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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 COMPANY IN JAPAN

THE AGREEMENT

On 7 December 2022 (after trading hours of the Stock Exchange), the Purchaser, a direct 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 JPY99.4 million (equivalent to approximately HK\$5.6 million). Following completion of the Acquisition, the Target Group will become indirect 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, on a stand-alone basis or when aggregated with the Previous Acquisition which was conducted within 12 months 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 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. 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 (other than the profits ratio) in respect of the Acquisition, on a stand-alone basis or when aggregated with the Previous Acquisition which was conducted within 12 months 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 circular and independent Shareholders' approval requirements.

THE AGREEMENT

On 7 December 2022 (after trading hours of the Stock Exchange), the Purchaser, a direct 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 JPY99.4 million (equivalent to approximately HK\$5.6 million).

The principal terms of the Agreement are summarised as follows:

Date : 7 December 2022

Parties : (1) EPS Healthcare Limited (創健商貿有限公司) as purchaser
(2) EPS Ekishin Co., Ltd. as vendor

Subject matter

The Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Share Interests, representing the entire equity interests in the Target Company.

Consideration

The total consideration for the sale and purchase of the Share Interests is approximately JPY99.4 million (equivalent to approximately HK\$5.6 million), which shall be payable by the Purchaser to the Vendor in cash within five (5) business days from the date of signing of the Agreement.

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the net asset value of the Target Group as at 30 September 2022 and taking into account of the declaration of dividend by the Target Group to the Vendor of approximately JPY67.3 million before the date of the Agreement. The Company intends to satisfy the consideration by the internal resources of the Group.

The original investment cost of the Share Interests to the Vendor was JPY80 million (equivalent to approximately HK\$4.5 million).

Completion

Completion of the Acquisition shall take place on the fifth (5) business day from the signing of the Agreement or on such other date as agreed by the parties thereto.

Following completion of the Acquisition, the Target Group will become indirect 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 GROUP

The Target Company is a company established in Japan and is principally engaged in the business of sourcing and distribution of large and medium-sized equipment and supplies for preclinical trials, and medical healthcare products, including import sales and domestic distribution in Japan and overseas distribution to the PRC via Yikun. Immediately prior to the completion of the Acquisition, it was wholly owned by the Vendor.

As at the date of this announcement, the Target Company wholly owns Yikun, a company incorporated in the PRC which is principally engaged in the business of sourcing and distribution of large and medium-sized equipment and supplies for preclinical trials and medical healthcare products in the PRC.

The unaudited financial information of the Target Group for the two years ended 30 September 2021 and 2022, respectively, is as follows:

	For the year ended 30 September			
	2021		2022	
	<i>equivalent to</i>	<i>equivalent to</i>	<i>equivalent to</i>	<i>equivalent to</i>
	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>
	<i>JPY million</i>	<i>HK\$ million</i>	<i>JPY million</i>	<i>HK\$ million</i>
Revenue	954	54	1,016	57
Net profit (loss) before taxation	85	5	(100)	(6)
Net profit (loss) after taxation	63	4	(105)	(6)

The unaudited net asset value of the Target Group as at 30 September 2022 was approximately JPY166.7 million (equivalent to approximately HK\$9.4 million).

INFORMATION ON THE VENDOR

To the best knowledge, information and belief of the Directors, the Vendor is a company established in Japan and is principally engaged in investment holding in companies involved in biopharmaceuticals manufacturing and sales; sales and distribution of pharmaceuticals and medical equipments; pharmaceutical products development.

The Vendor 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). EPS Holdings, Inc. is 71.55% owned by Y&G Limited which is wholly-owned by Mr. Yan Hao. The remaining 28.45% of EPS Holdings, Inc. are owned as to 20% by Suzuken Co., Ltd, 2.49% by Song Junbo, 2.32% by Mr. Yan Hao, 0.51% by each of Tashiro Shinro, Nagaoka Tatsuma and Hirosaki Shinji, and 2.11% by Yu Huanrang.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Purchaser is a direct wholly-owned subsidiary of the Company 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 in the garment segment and Japan-PRC specialised contract research organisation, innovative research organisation services, licensing and financing support and in-house drug discovery and development in the healthcare segment.

The Target Group has a long-established business operation and connection in the sourcing and distribution of large and medium-sized equipment and supplies for preclinical trials, and medical healthcare products and overseas distribution of products. Following the Acquisition, the Company would be able to rely on the established channels and network for the import of materials and distribution of healthcare products of the Target Company to the PRC and overseas. The Acquisition would complement the existing business operations of the Group in the healthcare segment and create a synergy effect which would help create greater returns for the Company and its Shareholders as a whole.

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, on a stand-alone basis or when aggregated with the Previous Acquisition which was conducted within 12 months 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 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. 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 (other than the profits ratio) in respect of the Acquisition, on a stand-alone basis or when aggregated with the Previous Acquisition which was conducted within 12 months 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 circular and 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 7 December 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“JPY”	Japanese Yen, the lawful currency of Japan

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Previous Acquisition”	the acquisition of (i) approximately 95% of the entire equity interests in Shanghai EPS Pharmaceutical Development Co., Ltd.* (上海日新醫藥發展有限公司); (ii) approximately 51% of the entire equity interests in Suzhou EPS Tigermed Pharmaceutical Technology Co., Ltd.* (蘇州益新泰格醫藥科技有限公司); and (iii) 51% of the entire equity interests in Beijing Global Pharmaceutical Research Co., Ltd.* (北京格銳博醫藥研發有限公司) at the total cash consideration of approximately RMB2.85 million (equivalent to approximately HK\$3.24 million), the details of which were set out in the Company’s announcements dated 20 September 2022 and 26 September 2022
“Purchaser”	EPS Healthcare Limited (創健商貿有限公司), a company established in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share Interests”	the entire equity interests in the Target Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	EP Trading Co., Ltd.* (EP貿易有限公司/EPトレーディング株式会社), a company established in Japan with limited liability
“Target Group”	the Target Company and Yikun
“Vendor”	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, being a connected person of the Company
“Yikun”	Yikun (Shanghai) Trading Co., Ltd.* (益坤(上海)商貿有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Target Company

“%”

per cent.

The English transliteration of the Japanese and 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 Japanese and Chinese name(s).*

In this announcement, for the purpose of illustration only, amounts quoted in JPY have been converted into HK\$ at the rate of JPY1,000 to HK\$56.243. 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, 7 December 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.

* *For identification purpose only*