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GUSHENGTANG HOLDINGS LIMITED

固生堂控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock code: 2273)

**PROFIT UPDATE
IN RESPECT OF THE FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

This announcement is made by GUSHENGTANG HOLDINGS LIMITED (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors of the Company that based on the Board’s preliminary assessment of the Group’s unaudited consolidated management accounts for the financial year ended 31 December 2021 (“**FY2021**”), it is expected that the Group will record (i) an increase in consolidated net loss for the FY2021 by not less than 70% as compared to that in the financial year ended 31 December 2020; and (ii) an increase in the adjusted net profit by not less than 75% as compared to that for the financial year ended 31 December 2020.

Based on the information currently available to the Board, the Board believes that:

- (a) the increase in consolidated net loss was mainly due to the increase in recognition of several adjusted items which comprise (i) fair value change of financial liabilities at fair value through profit or loss in connection with the convertible redeemable preferred shares and the convertible bonds of the Company; (ii) equity-settled share-based payment in relation to the share options granted under the Pre-IPO Share Option Plan as defined in the prospectus of the Company dated 30 November 2021; and (iii) listing expense (collectively, the “**Adjusted Items**”).

(b) the increase in adjusted net profit (defined by the Group as the net loss eliminating the effect of the Adjusted Items as specified in (a)) was mainly due to continuous and rapid growth in revenue of existing medical institutions.

The Board wishes to highlight that “adjusted net profit” is not defined under the Hong Kong Financial Reporting Standards. The Board believes that the “adjusted net profit” would provide useful information to potential investors and others in understanding and evaluating the operating results of the Group by eliminating the effect of the Adjusted Items, which are either non-operating or non-recurring expenses of the Group. In particular, the convertible redeemable preferred shares represent convertible redeemable preferred shares issued by the Company which were converted into ordinary shares of the Company upon the listing of the shares of the Company in 2021 and the Board does not expect to recognize any further loss on fair value changes of convertible redeemable preferred shares after the FY2021.

As at the date of this announcement, the Company is still in the process of finalizing the annual results for the FY2021. The information contained in this announcement only represents a preliminary assessment based on the unaudited consolidated management accounts of the Group and the information currently made available to the Board, and such figure or information has not been reviewed or audited by the independent auditor of the Company or reviewed by the audit committee of the Company. The actual results of the Group for the FY2021 may differ from the information contained in this announcement. Shareholders and potential investors of the Company are advised to read carefully the announcement of the annual results of the Group for the FY2021, which is expected to be announced in March 2022 in accordance with the requirements of the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
GUSHENGTANG HOLDINGS LIMITED
固生堂控股有限公司
TU Zhiliang
Chairman of the Board

Hong Kong, 21 January 2022

As at the date of this announcement, the Board of the Company comprises Mr. TU Zhiliang as Chairman and executive director, Mr. JIANG Xiaodong, Mr. HUANG Jingsheng, Mr. XU Yongjiu, Mr. LIU Kanghua and Mr. GAO Jian as non-executive directors, Ms. JIN Xu, Mr. LI Tie and Mr. WU Taibing as independent non-executive directors.