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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **GUSHENGTANG HOLDINGS LIMITED**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this circular.

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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 ADOPTION OF THE SHARE OPTION SCHEME;**  
**(2) PROPOSED ADOPTION OF THE RSA SCHEME (NEW SHARES);**  
**AND**  
**(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening the EGM of the Company to be held at Units 01–04, 36 Floor, Lifeng Centre, No. 761 Dongfeng East Road, Yuexiu District, Guangzhou, PRC on Wednesday, December 7, 2022 at 10:00 a.m. is set out on pages 38 to 41 of this circular.

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.gstzy.cn](http://www.gstzy.cn)). Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's 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 EGM (i.e. not later than 10:00 a.m. on Monday, December 5, 2022) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

**PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING**

In order to facilitate the prevention and control of the spread of the COVID-19 at the Extraordinary General Meeting, the Company will implement the following measures at the Extraordinary General Meeting:

1. compulsory body temperature checks;
2. wearing of surgical face masks; and
3. no distribution of corporate gifts and refreshments.

The Shareholders are encouraged to appoint the chairman of the Extraordinary General Meeting as their proxy to vote on the relevant resolutions at the Extraordinary General Meeting, instead of attending the Extraordinary General Meeting in person.

November 17, 2022

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## DEFINITIONS

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

“Adoption Date”	the date of adoption of the Share Option Scheme and the RSA Scheme (New Shares) by ordinary resolutions of the Shareholders at the EGM
“Amended Rules”	the amendments to the Listing Rules relating to shares schemes of listed issuer, which will take effect on January 1, 2023 pursuant to the Consultation Conclusions
“Announcement”	the announcement of the Company dated September 12, 2022 in relation to the adoption of the RSA Scheme (Existing Shares) and the proposed adoption of the Share Option Scheme and the RSA Scheme (New Shares)
“Articles of Association”	the tenth amended and restated memorandum and articles of association of the Company adopted and effective on June 16, 2022 (as amended from time to time)
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Award”	an award granted by the Board or the Committee to an Eligible Participant, which may vest in the form of Restricted Shares, as the Board or the Committee may determine in accordance with the terms of the rules of the RSA Scheme (Existing Shares) or the RSA Scheme (New Shares) (where applicable)
“Board”	the board of Directors (and when such defined term is used in the context of Appendix I and Appendix II to this circular, shall also include the Committee)
“business day”	a day on which the Stock Exchange is open for the business of dealing in securities

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## DEFINITIONS

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“Cause” or “Specific  
Circumstance”

any of the following as determined at the sole discretion of the Board or the Committee (where applicable): (i) a Grantee’s material violations of the internal rules and procedures of any member of the Group, or material breach of employment contract, expert collaboration agreement, consulting agreement or other similar agreement or arrangement between such Grantee and the Company; (ii) other than the Grantee who is a part-time physician, a Grantee’s failure to accept and comply with any changes relating to his/her duties requested by the Company (or any affiliate of the Company), including without limitation to any changes to his/her job title or to the place of work in which he/she may be assigned to work; (iii) a Grantee’s breach of any provision in any confidentiality agreement, non-competition agreement or invention assignment agreement between such Grantee and the Company (or any affiliate of the Company), unauthorized use or other misuse of the Company’s trade secrets, intellectual property or proprietary information or violation of any material policy of the Company or its affiliates applicable to such Grantee; (iv) a Grantee accepting or asking for bribes, commission of embezzlement, theft or other similar acts; (v) a Grantee’s conviction of criminal offense; (vi) a Grantee (being a Management Participant in the context of the RSA Scheme (New Shares) or an Employee Participant in the context of the Share Option Scheme) participating in activities which compete with the business of any member of the Group, or seeking benefits for other companies or entities which compete with any member of the Group; (vii) a Grantee (being a Management Participant in the context of the RSA Scheme (New Shares) or an Employee Participant in the context of the Share Option Scheme) working as a part-time staff at other companies or entities, the business of which compete with any member of the Group, or engaging in any works not arranged by any member of the Group during the working hours, without permission of such member of the Group; (viii) a Grantee engaging in any acts or omission to perform any of his/her duties that has had or will have an adverse effect on the Company’s or any of its affiliates’ reputation or business as determined by the Board or the Committee (where applicable) in its sole discretion; (ix) without the prior consent of the Group, a Grantee, who is a part-time physician hired by the Company (or an affiliate of the Company), has been engaged by another party as a full-time or part-time physician other than his/her original full-time employer; (x) a Grantee with any conduct that has materially adverse effect to the reputation or interests of any member of the Group; (xi) a medical institution of the Group, where a Grantee serves as a regional general manager, a dean of such institution or other responsible person, has been subject to a single administrative penalty exceeding RMB300,000 by the government institution, or being refused to pay or required to refund annual medical insurance by the medical insurance bureaus with the annual amount exceeding 8% of the annual reimbursement amount (which shall be determined by the financial department of the Group); (xii) a Grantee being a physician, has been subject to a single administrative penalty exceeding RMB300,000, or a single compensation to the clients of the Group for medical incidents or medical disputes exceeding RMB300,000 due to medical malpractice of such Grantee

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## DEFINITIONS

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“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Committee”	a committee duly appointed by the Board for the purpose of administering the Share Option Scheme, the RSA Scheme (Existing Shares) or the RSA Scheme (New Shares) (where applicable)
“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 with stock code 2273
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consultation Conclusion”	the Consultation Conclusions on the Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers and Housekeeping Rule Amendment published by the Stock Exchange in July 2022
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“COVID-19”	Novel coronavirus pneumonia
“Director(s)”	the director(s) of the Company
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at Units 01–04, 36 Floor, Lifeng Centre, No. 761 Dongfeng East Road, Yuexiu District, Guangzhou, PRC on Wednesday, December 7, 2022 at 10:00 a.m. or any adjournment thereof, the notice of which is set out on pages 38 to 41 of this circular
“Eligible Participant(s)”	<p>in the context of the Share Option Scheme, means (i) any Employee Participant; or (ii) any Service Provider who the Board or the Committee considers, in its sole discretion, has the eligibility ascribed in the Share Option Scheme;</p> <p>in the context of the RSA Scheme (New Shares), means (i) any Management Participant; or (ii) any Service Provider, who the Board or the Committee considers, in its sole discretion, has the eligibility ascribed in the RSA Scheme (New Shares)</p>
“Employee Participant(s)”	any director and employee of the Company or any other member of the Group (including any person who is granted Options under the Share Option Scheme as an inducement to enter into employment contracts with members of the Group)
“External Consultant(s)”	any consultant providing business consulting services on healthcare products quality control, medical regulations and policies, operation of offline medical institutions and medical research and development, to the Group

