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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)

**TOP-UP PLACING OF EXISTING SHARES AND SUBSCRIPTION OF
NEW SHARES UNDER GENERAL MANDATE**

Overall Coordinators and Placing Agents

Morgan Stanley



TOP-UP PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On March 22, 2023 (before trading hours), the Company, the Vendor and the Placing Agents entered into the Placing and Subscription Agreement, pursuant to which (i) the Vendor has conditionally agreed to appoint Morgan Stanley Asia Limited and Haitong International Securities Company Limited as Placing Agents and the Placing Agents have conditionally and severally (but not jointly or jointly and severally) agreed to act as agents for the purpose of procuring, on a best effort basis as agents of the Vendor, not less than six purchasers for the Sale Shares (being 10,400,000 Shares) at the Placing Price (being HK\$52.67 per Share); and (ii) the Company has conditionally agreed to issue to the Vendor and the Vendor has conditionally agreed to subscribe for the Subscription Shares (being 10,400,000 Shares, which is equivalent to the number of the Sale Shares) at the Subscription Price (being HK\$52.67 per Share, which is equivalent to the Placing Price).

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the completion of the Subscription other than the issue of the Subscription Shares and assuming all of the Subscription Shares are subscribed for, the Sale Shares represent approximately 4.51% of the issued share capital of the Company as at the date of this announcement, and approximately 4.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Placing Price of HK\$52.67 per Share represents:

- (i) a discount of approximately 8.00% to the closing price of HK\$57.25 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 5.03% to the average closing price of HK\$55.46 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the Last Trading Day.

The gross proceeds and the net proceeds (after deducting all applicable costs and expenses, including commission and levies and assuming all the Sale Shares are placed) are estimated to be approximately HK\$547.77 million and approximately HK\$539.61 million, respectively. The Company intends to apply the net proceeds from the Placing in the manner detailed in the section headed “Use of Proceeds”.

The Subscription Shares will be allotted and issued under the General Mandate. As such, the allotment and issue of the Subscription Shares is not subject to further approval by the Shareholders.

The Placing and Subscription Agreement may be terminated pursuant to the termination provisions contained therein. In addition, completion of the Subscription is subject to the satisfaction of the conditions precedent under the Placing and Subscription Agreement. Therefore, the Placing and/or Subscription may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

TOP-UP PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On March 22, 2023 (before trading hours), the Company, the Vendor and the Placing Agents entered into the Placing and Subscription Agreement, pursuant to which (i) the Vendor has conditionally agreed to appoint Morgan Stanley Asia Limited and Haitong International Securities Company Limited as Placing Agents and the Placing Agents have conditionally and severally (but not jointly or jointly and severally) agreed to act as agents for the purpose of procuring, on a best effort basis as agents of the Vendor, not less than six purchasers for the Sale Shares (being 10,400,000 Shares) at the Placing Price (being HK\$52.67 per Share); and (ii) the Company has conditionally agreed to issue to the Vendor and the Vendor has conditionally agreed to subscribe for the Subscription Shares (being 10,400,000 Shares, which is equivalent to the number of the Sale Shares) at the Subscription Price (being HK\$52.67 per Share, which is equivalent to the Placing Price).

The Placing and Subscription Agreement

The principal terms of the Placing and Subscription Agreement are summarized below:

Date

March 22, 2023 (before trading hours)

Parties

- (i) The Company;
- (ii) The Vendor; and
- (iii) The Placing Agents.

Vendor

As at the date of this announcement, the Vendor holds 26,832,533 Shares, representing approximately 11.65% of the issued share capital of the Company.

Placing Agents

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Placing Agents is (i) an Independent Third Party; and (ii) independent of the Vendor.

The Placing

The Placing Agents have conditionally and severally (but not jointly or jointly and severally) agreed to act as agents for the purpose of procuring, on a best effort basis as agents of the Vendor, not less than six purchasers for the Sale Shares in their respective allocation proportions at the Placing Price, upon the terms and subject to the conditions set out in the Placing and Subscription Agreement.

Number of Sale Shares

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the completion of the Subscription other than the issue of the Subscription Shares, the Sale Shares represent approximately 4.51% of the issued share capital of the Company as at the date of this announcement, and approximately 4.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Placees

It is expected that the Sale Shares will be placed to not less than six Placees.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, such Placees of the Sale Shares and their ultimate beneficial owners are (i) third parties independent of the Company and its connected persons; and (ii) third parties independent of, and not acting in concert with, the Vendor, its associates and persons acting in concert with the Vendor. It is expected that none of the Placees of the Sale Shares will become a substantial shareholder of the Company as a result of the Placing and the Subscription.

