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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 HANGZHOU DATONG TCM OUT-PATIENT DEPARTMENT

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 HANGZHOU DATONG TCM OUT-PATIENT DEPARTMENT

The board (the “**Board**”) of the directors (the “**Directors**”) of the Company is pleased to announce that on October 10, 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 framework agreement (the “**Equity Transfer Framework Agreement**”) with the shareholders (the “**Sellers**”) of Hangzhou Datong Traditional Chinese Medicine Out-patient Department Co., Ltd. (杭州大同中醫門診部有限公司) (“**Hangzhou Datong TCM Out-patient Department**”), pursuant to which Guangdong Gushengtang agreed to acquire, and the Sellers agreed to sell 93% equity interest in Hangzhou Datong TCM Out-patient Department, directly and indirectly, in aggregate (the “**Acquisition**”) at a consideration of RMB83,700,000 (the “**Consideration**”).

Upon completion of the Acquisition, Hangzhou Datong TCM Out-patient Department will become an indirect non-wholly owned subsidiary of the Company and the Sellers will indirectly hold 7% of the equity interest of Hangzhou Datong TCM Out-patient Department. Pursuant to the Equity Transfer Framework Agreement, the Company will obtain 100% of its operation management right and the financial results of Hangzhou Datong TCM Out-patient Department 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 HANGZHOU DATONG TCM OUT-PATIENT DEPARTMENT

Hangzhou Datong TCM Out-patient Department is principally engaged in the provision of general traditional Chinese medicine (“TCM”) service in Hangzhou. As at the date of this announcement, Hangzhou Datong TCM Out-patient Department 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

Hangzhou Datong TCM Out-patient Department mainly engaged in the provision of TCM service in Hangzhou. 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 Hangzhou and (ii) bring synergy effects between Hangzhou Datong TCM Out-patient Department and other offline medical institutions in Zhejiang Province and nationwide and online healthcare platforms of the Group.

The Consideration was determined between Guangdong Gushengtang and the Sellers after arm’s length negotiation with reference to, amongst others, the historical performance and prospects of Hangzhou Datong TCM Out-patient Department. The Directors consider the Consideration represents a fair and reasonable valuation of Hangzhou Datong TCM Out-patient Department. The Consideration will be funded by net proceeds from the global offering.

Having considered the above, the Directors believe that the Equity Transfer Framework 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 Sellers and Hangzhou Datong TCM Out-patient Department 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 precedents set out in the Equity Transfer Framework 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, October 10, 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.