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EPS Creative Health Technology Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3860)

DISCLOSEABLE TRANSACTION ACQUISITION OF THE ISSUED SHARE CAPITAL; AND SUBSCRIPTION OF CONVERTIBLE BONDS OF THE TARGET COMPANY

SHARE TRANSFER AGREEMENT

On 29 November 2023 (after trading hours and publishment of interim results announcement of the Company for the six months ended 30 September 2023), EPS Innovative Medicine (Japan) Co., Ltd. (as the Purchaser), a wholly owned subsidiary of the Company, and the Vendors entered into the Share Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell the Sale Shares. The consideration for the Acquisition is JPY612,233,000 (equivalent to approximately HK\$31,836,116), which shall be satisfied by the Purchaser in cash.

SUBSCRIPTION FOR CONVERTIBLE BONDS

On 29 November 2023 (after trading hours and publishment of interim results announcement of the Company for the six months ended 30 September 2023), the Target Company (as the issuer) and EPS Innovative Medicine (Japan) Co., Ltd. (as the Subscriber), a wholly owned subsidiary of the Company, entered into the Subscription Agreement in relation to the subscription for Convertible Bonds in a principal amount of JPY150,000,000 (equivalent to approximately HK\$7,800,000).

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the aggregate of the Share Transfer Agreement, the Subscription Agreement and the transactions contemplated thereunder exceeds 5% but is less than 25%, the transactions constitute discloseable transactions of the Company under the Listing Rules and is accordingly subject to the announcement requirement under Chapter 14 of the Listing Rules.

None of the Directors was deemed to have material interests in the Share Transfer Agreement, the Subscription Agreement and the transactions contemplated thereunder and thus no Director was required to abstain from voting on the relevant resolution(s) at the board meeting.

SHARE TRANSFER AGREEMENT

Background

The Board announces that after trading hours and publication of interim results announcement of the Company for the six months ended 30 September 2023 on 29 November 2023, the Purchaser, a wholly owned subsidiary of the Company, and the Vendors entered into the Share Transfer Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendors conditionally agreed to sell, the Sale Shares, representing approximately 47.3% of the issued share capital of the Target Company, at a consideration of JPY612,233,000 (equivalent to HK\$31,836,116).

The Share Transfer Agreement

The principal terms of the Share Transfer Agreement are set out below.

Date : 29 November 2023 (after trading hours and publication of interim results announcement of the Company for the six months ended 30 September 2023)

Parties : EPS Innovative Medicine (as the Purchaser); and
Mr. Yasuhide Nakayama, M Micronesia Ltd. and Mr. Ryuji Higashida (as the Vendors)

Subject : Pursuant to the Share Transfer Agreement, the Purchaser agreed to purchase, and the Vendors agreed to sell, the Sale Shares, representing approximately 47.3% of the issued share capital of the Target Company.

The Vendors have agreed to sell and the Purchaser has agreed to purchase the Sale Shares (being an aggregate of 2,840 Sales Shares, amongst which 600 Sales Shares are from the Vendors on the First Closing Date (the “**First Sale Shares**”) and 2,240 Shares are from the Vendors on the Second Closing Date (the “**Second Sale Shares**”), for a total cash consideration of JPY612,233,000 (equivalent to approximately HK\$31,836,116).

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected persons.

As at date of this announcement, the total issued share capital of the Target Company is 6,000 shares.

Consideration

The total consideration for the Acquisition is JPY612,233,000 (equivalent to approximately HK\$31,836,116), which shall be satisfied by the Company in the following manner:

- (i) a total consideration (the “**First Consideration**”) of JPY129,345,000 (equivalent to approximately HK\$6,725,940) shall be paid by the Purchaser to the Vendor 1 and Vendor 2 in cash upon the satisfaction of the first closing conditions and the completion of transfer of the First Sales Shares on the First Closing Date; and
- (ii) a total consideration (the “**Second Consideration**”) of JPY482,888,000 (equivalent to approximately HK\$25,110,176) shall be paid by the Purchaser to the Vendors in cash within one month from the Second Closing Date (defined thereafter) on which the second closing conditions have been fulfilled and the transfer of the Second Sales Shares has been completed.