Placing Price

The Placing Price of HK\$52.67 per Share represents:

- (i) a discount of approximately 8.00% to the closing price of HK\$57.25 per Share as quoted on the Stock Exchange on the Last Trading Day; and

- (ii) a discount of approximately 5.03% to the average closing price of HK\$55.46 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the Last Trading Day.

The Placing Price was determined after arm's length negotiation among the Company, the Vendor and the Placing Agents and with reference to, among others, the prevailing market price of the Shares. The Directors consider that the Placing Price and the terms of the Placing are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Placing commission

In consideration of the services of the Placing Agents in relation to the Placing and provided that completion of the Placing occurs in accordance with the Placing and Subscription Agreement, the Placing Agents are entitled to a fixed commission, in Hong Kong dollars of 1.35%, of the amount equal to the Placing Price multiplied by the number of Sale Shares pro rata to each Placing Agent's respective allocation of the Sale Shares pursuant to the Placing and Subscription Agreement (such amount to be deducted from the payment to be made by the Placing Agents to the Vendor pursuant to the Placing and Subscription Agreement). Assuming all the Sale Shares are placed, the maximum commission payable by the Vendor to the Placing Agents shall be HK\$7,394,868.

Termination events

Notwithstanding anything contained in the Placing and Subscription Agreement, if at any time prior to 4:00 p.m. (Hong Kong time) on the Placing Closing Date:

- (i) there develops, occurs or comes into force:
 - (a) any new law or regulation or any change or development involving a prospective change in existing laws or regulations in Hong Kong, the PRC, the Cayman Islands, the British Virgin Islands, the United States, the United Kingdom, the European Union (or any of its members) or Japan, which in the opinion of the Placing Agents has or is likely to have a material adverse effect on the financial position of the Company and/or of the Group as a whole; or

- (b) any significant change in local, national or international monetary, economic, financial, political or military conditions which in the opinion of the Placing Agents is or would be materially adverse to the success of the Placing; or
 - (c) any significant change in local, national or international securities market conditions or currency exchange rates or foreign exchange rates or foreign exchange controls which in the sole judgement of the Placing Agents is or would be materially adverse to the success of the Placing; or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (d) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong, the PRC, the United Kingdom or the United States or the declaration by Hong Kong, the PRC, the United Kingdom or the United States of a national emergency or war; or
 - (e) any suspension of dealings in the Shares prior to the Placing Closing Date whatsoever (other than as a result of the Placing); or
 - (f) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange or Nasdaq due to exceptional financial circumstances or otherwise at any time prior to the Placing Closing Date; or
- (ii) any breach of any of the representations, warranties and undertakings by the Company and/or the Vendor under the Placing and Subscription Agreement comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date hereof and prior to the Placing Closing Date which if it had occurred or arisen before the date hereof would have rendered any of such representations, warranties and undertakings untrue or incorrect in any respect and any such breach or failure is material or (in the opinion of the Placing Agents) is or would materially and adversely affect the financial position or business of the Company and/or of the Group as a whole or is or would be materially adverse to the success of the Placing, or there has been a breach of, or failure to perform, any other provision of the Placing and Subscription Agreement on the part of the Vendor and/or the Company; or
- (iii) there is any such adverse change, or development involving a prospective adverse change in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company and/or of the Group as a whole which in the opinion of the Placing Agents is materially adverse to the success of the Placing;

then and in any such case, the Placing Agents may terminate the Placing and Subscription Agreement without liability to the Vendor and/or the Company by giving notice in writing to the Vendor and the Company, which notice may be given at any time prior to 8:00 p.m. (Hong Kong time) on the Placing Closing Date.

Without prejudice to any other provisions of the Placing and Subscription Agreement, the Placing Agents shall have the right exercisable at any time by notice in writing to the Vendor and the Company to terminate the Placing and Subscription Agreement if any of the Sale Shares are not delivered by or on behalf of the Vendor in accordance with the Placing and Subscription Agreement.

In the event that the Placing Agents terminate the Placing and Subscription Agreement in accordance with clauses therein, all obligations of each of the parties under the Placing and Subscription Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing and Subscription Agreement except for, among other things, any antecedent breach of any obligation under the Placing and Subscription Agreement.

Condition and Completion of Placing

There is no other condition precedent to the Placing, save for the rights of the Placing Agent to exercise its rights to terminate the Placing and Subscription Agreement (as described above). Completion of the Placing will take place on the Placing Closing Date.