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## DEFINITIONS

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“Grant”	the offer of the grant of an Award to be made in accordance with the RSA Scheme (New Shares)
“Grant Date”	the date (which shall be a business day) on which the Grant is made to an Eligible Participant, being the date of the grant letter
“Grantee”	any Eligible Participant who accepts or is deemed to have accepted an Offer or a Grant in accordance with the terms of the Share Incentive Schemes (where applicable) or (where the context so permits) any person who is entitled to any Award or to exercise such Option in consequence of the death of the original Grantee
“Group”	the Company, its subsidiaries and consolidated affiliated entities
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	November 9, 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on December 10, 2021
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Management Participant(s)”	any senior or middle-level management of the Company or any other member of the Group, as determined by the Board or the Committee at its sole discretion
“Non-employee Physician(s)”	any physician, who is not a director or employee of the Company or any other member of the Group, providing online or offline healthcare services to the Group
“Offer”	an offer of the grant of an Option
“Offer Date”	the date on which an Offer is made to an Eligible Participant, which must be a business day
“Option(s)”	a right to subscribe for Shares pursuant to the Share Option Scheme

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## DEFINITIONS

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“Option Period”	a period to be determined and notified by the Board or the Committee to the Grantee during which the Option may be exercised and in any event shall be not more than 10 years commencing on the Offer Date and expiring on the last day of such 10-year period
“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 Special Administrative Region of the PRC and Taiwan
“Pre-IPO Share Option Plan”	the pre-IPO share option plan approved and adopted by the Company on March 31, 2021
“Prospectus”	the prospectus of the Company published on November 30, 2021
“Purchase Price”	the consideration, if any, payable by a Grantee for acceptance of an Award, which shall be determined at the sole and absolute discretion of the Board or the Committee
“Remuneration Committee”	the remuneration committee of the Company
“Restricted Share(s)”	Share(s) that may be offered by the Company to any Eligible Participants pursuant to the RSA Scheme (New Shares)
“RSA Scheme (Existing Shares)”	the restricted share award scheme (existing shares) adopted by the Board on September 9, 2022, the principal terms of which are set out in the announcement of the Company dated September 12, 2022
“RSA Scheme (New Shares)”	the restricted share award scheme (new shares) proposed to be adopted by the Company, the principal terms of which are set out in the Appendix II to this circular
“Selected Participants”	any Eligible Participant(s) selected by the Board or the Committee in accordance with the terms of the RSA Scheme (New Shares)
“Service Provider(s)”	(i) any Non-employee Physician; or (ii) any External Consultant, excluding (x) placing agent or financial adviser providing services for fundraising mergers or acquisitions or (y) professional service provider such as auditor or valuer who provides assurance, or is required to perform services with impartiality and objectivity, and such person shall provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group
“SFO”	the Securities and Futures Ordinance (Cap. 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

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## DEFINITIONS

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“Share Incentive Schemes”	the RSA Scheme (Existing Shares), the Share Option Scheme and the RSA Scheme (New Shares)
“Share Option Scheme”	the share option scheme proposed to be adopted by the Company, the principal terms of which are set out in the Appendix I to this circular
“Share Schemes”	share options schemes and/or share award schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time, including the Share Option Scheme and the RSA Scheme (New Shares)
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price at which each Share subject to an Option may be subscribed on the exercise of that Option
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“TCM”	traditional Chinese medicine
“Trust Deed”	a trust deed entered into on October 18, 2022 between the Company as the settlor and the Trustee as the trustee in respect of the appointment of the Trustee for the administration of the RSA Scheme (New Shares) and the RSA Scheme (Existing Shares) (as restated, supplemented and amended from time to time)
“Trust Fund”	has the meaning as defined in the Trust Deed
“Trustee”	Futu Trustee Limited, a company incorporated in Hong Kong and having its administrative office at 5/F, Bangkok Bank Building, 14–20 Bonham Strand West, Sheung Wan, Hong Kong, or other trustee or trustees as shall be appointed pursuant to the terms of the Trust Deed, which is independent and not connected with the Group
“%”	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. Jiang Xiaodong

Mr. Huang Jingsheng

Mr. Xu Yongjiu

Mr. Liu Kanghua

Mr. Gao Jian

*Independent non-executive Directors:*

Ms. Jin Xu

Mr. Li Tie

Mr. Wu Taibing

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PRC

*Principal place of business*

*in Hong Kong:*

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

November 17, 2022

*To the Shareholders*

Dear Sir or Madam,

- (1) PROPOSED ADOPTION OF THE SHARE OPTION SCHEME;**  
**(2) PROPOSED ADOPTION OF THE RSA SCHEME (NEW SHARES);**  
**AND**  
**(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcement. The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the EGM in relation to (i) the proposed adoption of the Share Option Scheme, and (ii) the proposed adoption of the RSA Scheme (New Shares), and to give you notice of the EGM.

