News Release: EPS Corporation *(4282 TSE 1st section)*

August 1, 2013

Establishment of a Joint Company with GNIG to Strengthen New Drug Development (China Business)

Following a meeting of the board of directors on August 1, 2013, it has been agreed as part of our China business strategy that we will jointly establish with GNI Group Ltd. (President Ying Luo; code 2160 on the Tokyo Stock Exchange Mothers section; "GNIG") its intermediate stockholding company (and our equity method affiliate) in Hong Kong, and to change GNI-EPS Pharmaceuticals, Inc. ("GEP") in China from our equity method affiliate to the new company's wholly owned subsidiary.

1. Background

We have focused on China as an important base for expanding our business overseas, and have gradually scaled up our business in the country. EPS (China) Co., Ltd., which heads our China business, has taken the lead in initiating business in the fields of medical equipment sales, drug development, generics, and BPO in China. Hereafter we intend to restructure our China headquarters to build a business structure capable of both strengthening existing businesses and seizing various new business opportunities, and further widen the scope of our business in order to make our China business profitable.

2. Purpose of the new company

We are currently conducting new drug development through GNI-EPS Pharmaceuticals, Inc., which we jointly established in Tianjin city, China with GNIG. At this stage, as part of our drug development business strategy in China, we will make a joint investment to establish in Hong Kong an intermediate stockholding company of GNIG. This move is aimed at strengthening our drug development platform. We plan to upgrade our drug development seeds business by gathering new seeds under the new company, and to accelerate our drug development activities.

3. Outline of the new company

Name	GNI-EPS (HONG KONG) HOLDINGS LIMITED
Address	Room D, 10/F., Tower A, Billion Centre, 1Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
Representative	LOU YING
Business description	Research and development of new drugs
Capital	US$15,000 (initial) US$28,140,000 (final)
Date of establishment	August 2013 (planned)
Fiscal year end	December
Ownership ratio	GNIG 65.78%, EPS Corporation 34.22% (The new company will be our equity method affiliate)

4. Outlook

We have completed the phase Ⅰ-b clinical trial for the hepatic fibrosis drug F351, and plan to apply to the China Food and Drug Administration (CFDA) by the end of September 2013 for transition to the phase Ⅱ clinical trial. We plan to immediately begin the phase Ⅱ trial upon approval. Furthermore, we are also hoping to expand our F351 business in China, and are planning to develop the drug for new indications such as renal fibrosis. At present, the effect of this decision on the consolidated business performance for this term is expected to be negligible. In the event that a significant effect on performance is anticipated, we will make timely announcements.