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EPS Creative Health Technology Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3860)

CONTINUING CONNECTED TRANSACTION IN RELATION TO THE CRO SERVICES FRAMEWORK AGREEMENT

On 15 December 2023, EPSMC, a subsidiary of the Company, EPS Corporation and EP Mediate entered into the CRO Services Framework Agreement, pursuant to which EPS Corporation and EP Mediate has agreed to provide the CRO Services to EPSMC for the three financial years ending 31 March 2026.

As at the date of this announcement, (i) EPS Holdings, being the controlling shareholder of the Company who beneficially holding 375,000,000 Shares representing approximately 75.0% of the existing issued share capital of the Company, would be the connected person of the Company; (ii) EP Mediate is a wholly-owned subsidiary of EPS Corporation; (iii) EPS Corporation is a wholly-owned subsidiary of EPNextS, Inc.; and (iv) EPNextS, Inc. is a wholly-owned subsidiary of EPS Holdings, therefore, each of the EPS Corporation and EP Mediate is a connected person of the Company under Rule 14A.07 of the Listing Rules. Hence, the transactions contemplated under the CRO Services Framework Agreement constituted continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the annual transaction amount under the CRO Services Framework Agreement are expected to be more than 0.1% but lower than 5% or less than HK\$10 million, the transactions contemplated under the CRO Services Framework Agreement are subject to the reporting, annual review and announcement requirements and exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

On 15 December 2023, EPSMC, a subsidiary of the Company, EPS Corporation and EP Mediate entered into the CRO Services Framework Agreement, pursuant to which EPS Corporation and EP Mediate has agreed to provide the CRO Services to EPSMC for the three financial years ending 31 March 2026.

THE CRO SERVICES FRAMEWORK AGREEMENT

The principal terms of the CRO Services Framework Agreement are set out below.

- Date:** 15 December 2023
- Parties:** EPSMC;
EPS Corporation; and
EP Mediate
- Subject:** Provision of CRO Services from EPS Corporation and EP Mediate to EPSMC
- Term:** Commence on the Effective Date and continue up to and including 31 March 2026
- Pricing:** the service fee (“**Service Fee**”) in relation to the provision of CRO Services determined with reference to:–
- (i) the number of hours (“**Working Hour(s)**”) in relation to the provision of CRO Services which will be agreed by the parties in the individual agreements to be entered into by relevant parties;
 - (ii) the Service Fee per Working Hour at an average rate based on the prevailing market rates EPS Corporation and/or EP Mediate offered to its independent third parties customers, which shall be determined with reference to the complexity of the CRO Services; and
 - (iii) a discount (not less than 3% and not more than 20% of the total amount of Service Fee) shall be determined based on the prevailing market conditions and the actual numbers of Working Hours.

The annual caps in respect of the transactions under the CRO Services Framework Agreement for the three financial years ending 31 March 2024, 2025 and 2026 are as follows:-

	For the year ending 31 March		
	2024	2025	2026
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Annual Caps	6.0	9.0	9.8

The relevant historical transaction amounts of Transactions for the seven months ended 30 October 2023 is set out as follows:

	For the seven months ended 30 October 2023
	<i>HK\$ million</i>
Historical transaction amounts	2.7

Basis of Determining the Annual Caps

The Annual Caps was determined based on the expected demand on CRO Services by the management of the EPSMC.

Reasons for and benefit of the CRO Services Framework 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.

EPSMC is principally engaged in clinical trial implementation support, licensing, medical exchange between Japan and China in Japan and is a wholly-owned subsidiary of the Company.

EPS Corporation is principally engaged in all contract research organisation (“CRO”) operations in clinical trials and to handle all post-marketing CRO operations.

EP Mediate is principally engaged in foods with health claims development support business and medical devices CRO services.

The Transactions have been carried out as part of the normal business of the Group. The Group has been aiming to provide one stop solution to academia, biotech-ventures and pharmaceutical companies in Japan and the PRC, based on the knowledge and know-how of drug development support businesses that have cultivated over many years in Japan and the PRC. The Group has

constantly been in the process to coordinate industry resources to improve the margins for the segment of provision of innovative research organization and specialised contract research organization services and in-house research and development business (the “**IRO with CRO and In-house R&D Business**”). The Directors are of the view that the CRO Services Framework Agreement would facilitate the development of IRO with CRO and In-house R&D Business of the Group.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the CRO Services Framework Agreement are being conducted on normal commercial terms, in the ordinary and usual course of business of the Group and the terms of the transactions are fair and reasonable and in the interests of the Shareholders as a whole.

