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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)

- (1) PROPOSED RE-ELECTION OF RETIRING DIRECTORS;
(2) PROPOSED GRANTING OF GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES;
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM to be held at Units 03-04, 36 Floor, Lifeng Centre, No. 761 Dongfeng East Road, Yuexiu District, Guangzhou, PRC on June 18, 2024 at 10:00 a.m. is set out on pages 20 to 25 of this circular.

A form of proxy for use at the AGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.gstzy.cn). Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

April 23, 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the followings meanings:

“Action Thrive”	Action Thrive Group Limited, which is one of the Controlling Shareholders and a BVI business company with limited liability incorporated under the laws of BVI on November 5, 2020, and is indirectly wholly owned by Mr. Tu
“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at Units 03–04, 36 Floor, Lifeng Centre, No. 761 Dongfeng East Road, Yuexiu District, Guangzhou, PRC on June 18, 2024 at 10:00 a.m. or any adjournment thereof, the notice of which is set out on pages 20 to 25 of this circular
“Articles of Association”	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Cayman Companies Act”	the Companies Act (as revised) of the Cayman Islands, as amended, supplemented, or otherwise modified from time to time
“Celestial City”	Celestial City Investments Limited, which is one of the Controlling Shareholders and a BVI business company with limited liability incorporated under the laws of BVI on November 9, 2020, and is indirectly wholly owned by Mr. Tu
“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

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Mr. Tu, Action Thrive, Celestial City, Dream True and Wumianshan Ltd.
“Director(s)”	the director(s) of the Company
“Dream True”	Dream True Limited, which is one of the Controlling Shareholders and a BVI business company with limited liability incorporated under the laws of BVI on February 9, 2021, and is wholly owned by Trident Trust Company (Singapore) Pte. Limited pursuant to the TZL Family Trust
“General Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to exercise the power of the Company to allot, issue and deal with new Shares and to resell treasury shares of the Company (only after the amended Listing Rules relating to treasury shares come into effect on June 11, 2024) not exceeding 20% in aggregate of the total number of issued Shares (excluding treasury shares of the Company, if any) as at the date of passing of the relevant resolution granting such mandate
“Group”	the Company, its subsidiaries and consolidated affiliated entities controlled by the Company through the contractual arrangement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	April 14, 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

DEFINITIONS

“Listing Date”	the date, namely December 10, 2021, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented 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
“Nomination Committee”	the nomination committee of the Board
“PRC”	the People’s Republic of China, but for the purpose of this circular and for geographical reference only, references herein do not apply to Hong Kong, Macau and Taiwan
“Pre-IPO Share Option Plan”	the pre-IPO share option plan approved and adopted by the Company on March 31, 2021
“Principal Shareholders”	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
“Remuneration Committee”	the remuneration committee of the Board
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase Shares not exceeding 10% of the total number of issued Shares (excluding treasury shares of the Company, if any) as at the date of passing of the relevant resolution granting such mandate

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.0001 each
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong, as amended from time to time
“treasury shares”	has the meaning ascribed thereto under the amended Listing Rules relating to treasury shares, which will become effective on June 11, 2024
“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
“US\$”	United States dollars, the lawful currency of the United States of America
“Voting Deeds”	the voting right entrustment deeds entered into between Mr. Tu and each of the Principal Shareholders on May 31, 2021
“Wumianshan Ltd.”	Wumianshan Ltd., which is one of the Controlling Shareholders and a BVI business company incorporated under the laws of the BVI on April 23, 2014, and is wholly owned by Mr. Tu
“%”	per cent



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)

Executive Director:

Mr. Tu Zhiliang (*Chairman*)

Non-executive Directors:

Mr. Huang Jingsheng

Mr. Liu Kanghua

Mr. Gao Jian

Independent non-executive Directors:

Ms. Jin Xu

Mr. Li Tie

Mr. Wu Taibing

Registered office:

Harneys Fiduciary (Cayman) Limited

4th Floor, Harbour Place

103 South Church Street

P.O. Box 10240

Grand Cayman KY1-1002

Cayman Islands

Headquarters in the PRC:

Room 005

No. 419, Qingsha Road

Dongchong Town

Nansha District

Guangzhou City

PRC

Principal place of business in Hong Kong:

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

April 23, 2024

To the Shareholders

Dear Sir or Madam

- (1) PROPOSED RE-ELECTION OF RETIRING DIRECTORS;
(2) PROPOSED GRANTING OF GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES;
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the Annual General Meeting including, among other matters, (i) the proposed re-election of the retiring Directors, and (ii) the proposed grant to the Directors of General Mandate to issue Shares and to resell treasury shares of the Company, and the Repurchase Mandate to repurchase Shares, and to give you notice of the Annual General Meeting.

2. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 109(a) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

In accordance with Article 109(b) of the Articles of Association, the Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

In according with Article 109 of the Articles of Associations, Mr. Tu (executive Director), Mr. Huang Jingsheng (non-executive Director) and Mr. Li Tie (independent non-executive Director), will retire by rotation at the Annual General Meeting. Further, the abovementioned Directors, being eligible, have offered themselves for re-election as Directors at the Annual General Meeting.

The Nomination Committee has reviewed and assessed the background, expertise, experience and time commitment of the retiring Directors according to the nomination policy of the Company, taking into account various aspects set out in the board diversity policy of the Company including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

LETTER FROM THE BOARD

The Nomination Committee has considered Mr. Tu's rich experience in healthcare industry, his working profile and knowledge in business and general management as set out in his biographical details in Appendix I to this circular. The Nomination Committee is satisfied that Mr. Tu has performed his duties as an executive Director effectively. The Board is of the opinion that Mr. Tu with his knowledge and experience will continue to bring valuable contribution to the Board.

The Nomination Committee has considered Mr. Huang Jingsheng's extensive experience, his working profiles and other experience and factors as set out in his biographical details in Appendix I to this circular. The Nomination Committee is satisfied that Mr. Huang Jingsheng has performed his duties as a non-executive Director effectively. The Board is of the opinion that Mr. Huang Jingsheng with his knowledge and experience will continue to bring valuable contribution to the Board.

The Nomination Committee has also considered Mr. Li Tie's qualification and professional experience in financing and accounting that will bring valuable perspectives, knowledge, and enhance the diversity of the skills and experience of the Board. Further, Mr. Li Tie has the appropriate professional accounting or related financial management experience for the purpose of Rule 3.10(2) of the Listing Rules. The Board considers that Mr. Li Tie has devoted sufficient time to perform his duties of an independent non-executive Director of the Company.

Mr. Li Tie has confirmed that (i) he meets the independence criteria as set out in Rule 3.13 of the Listing Rules; (ii) he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person (as defined under the Listing Rules) of the Company; and (iii) there are no other factors that may affect his independence. The Board had reviewed the independence of Mr. Li Tie and is of the view that Mr. Li Tie meets the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent for re-election.

Therefore, the Nomination Committee has nominated and the Board has recommended Mr. Tu, Mr. Huang Jingsheng and Mr. Li Tie to stand for re-election at the AGM.

The biographical details of the aforesaid retiring Directors proposed to be re-elected at the AGM are set out in Appendix I to this circular.

LETTER FROM THE BOARD

3. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE SHARES

In order to ensure greater flexibility and give discretion to the Directors in the event that it becomes desirable for the Company to issue new Shares and to resell treasury shares of the Company, an ordinary resolution no. 4 will be proposed at the Annual General Meeting to grant the General Mandate to the Directors to exercise the powers of the Company to allot, issue and deal with new Shares in the share capital of the Company and to resell treasury shares of the Company (only after the amended Listing Rules relating to treasury shares come into effect on June 11, 2024) of up to 20% in aggregate of the total number of issued Shares (excluding treasury shares of the Company, if any) as at the date of the passing of such resolution. As at the Latest Practicable Date, the total number of issued Shares comprised 246,589,092 Shares. Subject to the passing of the ordinary resolution no. 4 and assuming there is no change to the number of issued Shares after the Latest Practicable Date and up to the date of the Annual General Meeting and no treasury shares will be held by the Company as at the date of the Annual General Meeting, the Directors will be authorized to issue a maximum of 49,317,818 Shares under the General Mandate.

In addition, subject to a separate approval of the ordinary resolution no. 6, the number of Shares repurchased by the Company under the ordinary resolution no. 5 will also be added to extend the General Mandate as mentioned in the ordinary resolution no. 4 provided that such additional amount shall not exceed 10% of the total number of issued Shares (excluding treasury shares of the Company, if any) as at the date of the passing of the General Mandate and Repurchase Mandate.