The first consideration and second consideration are determined with reference to the share value of the Target Company which is determined by deduction of interest-bearing liabilities, etc. from the corporate value in consideration with results of due diligence and valuation by independent lawyer and the Valuer and which is agreed upon as a result of discussions between the Purchaser and the Vendors.

Closing is scheduled to take place upon the satisfaction of all the first closing conditions and the second closing conditions under the Share Transfer Agreement.

The final total consideration for the Acquisition is subjected to adjust in the following manner. The Purchaser and the Vendors shall determine the costs of the pending litigation against the Target Company (Tokyo District Court 2023 (Wa) 70389, including related cases, if any (the “**Case(s)**”)) within one month after final settlement or decision of the Case(s). Such costs of the litigation (the “**Litigation Costs**”) shall include, but not be limited to, the amount paid to the plaintiff, court costs and attorneys’ fees. Within one (1) month of the determination of the Litigation Costs, the payments will be made in accordance with the categories listed in each of the following items based on the amount of the Litigation Costs based on the following manners:

- (i) when the Litigation Costs exceed JPY100,000,000, the Vendors shall pay the difference between the Litigation Costs and JPY100,000,000 to the Purchaser; or
- (ii) when the Litigation Costs are less than JPY50,000,000, the Purchaser shall pay the difference between the Litigation Costs and JPY50,000,000 to the Target Company.

First closing conditions

The date of the first closing (“**First Closing Date**”) shall be 29 November 2023 or the date separately agreed upon by the Purchaser and the Vendors. In consideration for the payment of the full amount of the First Consideration, the transfer of Sale Shares shall be carried out on the First Closing Date by the Vendor 1 and Vendor 2 delivering to the Purchaser all documents set forth in each following item (the “**First Closing Conditions**”),

- (i) the original vendors’ certificate of seal impression (issued within one (1) month before the execution of the Share Transfer Agreement);
- (ii) the vendors’ commercial register transcript (issued within one (1) month before the execution of the Share Transfer Agreement);
- (iii) the original Target Company’s certificate of seal impression (issued within one (1) month before the execution of the Share Transfer Agreement);
- (iv) the minutes of the meeting of the extraordinary general meeting of shareholders of the Target Company regarding the approval for the transfer of Sale Shares;
- (v) the original request form for the transfer of shares in the Target Company’s shareholder register, signed and sealed by Vendor 1 and Vendor 2; and
- (vi) the Target Company’s shareholder register.

Second closing conditions

The date of the second closing (“**Second Closing Date**”) shall be a date separately agreed upon by the Purchaser and the Vendors within one month from the date on which all of the following conditions have been fulfilled. In consideration for the payment of the full amount of the Second Consideration, the transfer of Sales Shares shall be carried out on the Second Closing Date by the Vendors delivering to the Purchaser all documents set forth in each following item (the “**Second Closing Conditions**”),

- (i) the completion of registration of the third case in the Biotube trial; and
- (ii) the completion of registration of the third case in the Biosheet trial.

Assuming the Acquisition is completed and no change in the total number of issued shares of the Target Company, the Group will hold approximately 47.3% of the enlarged total issued shares of the Target Company.

Conditions Precedent

The completion of the Share Transfer is conditional upon the satisfaction of the following conditions on each of Closing Date, the Purchaser and Vendors shall perform the obligation including:

- (1) all of the Vendors' and Purchaser's representations and warranties are true and accurate on each of First Closing Date and Second Closing Date; and
- (2) there is no material breach by the Purchaser and the Vendors of its obligations under the Share Transfer Agreement.

The completion of the Share Transfer and the Subscription of Convertible Bonds are not inter-conditional.