The Subscription

Pursuant to the Placing and Subscription Agreement, the Vendor conditionally agreed to subscribe for, and the Company conditionally agreed to issue to the Vendor, the Subscription Shares at the Subscription Price.

Number of Subscription Shares

The number of Subscription Shares is equivalent to the number of Sale Shares sold pursuant to the Placing, being 10,400,000 Shares.

The Subscription Shares represent approximately 4.51% of the issued share capital of the Company as at the date of this announcement and approximately 4.32% of the issued share capital of the Company as enlarged by the Subscription (assuming there will be no change in the issue share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares). The aggregate nominal value of the Subscription Shares will be US\$1,040.00.

Subscription Price

The Subscription Price is HK\$52.67 which is the same as the Placing Price. The Subscription Price was determined after arm's length negotiations between the Company and the Vendor with reference to the Placing Price. The net price for the Subscription to the Company (after deduction of all relevant costs and expenses) is estimated to be approximately HK\$51.89 per Subscription Share.

Ranking of the Subscription Shares

The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment of the Subscription Shares.

Conditions of the Subscription

Completion of the Subscription is conditional upon the fulfilment of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares under the Placing and Subscription Agreement);
- (b) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement; and
- (c) the Vendor having obtained a waiver from the SFC under Note 6 to Rule 26 of the Takeovers Code in connection with the Subscription and such waiver not having been subsequently revoked prior to the delivery of the Subscription Shares.

If the conditions of the Subscription are not fulfilled within 14 days after the date of the Placing and Subscription Agreement, or such later date as may be agreed between the Company and the Vendor, the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription

Completion of the Subscription shall take place on the second Business Day after the date upon which the last of the conditions of the Subscription (set out above) to be satisfied shall have been so satisfied, provided that it shall take place on a date no later than a date falling 14 days after the date of the Placing and Subscription Agreement (or such other time and/or date as the Vendor and the Company may agree in writing).

General Mandate to Issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate.

Pursuant to the General Mandate, the Directors are authorized to allot and issue up to 46,079,291 Shares. As at the date of this announcement, no Shares have been allotted and issued by the Company under the General Mandate. As such, the issue of the Subscription Shares (i.e. 10,400,000 new Shares) falls within the limit of the General Mandate and is not subject to further approval of the Shareholders.

Lock-Up Undertakings by the Company

Pursuant to the Placing and Subscription Agreement, the Company undertakes to the Placing Agents, and the Vendor undertakes to the Placing Agents to procure, that for a period of 90 days from the Placing Closing Date, the Company will not, without first having obtained the written consent (such consent shall not be unreasonably withheld) of the Placing Agents, except for the Subscription Shares and save pursuant to (1) the terms of any pre-IPO share option scheme, the share option scheme and/or restricted share award schemes of the Company or (2) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association: (i) effect or arrange placement of, allot or issue or offer to allot or issue or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares; or (ii) enter into or agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

Reasons for the Placing and the Subscription

The Directors consider that the Placing and the Subscription represent an opportunity to raise capital for the Company while broadening its Shareholder and capital base. The Directors are of the view that the Placing and the Subscription would strengthen the financial position of the Group and provide working capital to the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing and Subscription Agreement (including the Placing Price and the Subscription Price) are normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Use of Proceeds

The gross proceeds and the net proceeds (after deducting all applicable costs and expenses) to be received by the Company from the Subscription are estimated to be approximately HK\$547.77 million and approximately HK\$539.61 million, respectively.

The Company intends to apply the net proceeds as follows:

- (i) approximately 60% or HK\$323.77 million for the expansion of offline medical institutions, including:
 - (a) upgrades and renovation of facilities and equipment of existing medical institutions;
 - (b) establishment and acquisition of new medical institutions;
- (ii) approximately 20% or HK\$107.92 million for upgrading and deepening the integration of online healthcare platforms and enhancing connection and interaction between offline and online business of the Group;
- (iii) approximately 10% or HK\$53.96 million for diversifying the Company's product portfolio, including but not limited to developing in-hospital preparations with the assistance of contract research organizations and establishing an in-house preparation center; and
- (iv) approximately 10% or HK\$53.96 million for standardizing healthcare solutions and improving the Company's information technology systems.

