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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 100% EQUITY INTEREST IN (A) KUNSHAN MINGTAI AND (B) WUXI LITONGFENG 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 100% EQUITY INTEREST IN KUNSHAN MINGTAI

The board (the “**Board**”) of the directors (the “**Directors**”) is pleased to announce that on March 18, 2023, 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 “**Kunshan Mingtai Equity Transfer Agreement**”) with the shareholders (the “**Kunshan Mingtai Sellers**”) of Kunshanshi Mingtai Out-patient Co., Ltd. (昆山市明泰門診部有限公司) (“**Kunshan Mingtai**”), pursuant to which Guangdong Gushengtang conditionally agreed to acquire, and the Kunshan Mingtai Sellers conditionally agreed to sell 100% equity interest in Kunshan Mingtai (the “**Kunshan Mingtai Acquisition**”) at a consideration of RMB16,200,000 (the “**Kunshan Mingtai Consideration**”).

Upon completion of the Kunshan Mingtai Acquisition, Kunshan Mingtai will become an indirect wholly-owned subsidiary of the Company, and the financial results of Kunshan Mingtai will be consolidated into the consolidated financial statements of the Group. The Company will make further announcement(s) to update the latest progress of the Kunshan Mingtai 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**”).

ACQUISITION OF 100% EQUITY INTEREST IN WUXI LITONGFENG HOSPITAL

The Board is pleased to announce that on March 18, 2023, Guangdong Gushengtang, a subsidiary of the Company, entered into an equity transfer agreement (the “**Wuxi Litongfeng Hospital Equity Transfer Agreement**”) with the shareholder (the “**Wuxi Litongfeng Hospital Seller**”) of Wuxi Litongfeng Traditional Chinese Medicine Hospital Co., Ltd. (無錫李同豐中醫醫院有限公司) (“**Wuxi Litongfeng Hospital**”), pursuant to which Guangdong Gushengtang conditionally agreed to acquire, and the Wuxi Litongfeng Hospital Seller conditionally agreed to sell 100% equity interest in Wuxi Litongfeng Hospital (the “**Wuxi Litongfeng Hospital Acquisition**”) at a consideration of RMB23,000,000 (the “**Wuxi Litongfeng Hospital Consideration**”).

Upon completion of the Wuxi Litongfeng Hospital Acquisition, Wuxi Litongfeng Hospital will become an indirect wholly-owned subsidiary of the Company, and the financial results of Wuxi Litongfeng Hospital will be consolidated into the consolidated financial statements of the Group. The Company will make further announcement(s) to update the latest progress of the Wuxi Litongfeng Hospital Acquisition as and when necessary in accordance with the Listing Rules.

INFORMATION ABOUT KUNSHAN MINGTAI AND WUXI LITONGFENG HOSPITAL

Kunshan Mingtai is principally engaged in the provision of general traditional Chinese medicine (“**TCM**”) service in Kunshan City. As at the date of this announcement, Kunshan Mingtai Out-patient Department (昆山明泰門診部) 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.

Wuxi Litongfeng Hospital is principally engaged in the provision of general TCM service in Wuxi City. As at the date of this announcement, Wuxi Litongfeng TCM Hospital (無錫李同豐中醫醫院) 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 KUNSHAN MINGTAI ACQUISITION AND THE WUXI LITONGFENG HOSPITAL ACQUISITION

The Kunshan Mingtai Acquisition and the Wuxi Litongfeng Hospital Acquisition are 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 Kunshan Mingtai Acquisition and the Wuxi Litongfeng Hospital Acquisition will, amongst others, (i) enhance our market share in Kunshan City, Jiangsu Province and Wuxi City, Jiangsu Province and (ii) bring synergy effects between Kunshan Mingtai, Wuxi Litongfeng Hospital and other offline medical institutions and online healthcare platforms of the Group.

The Kunshan Mingtai Consideration and the Wuxi Litongfeng Hospital Consideration were determined between Guangdong Gushengtang and each of the Kunshan Mingtai Sellers and Wuxi Litongfeng Hospital Seller after arm's length negotiation with reference to the historical performance and prospects of Kunshan Mingtai and Wuxi Litongfeng Hospital. The Directors consider the Kunshan Mingtai Consideration and the Wuxi Litongfeng Hospital Consideration represent a fair and reasonable valuation of Kunshan Mingtai and Wuxi Litongfeng Hospital. The Kunshan Mingtai Consideration and the Wuxi Litongfeng Hospital Consideration will be funded by net proceeds from the global offering and self-owned idle funds of the Group.

Having considered the above, the Directors believe that the Kunshan Mingtai Equity Transfer Agreement, the Wuxi Litongfeng Hospital Equity Transfer Agreement, the Kunshan Mingtai Acquisition and the Wuxi Litongfeng Hospital 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 (i) the Kunshan Mingtai Sellers, (ii) Kunshan Mingtai, (iii) Wuxi Litongfeng Hospital Seller and (iv) Wuxi Litongfeng Hospital is a third party independent of the Company and its connected persons (as defined under the Listing Rules). Therefore, each of the Kunshan Mingtai Acquisition and the Wuxi Litongfeng Hospital 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 Kunshan Mingtai Acquisition and Wuxi Litongfeng Hospital Acquisition exceeds 5%, each of the Kunshan Mingtai Acquisition and Wuxi Litongfeng Hospital Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As completion of the Kunshan Mingtai Acquisition and the Wuxi Litongfeng Hospital Acquisition are conditional upon the satisfaction of the conditions precedent set out in the Kunshan Mingtai Equity Transfer Agreement and the Wuxi Litongfeng Hospital Equity Transfer Agreement, the Kunshan Mingtai Acquisition and Wuxi Litongfeng Hospital 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, March 19, 2023

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.