



# EPS Creative Health Technology Group Limited

(Incorporated in the Cayman Islands with limited liability)

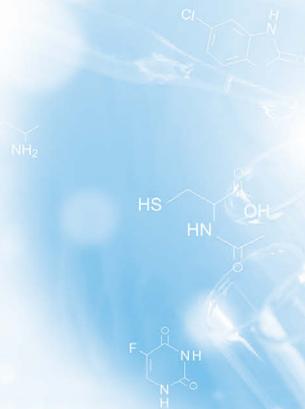
(HKEX Stock code: 3860)



2021/2022  
INTERIM REPORT

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## FINANCIAL HIGHLIGHTS

- Revenue of approximately HK\$245.8 million was recorded for the six months ended 30 September 2021;
- Loss after taxation for the Reporting Period amounted to approximately HK\$5.6 million;
- Basic loss per share for the Reporting Period based on weighted average number of 500,000,000 ordinary shares of the Company was approximately 1.1 HK cents; and
- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2021.

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of EPS Creative Health Technology Group Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2021 (the “**Reporting Period**”) together with comparative unaudited figures for the corresponding period in 2020 as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE (LOSS) INCOME

For the six months ended 30 September 2021

	Notes	Six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	4	245,768	206,332
Cost of sales		(215,168)	(179,487)
Gross profit		30,600	26,845
Interest income		13	170
Other income	6	59	1,049
Selling and distribution expenses		(16,059)	(13,074)
Administrative expenses		(11,990)	(9,945)
Research expenses for new drug development		(5,373)	–
Professional fees in relation to the unconditional mandatory cash offer		(1,439)	–
Finance costs		(258)	(68)
(Loss)/Profit before taxation		(4,447)	4,977
Income tax expense	7	(1,147)	(530)
(Loss)/Profit for the period	9	(5,594)	4,447

## FINANCIAL INFORMATION

	Notes	Six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Other comprehensive income</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		93	24
<b>Other comprehensive (loss) income for the period, net of tax</b>		93	24
<b>Total comprehensive (loss) income for the period</b>		(5,501)	4,471
<b>(Loss) profit for the period attributable to:</b>			
Owners of the Company		(5,425)	4,447
Non-controlling interests		(169)	–
		(5,594)	4,447
<b>Total comprehensive (loss) income attributable to:</b>			
Owners of the Company		(5,337)	4,471
Non-controlling interests		(164)	–
		(5,501)	4,471
<b>(Loss) earnings per share attributable to ordinary equity holders of the Company</b>			
		HK cents	HK cent
Basic (loss) earnings per share for the period attributable to owners of the Company	10	(1.1)	0.9

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 September 2021

	Notes	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	1,929	2,386
Right-of-use assets	12	688	1,826
		<b>2,617</b>	4,212
<b>Current assets</b>			
Inventories		22,338	5,957
Trade and bills receivables	13	93,982	38,536
Prepayments, deposits and other receivables		12,291	5,833
Tax recoverable		3,456	3,257
Pledged bank deposit		8,137	8,137
Bank and cash balances		184,109	85,235
		<b>324,313</b>	146,955
<b>Current liabilities</b>			
Trade and other payables	15	96,350	15,496
Tax payable		3	–
Amount due to a related company		56,666	–
Bank borrowings		–	508
Lease liabilities and finance lease payable		720	1,888
		<b>153,739</b>	17,892
<b>Net current assets</b>		<b>170,574</b>	129,063
<b>Total assets less current liabilities</b>		<b>173,191</b>	133,275
<b>Non-current liabilities</b>			
Deferred tax liability		178	130
Amount due to a related company		43,334	–
		<b>43,512</b>	130

## FINANCIAL INFORMATION

		<b>30 September 2021 HK\$'000 (unaudited)</b>	31 March 2021 HK\$'000 (audited)
	<i>Notes</i>		
<b>NET ASSETS</b>		<b>129,679</b>	133,145
<b>Capital and reserves</b>			
Share capital	16	<b>5,000</b>	5,000
Reserves		<b>122,795</b>	128,145
		<b>127,795</b>	133,145
Non-controlling interests		<b>1,884</b>	–
<b>TOTAL EQUITY</b>		<b>129,679</b>	133,145

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 September 2020

	Attributable to owners of the Company						Equity attributable to owners of the Company	Non-controlling Interest	Total equity
	Share capital	Share premium	Special reserve	Capital reserve	Exchange reserve	Retained profits			
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
At 1 April 2020 (audited)	5,000	47,656	(19,229)	4,000	(144)	89,247	126,530	-	126,530
Profit for the period	-	-	-	-	-	4,447	4,447	-	4,447
Exchange differences arising on the translation of foreign operation	-	-	-	-	24	-	24	-	24
Total comprehensive income for the period	-	-	-	-	24	4,447	4,471	-	4,471
At 30 September 2020 (unaudited)	5,000	47,656	(19,229)	4,000	(120)	93,694	131,001	-	131,001
At 1 April 2021 (audited)	<b>5,000</b>	<b>47,656</b>	<b>(19,229)</b>	<b>4,000</b>	<b>(34)</b>	<b>95,752</b>	<b>133,145</b>	-	<b>133,145</b>
Loss for the period	-	-	-	-	-	(5,425)	(5,425)	(169)	(5,594)
Exchange differences arising on the translation of foreign operation	-	-	-	-	75	-	75	5	80
Total comprehensive income for the period	-	-	-	-	75	(5,425)	(5,350)	(164)	(5,514)
Contribution from non-controlling interest	-	-	-	-	-	-	-	2,048	2,048
At 30 September 2021 (unaudited)	<b>5,000</b>	<b>47,656</b>	<b>(19,229)</b>	<b>4,000</b>	<b>41</b>	<b>90,327</b>	<b>127,795</b>	<b>1,884</b>	<b>129,679</b>

## FINANCIAL INFORMATION

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HKD'000 (unaudited)	2020 HKD'000 (unaudited)
<b>OPERATING ACTIVITIES</b>		
Cash generated (used in) operations	100,010	(62,048)
Income tax paid	(1,297)	(1,321)
<b>NET CASH GENERATED (USED IN) OPERATING ACTIVITIES</b>	<b>98,713</b>	<b>(63,369)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	42	(439)
(Placement) of pledged bank deposit	–	(60)
Interest received	13	166
Proceed from non-controlling Interest	2,048	–
<b>NET CASH GENERATED (USED) FROM INVESTING ACTIVITIES</b>	<b>2,103</b>	<b>(333)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of lease liabilities and finance lease payable	(1,197)	(793)
Interest paid	(258)	(68)
Repayment of bank borrowings	(508)	–
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<b>(1,963)</b>	<b>(861)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>98,853</b>	<b>(64,563)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>85,235</b>	99,503
Effect of foreign exchange rate changes	21	(152)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>184,109</b>	34,788
<b>REPRESENTED BY:</b>		
Bank and cash balances	184,109	34,788

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 19 November 2015 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is situated at Flat A, 17/F., Gemstar Tower, 23 Man Lok Street, Hung Hom, Kowloon, Hong Kong.