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## LETTER FROM THE BOARD

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### PROPOSED ADOPTION OF THE SHARE OPTION SCHEME AND THE RSA SCHEME (NEW SHARES)

#### (A) Background

Before the Listing, the Company adopted the Pre-IPO Share Option Plan on March 31, 2021, details of which are set forth in the Prospectus. The Pre-IPO Share Option Plan was not subject to the provisions of Chapter 17 of the Listing Rules currently in effect or the Amended Rules as the Pre-IPO Share Option Plan does not involve the grant of options to subscribe for Shares or the grant of awards involving issuance of new Shares by the Company after the Listing. Pursuant to the terms of the Pre-IPO Share Option Plan, the Pre-IPO Share Option Plan was in force for the period ending on the latest practicable date for ascertaining certain information contained in the Prospectus prior to the printing of the Prospectus (inclusive of the date), and the Company will not grant further options under the Pre-IPO Share Option Plan after the Listing.

On September 9, 2022, the Company adopted the RSA Scheme (Existing Shares), details of which are set forth in the Announcement. Pursuant to the RSA Scheme (Existing Shares), the Awards will be satisfied by existing Shares to be acquired by the Trustee through on-market transactions at the prevailing market price or at price within a specific price range determined at the sole discretion of the Board or the Committee. Therefore, the RSA Scheme (Existing Shares) will constitute a share scheme funded by existing Shares for the purposes of the Amended Rules. Pursuant to the terms of the RSA Scheme (Existing Shares), the RSA Scheme (Existing Shares) has a term of 10 years commencing on September 9, 2022.

Apart from the Pre-IPO Share Option Plan and the RSA Scheme (Existing Shares), the Group did not maintain any other share option scheme or share award scheme as at the Latest Practicable Date.

The Board is of the view that retaining and attracting talents are of significant importance to the future business development of the Group and the granting of equity incentives is an effective instrument to this end. Given that (i) the Company recognizes the needs to have in place medium to long-term incentive mechanisms to support the long-term development of the Group after the Listing, and (ii) the Share Option Scheme and the RSA Scheme (New Shares) are different in nature compared with the RSA Scheme (Existing Shares) in terms of the sources of Shares to satisfy the exercise of the Options or the Awards, the Board has therefore further resolved on September 9, 2022 to propose the adoption of the Share Option Scheme and the adoption of the RSA Scheme (New Shares) for approval by the Shareholders at the EGM.

Pursuant to the Consultation Conclusions, Chapter 17 of the Listing Rules currently in effect will be amended to (i) govern both share option schemes and share award schemes involving issuance of new Shares, and (ii) require disclosure of a summary of the terms of and the awards granted under the share award schemes funded by existing Shares in the annual report, with effect from January 1, 2023. In light of the above, the terms of the Share Option Scheme and the RSA Scheme (New Shares) have been prepared in accordance with the Amended Rules. The Share Option Scheme will constitute a share option scheme for the purposes of Chapter 17 of the Listing Rules currently in effect and the Amended Rules. Therefore, the adoption of the Share Option Scheme will be subject to, among others, Shareholders' approval at the EGM. Pursuant to the RSA Scheme (New Shares), the Awards will be satisfied by new Shares to be allotted and issued by the Company under the specific mandate to be granted by the Shareholders at the EGM. The RSA Scheme (New Shares) will constitute a share scheme involving the grant of new Shares for the purposes of the Amended Rules. Therefore, the Company will voluntarily put forward the resolution regarding the adoption of the RSA Scheme (New Shares) for the Shareholders' approval at the EGM.

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## LETTER FROM THE BOARD

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### **(B) Conditions**

The Share Option Scheme will take effect on the date of its adoption at the EGM and is conditional upon:

- (a) the passing of the ordinary resolution by the Shareholders at the EGM to approve and adopt the Share Option Scheme and to authorise the Board or the Committee to grant Options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Option; and
- (b) the Stock Exchange granting approval of (subject to such conditions as the Stock Exchange may impose) the listing of, and permission to deal in, any Shares which may fall to be allotted and issued pursuant to the exercise of any Option to be granted under the Share Option Scheme.

The RSA Scheme (New Shares) will take effect on the date of its adoption at the EGM and is conditional upon:

- (a) the passing of the ordinary resolution by the Shareholders at the EGM to approve and adopt the RSA Scheme (New Shares) and to authorise the Board or the Committee to grant Awards under the RSA Scheme (New Shares) and to allot and issue Shares in respect of such Awards under the RSA Scheme (New Shares); and
- (b) the Stock Exchange granting approval of (subject to such conditions as the Stock Exchange may impose) the listing of, and permission to deal in, any Shares which may fall to be allotted and issued in respect of any Award to be granted under the RSA Scheme (New Shares).

### **(C) Eligibility**

According to the Share Option Scheme, the scope of Eligible Participants include (i) Employee Participants and (ii) Service Providers who the Board or the Committee considers, in its sole discretion, have the eligibility ascribed in the Share Option Scheme. According to the RSA Scheme (New Shares), the scope of Eligible Participants include (i) Management Participants and (ii) Service Providers who the Board or the Committee considers, in its sole discretion, have the eligibility ascribed in the RSA Scheme (New Shares).

The Board is of the view that the inclusion of Service Providers as Eligible Participants under the Share Option Scheme and the RSA Scheme (New Shares) is appropriate and in the interests of the Company and the Shareholders as a whole, given that the success of the Group requires the co-operation and contribution not only from its directors and employees, but also from (i) Non-employee Physicians, in particular, “National TCM Great Masters” (國醫大師) with extensive practicing experience in TCM industry for over 50 years and other famous and high-quality medical professionals with prestigious reputation and considerable industry influence, and (ii) External Consultants, on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group.