The Directors wish to state that the Company has no immediate plan to issue any new Shares or resell any treasury shares of the Company (if any) pursuant to the General Mandate.

4. PROPOSED GRANTING OF REPURCHASE MANDATE TO REPURCHASE SHARES

An ordinary resolution no. 5 will be proposed at the Annual General Meeting to grant the Repurchase Mandate to the Directors to exercise the powers of the Company to repurchase Shares, representing up to 10% of the total number of issued Shares (excluding treasury shares of the Company, if any) as at the date of the passing of the resolution in relation to the Repurchase Mandate.

An explanatory statement required by the Listing Rules in connection with the Repurchase Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

LETTER FROM THE BOARD

5. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from June 13, 2024 to June 18, 2024, both days inclusive, during which period no transfer of Shares can be registered. The record date will be June 18, 2024. In order to be eligible for attending and voting at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on June 12, 2024.

6. NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 20 to 25 of this circular is the notice of the Annual General Meeting at which, inter alia, ordinary resolutions will be proposed to the Shareholders to consider and approve (i) the proposed re-election of the retiring Directors and (ii) the proposed grant to the Directors of General Mandate to issue Shares and the Repurchase Mandate to repurchase Shares.

7. FORM OF PROXY

A form of proxy for use at the Annual General Meeting is enclosed. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.gstzy.cn), respectively. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

8. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the Annual General Meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the Annual General Meeting shall therefore demand voting on all resolutions set out in the notice of Annual General Meeting be taken by way of poll pursuant to Article 72 of the Articles of Association.

LETTER FROM THE BOARD

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorized representative shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

9. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

10. RECOMMENDATION

The Directors consider that the proposed resolutions for the re-election of the retiring Directors, the grant to the Directors of General Mandate to issue Shares and the Repurchase Mandate to repurchase Shares are in the interests of the Group and its Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

Yours faithfully

By order of the Board

GUSHENGTANG HOLDINGS LIMITED

Mr. Tu Zhiliang

Chairman

The following are the particulars of the retiring Directors being eligible for re-election at the Annual General Meeting.

Save as disclosed herein and as at the Latest Practicable Date, none of the following Directors has any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein and as at the Latest Practicable Date, none of the following Director holds any directorships in other listed public companies in Hong Kong or overseas in the last three years.

Save as disclosed herein and as at the Latest Practicable Date, none of the following Director holds any other positions with the Group.

Save as disclosed herein and as at the Latest Practicable Date, none of the following Director has any relationship with any other Directors, senior management, substantial Shareholders or Controlling Shareholders.

Save as disclosed in this circular, there is no other matter in relation to the following Directors that needs to be brought to the attention of the Shareholders and there is no other information relating to the following Directors which is required to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Tu Zhiliang (涂志亮) (“Mr. Tu”), aged 45, founded the Group in September 2010 and was appointed as a Director on May 8, 2014, chairman of the Board and the chief executive officer of the Company on August 21, 2014 and was re-designated as the executive Director on May 25, 2021. Mr. Tu is the chairman of the Nomination Committee. Mr. Tu is primarily responsible for the overall corporate and business strategies, overseeing the management and operation of the Group.

With over 19 years of experience in healthcare industry, Mr. Tu has gained an in-depth understanding of healthcare services and products and acquired rich management experience by managing the Group and developing the business. Prior to the foundation of the Group in September 2010, he served at iKang Health Technology Group Company Limited (愛康健康科技集團有限公司), a health management group operating healthcare service centers in the PRC from December 2004 to November 2009, where he served as various positions including the sales manager in Guangdong branch, deputy general manager of South China, supervisor of sales, senior supervisor and deputy general manager of North China, assistant to the chairman and deputy general manager of Eastern China, and the executive deputy general manager in Shenzhen.