After the approval of the proposed change of name of the Company by its shareholders (the “**Shareholders**”) by way of special resolution at the extraordinary general meeting of the Company held on 2 July 2021, the Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 9 July 2021, certifying the change in the English name of the Company from “Speed Apparel Holding Limited” to “EPS Creative Health Technology Group Limited” and the dual foreign name of the Company from “尚捷集團控股有限公司” to “EPS創健科技集團有限公司” with effect from 9 July 2021. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 6 August 2021 confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The Company acts as an investment holding company. The Group is principally engaged in provision of apparel supply chain management services selling knitwear apparel products to its customers and development of new drugs services. The ultimate holding company of the Company is EPS Holdings, Inc. (“**EPS HD**”), a company incorporated in Japan with limited liability, the issued shares of which were listed on the Tokyo Stock Exchange until its subsequent privatisation on 17 September, 2021. As at the date of this report, EPS HD is wholly-owned by Shinyou Corporation, a company incorporated in Japan which is wholly-owned by Shinyou KK, another company incorporated in Japan in which Mr. Yan Hao (“**Mr. Yan**”) holds a 73.45% controlling interest..

The condensed consolidated financial statements for the six months ended 30 September 2021 are presented in Hong Kong dollars (“**HK\$**”), which is different from the functional currency of the Company of United States dollars (“**US\$**”). The Directors consider that choosing HK\$ as the presentation currency best suits the needs of the Shareholders and the investors of the Company.

## 2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), including compliance with Hong Kong Accounting Standard (HKAS) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 29 September, 2021.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 2. BASIS OF PREPARATION (CONTINUED)

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

## 3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendment to HKFRS 16, Covid-19-related rent concessions beyond 30 June 2021
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 4. REVENUE

The Group's revenue streams are categorised as follows:

- Apparel supply chain management services selling knitwear apparel products to its customers; and
- Development of new drugs services.

An analysis of the Group's revenue is as follows:

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Apparel supply chain management services	<b>245,768</b>	206,332
Development of new drugs services	–	–
	<b>245,768</b>	206,332

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 5. OTHER INCOME

The following table sets out the Group's other income:

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Government grants	–	1,431
Sample sales income	635	293
Loss on disposal of fixed assets	(4)	–
(Loss) on exchange difference, net	(572)	(675)
Total other income	59	1,049

## 6. SEGMENT INFORMATION

Operating segments are determined based on the Group's internal reports which are submitted to chief executive officer, being the chief operating decision maker ("CODM") of the Group, for the purpose of performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The following are the Group's reportable segments under IFRS 8 "Operating Segments":

- Apparel supply chain management services
- Development of new drugs services

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 6. SEGMENT INFORMATION (CONTINUED)

### Segment revenues and results

The following is an analysis of the Group's revenue by reportable segments.

#### For the six months ended 30 September 2021

	Apparel supply chain management services HK\$'000 (Unaudited)	Development of new drugs services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment Revenue	245,768	-	245,768
Segment Results	7,154	(6,822)	332
Unallocated amounts:			
Interest income			13
Other income			59
Central administrative expenses			(3,154)
Professional fee in relation to unconditional mandatory cash offer			(1,439)
Finance costs			(258)
Loss before tax			(4,447)
Income tax expenses			(1,147)
Loss for the period			(5,594)

#### For the six months ended 30 September 2020

	Apparel supply chain management services HK\$'000 (Unaudited)	Development of new drugs services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment Revenue	206,332	-	206,332
Segment Results	4,734	-	4,734
Unallocated amounts:			
Interest income			170
Other income			1,049
Central administrative expenses			(908)
Finance costs			(68)
Profit before tax			4,977
Income tax expenses			(530)
Profit for the period			4,447

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 6. SEGMENT INFORMATION (CONTINUED)

### Geographical Information

#### Information on major customers

The followings are analysis of the revenues from customers from the apparel supply chain management services by geographical markets of customers and products categories respectively:

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Geographical markets</b>		
Japan	100,230	102,020
The United States of America	88,970	64,884
Europe	34,906	29,899
Hong Kong	15,335	7,567
Others (Note)	6,327	1,962
Total revenue	245,768	206,332

Note: Others comprise the People's Republic of China (the "PRC") (which, for the purpose of geographical reference in this report, excludes Hong Kong), Dubai, Mexico and Thailand.

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<b>Major products</b>		
Womenswear	158,242	137,548
Menswear	52,051	45,053
Kidswear	35,475	20,287
Others <sup>(1)</sup>	–	3,444
Total revenue	245,768	206,332

<sup>(1)</sup> Others include knitted facial masks and hats.

#### Timing of revenue recognition

For the six months ended 30 September 2021 and 2020, all revenues were recognised at a point in time, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 6. SEGMENT INFORMATION (CONTINUED)

### Geographical Information (Continued)

#### Sales of garments

The Group sells garments to its customers. Sales are recognised when control of the products has transferred, i.e., when the products are delivered to a customer, there was no unfulfilled obligation that could affect customer's acceptance of the products and customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 30 to 90 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability. A receivable is recognised when the products are delivered to customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### Non-current assets

	<b>As at 30 September 2021 HK\$'000 (unaudited)</b>	As at 31 March 2021 HK\$'000 (audited)
<b>Geographical markets</b>		
Hong Kong	<b>2,304</b>	3,322
Japan	<b>200</b>	447
PRC	<b>113</b>	443
Total non-current assets	<b>2,617</b>	4,212

#### Revenue from major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group for the six months ended 30 September 2021 and 2020 are as follows:

	<b>Six months ended 30 September 2021 HK\$'000 (unaudited)</b>	2020 HK\$'000 (unaudited)
Customer A	<b>129,295</b>	98,543
Customer B	<b>55,812</b>	51,172
Customer C	<b>–</b>	21,991

\* The corresponding revenue did not contribute over 10% of the Group for that period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 7. INCOME TAX EXPENSE

The Group's income tax expense analysis is as follows:

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Hong Kong Profits Tax		
Current period	1,096	549
PRC Enterprise Income Tax ("EIT")		
Current period	-	33
Overprovision in prior year	-	(30)
	-	3
Japan Residency Tax		
Current period	3	-
Deferred tax debit (credit)	48	(22)
Total income tax expense	1,147	530

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

PRC EIT is calculated based on the statutory rate of 25% of the assessable profit of a subsidiary established in the PRC, as determined in accordance with the relevant EIT law, implementation rules and notices in the PRC.

