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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)

VOLUNTARY ANNOUNCEMENT ACQUISITION OF EQUITY INTERESTS IN GUOZONG JISHI TCM HOSPITAL

This announcement is made by GUSHENGTANG HOLDINGS LIMITED (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) on a voluntary basis to keep the shareholders and potential investors of the Company informed of the latest business developments of the Group.

ACQUISITION OF EQUITY INTERESTS IN GUOZONG JISHI TCM HOSPITAL

The board (the “**Board**”) of the directors (the “**Directors**”) of the Company is pleased to announce that on May 25, 2022, Guangdong Gushengtang Traditional Chinese Medicine Health Technology Co., Ltd. (廣東固生堂中醫養生健康科技股份有限公司) (“**Guangdong Gushengtang**”), a subsidiary of the Company, entered into an equity transfer agreement (the “**Equity Transfer Agreement**”) with the shareholder (the “**Seller**”) of Beijing Guozong Jishi Traditional Chinese Medicine Hospital Co., Ltd. (北京國宗濟世中醫醫院有限公司) (“**Guozong Jishi TCM Hospital**”), pursuant to which Guangdong Gushengtang agreed to acquire, and the Seller agreed to sell 100% equity interest in Guozong Jishi TCM Hospital (the “**Acquisition**”) at a consideration of RMB53,720,000 (the “**Consideration**”).

Upon completion of the Acquisition, Guozong Jishi TCM Hospital will become an indirect wholly-owned subsidiary of the Company, and the financial results of Guozong Jishi TCM Hospital will be consolidated into the consolidated financial statements of the Group. The Company will make further announcement(s) to provide the latest progress on the Acquisition as and when necessary in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

INFORMATION ABOUT GUOZONG JISHI TCM HOSPITAL

Guozong Jishi TCM Hospital is principally engaged in the provision of general traditional Chinese medicine (“**TCM**”) service in Beijing. As at the date of this announcement, Guozong Jishi TCM Hospital has been qualified as a medical institution designated by the relevant medical insurance authority that is permitted to treat patients covered by public medical insurance programs.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Guozong Jishi TCM Hospital mainly engaged in the provision of TCM service in Beijing. The Acquisition is in line with the Group's expansion strategies to expand our offline medical institution network through acquisition provided that the Company is of the view that the Acquisition will (i) enhance our market share in Beijing and (ii) bring synergy effects between Guozong Jishi TCM Hospital and other offline medical institutions and online healthcare platforms of the Group.

The Consideration was determined between Guangdong Gushengtang and the Seller after arm's length negotiation with reference to, amongst others, the historical performance and prospects of Guozong Jishi TCM Hospital. The Directors consider the Consideration represents a fair and reasonable valuation of Guozong Jishi TCM Hospital. The Consideration will be funded by net proceeds from the global offering.

Having considered the above, the Directors believe that the Equity Transfer Agreement and the Acquisition are fair and reasonable and in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Seller and Guozong Jishi TCM Hospital is a third party independent of the Company and its connected persons (as defined under the Listing Rules). Therefore, the Acquisition does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As none of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Acquisition exceeds 5%, the Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As completion of the Acquisition is conditional upon the satisfaction of the conditions precedent set out in the Equity Transfer Agreement, the Acquisition may or may not proceed. Shareholders and potential investors of the Company 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, May 25, 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.