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## LETTER FROM THE BOARD

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The Group is devoted to provide customers with a comprehensive range of TCM healthcare services and products to address their diverse medical and healthcare management needs through the Group's offline medical institutions and online healthcare platforms. As such, the Group relies on Non-employee Physicians, who are mostly reputable and experienced physicians in Class III Grade A hospitals, to practice at medical service network of the Group (both online and offline) as multi-site physicians pursuant to the liberated physician registration regulation that allows licensed physicians to register and practice at multiple sites and their expert collaboration agreement with the Group. Furthermore, the Group relies on External Consultants to provide ancillary support and services, including healthcare products quality control, medical regulations and policies, operation of offline medical institutions and medical research and development, which are also important to business development of the Group. Nevertheless, the Group maintains a long-term relationship by entering into expert collaboration agreement with all Non-employee Physicians and External Consultants. Based on the above, the Board (a) is of the view that each category of Service Providers has provided services to the Group on a continuing or recurring basis in its ordinary and usual course of business, and (b) acknowledges the necessity and importance of the Non-employee Physicians or External Consultants, who are crucial for maintaining the Group's reputation and competitiveness in the long term. Historically, the Group adopted an equity incentive plan in 2015 (the "**2015 Equity Incentive Plan**") to provide share incentives to selected participants, in which the Non-employee Physicians and External Consultants received approximately 2.1 million Shares in aggregate, representing approximately 12% of the total Shares issued pursuant to the 2015 Equity Incentive Plan. All the incentive Shares under the 2015 Equity Incentive Plan were issued to the relevant participants prior to the Listing. Details of the 2015 Equity Incentive Plan are set out in the Prospectus. Therefore, despite of the service fees received by the Non-employee Physicians and External Consultants, the Board is of the view that the granting of Options and Awards will further incentivise the Non-employee Physicians and External Consultants with the long-term value to be brought by the growth of the Company's business and market capitalization. Further, the Board considers that the Non-employee Physicians, External Consultants and other Eligible Participants will share common interests and objectives with the Group upon their exercise of the Options and the vesting of their Awards, which is beneficial to the sustainable development of the Group.

In assessing the eligibility of Non-employee Physicians, including whether the Non-employee Physicians provide services to the Group on a continuing or recurring basis in the ordinary and usual course of business of the Group, the Board or the Committee will take into account various factors, among others, (i) the historical collaboration relationships between such physician and the Group; (ii) the continuing services intended to be provided onwards by such physician to the Group; (iii) the Group's future business plans in relation to further collaboration with such physician; (iv) the positive impacts such physician has brought and anticipated to be continuously brought to the Group's business development; (v) track record in the quality of online or offline healthcare services provided by such physician; (vi) the capacity, expertise and reputation of such physician; and (vii) the nature of the service (i.e. whether the service provided and anticipated to be continuously provided by such physician is TCM healthcare service).

In assessing the eligibility of External Consultants, including whether the External Consultants provide services to the Group on a continuing or recurring basis in the ordinary and usual course of business of the Group, the Board or the Committee will take into account various factors, among others, (i) the historical collaboration relationships between such consultant and the Group; (ii) the continuing services intended to be provided onwards by such consultant to the Group; (iii) the Group's future business plans in relation to further collaboration with such consultant; (iv) the positive impacts the consultant has brought and anticipated to be continuously brought to the Group's business development; (v) track record in the quality of consulting services provided by such consultant; (vi) the capacity, expertise and reputation of such consultant; and (vii) the nature of the service (i.e. whether the service provided and anticipated to be continuously provided by such consultant is business consulting service on healthcare products quality control, medical regulations and policies, operation of offline medical institutions or medical research and development).

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## LETTER FROM THE BOARD

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As such, the Board is of the view that with the inclusion of Service Providers as Eligible Participants under the Share Option Scheme and the RSA Scheme (New Shares), the Group will be well-placed to incentivise those who have been central to the business development of the Group to make further contribution on a continuing basis.

### **(D) Grant of Option or Awards**

According to the rules of the Share Option Scheme and the RSA Scheme (New Shares), the vesting period of Options or Awards shall not be less than 12 months, unless the Board or the Committee determines, in its sole discretion, that the Option granted to an Employee Participant or the Award granted to a Management Participant may be subject to a vesting period of less than 12 months in the circumstances where (i) Options or Awards are subject to performance-based vesting conditions in lieu of time-based vesting criteria to stimulate the Employee Participants or the Management Participants to achieve the relevant performance targets in a shorter period; or (ii) Options or Awards are granted in batches during a year for administrative and compliance reasons, in which case, the vesting period may be shorter to reflect the time from which the Option or Awards would have been granted. Taking into account the fact that (a) performance-based vesting conditions are more effective in providing further incentives to Employee Participants or the Management Participants to strike for better service quality (further explained below) and (b) it is not uncommon in the market for Options and/or Awards to be granted in batches over a years at different stages depending on the Company's incentive plan, the Board is of the view that such arrangements are in line with the industry norm. Given the arrangements on having a vesting period of less than 12 months for the Options or Awards to be granted to Employee Participants or Management Participants in specific circumstances as disclosed above (i) can provide further incentives to such Employee Participants and Management Participants to strike for better service quality by directly linking their performance with the vesting condition and therefore contribute to the continuous growth of the Group, and (ii) will make the total remuneration package of the Group more attractive and hence place the Group in a more advantageous position to recruit and retain talents to continuously serve the Group, the Board is further of the view that such arrangements are appropriate and align with the purposes of the Share Option Scheme and the RSA Scheme (New Shares) (i.e. to provide incentives and/or rewards to the Employee Participants or Management Participants for their contributions to, and continuing efforts to promote the interests of, the Group and to enable the Group to recruit and retain talents). For the avoidance of doubt, the vesting period for Eligible Participants other than Employee Participants and Management Participants shall not be less than 12 months.

The Share Option Scheme and the RSA Scheme (New Shares) further stipulate that the clawback mechanism shall be determined by the Board or the Committee from time to time, including but not limited to in the occurrence of (i) any Specific Circumstances (applicable in Share Option Scheme) or Cause (applicable in the RSA Scheme (New Shares)) of an Eligible Participant; (ii) any violation of a Grantee to obligations of confidentiality or non-competition to the Group, or any leakage by such Grantee of the Group's trade secrets, intellectual property or proprietary information within the period of five years after such Grantee ceasing to be an Eligible Participant; or (iii) any conduct of a Grantee that has materially adverse effect to the reputation or interests of any member of the Group within the period of five years after such Grantee ceasing to be an Eligible Participant, upon which, the Company may require such Grantee to return the gains from the exercised Options or the vested Restricted Shares.