The subsidiaries of the Company in Japan are subject to national corporate tax, local corporate tax, enterprise tax, local corporate special tax and local corporate inhabitants tax in Japan, which, in aggregate, resulted in effective statutory income tax rates of approximately 21.36% for the Reporting Period and approximately 21.36% for the six months ended 30 September 2020, respectively. No provision for Japan corporate income tax has been made for the six months ended 30 September 2021 and 2020. During the Reporting Period, the Group has set up two new subsidiaries in Japan. They are subject to Japan residency tax for a fixed sum of 180,000 Japanese Yen per year.

## 8. DIVIDEND

The Board does not recommend any payment of dividend for the Reporting Period (for the six months ended 30 September 2020: Nil).

No dividends were approved and paid during the Reporting Period (for the six months ended 30 September 2020: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 9. (LOSS)/PROFIT FOR THE PERIOD

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
(Loss)/Profit for the period has been arrived at after charging:		
Staff costs (including Directors' remuneration):		
Fees	<b>260</b>	180
Salaries and other benefits	<b>11,996</b>	9,990
Retirement benefit scheme contributions	<b>533</b>	521
Total employee benefits expenses	<b>12,789</b>	10,691
Auditor's remuneration	<b>530</b>	250
Depreciation of property, plant and equipment	<b>495</b>	480
Depreciation of right-of-use assets	<b>1,145</b>	918
Net foreign exchange losses	<b>572</b>	675
Cost of inventories recognised as cost of sales	<b>215,168</b>	179,487
Commission expenses (included in selling and distribution expenses)	<b>3,463</b>	2,597
Professional fee in relation to unconditional mandatory cash offer	<b>1,439</b>	–
Sample charges (included in selling and distribution expenses)	<b>4,010</b>	4,226

## 10. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the following:

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>(Loss) Earnings:</b>		
(Loss) Earnings for the period attributable to owners of the Company for the purpose of basic earnings per share	<b>(5,594)</b>	4,447
	<b>'000</b>	'000
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>500,000</b>	500,000
	<b>HK cents</b>	HK cents
Basic (loss) earnings per share for the period attributable to owners of the Company	<b>(1.1)</b>	0.9

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 10. (LOSS) EARNINGS PER SHARE (CONTINUED)

No diluted (loss) earnings per share is presented for the six months ended 30 September 2021 and 2020 as there were no potential dilutive ordinary shares outstanding during the respective periods.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired property, plant and equipment of approximately HK\$42,000 (for the six months ended 30 September 2020: approximately HK\$439,000).

## 12. RIGHT-OF-USE-ASSETS

During the Reporting Period, the Group has not entered into any new office lease.

## 13. TRADE AND BILLS RECEIVABLES

No allowance for bad and doubtful debt was provided for the six months ended 30 September 2021 and 2020 and no balance of provision for bad and doubtful debt had been recognised as at the end of each reporting period.

For long-term customers with good credit quality and payment history, the Group allows an average credit period from 30 to 90 days. For other customers, the Group demands for full settlement upon delivery of goods.

The following is an ageing analysis of trade and bills receivables presented based on the invoice date at the end of the reporting period, which approximate the revenue recognition dates:

	<b>As at 30 September 2021 HK\$'000 (unaudited)</b>	As at 31 March 2021 HK\$'000 (audited)
1 – 30 days	<b>84,060</b>	17,105
31 – 60 days	<b>9,029</b>	8,489
61 – 90 days	<b>818</b>	12,893
Over 90 days	<b>75</b>	49
	<b>93,982</b>	38,536

## 14. PLEDGED BANK DEPOSIT

Pledged bank deposits of approximately HK\$8.1 million (as at 31 March 2021: approximately HK\$8.1 million) has been pledged to a bank to secure certain banking facilities granted to the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 15. TRADE AND OTHER PAYABLES

	<b>As at 30 September 2021 HK\$'000 (unaudited)</b>	As at 31 March 2021 HK\$'000 (audited)
Trade payables	<b>79,780</b>	9,598
Accruals and other payables	<b>16,570</b>	5,898
	<b>96,350</b>	15,496

The credit period on purchase of goods ranges from 30 to 45 days. The following is an ageing analysis of the trade payables of the Group presented based on the invoice dates at the end of the reporting period:

	<b>As at 30 September 2021 HK\$'000 (unaudited)</b>	As at 31 March 2021 HK\$'000 (audited)
1 – 30 days	<b>76,813</b>	9,064
31 – 60 days	<b>2,909</b>	483
61 – 90 days	<b>34</b>	40
Over 90 days	<b>24</b>	11
	<b>79,780</b>	9,598

### 16. SHARE CAPITAL

Details of share capital of the Company during the reporting period are as follows:

	<b>Number of shares '000</b>	<b>Share capital HK\$'000</b>
Ordinary shares of HK\$0.01 each		
Authorised:		
<b>At 1 April 2021 (audited) and at 30 September 2021 (unaudited)</b>	<b>1,000,000</b>	<b>10,000</b>
Issued and fully paid:		
<b>At 1 April 2021 (audited) and at 30 September 2021 (unaudited)</b>	<b>500,000</b>	<b>5,000</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

## 17. RELATED PARTY DISCLOSURES

### (a) Related party transactions

Name of related party	Nature of transaction	Six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Firenze Apparel Limited <sup>(Note)</sup> ("Firenze Apparel")	Lease payments	600	600

Note: Firenze Apparel is wholly and beneficially owned by Mr. Chan Wing Kai ("Mr. Chan") who is a Director of a wholly owned subsidiary of the Company. The Group and Firenze Apparel entered into a tenancy agreement leasing a property to the Group as its head office and the principal place of business in Hong Kong for a monthly lease payment of HK\$100,000.