INTERNAL CONTROL

In order to ensure the terms of the CRO Services Framework Agreement are on normal commercial terms and fair and reasonable to the Company and the Shareholders and are no less favourable than those offered to the Group from the Independent Third Parties, the Company has formulated the following internal control policies and adopted the following internal control measures:

- (i) The finance department of the Company (the “**Finance Department**”) will closely monitor the transactions on a monthly basis under the CRO Services Framework Agreement to ensure that the transactions amount will not exceed the Annual Caps;
- (ii) in the event that the anticipated transaction amounts are expected to exceed the Annual Caps, the Finance Department will discuss with the management of the Company to consider the necessity to revise the Annual Caps based on the estimated transaction amounts and any of revision will be subject to the approval of the Board, the board of directors of EPSMC and the Independent Shareholders (if there is any adjustments to the Annual Caps, the Company will re-comply with the relevant requirements under the Listing Rule 14A.54);
- (iii) the Finance Department will conduct regular random checks on a quarterly basis to review and assess whether the transactions contemplated under the CRO Services Framework Agreement are conducted on normal commercial terms, in accordance with the terms set out in the CRO Services Framework Agreement and whether the relevant contract terms are in the interest of the Company and the Shareholders as a whole;
- (iv) the audit committee of the Company will conduct annual review on the transactions contemplated under the CRO Services Framework Agreement to report if the transaction amounts are within the Annual Caps and has complied with the terms and pricing basis of the CRO Services Framework Agreement;

“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
“CRO Services”	the specialised contract research organization services in relation to clinical trial related business to be provided by EPS Corporation and/or and EP Mediate to be acquired by EPSMC including but not limited to clinical trial monitoring, pharmaceutical consultation, data management and statistical analysis
“CRO Services Framework Agreement”	the CRO Services framework agreement dated 15 December 2023 entered into between EPSMC, EPS Corporation and EP Mediate in relation to the provision of CRO Services from EPS Corporation and EP Mediate to EPSMC commence on the Effective Date and continue up to and including 31 March 2026
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the entering into of the CRO Services Framework Agreement
“EP Mediate”	EP Mediate Co., Ltd, a company incorporated in Japan with limited liability whose registered office at Kagurazaka AK Building, 1-8 Tsukudocho, Shinjuku-ku, Tokyo, Japan and a connected person of the Company as at the date of this announcement
“EPSMC”	EPS Medical Consultancy (Japan) Co., Ltd., a company incorporated in Japan with limited liability whose registered office at Kagurazaka AK Bldg., 1-8 Tsukudocho, Shinjuku-ku, Tokyo, Japan and a wholly-owned subsidiary of the Company as at the date of this announcement
“EPS Corporation”	EPS Corporation, a company incorporated in Japan with limited liability whose registered office at Tsuruya Bldg., 2-23 Shimomiyabicho, Shinjuku-ku, Tokyo, Japan and a connected person of the Company as at the date of this announcement

“EPS Holdings”	EPS Holdings, Inc. is wholly-owned by Shinyou KK, a company incorporated in Japan which is owned as to approximately 2.32% by Mr. Yan Hao, approximately 20.00% by Suzuken Co., Ltd and approximately 67.46% by Y&G Limited which is wholly-owned by Mr. Yan Hao as at the date of this announcement. Mr. Shimada Tatsuji, Mr. Miyano Tsumoru, Mr. Maezaki Masahiro, Mr. Haribayashi Keikyo, Mr. Chiu Chun Tak, Mr. Kusaba Takuya and Mr. Yan Ping are Directors who in aggregate have less than 1% of issued share capital in EPS Holdings
“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 Shareholders”	Shareholders other than EPS Holdings and its associates
“Independent Third Party(ies)”	party(ies) which is/are independent of the Group and the connected persons of the Company
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Transactions”	transactions between the Company and EPS Corporation and/or EP Mediate in connection with the provision of CRO Services by EPS Corporation and/or EP Mediate to EPSMC, as agreed to be undertaken under the CRO Services Framework Agreement

“%”

per cent.

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

Hong Kong, 15 December 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.