Equity Fund Raising Activities of the Company during the Past Twelve Months

The Company has not conducted any equity fund raising activity during the past twelve months immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, assuming (a) all the Sale Shares are placed, (b) there will be no other change to the issued share capital of the Company between the date of this announcement and the completion of the Subscription save for the issue of the Subscription Shares; and (c) the Placees do not and will not hold any Shares other than the Sale Shares, the shareholding structure of the Company (1) as at the date of this announcement; (2) immediately after completion of the Placing and before the Subscription; and (3) immediately after the completion of the Placing and the Subscription is summarized as follows:

	As at the date of this announcement		Immediately after completion of the Placing and before the Subscription		Immediately after completion of the Placing and the Subscription	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
The Vendor and its concert parties						
— Vendor's direct voting rights (Note 1)	26,832,533	11.65	16,432,533	7.13	26,832,533	11.14
— Mr. Tu's voting right via his wholly-owned investment company, Celestial City Investment Limited (Note 1)	3,211,244	1.39	3,211,244	1.39	3,211,244	1.33
— Mr. Tu's voting rights via the family trust arrangement (Note 2)	18,733,795	8.13	18,733,795	8.13	18,733,795	7.78
— Mr. Tu's voting rights via the voting right entrustment deeds (Note 3)	24,415,105	10.60	24,415,105	10.60	24,415,105	10.14
Sub-total	73,192,677	31.77	62,792,677	27.25	73,192,677	30.40
Placees	—	—	10,400,000	4.51	10,400,000	4.32
Other Shareholders	157,203,781	68.23	157,203,781	68.23	157,203,781	65.28
Total	<u>230,396,458</u>	<u>100</u>	<u>230,396,458</u>	<u>100</u>	<u>240,796,458</u>	<u>100</u>

Notes:

- (1) Each of the Vendor and Celestial City is wholly owned by Wumianshan Ltd., which is further wholly owned by Mr. Tu. Therefore, Mr. Tu is deemed to be interested in the 30,043,777 Shares directly held by the Vendor and Celestial City.
- (2) Dream True is wholly owned by Tu Family Holdings Limited, which is further wholly owned by Frandor Limited. Frandor Limited is wholly-owned by Trident Trust Company (Singapore) Pte. Limited, which is the trustee of the TZL Family Trust, of which Mr. Tu is the protector and the power holder. As such, Mr. Tu is deemed to be interested in the 18,733,795 Shares directly held by Dream True.
- (3) Pursuant to the Voting Deeds, Mr. Tu has the voting rights attached to 24,415,105 Shares directly held by Gushengtang Ltd., Shiyimianshan Holdings Limited, Shiermianshan Holdings Limited, Shisanmianshan Holdings Limited, Shisimianshan Holdings Limited, Shiwumianshan Holdings Limited, Yijiakang Technology Holdings Limited, Yijiajian Technology Holdings Limited, Yijiale Technology Holdings Limited and Yijiaan Technology Holdings Limited.
- (4) The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places.

DISPENSATION FROM RULE 26 OF THE TAKEOVERS CODE

The Vendor is indirectly wholly owned by Mr. Tu, who is an executive Director of the Company and one of the Controlling Shareholders. Accordingly, pursuant to the definition of “acting in concert” under the Takeovers Code, the Vendor and Mr. Tu are presumed to be acting in concert under Class (8).

As a result of the Placing, the aggregate percentage shareholding of the Vendor and its concert parties in the Company decrease from approximately 31.77% to approximately 27.25% but will then increase to approximately 30.40% after the completion of the Subscription. In the absence of the Waiver from the Executive, the completion of the Placing and the Subscription will trigger a general offer obligation on the Vendor under Rule 26 of the Takeovers Code. An application will be made to the Executive for the granting of the Waiver. As stated above, completion of the Subscription will be subject to, among other things, obtaining the Waiver.

INFORMATION ABOUT THE GROUP AND THE VENDOR

The Company is principally engaged in investment holding. The Group is a TCM healthcare service provider in China, principally engaged in providing customers with a comprehensive range of TCM healthcare services and products to address their diverse medical and healthcare management needs through its offline medical institutions and online healthcare platforms.

The Vendor is a BVI business company with limited liability incorporated under the laws of BVI, which is one of the Controlling Shareholders. The Vendor is an investment holding company.