### (b) Compensation of the key management personnel

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Fees	305	180
Salaries and other benefits	3,252	2,685
Retirement benefit scheme and contributions	47	45
Total	3,604	2,910

The remuneration of the key management personnel are determined having regard to the performance of individuals.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTRODUCTION

The Group is an apparel supply chain management services provider. Headquartered in Hong Kong, the Group principally sells knitwear products. The Group provides one-stop apparel supply chain management solutions for its customers ranging from fashion trend analysis, product design and development, sourcing and procurement of materials, production management, quality control and logistics services. The Group's customers are mainly owners or sourcing agents of apparel retail brands based in Japan and the United States of America (the "USA"), which market and sell their products under their own brands. The Group does not possess its own labels. All the Group's knitwear products are manufactured in accordance with the specifications and requirements set out by the Group's customers in the sales orders, some designs of which are recommended or inspired by the Group. Since the Group does not own or operate any manufacturing operations, the Group outsource the whole manufacturing process to third-party manufacturers with manufacturing operations located in the PRC, Thailand and/or Cambodia.

During the Reporting Period, the Group has set up a joint venture (the "Joint Venture") which is owned as to 51% by the Group and 49% by its joint venture partner (the "JV Partner"). The Joint Venture will be principally engaged in a screening business in Japan and Mainland China on drugs for Parkinson's disease and brown adipose cell relating to weight loss and screening of functional food business, and business relating to the application of autologous brown adipose cell in the treatment of weight loss cells. The capital contributions of the Company and the JV Partner to the Joint Venture amounted to HK\$2,142,000 and HK\$2,058,000 respectively and were paid in cash during the Reporting Period. The Group will continue to look for business opportunities in the provision of research services including pharmaceutical and medical device development and to seek new promising investment targets. Details of the formation of the Joint Venture are set out in the composite document jointly published by the Company and EPS HD dated 26 May 2021.

## BUSINESS REVIEW

During the Reporting Period, having faced the complex and adverse trading environment and the widespread impact of COVID-19 pandemic, the retail markets for apparel including the USA and Japan where the major customers of the Group are located continue to be affected. However, the Group's products have recorded an increase in revenue for the Reporting Period, which was mainly attributable to the increase in purchase orders from a major customer headquartered in the USA and other customers based in Japan. Further, the Group plans to expand its sales office in Japan in order to better serve its existing Japanese customers and solicit potential new middle to high end fashion brands customers.

The Group recorded revenue of approximately HK\$245.8 million for the Reporting Period, representing an increase of approximately 19.1% as compared to approximately HK\$206.3 million for the six months ended 30 September 2020. The Group's gross profit for the Reporting Period amounted to approximately HK\$30.6 million (for the six months ended 30 September 2020: approximately HK\$26.8 million). The increase in gross profit of the Group was primarily attributable to the increase in the purchase orders from a major customer headquartered in the USA.

The Group's total comprehensive loss attributable to owners of the Company was approximately HK\$5.3 million for the Reporting Period (for the six months ended 30 September 2020, the total comprehensive income attributable to owners of the Company was approximately HK\$4.5 million). The loss is mainly attributable to (i) the research expenses incurred in relation to the new drug development projects of approximately HK\$5.4 million; and (ii) the expenses incurred by the Company of approximately HK\$1.4 million in response to the unconditional mandatory cash offer as a result of the change of control of the Company disclosed in the Company's announcement dated 5 May 2021.

## FINANCIAL REVIEW

### Revenue

The Group's knitwear products are divided into four categories, namely womenswear products, menswear products, kidswear products and other products such as knitted facial masks and hats. During the Reporting Period, the Group's revenue was mainly derived from the sales of womenswear products, which accounted for approximately 64.4% (for the six months ended 30 September 2020: approximately 66.7%) of the Group's total revenue. The following table sets out a breakdown of the Group's revenue by product categories for each of the reporting periods:

	Six months ended 30 September		2020 HK\$'000 (unaudited)	Percentage of change %
	2021 HK\$'000 (unaudited)	%		
Womenswear	158,242	64.4	137,548	66.7
Menswear	52,051	21.2	45,053	21.8
Kidswear	35,475	14.4	20,287	9.8
Others	–	–	3,444	1.7
Total revenue	245,768	100.0	206,332	100.0

During the Reporting Period the sales volume of the Group amounted to approximately 3.6 million pieces (for the six months ended 30 September 2020 approximately 3.5 million pieces) of finished knitwear products. Set out below are the total sales quantity of each product category for each of the reporting periods:

	Six months ended 30 September		2020 Pieces '000 (unaudited)	Percentage of change %
	2021 Pieces '000 (unaudited)	%		
Womenswear	2,194	60.3	2,162	62.6
Menswear	840	23.1	817	23.7
Kidswear	605	16.6	361	10.5
Others	–	–	111	3.2
Total sales quantity	3,639	100.0	3,451	100.0

## MANAGEMENT DISCUSSION AND ANALYSIS

The selling price of each of the product categories depends primarily on, amongst other things, (i) the complexity of the product design; (ii) the size of an order; (iii) the delivery schedule set out by customers; (iv) the costs of raw materials; and (v) the production costs as quoted by the third-party manufacturers. Accordingly, the selling price of the Group's products may differ considerably in different purchase orders by different customers. Set out below are the average selling price per piece of finished products sold by the Group by product category for each of the reporting periods:

	Six months ended 30 September		
	2021 Average selling price <i>(Note)</i> HK\$ (unaudited)	2020 Average selling price <i>(Note)</i> HK\$ (unaudited)	Percentage of change %
Womenswear	72.1	63.6	13.4
Menswear	61.9	55.1	12.3
Kidswear	58.6	56.2	4.3
Others	–	31.0	(100.0)
Overall average selling price per piece	67.5	59.8	12.9

Note: The average selling price per piece represents the revenue for the period divided by the total sales quantity for the period.

The Group's revenue increased by approximately HK\$39.4 million, or 19.1%, from approximately HK\$206.3 million for the six months ended 30 September 2020 to approximately HK\$245.7 million for the Reporting Period. The increase in revenue was primarily attributable to the increase in purchase orders from a major customer headquartered in the USA and other customers based in Japan and the increase of selling price per unit.

