Accumulated amortisation and impairment losses			
At 1 April 2020	278,810	1,970	280,780
Amortisation for the year	–	95	95
Exchange differences	23,651	169	23,820
At 31 March 2021 and 1 April 2021	**302,461**	**2,234**	**304,695**
Derecognition	**(308,529)**	**–**	**(308,529)**
Exchange differences	**6,068**	**92**	**6,160**
At 31 March 2022	**–**	**2,326**	**2,326**
Carrying amount			
At 31 March 2022	**–**	**–**	**–**
At 31 March 2021	87,740	–	87,740

As the economic benefits arising from these intangible assets are totally integrated with Robotics Education and Others CGU, their respective carrying amounts have been taken into consideration for the impairment assessment of this CGU (note 20).

21. INTANGIBLE ASSETS (CONTINUED)

Notes:

(i) Exclusive Rights represent the rights to use the CRC Shengtong Card payment system, to organise and develop 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, 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.

On 18 November 2021, the Company was informed by Beijing Shentong by written notice dated on 12 November 2021 that the CRC Organisation Contract between Social Sports Direction Centre of the General Administration of Sport and Beijing Shentong would not be renewed upon its expiry on 31 December 2021. As such, the Heilongjiang CRC Authorisation lapsed automatically on 31 December 2021 accordingly. Therefore, the Group had derecognised the Exclusive Rights on the same day. Details are set out in the Company's announcement dated on 18 November 2021.

(ii) Mobile Application represents the mobile phone software to facilitate training course, CRC competition enrollment and attendance management. The amortisation period is 3 years and the remaining life is fully amortised since year ended 31 March 2021.

22. INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 March 2022 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		Principal activities
			Direct	Indirect	
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%	Lessee of office premises
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

22. INVESTMENTS IN SUBSIDIARIES (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	
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%	–	Inactive
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 robotics education course in Heilongjiang Province in the PRC

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

* *English name is for identification purpose only*

As at 31 March 2022, the bank and cash balances of the Group's subsidiaries in the PRC denominated in Renminbi ("RMB") amounted to approximately HK$268,188,000 (2021: HK$273,918,000). 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.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022	2021
	HK$'000	HK$'000
Amount due from a substantial shareholder (note)	**–**	1,730
Other receivables	**317**	485
Prepayments and deposits	**2,909**	3,578
	3,226	5,793

Note: The amount due from CCC is denominated in RMB, unsecured, interest-free and repayable on demand.

24. BANK AND CASH BALANCES

As at 31 March 2022, the bank and cash balances of the Group denominated in RMB was amounted to approximately HK$268,188,000 (2021: HK$273,918,000). 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.

25. ACCRUALS AND OTHER PAYABLES

	2022	2021
	HK$'000	HK$'000
Amount due to CCI (note a)	**95,100**	95,100
Amount due to CCI (note b)	**564**	–
Amount due to CCC (note c)	**5,978**	351
Amounts due to related companies (note d)	**602**	4,246
Accrued salaries	**6,385**	6,322
Accrued expenses	**1,393**	1,148
Security deposits (note e)	**5,550**	5,329
Other payables	**1,879**	1,927
	117,451	114,423

Notes:

(a) The amount due to CCI, a substantial shareholder of the Company is denominated in HK$, unsecured, interest-free and repayable on 15 November 2022.

(b) The amount due to CCI, a substantial shareholder of the Company is denominated in HK$, unsecured, interest-fee and repayable on demand.

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

(d) The amounts due to related companies are denominated in HK$ and RMB, unsecured, interest-free and repayable on demand. Those related companies are the subsidiaries of CCC and CCI.

(e) The amount represented the security deposits paid by CCC for the Heilongjiang Shentong Card Payment system.

26. CONTRACT LIABILITIES

Contract liabilities	2022 HK$'000	2021 HK$'000
Billings in advance of performance obligation — Robotics course fee	28,635	39,592

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

Movements in contract liabilities:

	2022 HK$'000	2021 HK$'000
Balance at 1 April	39,592	39,574
Increase in contract liabilities as a result of advance payments of robotics course fee received	–	1,597
Decrease in contract liabilities as a result of recognising revenue during the year	(12,392)	(4,828)
Exchange differences	1,435	3,249
Balance at 31 March	28,635	39,592

27. INTEREST FREE LOANS FROM CCI

	2022 HK$'000	2021 HK$'000
Interest free loans from CCI	15,750	8,300

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

28. PROMISSORY NOTE

As at 31 March 2022, the promissory note is held by CCI with principal amount of approximately HK$94,427,000 (2021: HK$94,427,000).

