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EPS Creative Health Technology Group Limited

(Incorporated in the Cayman Islands with limited liability)

(HKEX Stock code: 3860)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF TARGET COMPANIES IN THE PRC

THE AGREEMENT

On 20 September 2022 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, as purchaser and the Vendor as vendor, entered into the Agreement pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Share Interests, at the total cash consideration of approximately RMB2.85 million (equivalent to approximately HK\$3.24 million). Following completion of the Acquisition, the Target Companies will become indirect non-wholly owned subsidiaries of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor is wholly-owned by EPS Ekishin Co., Ltd., which is owned as to 65% by EPS Holdings, Inc., the controlling shareholder of the Company interested in 375,000,000 Shares, representing 75% of the issued share capital of the Company, and as to 35% by Suzuken Co., Ltd., a Japanese pharmaceuticals wholesale company and the shares of which are listed on the Japanese (Tokyo, Nagoya and Sapporo) Stock Exchange (stock code: 9987). Accordingly, the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of the Acquisition is less than 25% and the total consideration is less than HK\$10,000,000, the Acquisition is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent Shareholders' approval requirements.

THE AGREEMENT

On 20 September 2022 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, as purchaser and the Vendor as vendor, entered into the Agreement pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Share Interests, at the total cash consideration of approximately RMB2.85 million (equivalent to approximately HK\$3.24 million).

The principal terms of the Agreement are summarised as follows:

- Date : 20 September 2022
- Parties : (1) EPS Pharmaceutical Development (Shanghai) Co., Ltd.*
(創建醫藥發展(上海)有限公司) as purchaser
- (2) EPS International Pharmaceutical Technology Co., Ltd.*
(益新國際醫藥科技有限公司) as vendor

Subject matter

The Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Share Interests, representing (i) approximately 95% of the entire equity interests in Target Company A; (ii) approximately 51% of the entire equity interests in Target Company B; and (iii) 51% of the entire equity interests in Target Company C.

Consideration

The total consideration for the sale and purchase of the Sale Interests is approximately RMB2.85 million (equivalent to approximately HK\$3.24 million), which shall be payable by the Purchaser to the Vendor in cash within sixty (60) business days from the date on which the relevant registration procedure with respect to the Acquisition with the relevant industrial and commercial administration authority of the PRC is completed.

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the net assets value of the Target Companies. The Company intends to satisfy the consideration by the internal resources of the Group.

Completion

Completion of the Acquisition shall take place on the date of signing of the Agreement.

Following completion of the Acquisition, the Target Companies will become indirect non-wholly owned subsidiaries of the Company and their financial results, assets and liabilities will be consolidated into the books of the Company.

INFORMATION ON THE TARGET COMPANIES

Target Company A

Target Company A is a company established in the PRC and principally engaged in clinical project management and monitoring, medical data analysis and reporting, and solution support on patient recruitment and resource related matters. Immediately prior to the completion of the Acquisition, it was owned as to approximately 95% by the Vendor and 5% by 北京創立科創醫藥技術開發有限公司, a company established in the PRC and owned by Independent Third Parties to the best knowledge, information and beliefs of the Directors.

The financial information of Target Company A for the two years ended 31 December 2020 and 2021 and the six months ended 30 June 2022, respectively, is as follows:

	For the year ended 31 December 2020 (audited) RMB'000	For the year ended 31 December 2021 (audited) RMB'000	For the six months ended 30 June 2022 (unaudited) RMB'000
Revenue	15,922	7,864	1,477
Profit (loss) before taxation	1,235	(5,550)	(3,080)
Profit (loss) after taxation	1,235	(5,550)	(3,080)

The unaudited total assets and the net liability value of Target Company A as at 30 June 2022 were approximately RMB7.6 million and approximately RMB11.1 million, respectively.

The original investment cost in Target Company A by the Vendor was approximately RMB6.6 million (equivalent to approximately HK\$7.5 million).

Target Company B

Target Company B is a company established in the PRC and principally engaged in clinical trial data processing and management, statistics analysis and reporting, medical device-related safety information translation, electric data capture system development and support and Holter monitor analysis. Immediately prior to the completion of the Acquisition, it was owned as to approximately 51% by the Vendor and approximately 49% by Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司), a joint stock company established in the PRC and the shares of which are listed on the Stock Exchange (stock code: 3347) and the Shenzhen Stock Exchange (stock code: 300347).

The financial information of Target Company B for the two years ended 31 December 2020 and 2021 and the six months ended 30 June 2022, respectively, is as follows:

	For the year ended 31 December 2020 (audited) RMB'000	For the year ended 31 December 2021 (audited) RMB'000	For the six months ended 30 June 2022 (unaudited) RMB'000
Revenue	6,515	3,581	1,312
Loss before taxation	(2,070)	(4,279)	(2,339)
Loss after taxation	(2,070)	(4,279)	(2,339)

The unaudited total assets and the net asset value of Target Company B as at 30 June 2022 were approximately RMB4.5 million and approximately RMB3.6 million, respectively.

The original investment cost in Target Company B by the Vendor was approximately RMB15.6 million (equivalent to approximately HK\$17.7 million).

Target Company C

Target Company C is a company established in the PRC and principally engaged in medical monitoring such as research feasibility study, research center/researcher selection, randomisation center, research monitoring and quality control, registration assistance such as application preparation, submission and consultation, competitive product and market research, and consultation on drug regulations and other relevant development, marketing and consultation services. Immediately prior to the completion of the Acquisition, it was owned as to 51% by the Vendor and 49% by two individuals who are Independent Third Parties to the best knowledge, information and beliefs of the Directors.