Mr. Tu is a member of the Thirteenth Guangdong Province's Political Consultative Conference of China (第十三屆中國人民政治協商會議廣東省委員會) and was a member of the Twelfth Guangdong Province's Political Consultative Conference of China (第十二屆中國人民政治協商會議廣東省委員會). He also served as an executive member of the council of the China Association of Chinese Medicine (中華中醫藥學會) from November 2014 to December 2020, where he also was appointed as the deputy chairman member of Operating, Study and Research Branch, Development and Reform Research Branch, and Health Professional Committee. He also served as the vice chairman of the Board of Specialty Committee of the TCM Clinic & Community health service of World Federation of Chinese Medicine Societies (世界中醫藥學會聯合會國醫堂館社區服務專業委員會) from July 2015 to July 2019, and the executive council member of the Board of Specialty Committee of TCM Preventative Treatment of World Federation of Chinese Medicine Societies (世界中醫藥學會聯合會中醫治未病專業委員會) from March 2016 to March 2020. Mr. Tu also served as an executive director of Guangdong Provincial Association of Chinese Medicine (廣東省中醫藥學會) from November 2015 to November 2020. Since March 2023, Mr. Tu has been serving as the president of TCM Hospital Consortium of the China Association of Chinese Medicine, with the term until March 2027.

Mr. Tu was admitted by the executive master of business administration program of Cheung Kong Graduate School of Business (長江商學院) in January 2018.

Pursuant to the service contract entered into between the Company and Mr. Tu on November 16, 2021, his term of office is three years commencing from the Listing Date or until the third annual general meeting of the Company after the Listing Date, whichever ends earlier (subject to retirement by rotation and re-election in accordance with the Articles of Association and the Listing Rules), which may be determined by not less than 1 months' notice in writing by either party. Mr. Tu is entitled to a salary of RMB3,000,000 per annum (before tax) as determined by the Board, a discretionary bonus, which is determined by the Board with reference to the Company's performance and his performance.

As of the Latest Practicable Date and pursuant to Part XV of the SFO, Mr. Tu was interested or deemed interested in (i) 32,558,605 Shares held by Action Thrive and Celestia City, which are both wholly owned by Mr. Tu through Wumianshan Ltd.; (ii) 24,415,105 Shares held by the Principal Shareholders through the Voting Deeds dated May 31, 2021; (iii) 18,733,795 Shares held by Dream True through the TZL Family Trust; and (iv) 8,815,348 Shares, up to which Mr. Tu is entitled to receive pursuant to the exercise of the share options granted to him under the Pre-IPO Share Option Plan, subject to the vesting and other conditions of those options.

Mr. Huang Jingsheng (“**Mr. Huang**”), aged 66, was appointed as a Director on August 21, 2014 and re-designated as a non-executive Director on May 25, 2021, and is responsible for providing strategic advice and making recommendations on financial management and business development to the Board. Mr. Huang is a member of the Audit Committee and the Remuneration Committee.

Mr. Huang has over 22 years of experience in startups business, financing and investment. From January 2002 to September 2005, he was the managing director of SoftBank Asia Infrastructure Fund (軟銀亞洲信息基礎投資基金), mainly responsible for fund-raising and investment. From October 2005 to August 2011, he was the managing director of Bain Capital Private Equity Advisors (China) Ltd. (貝恩投資顧問(中國)有限公司), a private equity investment firm. From December 2011 to July 2014, he served at TPG HuHua (Shanghai) Equity Investment Management Enterprise (Limited Partnership) (德太滬華 (上海)股權投資 管理企業 (有限合夥)). From July 2014 to June 2020, he was a general manager of Harvard Center Shanghai and responsible for the overall management of the center. Mr. Huang has also been serving as a supervisor of Guangdong Gushengtang since September 2010.

From May 2010 to May 2019, Mr. Huang was the independent non-executive director of Besunyen Holdings Company Limited (碧生源控股有限公司) (Stock Code: 0926.HK), a provider of therapeutic teas in the PRC. Since December 2015, he has served at Yiren Digital Ltd. (Stock Code: YRD.NYSE), a personal financial service platform in the PRC, where he was the independent director and re-designated as a director in January 2020. He has also served at SOHO China Limited (Stock Code: 0410.HK), a Chinese building developer as the non-executive chairman of the board from September 2022 to October 2023, and the independent non-executive director since August 2018.

Mr. Huang graduated, majoring in English, from the Beijing Foreign Studies University (北京外國語大學) (formerly known as Beijing Foreign Languages Institute (北京外國語學院)) in January 1982 and obtained a master’s degree in sociology in January 1988 from Stanford University. He received a master’s degree in business administration from Harvard University in June 1999.

Mr. Huang has entered into a letter of appointment with the Company on November 16, 2021 for an initial term of 3 years commencing from the Listing Date or until the third annual general meeting of the Company after the Listing Date, whichever ends earlier (subject to retirement by rotation and re-election in accordance with the Articles of Association and the Listing Rules), which may be determined by not less than 1 months’ notice in writing by either party. Mr. Huang is entitled to receive emolument of RMB600,000 per annum.