### Womenswear

During the Reporting Period, revenue derived from the sales of womenswear products increased by approximately HK\$20.7 million or 15.0%, from approximately HK\$137.5 million for the six months ended 30 September 2020 to approximately HK\$158.2 million for the Reporting Period. Such increase was mainly attributable to the slight increase in sales quantity from approximately 2,162,000 pieces for the six months ended 30 September 2020 to approximately 2,194,000 pieces for the Reporting Period, and the increase in average selling price per piece of womenswear products from approximately HK\$63.6 for the six months ended 30 September 2020 to approximately HK\$72.1 for the Reporting Period.

### Menswear

The Group's revenue derived from the sales of menswear products increased by approximately HK\$7.0 million or 15.5%, from approximately HK\$45.1 million for the six months ended 30 September 2020 to approximately HK\$52.1 million for the Reporting Period. Such increase was mainly attributable to the slight increase in sales quantity from approximately 817,000 pieces for the six months ended 30 September 2020 to approximately 840,000 pieces for the Reporting Period and the increase in average selling price per piece of menswear products from approximately HK\$55.1 for the six months ended 30 September 2020 to approximately HK\$61.9 for the Reporting Period.

### **Kidswear**

Revenue derived from the sales of kidswear products of the Group increased by approximately 74.9% or HK\$15.2 million to approximately HK\$35.5 million for the Reporting Period from approximately HK\$20.3 million for the six months ended 30 September 2020. The increase in the revenue of the Group's kidswear products was mainly attributable to the increase in sales volume of the Group's kidswear products from approximately 361,000 pieces for the six months ended 30 September 2020 to approximately 605,000 pieces for the Reporting Period and the slight increase in average selling price per piece of the kidswear products from approximately HK\$56.2 for the six months ended 30 September 2020 to approximately HK\$58.6 for the Reporting Period.

### **Others**

During the Reporting Period, the Group has no revenue in relation to other products including but not limited to knitted facial masks and hats (for the six months ended 30 September 2020: approximately HK\$3.4 million).

There was also no revenue generated in the development of new drugs services segment during the Reporting Period.

### **Cost of sales**

The Group's cost of sales primarily consists of subcontracting charges, raw materials and consumables used, inspection fees and other processing charges. The cost of sales increased to approximately HK\$215.2 million for the Reporting Period from approximately HK\$179.5 million for the six months ended 30 September 2020, representing an increase of approximately 19.9%. The increase of the Group's cost of sales was in line with the increase in the Group's revenue for the Reporting Period.

### **Gross profit and gross profit margin**

The Group's gross profit increased to approximately HK\$30.6 million for the Reporting Period from approximately HK\$26.8 million for the six months ended 30 September 2020, representing an increase of approximately 14.0%. The increase in gross profit of the Group was primarily attributable to the increase in purchase orders from a major customer headquartered in the USA.

The Group's gross profit margin slightly decreased to approximately 12.5% for the Reporting Period from approximately 13.0% for the six months ended 30 September 2020. Such decrease in the Group's gross profit margin was mainly attributable to the competitive pricing offered by the Group to its customers in Japan for the Reporting Period.

### **Interest income**

The Group's interest income decreased significantly by approximately HK\$157,000 or 92.9% from approximately HK\$170,000 for the six months ended 30 September 2020 to approximately HK\$13,000 for the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Other income**

Other income mainly consists of government grants, sample sales income and exchange gain/loss. Other income decreased to approximately HK\$59,000 for the Reporting Period from approximately HK\$1,049,000 for the six months ended 30 September 2020. The decrease in other income of the Group was primarily attributable to the fact that there was no government grant was received in the Reporting Period (for the six months ended 30 September 2020, approximately HK\$1.4 million of non-recurring government grants were received from the Hong Kong Government under employment support scheme). Sample sales income increased to approximately HK\$635,000 for the Reporting Period from approximately HK\$293,000 for the six months ended 30 September 2020 while exchange loss decreased to approximately HK\$572,000 for the Reporting Period from approximately HK\$675,000 for the six months ended 30 September 2020.

### **Selling and distribution expenses**

Selling and distribution expenses mainly consist of advertising expenses, commission expenses, logistic expenses, sample costs and staff costs and benefits of merchandising staff. Selling and distribution expenses increased to approximately HK\$16.1 million for the Reporting Period from approximately HK\$13.1 million for the six months ended 30 September 2020, representing an increase of approximately 22.8%. Such decrease was mainly attributable to an increase in (i) sample costs; (ii) logistic expenses; and (iii) commission expenses, the increase in these expenses is in line with the increase of the Group's revenue.

### **Administrative expenses**

Administrative expenses primarily consist of audit fees, bank charges, depreciation, Directors' emoluments, entertainment, legal and professional fees, office expenses, overseas and local travelling, rent and rates, staff costs and benefits of general and administrative staff. Administrative expenses increased to approximately HK\$12.0 million for the Reporting Period from approximately HK\$9.9 million for the six months ended 30 September 2020, representing a decrease of approximately 20.6%. Such increase was mainly attributable to the increase in (i) staff costs and benefits of general and administrative staff; (ii) overseas and local travelling; and (iii) bank charges.

### **Research expenses for new drug development**

Research expenses for new drug development amounted to approximately HK\$5.4 million for the Reporting Period and there were no such expenses for the six months ended 30 September 2020. Such expenses were mainly attributable to development of the two new drug development projects.

### **Professional fees in relation to the unconditional mandatory cash offer**

Professional fees in relation to the unconditional mandatory cash offer made by EPS HD amounted to approximately HK\$1.4 million for the Reporting Period and there was no such expenses for the six months ended 30 September 2020.

### **Finance Costs**

Finance costs increased to approximately HK\$258,000 for the Reporting Period from approximately HK\$68,000 for the six months ended 30 September 2020. Such increase was mainly attributable to the increase in bank interest.

### **Total comprehensive (loss)/income attributable to owners of the Company**

Total comprehensive loss attributable to owners of the Company amounted to approximately HK\$5.3 million for the Reporting Period and total comprehensive income attributable to owners of the Company amounted to approximately HK\$4.5 million for the six months ended 30 September 2020.

If the non-recurring government grants received from the Hong Kong Government under employment support scheme of approximately HK\$1.4 million for the six months ended 30 September 2020 were excluded, the Group's adjusted total comprehensive income attributable to owners of the Company for the six months ended 30 September 2020 would amount to approximately HK\$3.1 million and if the professional fee in relation to the unconditional mandatory cash offer of approximately HK\$1.4 million and research expenses for new drug development projects amounted to approximately HK\$5.4 million for the Reporting Period were excluded, the Group's adjusted total comprehensive income attributable to owners of the Company for the Reporting Period would amount to approximately HK\$1.5 million, which have been decreased significantly by approximately 51.6% as compared to the total comprehensive income attributable to owners of the Company for the six months ended 30 September 2020 of approximately HK\$4.5 million.