Financial Information of the Target Company

Set out below is the unaudited financial information of the Target Company for the two years ended 30 April 2023 are summarised as follows:

	For the year ended 30 April 2022	For the year ended 30 April 2023
	<i>JPY'000</i>	<i>JPY'000</i>
Revenue	41,268	32,197
Loss before tax	16,175	63,855
Loss for the year	16,560	64,370

The unaudited net deficit of the Target Company as at 30 April 2023 was approximately JPY141,551,000 (equivalent to approximately HK\$7,360,652). As at the Valuation Date, the appraised value of the Target Company was JPY1,538,000,000 (equivalent to approximately HK\$79,976,000).

THE SUBSCRIPTION FOR CONVERTIBLE BONDS

A summary of the principal terms of the Subscription Agreement is set out below:

- Date:** : 29 November 2023 (after trading hours and publication of interim results announcement of the Company for the six months ended 30 September 2023)
- Parties** : EPS Innovative Medicine (as the subscriber); and
the Target Company (as the issuer)

Principal amount	:	JPY150,000,000 (equivalent to approximately HK\$7,800,000)
Interest rate	:	the Convertible Bonds will be interest free.
Payment arrangement	:	The consideration for the subscription shall be paid by EPS Innovative Medicine on the date of the Subscription Agreement after the satisfaction of the conditions precedent (as specified below) under the Subscription Agreement.
Maturity date	:	28 November 2026
		Subject to the conversion rights to be exercised by the Subscriber, the Target Company shall repay the outstanding principal amount of the Convertible Bonds to the Subscribers on the Maturity Date.
Conversion rights	:	During the period from the 30 November 2023 to the thirty (30) days prior to the Maturity Date, the Subscriber shall have the right, at its sole discretion, to convert all or part of its outstanding principal amount into the 695 shares of registered capital of the Target Company.
		If the Subscriber decides to exercise its aforesaid conversion rights, such conversion will constitute an acquisition of the Company in Target Company's equity interest. The Company will make further announcement in respect thereof in accordance with the Listing Rules when appropriate.
Conversion price		The initial conversion price being, JPY215,575 per share of registered capital of the Target Company, subject to the customary adjustments in certain events including share consolidation, share sub-division, capitalisation issue, capital distribution and issue of other securities.
Early redemption		Unless as otherwise the special cases specified in the Convertible Bonds Subscription Agreement, early redemption of all or part of the Convertible Bonds is not allowed before the Maturity Date

Conditions Precedent

The completion of the Subscription shall be subject to the fulfillment (or valid waiver; if applicable) of all the conditions set forth below,

- (a) the representations and warranties of the Subscriber and the Target Company set forth in the Subscription Agreement shall be true and correct in all material respects (without regard to any qualification as to materiality included therein);
- (b) all regulatory approvals shall have been obtained or made and not be revoked as of the closing date of the Subscription, and all waiting periods specified under any applicable law, the expiration of which is necessary for the consummation of the Subscription, shall have expired or been terminated;
- (c) all the transaction documents shall have been duly executed and delivered by the parties thereto prior to the closing and shall be valid and enforceable in accordance with its terms against parties of the Subscription Agreement thereto;
- (d) the Target Company and its subsidiaries shall have obtained and effected any and all consents, approvals and notices of or to holders of the its equity securities, lenders, landlords or any other third parties that are required, under any contract or law, to be obtained or effected in connection with the consummation of the Subscription, on or prior to the closing date of the Subscription Agreement.

The Target Company and/or the Subscriber may at any time waive in whole or in part and conditionally or unconditionally the above conditions by notice in writing to the each other.

Assuming the Acquisition is completed, the Convertible Bonds are being converted and there is no change in the total number of issued shares of the Target Company, the Group will hold approximately 52.8% of the enlarged total issued share capital of the Target Company and the Target Company became an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Company's consolidated financial statements.