The Share Option Scheme or the RSA Scheme (New Shares) does not stipulate any performance target a Grantee is required to achieve before an Option may be exercised or an Award may be vested. However, under the Share Option Scheme and the RSA Scheme (New Shares), the Board or the Committee may in its absolute discretion specify such conditions, restrictions or limitations as it thinks fit when making an Offer or a Grant to an Eligible Participant (including, without limitation, as to the performance targets, if any, attached to the Option or Award), provided that such conditions shall not be inconsistent with any other terms and conditions of the Share Option Scheme or the RSA Scheme (New Shares). While the performance targets will be imposed on a case-by-case basis to ensure the Options exercised or Award

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## LETTER FROM THE BOARD

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vested would be beneficial to the Group, general factors to be taken into account include but not limited to (i) at the Company level, the period-to-period growth and development of the Group, the key performance indicators of which will tentatively tie to the phased revenue and profits after taking into account the period-to-period macroeconomic condition and the market and industry condition, as well as the overall strategic planning of the Group (i.e. the business focus of the Group of the upcoming financial year) and (ii) at the individual level, his/her personal position, the overall grade for his/her work performance (i.e. year-end appraisal result), his/her continued contribution to the Group in terms of revenue contribution, customer feedbacks, as well as quality, attitude (i.e. whether the Grantee is disciplined and responsible), capabilities (i.e. work capabilities and independence of the Grantee), teamwork (i.e. the communication skills of the Grantee and whether the Grantee is a team player) and other factors relevant to the Grantee. The Board or the Committee will carefully assess whether the performance targets are satisfied before serving the exercise notice or the vesting notice.

Under the Share Option Scheme, the Subscription Price shall be determined by the Board or the Committee and shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share. Under the RSA Scheme (New Shares), the Purchase Price shall be determined at the sole and absolute discretion of the Board or the Committee with reference to the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Grant Date and shall not be less than the nominal value of a Share.

The Board believes that the discretion of the Board or the Committee on the vesting period, clawback mechanism, performance target and the Subscription Price or Purchase Price under the Share Option Scheme and RSA Scheme (New Shares) will provide the Board and the Committee with more flexibility in imposing appropriate terms and conditions in light of the particular circumstances of each Offer or Grant and help facilitate the achievement of the purposes of the Share Option Scheme and RSA Scheme (New Shares).

### **(E) Scheme Limits**

The total number of Shares which may be issued in respect of all options and awards to be granted under the Share Option Scheme, the RSA Scheme (New Shares) and any other Share Schemes must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date.

The total number of Shares which may be issued in respect of all options and awards to be granted to all Service Providers under the Share Option Scheme, the RSA Scheme (New Shares) and any other Share Schemes must not in aggregate exceed 6% of the total number of Shares in issue as at the Adoption Date (the "**Service Provider Sublimit**").

The Service Providers mainly include two groups of persons who may become the potential Eligible Participants: (i) Non-employee Physicians, who are anticipated to receive a substantial portion of Options and Awards among Service Providers, and (ii) External Consultants.

The Service Provider Sublimit of 6% was determined by the Board having taken into account the following factors:

#### ***Non-employee Physicians***

- Under the Group's current business model, the Group has a large number of Non-employee Physicians who are mostly reputable and experienced physicians in Class III Grade A hospitals and entered into

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## LETTER FROM THE BOARD

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expert collaboration agreements with the Group. As of June 30, 2022, there were over 20,000 Non-employee Physicians which accounts for over 95% of the total physicians practicing at the Group's medical service network.

- The Group relies on and will continue to rely on Non-employee Physicians practicing at the Group's medical service network (both online and offline) as multi-site physicians. During the six months ended June 30, 2022, over 70% of the revenue of the Group was contributed by the Non-employee Physicians.

### *External Consultants*

- Ancillary TCM-related consultation services on healthcare products quality control, medical regulations and policies, operation of offline medical institutions and medical research and development, which are significant to the Group's day-to-day business operation and development as a comprehensive TCM service provider in the PRC, are to a large extent provided by various External Consultants.

Therefore, considering (i) the large number and importance of the Non-employee Physicians; (ii) the fact that the Group needs to provide long-term incentive to recruit and retain a sufficient number of Non-employee Physicians; and (iii) the valuable and commercially irreplaceable services provided and to be provided by the External Consultants, the Board considers it is necessary to reserve more Shares for this pool of people who play and will continue to play a vital role in the Group's operation and growth and the Service Provider Sublimit of 6% is appropriate and reasonable.

Based on 230,396,458 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date to the Adoption Date, (i) the maximum number of Shares that may be issued in respect of all options and awards to be granted under the Share Option Scheme, the RSA Scheme (New Shares) and any other Share Schemes involving issuance of new Shares is 23,039,645 Shares, representing approximately 10% of the total number of Shares in issue as at the Adoption Date, and (ii) the maximum number of Share that may be issued in respect of all options and awards to be granted to all Service Providers under the Share Option Scheme, the RSA Scheme (New Shares) and any other Share Schemes involving issuance of new Shares is 13,823,787 Shares, representing approximately 6% of the total number of Share in issue as at the Adoption Date.

### **(F) Others**

Subject to the adoption of the Share Option Scheme and the terms of the Share Option Scheme, the Company plans to grant the first tranche of the Options in the coming 12 months, mainly to (i) certain directors and/or employees of the Group and (ii) certain Service Providers, who have made significant contributions to the Group. Subject to the adoption of the RSA Scheme (New Shares) and the terms of the RSA Scheme (New Shares), the Company plans to grant the first tranche of the Awards in the coming 12 months, mainly to (i) certain senior and/or middle-level management of the Group and (ii) certain Service Providers, who have made significant contributions to the Group. As at the Latest Practicable Date, the identity of the Grantees and the terms of the Options or Awards to be granted have yet to be determined. Further announcement will be made by the Company in strict compliance with the requirements under Chapter 17 of the Listing Rules currently in effect and the Amended Rules when the terms of the above possible grant of Options or Awards, including the identity of the Grantees and the number of Options or Awards, are determined.

