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EPS Creative Health Technology Group Limited

(Incorporated in the Cayman Islands with limited liability)

(HKEX Stock code: 3860)

BUSINESS UPDATE

This announcement is made by EPS Creative Health Technology Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the “**Board**”) of the Company wishes to provide business updates to the shareholders of the Company (the “**Shareholders**”) and potential investors on the segment of development of new drugs services as set out in the interim report of the Company for the six months ended 30 September 2021 (the “**Interim Report**”).

Since November 2021, the Group has been preparing for the full operation of the drug discovery company which was established in October 2021, such preparation work included rental of offices, hiring of relevant personnels and organisation of events and trainings. Another subsidiary of the Company has received licensing rights to begin developing new drugs as a new initiative and the Group is preparing to move forward with obtaining the relevant licence for this company and thus incurred certain labor costs and licence acquisition costs. The joint venture established in 2021 in which the Company holds a 51% interest (the particulars of which are disclosed in the joint announcement of the Company and EPS Holdings, Inc. dated 5 May 2021) has also been preparing for certain new initiatives which involved preparation work including training in respect of research personnel and the rental of laboratory and other facilities used to conduct its research. The joint venture has been focusing on the initiatives of (i) clinical application of brown adipose cells in regenerative medicine (such as obesity and beauty treatments); (ii) exploration of brown adipocyte induction technology to promote browning components i.e. screening technology (prevention of diseases such as obesity and diabetes and development of functional foods); and (iii) research and development of treatment drugs for Parkinson’s disease (such as development and sales of cannabidiol and cannabigerol related products) and exploring collaboration opportunities with other research institutions.

As disclosed in the Interim Report, the Group recorded a loss attributable to Shareholders for the six months ended 30 September 2021 of approximately HKD5.6 million, as compared to a profit attributable to Shareholders of approximately HKD4.4 million for the corresponding period in 2020, primarily due to (i) the research expenses incurred in relation to the new drug development projects of approximately HKD5.4 million; and (ii) the expenses incurred by the Company of approximately HKD1.4 million in response to the unconditional mandatory cash offer as a result of the change of control of the Company disclosed in the Interim Report.

Based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 March 2022 and the other information currently available to the Board, such loss-making is also expected to continue and be reflected in the remaining months in the year ended 31 March 2022. The Group is expected to record a loss attributable to Shareholders for the year ended 31 March 2022 in the range of HKD12 million to HKD14 million, as compared to the profit attributable to Shareholders of approximately HKD6.5 million for the year ended 31 March 2021. Such loss is also mainly attributable to the same reasons as disclosed above and in the Interim Report. Despite the above, the Board considers that the Group's financial position remains strong.

The information contained in this announcement is only based on the preliminary assessment of the unaudited consolidated management accounts of the Group and the other information currently available to the Board, which have not been reviewed or audited by the auditors of the Company or reviewed by the audit committee of the Company. The Company is still in the process of finalising the audited results of the Group for the year ended 31 March 2022, which may be subject to further amendments and adjustments where necessary. The annual results announcement of the Company for the year ended 31 March 2022 is expected to be published in late June 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
EPS Creative Health Technology Group Limited
Gao Feng
Executive Director

Hong Kong, 13 June 2022

As at the date of this announcement, the executive Directors are Mr. Gao Feng and Mr. Haribayashi Keikyo; the non-executive Directors are Mr. Okoso Satoshi and Mr. Liang Fei; and the independent non-executive Directors are Mr. Taguchi Junichi, Mr. Choi Koon Ming and Mr. Chan Cheuk Ho.