As of the Latest Practicable Date and pursuant to Part XV of the SFO, Mr. Huang was interested or deemed interested in (i) 300,000 Shares held by The Jingsheng Huang 2006 Irrevocable Family Trust, of which Mr. Huang is one the trustees; and (ii) 468,047 Shares held by the HI Equity Limited, which is wholly owned by Ms. Han Pei, the spouse of Mr. Huang.

Mr. Li Tie (李鐵) (“Mr. Li”), aged 46, was appointed as an independent non-executive Director on November 16, 2021 and is responsible for providing independent opinion and judgement to the Board. Mr. Li is a chairman of the Audit Committee and a member of the Remuneration Committee.

Mr. Li has over 21 years of experience in financing and accounting. From August 2002 to February 2008, he worked at Beijing office of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) (普華永道中天會計師事務所(特殊普通合夥)). From March 2008 to June 2016, he served at Autohome Inc. (Stock Code: ATHM.NYSE), an online destination for automobile consumers in China, as a vice president. Since July 2016, he has served as an executive director and chief financial officer of Li Auto Inc. (Stock Code: 2015.HK and LI.NASDAQ), a new energy intelligent electric vehicle manufacturer in China.

Mr. Li graduated from the Tsinghua University (清華大學) in Beijing with a bachelor’s degree majoring in accounting and a master’s degree majoring in management in July 1999 and July 2002, respectively. He also completed the Senior Executive Leadership Program of Harvard Business School in July 2019 and became a member of the Chinese Institute of Certified Public Accountants on May 2021.

Mr. Li has entered into a letter of appointment with the Company on November 16, 2021 for an initial term of 3 years commencing from the Listing Date or until the third annual general meeting of the Company after the Listing Date, whichever ends earlier (subject to retirement by rotation and re-election in accordance with the Articles of Association and the Listing Rules), which may be determined by not less than 1 months’ notice in writing by either party. Mr. Li is entitled to receive emolument of RMB300,000 per annum.

APPENDIX II EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the Repurchase Mandate.

LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of Shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

SHARE CAPITAL

As at the Latest Practicable Date, the total number of issued Shares comprised 246,589,092 Shares of nominal value of US\$0.0001 each. Subject to the passing of the resolution granting the Repurchase Mandate and assuming there is no change to the number of issued Shares after the Latest Practicable Date and up to the date of the Annual General Meeting and no treasury shares will be held by the Company as at the date of the Annual General Meeting, the Directors will be authorized to repurchase a maximum of 24,658,909 Shares, representing 10% of the total number of issued Shares (excluding treasury shares of the Company, if any) as at the date of the passing of the resolution in relation to the Repurchase Mandate during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by Cayman Companies Act or the Articles of Association; or (iii) the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting prior to the next annual general meeting of the Company.

REASONS OF REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

APPENDIX II EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and the Shareholders as a whole. The Directors consider that if the Repurchase Mandate was to be exercised in full at the current prevailing market value, it may not have a material adverse impact on the working capital and the gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at December 31, 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up. The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

TREATMENT OF REPURCHASED SHARES

The Shares repurchased under the Repurchase Mandate might be cancelled or held as treasury shares subject to market conditions and the Company's capital management needs at the relevant time of the repurchases.

FUNDING OF REPURCHASES OF SHARES

Repurchases of Shares will be financed out of funds legally available for the purpose and in accordance with the Articles of Association, the Cayman Companies Act and/or any other applicable laws, as the case may be.

The Cayman Companies Act provides that the amount of capital repaid in connection with a share repurchase may be paid out of the profits of the Company or the proceeds of a fresh issue of Shares made for the purposes of the repurchase or out of capital subject to and in accordance with the Cayman Companies Act. The amount of premium payable on repurchase may only be paid out of either the profits of the Company or out of the share premium account before or at the time the Company's Shares are repurchased in the manner provided for in the Cayman Companies Act.

However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

GENERAL

None of the Director nor any of their respective associates (as defined under the Listing Rules), to the best of their knowledge and belief, having made all reasonable enquiries, currently intends to sell any Shares to the Company or its subsidiaries, in the event that the Repurchase Mandate is approved by the Shareholders.

The Directors will exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands, the Articles of Association and/or any other applicable laws, as the case may be.