The financial information of Target Company C for the two years ended 31 December 2020 and 2021 and the six months ended 30 June 2022, respectively, is as follows:

	For the year ended 31 December 2020 (unaudited) RMB'000	For the year ended 31 December 2021 (unaudited) RMB'000	For the six months ended 30 June 2022 (unaudited) RMB'000
Revenue	11,615	6,158	1,510
Profit before taxation	640	232	86
Profit after taxation	598	138	84

The unaudited total assets and the net asset value of Target Company C as at 30 June 2022 were approximately RMB2.9 million and approximately RMB1.8 million, respectively.

The original investment cost in Target Company C by the Vendor was approximately RMB0.5 million (equivalent to approximately HK\$0.6 million).

INFORMATION ON THE VENDOR

To the best knowledge, information and belief of the Directors, the Vendor is a wholly foreign-owned enterprise established in the PRC and principally engaged in investment holding in companies involved in medical research and experimental development; natural science research and experimental development and biopharmaceutical manufacturing. It is wholly-owned by EPS Ekishin Co., Ltd., a company incorporated in Japan with limited liability which is owned as to 65% by EPS Holdings, Inc., the controlling shareholder of the Company. EPS Holdings, Inc. is a company incorporated in Japan and wholly-owned by Shinyou KK, a company incorporated in Japan which is 71.55% owned by Y& G Limited, which is in turn a company incorporated in Japan wholly-owned by Mr. Yan Hao, and as to 35% by Suzuken Co., Ltd., a Japanese pharmaceuticals wholesale company and the shares of which are listed on the Japanese (Tokyo, Nagoya and Sapporo) Stock Exchange (stock code: 9987), the Vendor is a connected person of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Purchaser is an indirect wholly-owned wholly-foreign owned enterprise of the Company established in the PRC for the Acquisition and is principally engaged in investment holding. The Group is principally engaged in the provision of apparel supply chain management services selling knitwear apparel products to its customers and new drugs development services.

Since the establishment of a joint venture 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) in 2021, 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 and exploring collaboration opportunities with other research institutions and the Company has been exploring further business development in this segment. The Target Companies are companies with long-established business operation, network and connection in their respective business areas have possess the relevant resources and technology. Following the Acquisition, the Target Companies would be able to complement the existing business operations of the Group in this segment and create a synergy effect which would help create greater returns for the Company and its Shareholders as a whole.

Save for Mr. Haribayashi Keikyo, an executive Director who is also the supervisor of Target Company A, none of the Directors has a material interest in the Agreement and therefore none of them is required to abstain from voting on the resolutions of the Board for considering and approving

the Agreement. The Directors (including the independent non-executive Directors) consider that the Acquisition is on normal commercial terms or better, and the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor is wholly-owned by EPS Ekishin Co., Ltd., which is owned as to 65% by EPS Holdings, Inc., the controlling shareholder of the Company interested in 375,000,000 Shares, representing 75% of the issued share capital of the Company, and as to 35% by Suzuken Co., Ltd., a Japanese pharmaceuticals wholesale company and the shares of which are listed on the Japanese (Tokyo, Nagoya and Sapporo) Stock Exchange (stock code: 9987). Accordingly, the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios in respect of the Acquisition is less than 25% and the total consideration is less than HK\$10,000,000, the transactions contemplated under the Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent Shareholders' approval requirements.

DEFINITIONS

In this announcement, the following expressions will have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Share Interests by the Purchaser pursuant to the terms and conditions of Agreement
“Agreement”	the sale and purchase agreement dated 20 September 2022 and entered into between the Purchaser and the Vendor in relation to the Acquisition
“Board”	the board of Directors
“Company”	EPS Creative Health Technology Group Limited, a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	EPS Pharmaceutical Development (Shanghai) Co., Ltd.* (創建醫藥發展(上海)有限公司), a wholly-foreign owned enterprise established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Share Interests”	collectively, (i) approximately 95% of the entire equity interests in Target Company A; (ii) approximately 51% of the entire equity interests in Target Company B; and (iii) 51% of the entire equity interests in Target Company C
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	collectively, Target Company A, Target Company B and Target Company C
“Target Company A”	Shanghai EPS Pharmaceutical Development Co., Ltd.* (上海日新醫藥發展有限公司), a company established in the PRC with limited liability
“Target Company B”	Suzhou EPS Tigermed Pharmaceutical Technology Co., Ltd.* (蘇州益新泰格醫藥科技有限公司), a company established in the PRC with limited liability

“Target Company C”	Beijing Global Pharmaceutical Research Co., Ltd.* (北京格銳博醫藥研發有限公司), a company established in the PRC with limited liability
“Vendor”	EPS International Pharmaceutical Technology Co., Ltd.* (益新國際醫藥科技有限公司), a wholly-foreign owned enterprise established in the PRC with limited liability, which is owned by EPS Ekishin Co., Ltd., which is in turn owned as to 65% by EPS Holdings, Inc. and as to 35% by Suzuken Co., Ltd., being a connected person of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

The English transliteration of the Chinese name(s) in this announcement, where indicated with “”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese names.*

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.1364. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By order of the Board
EPS Creative Health Technology Group Limited
Miyano Tsumoru
Executive Director

Hong Kong, 20 September 2022

As at the date of this announcement, the executive Directors are Mr. Okoso Satoshi, Mr. Miyano Tsumoru, Mr. Gao Feng, Mr. Haribayashi Keikyo and Mr. Maezaki Masahiro; the non-executive Director is Mr. Xia Xiangming; and the independent non-executive Directors are Mr. Taguchi Junichi, Mr. Choi Koon Ming and Mr. Chan Cheuk Ho.