### **BASIC LOSS EARNINGS PER SHARE**

The Company's basic loss per share for the Reporting Period was approximately 1.1 HK cents, as compared to the basic earnings per share of approximately 0.9 HK cent for the six months ended 30 September 2020. The significant change in the Company's basic loss per share for the Reporting Period was in line with the loss attributable to owners of the Company for the Reporting Period.

### **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the Reporting Period (for the six months ended 30 September 2020: Nil).

### **LIQUIDITY AND FINANCIAL RESOURCES**

During the Reporting Period, the Group's operations were generally financed through its internally generated cash flows and borrowings from banks. In the long term, the Group's operations will be funded by a combination of internally generated cash flows, bank borrowings and, if necessary, additional equity financing.

As at 30 September 2021 and 31 March 2021, the Group had net current assets of approximately HK\$170.6 million and HK\$129.1 million, respectively, including bank and cash balances of approximately HK\$184.1 million and HK\$85.2 million, respectively. The Group's current ratio decreased from approximately 8.2 as at 31 March 2021 to approximately 2.1 as at 30 September 2021. Such decrease was mainly due to the increase in current assets by approximately 120.7% whilst current liabilities significantly increased by approximately 759.3% as compared to the balances as at 31 March 2021. The significant increase in current liabilities were mainly attributable to the increase in trade and other payables and bank borrowings.

## MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio is calculated based on the total loans and borrowings (including bank borrowings due within one year and lease liabilities) divided by total equity at the respective reporting date. As at 30 September 2021 and 31 March 2021, the Group's gearing ratio was 0.6% and 1.8%, respectively. The Group had entered into two banking facilities agreements with the aggregate amount of approximately HK\$45.5 million. One of the banking facilities has charged over by a fixed bank deposit. The unutilised rates of banking facilities were 100.0% and 98.9% as at 30 September 2021 and 31 March 2021, respectively.

### TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's credit risk is primarily attributable to its trade and bills receivables, deposits and other receivables. In order to minimise its credit risk, the management of the Group has delegated a team to perform ongoing credit evaluation of the financial conditions of the customers including but not limited to the determination of credit limits, credit approvals and other monitoring procedures to ensure that appropriate follow-up action(s) is taken to recover overdue debts and reduce the Group's exposure to credit risk. In addition, the Group reviews the recoverable amount of each individual debt at the end of the Reporting Period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group generally grants an average credit period of 30 to 90 days to its customers. Most of these counterparties are either owners or sourcing agents of apparel retail brands based in Japan and the USA. The management of the Group considered that the credit risk on amounts due from these customers is insignificant after considering their historical settlement records, credit qualities and financial positions of the counterparties.

In management of the liquidity risk, the Board closely monitors and maintains levels of cash and cash equivalents deemed adequate by our management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

### CAPITAL STRUCTURE

There has been no change in the capital structure of the Company during the Reporting Period. The share capital of the Company only comprises ordinary shares.

As at 30 September 2021, the Company has an issued share capital of HK\$5.0 million divided by 500,000,000 shares of HK\$0.01 each.

Details of the changes in the Company's share capital for the Reporting Period are set out in note 16 to the Interim Financial Statements in this report.

### SIGNIFICANT INVESTMENT

As at 30 September 2021 and 31 March 2021, the Group did not hold any significant investment with a value of 5% or more of the Company's total assets as at the end of the respective reporting periods.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this interim report, the Group currently has no other plan for material investments and capital assets.

## MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

## PLEDGE OF ASSETS

The following assets were pledged to banks to secure certain banking facilities granted to the Group:

	<b>As at 30 September 2021 HK\$'000 (unaudited)</b>	As at 31 March 2021 HK\$'000 (audited)
Pledged bank deposit	<b>8,137</b>	8,137

## CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group did not have any contingent liabilities and capital commitments as at 30 September 2021 (as at 31 March 2021: Nil).

## FOREIGN EXCHANGE EXPOSURE

Certain trade and bills receivables, other receivables, pledged bank deposit, bank and cash balances, and trade and other payables are denominated in foreign currency of the respective group entities which are exposed to foreign currency risk. Although the Group's revenue and major expenses are predominantly in US\$, which is the functional currency of the Company, as HK\$ is pegged to US\$, the Group does not expect any significant movement in the US\$/HK\$ exchange rate. The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group employed a total of 67 full-time employees (as at 30 September 2019: 61). The Group's staff costs primarily consist of Directors' emoluments, salaries, other staff benefits and contributions to retirement and social security schemes. For the six months ended 30 September 2021 and 2020, the Group's total staff costs (including Directors' emoluments) amounted to approximately HK\$12.8 million and HK\$10.7 million, respectively. Remuneration is determined with reference to market terms and the performance, qualification(s), experience, position and seniority of individual employees. In addition to basic salary, year-end bonuses would be discretionarily offered to those employees with outstanding performance to attract and retain employees that contributed to the Group. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution. The remuneration committee of the Company reviews and determines the remuneration and compensation packages of the Directors and senior management of the Company with reference to their experience, responsibilities, workload, time devoted to the Group and performance of the Group. Share options may also be granted to the Directors and senior management of the Company under the share option scheme of the Company.

### CHANGE OF BOARD COMPOSITION

Following the completion of the unconditional mandatory cash offer made by EPS HD, as disclosed in the announcement of the Company dated 30 June 2021, (i) each of Mr. Chan Wing Kai and Mr. Ng Ming Ho tendered his resignation as executive Director; (ii) each of Ms. Chan Siu Lai, Mr. Kwok Chi Shing and Mr. Ma Kwok Fai, Edwin tendered his/her resignation as independent non-executive Director; (iii) Ms. Wu Yu Lim Winnie tendered her resignation as the company secretary; (iv) Mr. Taguchi Junichi, Mr. Choi Koon Ming and Mr. Cheung Kwok Yu were appointed as independent non-executive Directors; and (v) Mr. Chiu Chun Tak was appointed as the company secretary, all with effect from 30 June 2021. On 9 July 2021, Mr. Cheung Kwok Yu tendered his resignation and Mr. Chan Cheuk Ho was appointed in his place as independent non-executive Director with effect from the same date. For further details, please refer to the announcements of the Company dated 30 June 2021 and 9 July 2021.