The Placing and Subscription Agreement may be terminated pursuant to the termination provisions contained therein. In addition, completion of the Subscription is subject to the satisfaction of the conditions precedent under the Placing and Subscription Agreement. Therefore, the Placing and/or Subscription may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on June 16, 2022
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday and public holidays in Hong Kong) on which banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“Celestial City”	Celestial City Investments Limited, a BVI business company with limited liability incorporated under the laws of BVI on November 9, 2020 which is indirectly wholly owned by Mr. Tu, and one of our Controlling Shareholders
“Company”	GUSHENGTANG HOLDINGS LIMITED (固生堂控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on May 8, 2014, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Mr. Tu, the Vendor, Celestial City, Dream True and Wumianshan Ltd.
“Director(s)”	the director(s) of the Company
“Dream True”	Dream True Limited, a BVI business company with limited liability incorporated under the laws of BVI on February 9, 2021 and wholly owned by the Trident Trust pursuant to the TZL Family Trust, and one of our Controlling Shareholders
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director
“General Mandate”	the general mandate granted to the Directors by the Shareholders to allot and issue up to 46,079,291 Shares pursuant to an ordinary resolution passed by the Shareholders at the AGM
“Group”	the Company, its subsidiaries and controlled affiliated entities controlled by the Company through contractual arrangement
“HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who is(are) independent of and not connected with the Company and any of its connected persons
“Last Trading Day”	March 21, 2023, being the last full trading day prior to the date of this announcement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the time being in force and as may be amended from time to time
“Mr. Tu”	Mr. Tu Zhiliang (涂志亮), the executive Director, the chairman of the Board, the chief executive officer of our Company, and one of our Controlling Shareholders

“Placee(s)”	any professional, institutional or other investor whom the Placing Agents have procured to purchase any of the Sale Shares pursuant to their obligations under the Placing and Subscription Agreement
“Placing”	the private placing to the Placees procured by the Placing Agents of the Sale Shares on the terms and subject to the conditions set out in the Placing and Subscription Agreement
“Placing Agents”	Morgan Stanley Asia Limited and Haitong International Securities Company Limited
“Placing and Subscription Agreement”	the placing and subscription agreement entered into among the Company, the Vendor and the Placing Agents dated March 22, 2023 (before trading hours) in relation to the Placing and the Subscription
“Placing Closing Date”	two Business Days after the Transaction Date or such other date as the Vendor and the Placing Agents may agree in writing
“Placing Price”	HK\$52.67 per Sale Share
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau and Taiwan
“Sale Shares”	the 10,400,000 Shares to be sold by the Vendor pursuant to the Placing and Subscription Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Vendor for the Subscription Shares on and subject to the terms and conditions set out in the Placing and Subscription Agreement

“Subscription Price”	HK\$52.67 per Subscription Share, which is equal to the Placing Price
“Subscription Shares”	10,400,000 new Shares to be issued to the Vendor by the Company under the Subscription
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs of Hong Kong
“TCM”	traditional Chinese medicine
“Transaction Date”	the date when the sale of the Sale Shares shall be reported as a cross-trade to the Stock Exchange which shall be (i) March 22, 2023 or, (ii) if dealings in the Shares on the Stock Exchange are suspended at all times on March 22, 2023, the first day on which dealings resume and the cross-trade can be reported to the Stock Exchange in accordance with its rules, or such other date as the Vendor and the Placing Agents may agree in writing
“TZL Family Trust”	the trust arrangement established by Celestial City as the settlor, with Mr. Tu as the protector, Trident Trust Company (Singapore) Pte. Limited as the trustee and Celestial City, Mr. Tu and Mr. Tu’s family members as beneficiaries
“United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States
“Vendor”	ACTION THRIVE GROUP LIMITED, a BVI business company with limited liability incorporated under the laws of BVI on November 5, 2020 which is indirectly wholly owned by Mr. Tu, and one of our Controlling Shareholders, being a Shareholder interested in 26,832,533 Shares, representing approximately 11.65% of the existing issued share capital of the Company as at the date of this announcement

“Voting Deeds”	the voting right entrustment deeds entered into between Mr. Tu and each of Gushengtang Ltd., Shiyimianshan Holdings Limited, Shiermianshan Holdings Limited, Shisanmianshan Holdings Limited, Shisimianshan Holdings Limited, Shiwumianshan Holdings Limited, Yijiakang Technology Holdings Limited, Yijiajian Technology Holdings Limited, Yijiale Technology Holdings Limited and Yijiaan Technology Holdings Limited on May 31, 2021
“Waiver”	a waiver to be granted by the Executive pursuant to Note 6 to Rule 26 of the Takeovers Code of the obligations on the Vendor to make a mandatory general offer under Rule 26 of the Takeovers Code for all securities of the Company other than those already owned or agreed to be acquired by them as a result of the allotment and issue of the Subscription Shares
“%”	per cent

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 22, 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.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.