REASONS FOR AND BENEFIT OF THE SHARE TRANSFER AGREEMENT AND SUBSCRIPTION AGREEMENT

The Group is principally engaged in provision of apparel supply chain management services and selling knitwear apparel products to its customers, Japan-People's Republic of China specialised contract research organisation and, innovative research organisation services, licensing and financing support and in-house research and development.

EPS Innovative Medicine is principally engaged in in-house research and development.

The Target Company is principally engaged in in-house research and development in relation to the projects of (i) autologous sheet tissue for autograft by in-body tissue architecture for the patients of Refractory diabetic foot ulcer (“**Biosheet**”); and (ii) autologous tubular tissue for autograft by inbody yissue architecture for the patients of lowerextremity peripheral arterial disease (“**Biotube**”).

The Target Company owns pipelines under on-going investigator initiative clinical trials projects which is highly compatible with the development area of the Group. The Group expect synergy effect to be created thereby. The resources and innovative research technology controlled by the Target Company are of high quality. The Acquisition will further improve the development of the Group’s innovative research sector, which is in line with the overall development strategy of the Group.

The Directors are of the view that the transaction under the Share Transfer Agreement is conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Share Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Target Company and EPS Innovative Medicine entered into the Subscription Agreement pursuant to which EPS Innovative Medicine would subscribe the Convertible Bonds with the principal amounts of JPY150,000,000. By the Subscription Agreement, the Target Company will be able to achieve the settlement of the outstanding liabilities which have to be made the repayment soonest.

PROFIT FORECASTS UNDER THE VALUATION REPORT

According to the independent valuation report dated 29 September 2023 issued by the Valuer, the Valuer mainly applied the discounted cash flow method under the income approach and based on certain assumptions in the valuation to appraise the value of the Target Company, which constitutes a profit forecast under Rule 14.61 of the Listing Rules and the requirements of Rule 14.60A and 14.62 of the Listing Rules are therefore applicable.

Main Assumptions

For the valuation of the market value of the entire equity interests in the Target Company, the Valuer has mainly adopted the income approach and the following valuation assumptions:

General Assumptions

1. Transaction Assumption

The transaction assumption assumes that all assets to be appraised are already in the process of being transacted, and the Valuer simulates the market for appraisal according to the transaction conditions of the appraised assets. The transaction assumption is one of the most basic preconditional assumptions for the performance of an asset appraisal.

2. *Open Market Assumption*

The open market assumption assumes that as for the subject assets transacted in the market, or the subject assets to be transacted in the market, both parties to the transaction have equal footings and have the opportunity and time to obtain sufficient market information, so as to make a rational judgment on the functions, use and transaction price of the subject assets. The open market assumption is based on the fact that the subject assets can be publicly traded in the market.

3. *Going-concern Assumption*

The going-concern assumption refers to such an assumption that, the subject assets will continue to be used as per its current purpose and the manner, scale, frequency and environment of use, or continue to be used on the basis of certain change therein, and the Valuer determines the method, parameters and basis for appraisal accordingly.

Special Assumptions

1. During the forecast period, there will be no significant changes in the external economic environment, national macro-economy and industrial policies, trade policies and tax policies, in which the main operating entities of the Target Company are located.
2. There will be no significant changes in the future social and economic environment where the Target Company are located and the policies (such as tax policies and tax rates) that have been implemented where the Target Company are located.
3. There will be no major changes to the market environment and competitive relationship involved in/with the main business of the Target Company.
4. The future operation and management team of the Target Company will be diligent in their duties, maintain its core composition, continue to maintain the existing operation strategies and continue to operate the Target Company. The Target Company will maintain their business cooperation with their current suppliers and customers, and there will be no significant impact on the business development, cost control and other operating activities of the Target Company.
5. The management of the Target Company expected that the Target Company will launch the major products, mainly Biosheet and Biotube, in December 2025 and start generating revenue thereafter.
6. In view of the frequent changes or significant changes in a company's monetary funds or the bank deposits in the course of operation, as for the financial expenses under the valuation, the Valuer neither took into account the interest income generated by the deposits nor considered the uncertain gains or losses such as the exchange gains or losses.