Neither this explanatory statement nor the proposed share buyback has any unusual features.

No core connected person of the Company has notified the Company that he has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as disclosed herein and as at the Latest Practicable Date, the Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchase of Shares pursuant to the proposed Repurchase Mandate.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Mr. Tu was deemed to control approximately 30.70% of the existing issued share capital of the Company as (i) Mr. Tu through his wholly-owned investment companies (Celestial City and Action Thrive) controlled an aggregate of approximately 13.20% of the voting power at general meetings of the Company, (ii) pursuant to the TZL Family Trust, Trident Trust Company (Singapore) Pte. Limited held (through Dream True) approximately 7.60% of the voting power at the general meetings of the Company, and (iii) pursuant to the Voting Deeds, Mr. Tu was interested in and controlled an aggregate of approximately 9.90% of the voting power at general meetings of the Company. In the event that the Directors should exercise in full the Repurchase Mandate, the shareholding of Mr. Tu in the Company will be increased to approximately 34.11% of the issued share capital of the Company. To the best knowledge and belief of the Directors, such increase would give rise to an

APPENDIX II EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE

obligation to make a mandatory offer under the Takeovers Code. The Directors have no present intention to repurchase the Shares to the extent it will trigger the obligations under the Takeovers Code for Mr. Tu to make a mandatory offer.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

SHARE REPURCHASE MADE BY THE COMPANY

The Company repurchased a total of 1,624,400 Shares on the Stock Exchange in the six months preceding the Latest Practicable Date, with details as follows:

Date of Repurchase	Number of Shares repurchased	Purchase price per Share	
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>
October 18, 2023	80,000	47.05	46.10
October 19, 2023	80,000	45.90	44.55
October 20, 2023	60,000	45.75	44.95
October 26, 2023	50,000	45.40	44.55
October 27, 2023	20,000	46.15	44.60
January 22, 2024	200,000	41.80	40.00
January 23, 2024	200,000	42.60	41.20
January 24, 2024	120,000	42.80	42.00
January 25, 2024	70,000	44.15	43.00
March 28, 2024	499,400	44.10	43.20
April 2, 2024	95,000	43.60	42.55
April 5, 2024	70,000	43.20	42.20
April 12, 2024	80,000	42.10	41.75
Total:	1,624,400		

Saved as disclosed above, the Company has not made any repurchase of the Shares during the six months prior to the Latest Practicable Date.

APPENDIX II EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE

SHARE PRICES

The highest and lowest traded prices for Shares recorded on the Stock Exchange during each of the previous 12 months preceding the Latest Practicable Date were as follows:

Month	Highest traded prices <i>HK\$</i>	Lowest traded prices <i>HK\$</i>
2023		
April	60.00	48.05
May	52.35	44.30
June	54.85	46.00
July	52.10	45.35
August	49.75	34.75
September	47.10	41.75
October	49.014	40.886
November	52.15	45.85
December	52.40	45.00
2024		
January	50.80	37.30
February	45.45	34.95
March	49.40	40.90
April (up to the Latest Practicable Date)	45.35	41.65



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an annual general meeting (the “**Annual General Meeting**”) of GUSHENGTANG HOLDINGS LIMITED (the “**Company**”) will be held at Units 03–04, 36 Floor, Lifeng Centre, No. 761 Dongfeng East Road, Yuexiu District, Guangzhou, PRC on June 18, 2024 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the audited consolidated financial statements of the Company and its subsidiaries and consolidated affiliated entities, and the reports of the directors (the “**Directors**”) and auditor of the Company for the year ended December 31, 2023.
2.
 - (A) To re-elect Mr. Tu Zhiliang as an executive Director.
 - (B) To re-elect Mr. Huang Jingsheng as a non-executive Director.
 - (C) To re-elect Mr. Li Tie as an independent non-executive Director.
 - (D) To authorize the board of directors (the “**Board**”) to fix the remuneration of all Directors.
3. To re-appoint Ernst & Young as auditor of the Company, to hold office until the conclusion of the next annual general meeting of the Company, and to authorize the Board to fix its remuneration.