### CHANGE OF COMPANY NAME

As disclosed in the announcement of the Company dated 13 August 2021, following the approval of the relevant resolution by the Shareholders by way of special resolution at the extraordinary general meeting of the Company held on 2 July 2021, the English name of the Company has been changed from “Speed Apparel Holding Limited” to “EPS Creative Health Technology Group Limited” and the dual foreign name of the Company has been changed from “尚捷集團控股有限公司” to “EPS創健科技集團有限公司” with effect from 9 July 2021 to better reflect the business strategy of the Company and its direction for future development following the unconditional mandatory cash offer made by EPS HD.

### FUTURE PROSPECTS

COVID-19 pandemic caused disruptions to economic activities worldwide and significant uncertainties to the current business environment. However, it is expected that the global economy will slowly recover. In this context, the Board expects demands on the Group’s products to slightly increase. However, there is still uncertainty for the remainder of the financial year 2021/2022. The Board will continue to closely monitor the developments of COVID-19 pandemic and stay vigilant to its adverse impacts to the Group’s operations and the risks in connection therewith. The Group will take appropriate measures to adapt to the challenging environment when necessary including but not limited to taking cost control measures to reduce the operating costs of the Group.

Travel restrictions imposed by the governments around the world in response to the COVID-19 pandemic caused the Group to suspend visits and co-organise on-site sales and marketing activities with its customers such as private exhibitions to promote the Group’s products. Nevertheless, the Group will continue to develop and create more promotion samples to cater to the existing and potential customers’ needs. The Group will actively promote its products in various ways including but not limited to (i) display and promote sample products in showroom in Japan during customers’ visits; (ii) e-promotion via online platforms tailored for individual customers; (iii) proactively approach the potential customers through business referrals and its business network; (iv) convening frequent video conferences with existing and potential customers to explore new business opportunities; and (v) arrange sales visits and co-organise private exhibitions in compliance with the travel restrictions in force, if considered appropriate and beneficial by the Board. The Group will continue to work closely with its customers in devising new product designs each season and delivering knitwear products according to their requirements and the customers can rely on the Group to fulfill their needs for a full spectrum of apparel supply chain management services.

The Directors will continue to review and evaluate the business objectives and strategies and make timely execution taking into account the business risks and market uncertainties. The Directors will also continue to explore opportunities to diversify the Group’s operations.

## INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 September 2021, none of the Directors or the chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which (a) would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which such Directors and chief executives of the Company were taken or deemed to have under such provisions of the SFO); or (b) would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) would be required, pursuant to the Model Code or Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2021, so far as it is known to the Directors or chief executive of the Company, the following persons, other than 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 Divisions 2 and 3 of Part XV of the SFO, or, who was expected, directly or indirectly, to be interested in 10% or more of the issued voting shares of any other member of the Group:

Name of substantial shareholders	Nature of interest/ holding capacity	Number of ordinary shares held	Percentage of interests in the issued share capital of the Company <sup>(Note 1)</sup>
EPS HD	Beneficial owner	375,000,000 (L) <sup>(Notes 2 and 3)</sup>	75%
Shinyou Corporation	Interest in controlled corporation	375,000,000 (L) <sup>(Notes 2 and 3)</sup>	75%
Y&G Limited	Interest in controlled corporation	375,000,000 (L) <sup>(Notes 2 and 3)</sup>	75%
Mr. Yan	Interest in controlled corporation	375,000,000 (L) <sup>(Notes 2 and 3)</sup>	75%

Notes:

- As at 30 September 2021, the Company's issued ordinary share capital was HK\$5.0 million divided into 500,000,000 shares of HK\$0.01 each.
- EPS HD is owned as to 75% by Shinyou Corporation and 25% by Y&G Limited, both being companies incorporated in Japan. Shinyou Corporation is wholly-owned by Y&G Limited which is in turn wholly-owned by Mr. Yan. By virtue of the SFO, Mr. Yan is deemed to be interested in these shares held by EPS HD.
- The letter "L" denotes the person's long position in the shares of the Company.

## OTHER INFORMATION

### SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Scheme**”) on 31 May 2017. The primary purpose of the Scheme is to provide incentives or rewards to eligible employees and other selected participants as specified under the Scheme.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group must not exceed 30% of the issued share capital of the Company from time to time. The total number of shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other share option scheme of the Group) to be granted under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares of the Company in issue at the time dealings in the shares of the Company first commence on the Stock Exchange, i.e. 50,000,000 shares of the Company, without prior approval from the shareholders of the Company. The Company may, subject to the issue of a circular, the Company shareholders’ approval in general meeting and/or such other requirements prescribed under the Listing Rules, refresh this limit at any time to 10% of the total number of shares in issue as at the date of the Company shareholders’ approval. The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option scheme of the Group to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being, without prior approval from the shareholders of the Company. Options granted to substantial shareholders of the Company or independent non-executive Directors or any of their respective associates as defined under the Scheme which would result in the shares issued and to be issued upon exercise of all options under the Scheme already granted and 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 represent in aggregate in excess of 0.1% of the Company’s issued share capital and with an aggregate value in excess of HK\$5.0 million must be approved in advance by the shareholders of the Company.

Options granted must be taken up within 21 days of the date of the offer of grant of the option. A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an option.

Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the Directors but in any event not exceeding 10 years. The exercise price is determined by the Directors, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotation sheets on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the date of the offer of grant of the option; and (iii) the nominal value of a share. No option has been granted since the adoption of the Scheme. The Scheme will remain in force for a period of 10 years commencing on the date on which the Scheme is adopted.

### DIRECTORS’ INTERESTS IN COMPETING BUSINESSES

The Directors confirmed that the Directors, the controlling shareholder and the substantial shareholders of the Company or any of their respective close associates (as defined in the Listing Rules) do not have any business or interest that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Reporting Period.

### CORPORATE GOVERNANCE PRACTICES

The Company is committed to establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture in return for the benefits of the Company's stakeholders as a whole.

The Board has adopted the provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Directors will continue to review its corporate governance practices in order to enhance its corporate governance standards, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.

During the Reporting Period, the Group has complied with all the code provisions of the CG Code, except for the deviation from the code provision A.2.1 of the CG Code. During the Reporting Period, Mr. Chan Wing Kai was the chairman of the Board and the chief executive officer of the Company up to his resignation as, among other roles, an executive Director, the Chairman and the Chief Executive Officer of the Company with effect from 30 June 2021. The then Directors considered that vesting the roles of the chairman of the Board and the chief executive officer of the Company in Mr. Chan Wing Kai was beneficial to the management and business development of the Group and would provide a strong and consistent leadership to the Group.