The Board considers that it would not be appropriate to state the value of the Options or Awards that may be granted under the Share Option Scheme and the RSA Scheme (New Shares) as if they have been granted as at the Latest Practicable Date, given that the variables which are crucial for the calculation of such value cannot be reasonably ascertained at this stage. Such variables include, but not limited to,

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the Subscription Price, the Purchase Price, the period during which the Options may be exercised, any performance targets or other conditions, restrictions or limitations that the Board may impose with respect to the Options and the Awards. The Board believes that it would not be meaningful and may even be misleading to Shareholders if the value of the Options or the Awards is calculated based on a set of speculative assumptions.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be allotted and issued pursuant to the exercise of any Options that may be granted under the Share Option Scheme and in respect of any Awards that may be granted under the RSA Scheme (New Shares).

The Company will comply with the applicable requirements under Chapter 17 of the Listing Rules currently in effect and the Amended Rules in respect of the operation of the Share Option Scheme and the RSA Scheme (New Shares). The Company is not required under the terms of the Share Option Scheme to appoint any trustee for the purpose of administering the Share Option Scheme. The Company has appointed Futu Trustee Limited as the trustee for the purpose of administration of the RSA Scheme (New Shares). None of the Directors is or will be a trustee of the Share Option Scheme or the RSA Scheme (New Shares) or has a direct or indirect interest in the trustee (if any) of the Share Option Scheme or the RSA Scheme (New Shares).

Pursuant to the note to Rule 17.03(2) of the Listing Rules currently in effect, the Board has sought legal advice on the prospectus requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) in relation to the Share Option Scheme and the RSA Scheme (New Shares) proposed to be adopted and will comply with the relevant requirements when granting Options or Awards to the Eligible Participants.

A summary of the principal terms of the Share Option Scheme and the RSA Scheme (New Shares) is set out in the Appendix I and Appendix II, respectively, to this circular. A copy of the rules of the Share Option Scheme and the RSA Scheme (New Shares) will be published on the websites of Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.gstzy.cn](http://www.gstzy.cn)) for display from the date of this circular up to the date of the EGM and the same will be available for inspection at the EGM.

### **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the entitlement to attend and vote at the EGM, the transfer books and register of members of the Company will be closed from Friday, December 2, 2022 to Wednesday, December 7, 2022, both days inclusive, during which period no transfer of Shares can be registered. The record date will be December 7, 2022. In order to qualify for attending and voting at the EGM, 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 Thursday, December 1, 2022.

### **NOTICE OF EGM**

Set out on pages 38 to 41 of this circular is the notice of EGM at which, inter alia, ordinary resolutions in relation to the proposed adoption of the Share Option Scheme and the proposed adoption of the RSA Scheme (New Shares) will be put forward to the Shareholders for consideration and approval.



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### FORM OF PROXY

A form of proxy for use at the EGM is enclosed. Such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.gstzy.cn](http://www.gstzy.cn)). Whether or not you are able to attend the EGM, 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 EGM (i.e. not later than 10:00 a.m. on Monday, December 5, 2022) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

### 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 EGM, 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 EGM shall therefore demand voting on the resolutions set out in the notice of EGM be taken by way of poll pursuant to Article 72 of the Articles of Association.

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.

To the best of the Directors' knowledge and information having made all reasonable enquiries, no Shareholder has a material interest in the resolutions regarding the proposed adoption of the Share Option Scheme and the proposed adoption of the RSA Scheme (New Shares), and accordingly, no Shareholder is required to abstain from voting in respect of the resolutions to be proposed at the EGM.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes 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 this circular or any statement herein misleading.

### RECOMMENDATION

The Directors consider that the proposed adoption of the Share Option Scheme and the proposed adoption of the RSA Scheme (New 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 the relevant resolutions to be proposed at the EGM.

Yours faithfully  
By order of the Board  
**GUSHENGTANG HOLDINGS LIMITED**  
固生堂控股有限公司  
**Mr. Tu Zhiliang**  
*Chairman*

*The following is a summary of the principal terms of the Share Option Scheme proposed to be approved at the EGM.*

## **1. PURPOSE**

The purpose of the Share Option Scheme is to provide incentives and/or rewards to Eligible Participants for their contributions to, and continuing efforts to promote the interests of, the Group and to enable the Group to recruit and retain talents.

## **2. WHO MAY JOIN**

Eligible Participants under the Share Option Scheme include (i) Employee Participants; and (ii) Service Providers who the Board considers, in its sole discretion, have the below eligibility.

The eligibility of the Eligible Participants to the grant of the Options shall be determined by the Board from time to time and on a case-by-case basis subject to the Board's opinion as to his/her/its contribution to the development and growth of the Group. In particular, in assessing the eligibility of Service Providers, including whether the Service Providers provide services to the Group on a continuing or recurring basis in the ordinary and usual course of business of the Group, the Board will consider all relevant factors as appropriate, including but not limited to:

- (a) in the case of Non-employee Physicians, (i) the historical collaboration relationships between such physician and the Group; (ii) the continuing services intended to be provided onwards by such physician to the Group; (iii) the Group's future business plans in relation to further collaboration with such physician; (iv) the positive impacts such physician has brought and anticipated to be continuously brought to the Group's business development; (v) track record in the quality of online or offline healthcare services provided by such physician; (vi) the capacity, expertise and reputation of such physician; and (vii) the nature of the service (i.e. whether the service provided and anticipated to be continuously provided by such physician is TCM healthcare service); and
- (b) in the case of External Consultants, (i) the historical collaboration relationships between such consultant and the Group; (ii) the continuing services intended to be provided onwards by such consultant to the Group; (iii) the Group's future business plans in relation to further collaboration with such consultant; (iv) the positive impacts the consultant has brought and anticipated to be continuously brought to the Group's business development; (v) track record in the quality of consulting services provided by such consultant; (vi) the capacity, expertise and reputation of such consultant; and (vii) the nature of the service (i.e. whether the service provided and anticipated to be continuously provided by such consultant is business consulting service on healthcare products quality control, medical regulations and policies, operation of offline medical institutions or medical research and development).