NOTICE OF ANNUAL GENERAL MEETING

4. To consider and, if thought fit, to pass (with or without amendments) the following resolutions as ordinary resolutions:

“THAT:

- (i) subject to paragraph (iii) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares in the capital of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares of the Company) which may require the exercise of such powers and to resell treasury shares of the Company (only after the amended Listing Rules relating to treasury shares come into effect on June 11, 2024) be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;
- (iii) the total number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) and the treasury shares of the Company to be resold (only after the amended Listing Rules relating to treasury shares come into effect on June 11, 2024) by the Directors during the Relevant Period (as hereinafter defined) pursuant to the approval in paragraph (i) above, otherwise than pursuant to (1) a Rights Issue (as hereinafter defined) or (2) the grant or exercise of any option under the option scheme of the Company or any other option, scheme or similar arrangements for the time being adopted for the grant or issue to the Directors, officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares; or (3) any scrip dividend or similar arrangements providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (4) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares, shall not exceed the aggregate of 20% of the total number of Shares in issue (excluding treasury shares of the Company, if any) as at the date of passing this resolution and if any subsequent consolidation or subdivision of shares is conducted, the

NOTICE OF ANNUAL GENERAL MEETING

maximum number of Shares that may be issued and the treasury shares of the Company that may be resold under the mandate in paragraph (i) above as a percentage of the total number of issued Shares (excluding treasury shares of the Company, if any) at the date immediately before and after such consolidation and subdivision shall be the same the said approval shall be limited accordingly;

(iv) for the purpose of this resolution:

(a) “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

(1) the conclusion of the next annual general meeting of the Company;

(2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or

(3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

(b) “**Rights Issue**” means an offer of Shares in the capital of the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares in the capital of the Company whose names appear on the register of members on a fixed record date in proportion to their holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

5. To consider and, if thought fit, to pass (with or without amendments) the following resolution as an ordinary resolution:

“**THAT:**

- (i) subject to paragraph (ii) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited or on any other stock exchange on which the Shares may be listed and recognized for this purpose by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited and, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time be and is hereby generally and unconditionally approved;
- (ii) the total number of Shares, which may be repurchased pursuant to the approval in paragraph (i) above shall not exceed 10% of the total number of Shares in issue (excluding treasury shares of the Company, if any) at the date of passing of this resolution, and the said approval shall be limited accordingly;
- (iii) subject to the passing of each of the paragraphs (i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (i) and (ii) of this resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and
- (iv) for the purpose of this resolution:-

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:-

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
- (c) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

6. To consider and, if thought fit, to pass (with or without amendments) the following resolution as an ordinary resolution:

“**THAT** conditional upon the resolutions numbered 4 and 5 set out in the notice convening this meeting being passed, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with additional Shares, to make or grant offers, agreements and options which might require the exercise of such powers and to resell treasury shares of the Company (only after the amended Listing Rules relating to treasury shares come into effect on June 11, 2024) pursuant to the ordinary resolution numbered 4 set out in the notice convening this meeting be and is hereby extended by the addition to the total number of Shares which may be allotted and treasury shares of the Company which may be resold (only after the amended Listing Rules relating to treasury shares come into effect on June 11, 2024) by the Directors pursuant to such general mandate an amount representing the total number of Shares repurchased by the Company under the authority granted pursuant to ordinary resolution numbered 5 set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the total number of Shares in issue (excluding treasury shares of the Company, if any) at the date of passing of the said resolutions.”

By order of the Board
GUSHENGTANG HOLDINGS LIMITED
Mr. Tu Zhiliang
Chairman

Hong Kong, April 23, 2024

Registered office:

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

Headquarters in the PRC:

Room 005
No. 419, Qingsha Road
Dongchong Town
Nansha District
Guangzhou City
PRC

Principal place of business in Hong Kong:

40/F, Dah Sing Financial Centre,
No. 248 Queen's Road East
Wanchai
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Resolution numbered 6 will be proposed to the shareholders for approval provided that ordinary resolutions numbered 4 and 5 are passed by the shareholders of the Company.
2. A shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint another person as his/her/its proxy to attend and vote instead of himself/herself/itself; a proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
4. In order to be valid, a form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
5. For the purpose of determining the entitlement to attend and vote at the Annual General Meeting, the register of members will be closed from June 13, 2024 to June 18, 2024, both days inclusive, during which period no share transfers can be registered. The record date will be June 18, 2024. In order to be eligible for attending and voting at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on June 12, 2024.

As of the date of this notice, the Board comprises Mr. TU Zhiliang as Chairman and executive Director, Mr. HUANG Jingsheng, 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.