Following his resignation, Mr. Okoso Satoshi, a non-executive Director, has been appointed as the Chairman in place of Mr. Chan Wing Kai, and Mr. Gao Feng, an executive Director, has been appointed as the Chief Executive Officer, both with effect from 30 June 2021, and thereafter the Group has ceased to have any deviation from the code provision A.2.1 of the CG Code.

### MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its code of conduct for the Directors' securities transactions. Having made specific enquiry of all Directors by the Company, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct concerning securities transactions by the Directors for the Reporting Period.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### IMPORTANT EVENT AFTER THE REPORTING PERIOD

There is no significant event subsequent to 30 September 2021 which would materially affect the Group's operations and financial performance.

## OTHER INFORMATION

### AUDIT COMMITTEE

The Audit Committee was established in compliance with Rules 3.21 to 3.23 of the Listing Rules and code provision C.3 of the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the Group's financial information, overseeing the Group's financial reporting system, risk management and internal control systems, reviewing and monitoring the effectiveness of the scope of audit and making recommendation to the Board on the appointment of external auditors.

The Audit Committee currently consists of three members, namely Mr. Chan Cheuk Ho (the Chairman of the Audit Committee) and Mr. Choi Koon Ming, both being independent non-executive Directors, and Mr. Liang Fei, a non-executive Director. The Audit Committee has reviewed this report including the unaudited interim results of the Group for the Reporting Period before recommending it to the Board for approval.

By order of the Board

**EPS Creative Health Technology Group Limited**

**Mr. Gao Feng**

*Executive Director*

Hong Kong, 29 November 2021

## BOARD OF DIRECTORS

### Executive Directors

Mr. Gao Feng (*Chief executive officer*)  
(*appointed on 1 June 2021 and appointed as Chief executive officer on 30 June 2021*)  
Mr. Haribayashi Keikyo (*appointed on 1 June 2021*)  
Mr. Chan Wing Kai (*resigned on 30 June 2021*)  
Mr. Ng Ming Ho (*resigned on 30 June 2021*)

### Non-Executive Director

Mr. Okoso Satoshi (*Chairman*)  
(*appointed on 1 June 2021*)  
Mr. Liang Fei (*appointed on 1 June 2021*)

### Independent non-executive Directors

Mr. Taguchi Junichi (*appointed on 30 June 2021*)  
Mr. Choi Koon Ming (*appointed on 30 June 2021*)  
Mr. Chan Cheuk Ho (*appointed on 9 July 2021*)  
Mr. Cheung Kwok Yu  
(*appointed on 30 June 2021 and resigned on 9 July 2021*)  
Ms. Chan Siu Lai (*resigned on 30 June 2021*)  
Mr. Kwok Chi Shing (*resigned on 30 June 2021*)  
Mr. Ma Kwok Fai, Edwin (*resigned on 30 June 2021*)

## COMPANY SECRETARY

Mr. Chiu Chun Tak (*appointed on 30 June 2021*)  
Ms. Wu Yu Lim, Winnie (*resigned on 30 June 2021*)

## COMPLIANCE OFFICER

Mr. Chiu Chun Tak (*appointed on 30 June 2021*)  
Mr. Chan Wing Kai (*resigned on 30 June 2021*)

## AUTHORISED REPRESENTATIVES

Mr. Gao Feng (*appointed on 30 June 2021*)  
Mr. Chiu Chun Tak (*appointed on 30 June 2021*)  
Mr. Chan Wing Kai (*resigned on 30 June 2021*)  
Mr. Ng Ming Ho (*resigned on 30 June 2021*)

## AUDIT COMMITTEE

Mr. Chan Cheuk Ho (*Chairman*)  
(*appointed on 9 July 2021*)  
Mr. Choi Koon Ming (*appointed on 30 June 2021*)  
Mr. Liang Fei (*appointed on 30 June 2021*)  
Mr. Cheung Kwok Yu (*Chairman*)  
(*appointed on 30 June 2021 and resigned on 9 July 2021*)  
Mr. Kwok Chi Shing (*Chairman*)  
(*resigned on 30 June 2021*)  
Ms. Chan Siu Lai (*resigned on 30 June 2021*)  
Mr. Ma Kwok Fai, Edwin (*resigned on 30 June 2021*)

## REMUNERATION COMMITTEE

Mr. Choi Koon Ming (*Chairman*)  
(*appointed on 30 June 2021*)  
Mr. Haribayashi Keikyo (*appointed on 30 June 2021*)  
Mr. Chan Cheuk Ho (*appointed on 9 July 2021*)  
Mr. Cheung Kwok Yu  
(*appointed on 30 June 2021 and resigned on 9 July 2021*)  
Ms. Chan Siu Lai (*Chairlady*) (*resigned on 30 June 2021*)  
Mr. Kwok Chi Shing (*resigned on 30 June 2021*)  
Mr. Ma Kwok Fai, Edwin (*resigned on 30 June 2021*)

## NOMINATION COMMITTEE

Mr. Taguchi Junichi (*Chairman*)  
(*appointed on 30 June 2021*)  
Mr. Gao Feng (*appointed on 1 June 2021*)  
Mr. Chan Cheuk Ho (*appointed on 9 July 2021*)  
Mr. Cheung Kwok Yu  
(*appointed on 30 June 2021 and resigned on 9 July 2021*)  
Mr. Ma Kwok Fai, Edwin (*Chairman*)  
(*resigned on 30 June 2021*)  
Ms. Chan Siu Lai (*resigned on 30 June 2021*)  
Mr. Kwok Chi Shing (*resigned on 30 June 2021*)

## AUDITOR

Zhonghui Anda CPA Limited

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat A, 17/F., Gemstar Tower  
23 Man Lok Street, Hung Hom  
Kowloon, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## CORPORATE INFORMATION

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### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### **LEGAL ADVISERS AS TO HONG KONG LAW**

Michael Li & Co

### **PRINCIPAL BANKERS**

MUFG Bank, Ltd.  
The Hongkong and Shanghai Banking  
Corporation Limited  
Shanghai Commercial Bank Limited

### **COMPANY'S WEBSITE**

[www.epshk.hk](http://www.epshk.hk)

### **STOCK CODE**

3860