## **3. DURATION OF THE SHARE OPTION SCHEME**

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options shall be granted. Subject to the above, in all other respects, in particular, in respect of Options remaining outstanding on the expiration of the 10-year period, the provisions of the Share Option Scheme shall remain in full force and effect.

#### 4. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

The total number of Shares which may be issued in respect of all options and awards to be granted under the Share Option Scheme and any other Share Schemes must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date (the “**Scheme Mandate Limit**”).

The total number of Shares which may be issued in respect of all options and awards to be granted to all Service Providers under the Share Schemes must not in aggregate exceed 6% of the total number of Shares in issue as at the Adoption Date (the “**Service Provider Sublimit**”).

For the purposes of calculating the Scheme Mandate Limit and the Service Provider Sublimit, options and awards that have already lapsed in accordance with the terms of the Share Schemes shall not be regarded as utilised.

If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or the Service Provider Sublimit has been approved by the Shareholders at the EGM, the maximum number of Shares that may be issued in respect of all options and awards to be granted under the Share Schemes under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

The Scheme Mandate Limit and the Service Provider Sublimit may be refreshed by the Shareholders in general meeting after three years from the date of Shareholders’ approval for the last refreshment (or the adoption of the Share Option Scheme), provided that:

- (a) the total number of Shares which may be issued in respect of all options and awards to be granted under the Share Schemes under the Scheme Mandate Limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval of the refreshing of the Scheme Mandate Limit by the Shareholders;
- (b) the total number of Shares which may be issued in respect of all options and awards to be granted under the Share Schemes under the Service Provider Sublimit as refreshed shall not exceed 6% of the total number of Shares in issue as at the date of approval of the refreshing of the Service Provider Sublimit by the Shareholders; and
- (c) a circular regarding the proposed refreshing of the Scheme Mandate Limit and the Service Provider Sublimit has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules.

Within three years from the date of Shareholders’ approval for the last refreshment (or the adoption of the Share Option Scheme), the Scheme Mandate Limit and Service Provider Sublimit may be refreshed by the Shareholders in general meeting subject to the requirements under paragraphs (a), (b) and (c) above and the following provisions:

- (d) any controlling shareholders of the Company and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and

- (e) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules.

The requirements under paragraphs (d) and (e) above do not apply if such refreshment is made immediately after an issue of securities by the Company to Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit and the Service Provider Sublimit (as a percentage of the total number of issued Shares) upon refreshment is the same as the unused part of the Scheme Mandate Limit and the Service Provider Sublimit immediately before the issue of securities, rounded to the nearest whole Share.

The Company may seek separate approval from the Shareholders in general meeting for granting Options which will result in the Scheme Mandate Limit being exceeded, provided that:

- (a) the grant is only to Eligible Participants specifically identified by the Company before the approval is sought;
- (b) a circular containing the details of the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules; and
- (c) the number and terms of the Options to be granted to such Eligible Participants are fixed before the general meeting of the Company at which the same are approved.

## 5. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

No Option shall be granted to any Eligible Participant (“**Relevant Eligible Participant**”) if, at the time of grant, the number of Shares issued and to be issued in respect of all options and awards granted to an Eligible Participant under the Share Schemes in the 12-month period up to and including the Offer Date of the relevant Option would exceed 1% of the total number of Shares in issue as at the Offer Date, unless:

- (a) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by the Shareholders in general meeting, at which the Relevant Eligible Participant and his close associates (or his associates if the Relevant Eligible Participant is a connected person) abstained from voting;
- (b) a circular containing the details of the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules; and
- (c) the number and terms of such Option are fixed before the general meeting of the Company at which the same are approved.

## 6. GRANT OF OPTIONS

Subject to the terms of the Share Option Scheme, the Board shall be entitled (but not bound) at any time within the period of 10 years after the Adoption Date to make an Offer to any Eligible Participant, as the Board may in its absolute discretion select, to take up an Option pursuant to which such Eligible Participant may, during the Option Period, subscribe for such number of Shares (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof) as the Board may determine at the Subscription Price. The Board may in its absolute discretion specify such conditions, restrictions or limitations as it thinks fit when making an Offer to an Eligible Participant (including, without limitation, as to the performance targets, clawback mechanism and the vesting period attached to the Option), provided that such conditions shall not be inconsistent with any other terms and conditions of the Share Option Scheme. The number of Options and/or vesting conditions attached to such Options will be determined by the Board in its absolute discretion with reference to the job title of the relevant Employee Participants.

Each Offer shall be in writing and shall specify, among others:

- (a) a date, being a date not later than one month after (i) the Offer Date, or (ii) the date on which the conditions (if any) for the Offer are satisfied, whichever is earlier, by which the Eligible Participant must accept the Offer or be deemed to have declined it;
- (b) the vesting period, which shall not be less than 12 months, unless the Board determines, in its sole discretion, that the Option granted to an Employee Participant may be subject to a vesting period of less than 12 months in the following circumstances: (i) Options that are subject to performance-based vesting conditions, in lieu of time-based vesting criteria to stimulate the Employee Participants to achieve the relevant performance targets in a shorter period; or (ii) Options are granted in batches during a year for administrative and compliance reasons, in which case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
- (c) the clawback mechanism as the Board may determine from time to time, including but not limited to in the occurrence of: (i) any Specific Circumstances of an Eligible Participant; (ii) any violation of a Grantee to obligations of confidentiality or non-competition to the Group, or any leakage by such Grantee of the Group's trade secrets, intellectual property or proprietary information within the period of five years after such Grantee ceasing to be an Eligible Participant; or (iii) any conduct of a Grantee that has materially adverse effect to the reputation or interests of any member of the Group within the period of five years after such Grantee ceasing to be an Eligible Participant, upon which, the Company may require such Grantee to return the gains from the exercised Option; and