7. It is assumed that the basic information and financial information provided by the Vendors and the Target Company are true, accurate and complete.
8. For bank borrowings, new borrowings and repayments in future periods will occur at the end of the period, and interest expenses on bank borrowings are estimated on the basis of the opening balance of borrowings in each period.

Confirmation

The Reporting Accountants (as defined below) have been engaged to report on the calculations of the discounted cash flows used in the valuation prepared by the Valuer. The Reporting Accountants have reported that so far as the calculations are concerned, the discounted cash flows have been properly compiled in all material aspects in accordance with the bases and assumptions as set out in the valuation. The text of the report issued by the Reporting Accountants in relation to the calculations of the discounted cash flows is set out in Appendix I to this announcement for the purpose under Rule 14.62(2) of the Listing Rules.

A letter from the Board, confirming that the profit forecast in the valuation has been made after due and careful enquiry by the Board, is set out in Appendix II to this announcement.

Experts

The following are the qualifications of experts who have provided opinions and/or suggestions contained in this announcement:

Finport Advisory LLC. (the “**Valuer**”) Certified Public Accountant in Japan

Confucius International CPA Limited Certified Public Accountant
(the “**Reporting Accountant**”)

Each of the experts mentioned above has given and none of the experts has withdrawn its written consent to the issue of this announcement with the inclusion of its letters, reports and/or opinions and the references to its names included herein in the form and context in which it is included.

As at the date of this announcement, none of the experts nor their respective subsidiaries mentioned above held any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the date of this announcement, as far as the Directors are aware, none of the experts nor their respective subsidiaries mentioned above had, or had had, any direct or indirect interest in any material assets which have been since 31 March 2023 (being the date to which the latest published audited

consolidated accounts of the Company were made up) acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the aggregate of the Share Transfer Agreement, the Subscription Agreement and the transactions contemplated thereunder exceeds 5% but is less than 25%, the transactions constitute discloseable transactions of the Company under the Listing Rules and is accordingly subject to the announcement requirement under Chapter 14 of the Listing Rules.

None of the Directors was deemed to have material interests in the Share Transfer Agreement, the Subscription Agreement and the transactions contemplated thereunder and thus no Director was required to abstain from voting on the relevant resolution(s) at the board meeting.

DEFINITIONS

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the Share Transfer Agreement
“Biosheet”	Autologous sheet tissue for autograft by in-body Tissue Architecture (iBTA) for the patients of Refractory diabetic foot ulcer
“Biotube”	Autologous tubular tissue for autograft by in-body Tissue Architecture (iBTA) for the patients of lower-extremity peripheral arterial disease
“Board”	the board of Directors
“Convertible Bonds”	the convertible bonds in the principal amounts of JPY150,000,000 to be issued by the Target Company, pursuant to the Subscription Agreement
“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
“Director(s)”	the director(s) of the Company

“EPS Innovative Medicine”	EPS Innovative Medicine (Japan) Co., Ltd., a company incorporated in Japan with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries from time to time
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third parties who are independent of, and not connected with, the Company and its connected persons
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	EPS Innovative Medicine
“Sale Shares”	an aggregate of 2,840 shares of the Target Company, representing approximately 47.3% of the issued share capital of the Target Company as at the date of this announcement
“Share Transfer Agreement”	the share transfer agreement dated 29 November 2023 (after trading hours and publication of interim results announcement of the Company for the six months ended 30 September 2023), entered into between the Purchaser and the Vendors in relation to the Acquisition
“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
“Subscriber”	EPS Innovative Medicine

