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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) BAOZHONGTANG LAOSHAN AND (B) BAOZHONGTANG ESHAN

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 BAOZHONGTANG LAOSHAN

The board (the “**Board**”) of the directors (the “**Directors**”) is pleased to announce that on July 5, 2023, Guangdong Gushengtang Traditional Chinese Medicine (“**TCM**”) 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 and a supplemental agreement (together, the “**Baozhongtang Laoshan Equity Transfer Agreements**”) with the shareholder (the “**Baozhongtang Laoshan Seller**”) of Shanghai Baozhongtang TCM Out-patient Co., Ltd. (上海寶中堂中醫門診部有限公司) (“**Baozhongtang Laoshan**”), pursuant to which Guangdong Gushengtang conditionally agreed to acquire, and the Baozhongtang Laoshan Seller conditionally agreed to sell 100% equity interest in Baozhongtang Laoshan (the “**Baozhongtang Laoshan Acquisition**”) at a consideration of RMB60,941,550 (the “**Baozhongtang Laoshan Consideration**”).

Upon completion of the Baozhongtang Laoshan Acquisition, Baozhongtang Laoshan will become an indirect wholly-owned subsidiary of the Company, and the financial results of Baozhongtang Laoshan 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 Baozhongtang Laoshan 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 BAOZHONGTANG ESHAN

The Board is pleased to announce that on July 5, 2023, Guangdong Gushengtang, a subsidiary of the Company, entered into an equity transfer agreement (the “**Baozhongtang Eshan Equity Transfer Agreement**”) with the shareholders (the “**Baozhongtang Eshan Sellers**”) of Shanghai Baozhongtang Eshan TCM Out-patient Co., Ltd. (上海寶中堂峨山中醫門診部有限公司) (“**Baozhongtang Eshan**”), pursuant to which Guangdong Gushengtang conditionally agreed to acquire, and the Baozhongtang Eshan Sellers conditionally agreed to sell 100% equity interest in Baozhongtang Eshan (the “**Baozhongtang Eshan Acquisition**”) at a consideration of RMB7,830,150 (the “**Baozhongtang Eshan Consideration**”).

Upon completion of the Baozhongtang Eshan Acquisition, Baozhongtang Eshan will become an indirect wholly-owned subsidiary of the Company, and the financial results of Baozhongtang Eshan 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 Baozhongtang Eshan Acquisition as and when necessary in accordance with the Listing Rules.

INFORMATION ABOUT BAOZHONGTANG LAOSHAN AND BAOZHONGTANG ESHAN

Baozhongtang Laoshan is principally engaged in the provision of general TCM service in the China (Shanghai) Pilot Free Trade Zone (Laoshan Road area). As at the date of this announcement, Shanghai Baozhongtang TCM Out-patient Department (上海寶中堂中醫門診部) 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.

Baozhongtang Eshan is principally engaged in the provision of general TCM service in the China (Shanghai) Pilot Free Trade Zone (Eshan Road area). As at the date of this announcement, Shanghai Baozhongtang Eshan TCM Out-patient Department (上海寶中堂峨山中醫門診部) 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.

REASONS FOR AND BENEFITS OF THE BAOZHONGTANG LAOSHAN ACQUISITION AND THE BAOZHONGTANG ESHAN ACQUISITION

The Baozhongtang Laoshan Acquisition and the Baozhongtang Eshan 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 Baozhongtang Laoshan Acquisition and the Baozhongtang Eshan Acquisition will, amongst others, (i) enhance our market share in Shanghai and (ii) bring synergy effects between Baozhongtang Laoshan, Baozhongtang Eshan and other offline medical institutions and online healthcare platforms of the Group.

The Baozhongtang Laoshan Consideration and the Baozhongtang Eshan Consideration were determined between Guangdong Gushengtang and each of the Baozhongtang Laoshan Seller and Baozhongtang Eshan Sellers after arm's length negotiation with reference to the historical performance and prospects of Baozhongtang Laoshan and Baozhongtang Eshan. The Directors consider the Baozhongtang Laoshan Consideration and the Baozhongtang Eshan Consideration represent a fair and reasonable valuation of Baozhongtang Laoshan and Baozhongtang Eshan. The Baozhongtang Laoshan Consideration and the Baozhongtang Eshan 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 Baozhongtang Laoshan Equity Transfer Agreements, the Baozhongtang Eshan Equity Transfer Agreement, the Baozhongtang Laoshan Acquisition and the Baozhongtang Eshan 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 (i) Baozhongtang Laoshan Seller, (ii) Baozhongtang Laoshan, (iii) Baozhongtang Eshan Sellers and (iv) Baozhongtang Eshan is a third party independent of the Company and its connected persons (as defined under the Listing Rules). Therefore, each of the Baozhongtang Laoshan Acquisition and the Baozhongtang Eshan 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 Baozhongtang Laoshan Acquisition and Baozhongtang Eshan Acquisition exceeds 5%, each of the Baozhongtang Laoshan Acquisition and Baozhongtang Eshan Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As completion of the Baozhongtang Laoshan Acquisition and the Baozhongtang Eshan Acquisition are conditional upon the satisfaction of the conditions precedent set out in the Baozhongtang Laoshan Equity Transfer Agreements and the Baozhongtang Eshan Equity Transfer Agreement, the Baozhongtang Laoshan Acquisition and the Baozhongtang Eshan 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, July 5, 2023

As at the date of this announcement, the Board of the Company comprises Mr. TU Zhiliang as Chairman and executive Director, 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.