On 31 March 2021, the Group and CCI agreed to extend the maturity date from 30 June 2021 to 30 June 2022. On 31 March 2022, the Group and CCI agreed to further extend the maturity date from 30 June 2022 to 30 June 2023.

The principal amount of the promissory note is denominated in HK$. The promissory note is unsecured. As at 31 March 2022, the coupon rate is 2% per annum (2021: 2% per annum) and the effective interest rate is 1.67% (2021: 1.70%).

29. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**4,093**	2,804	**4,050**	2,731
In the second to fifth years, inclusive	**284**	–	**283**	–
After five years	**–**	–	**–**	–
	4,377	2,804	**4,333**	2,731
Less: Future finance charges	**(44)**	(73)	**N/A**	N/A
Present value of lease obligations	**4,333**	2,731		
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(4,050)**	(2,731)
Amount due for settlement after 12 months			**283**	–

The carrying amounts of the Group's for lease denominated in the following currencies:

	2022	2021
	HK$'000	HK$'000
HKD	**1,377**	867
RMB	**2,956**	1,864
	4,333	2,731

30. DEFERRED TAX LIABILITIES

	Intangible assets HK$'000	Undistributed profits of subsidiaries HK$'000	Total HK$'000
At 1 April 2020	20,243	1,601	21,844
Credit to profit or loss for the year (note 12)	(24)	–	(24)
Exchange differences	1,716	136	1,852
At 31 March 2021 and 1 April 2021	**21,935**	**1,737**	**23,672**
Credit to profit or loss for the year (note 12)	**(22,386)**	**(770)**	**(23,156)**
Exchange differences	**451**	**60**	**511**
At 31 March 2022	**–**	**1,027**	**1,027**

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$264,814,000 (2021: HK$226,773,000). 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.

31. SHARE CAPITAL

	2022		2021	
	Number of shares	**Amount HK$'000**	Number of shares	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each				
At the beginning and the end of the year	**10,000,000,000**	**100,000**	10,000,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At the beginning and the end of the year	**1,895,697,017**	**18,957**	1,895,697,017	18,957

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.

31. 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 the end of reporting periods were as follows:

	2022 HK$'000	2021 HK$'000
Total debt	**231,287**	219,423
Less: cash and cash equivalents	**(269,439)**	(275,423)
Net debt	**N/A**	N/A
(Capital deficiency)/Total equity	**(34,052)**	38,040
Debt-to-adjusted capital ratio	**N/A**	N/A

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.

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

(a) Statement of financial position of the Company

	Note	**2022** **HK$'000**	2021 HK$'000
Non-current assets			
Property, plant and equipment		**14**	–
Right-of-use assets		**1,303**	–
Investments in subsidiaries	22	**–**	30,020
Total non-current assets		**1,317**	30,020
Current assets			
Amounts due from subsidiaries		**18,147**	33,330
Prepayments, deposits and other receivables		**487**	134
Bank and cash balances		**1,159**	1,103
Total current assets		**19,793**	34,567
Current liabilities			
Accruals and other payables		**1,245**	780
Amount due to subsidiaries		**48,940**	48,187
Lease liabilities		**1,094**	–
Interest free loans from CCI		**15,750**	8,300
Total current liabilities		**67,029**	57,267
Net current liabilities		**(47,236)**	(22,700)
Total assets less current liabilities		**(45,919)**	7,320
Non-current liabilities			
Lease liabilities		**283**	–
TOTAL (LIABILITIES)/ASSETS		**(46,202)**	7,320
CAPITAL AND RESERVES			
Share capital		**18,957**	18,957
Reserves	32(b)	**(65,159)**	(11,637)
(CAPITAL DEFICIENCY)/TOTAL EQUITY		**(46,202)**	7,320

Approved by the Board of Directors on 17 June 2022 and are signed on its by:

He Chenguang	**Bao Yueqing**
Director	*Director*

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

(b) Reserves movement of the Company

	Share premium HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 2020	1,354,838	(1,351,732)	3,106
Loss for the year	–	(14,743)	(14,743)
At 31 March 2021	1,354,838	(1,366,475)	(11,637)
At 1 April 2021	**1,354,838**	**(1,366,475)**	**(11,637)**
Loss for the year	**–**	**(53,522)**	**(53,522)**
At 31 March 2022	**1,354,838**	**(1,419,997)**	**(65,159)**

33. 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.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

(a) **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 2021 HK$'000	**Fund raised HK$'000**	**Repayment HK$'000**	**Interest expenses (note 11) HK$'000**	**Exchange differences HK$'000**	**31 March 2022 HK$'000**
Promissory note	**111,404**	**–**	**–**	**1,889**	**–**	**113,293**
Interest free loans from CCI (note 27)	**8,300**	**7,450**	**–**	**–**	**–**	**15,750**
Lease liabilities (note 29)	**2,731**	**3,059**	**(1,700)**	**148**	**95**	**4,333**
	122,435	**10,509**	**(1,700)**	**2,037**	**95**	**133,376**

	1 April 2020 HK$'000	Fund raised HK$'000	Repayment HK$'000	Early termination of lease HK$'000	Interest expenses (note 11) HK$'000	Exchange differences HK$'000	31 March 2021 HK$'000
Promissory note	109,515	–	–	–	1,889	–	111,404
Interest free loans from CCI (note 27)	–	8,300	–	–	–	–	8,300
Lease liabilities (note 29)	6,715	–	(4,278)	(299)	349	244	2,731
	116,230	8,300	(4,278)	(299)	2,238	244	122,435

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

(b) **Total cash outflow for leases**

Amounts included in the cash flow statements for leases comprise the following:

	2022 **HK$'000**	2021 HK$'000
Within operating cash flows	**–**	–
Within investing cash flows	**–**	–
Within financing cash flows	**1,552**	3,929
Exchange difference	**–**	–
	1,552	3,929

These amounts relate to the following:

	2022 **HK$'000**	2021 HK$'000
Operating lease payment	**–**	–
Right-of-use assets prepayment	**–**	–
Lease rental payment under lease liabilities	**1,552**	3,929
Total lease rental paid	**1,552**	3,929

35. CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any significant contingent liabilities (2021: Nil).

36. CAPITAL COMMITMENTS

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

	2022 **HK$'000**	2021 HK$'000
Property, plant and equipment		
— Contracted but not provide for	**–**	665

37. OPERATING LEASE ARRANGEMENTS

The Group entered a short term lease for office and the lease expenditure details disclosed in note 19. The Group has not entered into any leases which has not yet commenced as at 31 March 2022.

38. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	2022	2021
	HK$'000	HK$'000
Interest free loans from CCI (note 27)	**7,450**	8,300
Promotion and Management Service income from CCC	**173**	562
Interest on promissory note payable to CCI	**(1,889)**	(1,889)
Salaries and allowance paid to a close family member of an executive director	**(618)**	(618)
Service fee to CCC		
— Customer service hotline rental	**(740)**	(1,014)
— Discount of customer service hotline rental (note)	**–**	245
— Heilongjiang Shentong Card payment system management	**(744)**	(290)
— Server hosting service	**(3,494)**	(3,300)
— Discount of server hosting service (note)	**582**	1,100
Service fee to related companies		
— Web advertising expenses	**(3,454)**	(3,262)
— Discount of web advertising expenses (note)	**3,454**	3,262
— Heilongjiang Operation and Management Contract	**(113)**	(52)
— Office rental	**(1,509)**	(1,296)

Note: Due to the outbreak of COVID-19, total discount on service fees of HK$4,036,000 (2021: HK$4,607,000) have been granted by CCC and a related company during the year ended 31 March 2022.

38. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Two related parties have provided course venue to the Group with nil consideration for the year ended 31 March 2022 and 31 March 2021.

(c) A wholly owned subsidiary of CCC has provided office space to the Group with nil consideration for the period from 1 April 2020 to 31 December 2021.

(d) The remuneration of directors and other members of key management during the year was as follows:

	2022	2021
	HK$'000	HK$'000
Short-term benefits	**3,872**	4,098
Post-employment benefits	**–**	–
Other long-term benefits	**–**	–
Share-based payments	**–**	–
Termination benefits	**–**	–
	3,872	4,098