“Subscription Agreement”	the agreement dated 29 November 2023 (after trading hours and publication of interim results announcement of the Company for the six months ended 30 September 2023), entered into by the Target Company (as the issuer) and EPS Innovative Medicine (as the subscriber) in relation to the subscription for Convertible Bonds
“Target Company”	Biotube Co., Ltd., a company incorporated in Japan with limited liability
“Valuation Date”	20 September 2023, the valuation base date
“Valuer”	Finport Advisory LLC., an independent valuer
“Vendor 1”	Mr. Yasuhide Nakayama
“Vendor 2”	M Micronesia Ltd., a company incorporated in Japan with limited liability and based on the information available to the Company, its ultimately beneficial owners is Mr. Matsumoto Naozumi as at date of this announcement
“Vendor 3”	Mr. Ryuji Higashida
“Vendors”	together Vendor 1, Vendor 2 and Vendor 3
“%”	per cent.

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

Hong Kong, 29 November 2023

As at the date of this announcement, the executive Directors are Mr. Shimada Tatsuji, Mr. Miyano Tsumoru, Mr. Maezaki Masahiro, Mr. Haribayashi Keikyo, Mr. Miyazato Hiroki and Mr. Chiu Chun Tak; the non-executive Directors are Mr. Kusaba Takuya and Mr. Yan Ping; and the independent non-executive Directors are Mr. Chan Cheuk Ho, Mr. Taguchi Junichi, Mr. Choi Koon Ming and Mr. Saito Hironobu.



29 November 2023

The Board of Directors
EPS Creative Health Technology Group Limited

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

Dear Sirs,

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows (the “**Forecast**”) on which the valuation prepared by Finport Advisory LLC, dated 29 September 2023 in respect of the Target Company (the “**Valuation**”). The valuation is set out in the announcement of EPS Creative Health Technology Group Limited (the “**Company**”) dated 29 November 2023 (the “**Announcement**”). The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ responsibilities

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows, including the bases and assumptions in the Announcement on which the discounted future estimated cash flows are based. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the discounted future estimated cash flows and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

It is our responsibility, pursuant to paragraph 29(2) of Appendix 1B of the Listing Rules, to express an opinion on the calculations of the discounted future estimated cash flows, and to 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.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the HKICPA. This standard requires that we plan and perform our work to form the opinion.

This assurance engagement involved performing procedures to obtain sufficient appropriate evidence as to whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions set out in the Announcement. The extent of procedures selected depends on the Reporting Accountant's judgement and our assessment of the engagement risk. Within the scope of our work, we, amongst others, reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows have been prepared using a set of bases and assumptions that include hypothetical assumptions about future events and management's actions that cannot be confirmed and verified in the same way as past results and that are not necessarily expected to occur. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the discounted future estimated cash flows since other anticipated events frequently do not occur as expected and the variation may be material. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Company.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the bases and assumptions adopted by the directors of the Company in the Announcement.

Confucius International CPA Limited

Certified Public Accountants

Hong Kong

29 November 2023

The Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Dear Sirs,

Re: EPS Creative Health Technology Group Limited (the “Company”, together with its subsidiaries, the “Group”) – Discloseable transaction in relation to acquisition of the issued share capital; and subscription of convertible bonds of the target company

Reference is made to the announcement of the Company dated 29 November 2023 in relation to the valuation report dated 29 September 2023 (the “**Valuation Report**”) prepared by Finport Advisory LLC. (the “**Valuer**”). The Valuer adopted income approach in valuation of the Target Company.

The board of directors of the Company (the “**Board**”) has reviewed the basis and assumptions of the valuation and discussed the same with the Valuer. The Board has also considered the report issued by Confucius International CPA Limited on 29 November 2023 in relation to the calculations of the profit forecast in the Valuation Report.

Pursuant to the requirements of Rule 14.62(3) of the Listing Rules, the board of directors of the Company confirmed that the profit forecast used in the aforesaid Valuation Report has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of
The Board of Directors
EPS Creative Health Technology Group Limited
Miyano Tsumoru
Executive Director