- (d) the performance target, as the Board may in its absolute discretion specify as it thinks fit, which will be imposed on a case-by-case basis to ensure the Options exercised would be beneficial to the Group, with general factors to be taken into account include but not limited to (i) at the Company level, the period-to-period growth and development of the Group, the key performance indicators of which will tentatively tie to the phased revenue and profits after taking into account the period-to-period macroeconomic condition and the market and industry condition, as well as the overall strategic planning of the Group (i.e. the business focus of the Group of the upcoming financial year) and (ii) at the individual level, his/her personal position, the overall grade for his/her work performance (i.e. year-end appraisal result), his/her continued contribution to the Group in terms of revenue contribution, customer feedbacks, as well as quality, attitude (i.e. whether the Grantee is disciplined and responsible), capabilities (i.e. work capabilities and independence of the Grantee), teamwork (i.e. the communication skills of the Grantee and whether the Grantee is a team player) and other factors relevant to the Grantee.

An Offer shall be deemed to have been accepted by the Grantee when the Company receives the duplicate of the offer letter comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a remittance of the option price, being the amount of HK\$1.00 payable for each acceptance of grant of an Option, to the Company.

## **7. SUBSCRIPTION PRICE**

Subject to the terms of the Share Option Scheme, the Subscription Price shall be a price determined by the Board and notified to an Eligible Participant and shall be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a business day;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and
- (c) the nominal value of a Share.

**8. GRANT OF OPTIONS TO CONNECTED PERSONS**

Where an Option is to be granted to any Director, the chief executive or any substantial shareholder of the Company (or any of their respective associates), the grant shall not be valid unless it has been approved by the independent non-executive Directors, excluding any independent non-executive Director who is the proposed Grantee of the Option.

Where an Option is to be granted to an independent non-executive Director or a substantial shareholder of the Company (or any of their respective associates), and the grant will result in the number of the Shares issued and to be issued in respect of all options and awards granted to such Eligible Participant under the Share Schemes in the 12-month period up to and including the Offer Date of the relevant Option exceeding 0.1% of the total number of Shares in issue as at the Offer Date, such grant shall not be valid unless:

- (a) the grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by the Shareholders in general meeting, at which the proposed Grantee, his associates and all core connected persons of the Company abstained from voting in favour of the relevant resolution granting the approval;
- (b) a circular containing the details of the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including but not limited to, the views of the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of the Option) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and Shareholders as a whole, and their recommendation to the independent Shareholders as to voting); and
- (c) the number and terms of such Option are fixed before the general meeting of the Company at which the same are approved.

**9. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS**

No Offer shall be made to, and no Option shall be capable of acceptance by, any Eligible Participant after inside information has come to the knowledge of the Company until (and including) the trading day after it has announced the information. In particular, during the period commencing one month immediately preceding the earlier of: (1) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (2) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcements, no Option may be granted. Such period will cover any period of delay in the publication of a results announcement.

**10. RANKING OF SHARES**

The Shares to be allotted and issued upon the exercise of an Option shall be subject to the Articles of Association and shall rank *pari passu* in all respects with the fully-paid Shares in issue of the Company as at the date of allotment and will entitle the holders to participate in all dividends or other distributions declared or recommended or resolved to be paid or made in respect of a record date falling on or after the date of allotment. Prior to the Grantee being registered as a Shareholder on the register of members of the Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions or any rights arising on a liquidation of the Company, in respect of the Shares to be issued upon the exercise of the Option.

**11. RIGHTS ON CEASING TO BE AN ELIGIBLE PARTICIPANT**

- (a) Subject to paragraphs 11(b), 11(c), 11(d), 11(e), 11(f) and 15(f), where the Grantee of an outstanding Option ceases to be an Eligible Participant for any reason, any part of the Option which has been vested and is exercisable prior thereto shall remain exercisable within three months (or such other period as the Board may determine) following the date of cessation, after which date any outstanding Option shall lapse and not be exercisable, and any part of the Option which has yet to be vested prior to the date of cessation shall lapse on the date of cessation and not be exercisable. The date of such cessation shall be (i) if he is an employee of the Group, his last actual working day at his workplace with the Group whether salary is paid in lieu of notice or not; or (ii) if he is not an employee of the Group, the date on which the contract or arrangement constituting him an Eligible Participant ceases;
- (b) where the Grantee of an outstanding Option dies or loses working capability due to performance of duties before exercising the Option in full or at all, any part of the Option which has been vested and is exercisable prior to the date of death or the date of occurrence of relevant event shall remain exercisable by such Grantee or his lawful successor(s) within twelve months (or such other period as the Board may determine) following the date of death or the date of occurrence of relevant event, after which date any outstanding Option shall lapse and not be exercisable, and any part of the Option which has yet to be vested prior thereto shall lapse on the date of death or the date of occurrence of relevant event and not be exercisable;
- (c) where the Grantee (being an Employee Participant) of an outstanding Option ceases to be an Eligible Participant by reason of termination of employment due to his permanent physical or mental disablement, or retirement before exercising the Option in full or at all, any part of the Option which has been vested and is exercisable prior thereto shall remain exercisable within twelve months (or such other period as the Board may determine) following the date of termination or retirement, after which date any outstanding Option shall lapse and not be exercisable, and any part of the Option which has yet to be vested prior thereto shall lapse on the date of termination or retirement and not be exercisable;



- (d) where the Grantee (being an Employee Participant) of an outstanding Option ceases to be an Eligible Participant by reason of termination of employment due to redundancy by the Group before exercising the Option in full or at all, any part of the Option which has been vested and is exercisable prior to the date of termination shall remain exercisable by such Grantee within three months following the date of termination, after which date any outstanding Option shall lapse and not be exercisable, and any part of the Option which has yet to be vested prior thereto shall lapse on the date of termination and not be exercisable;
- (e) where the Grantee (being an Employee Participant) of an outstanding Option ceases to be an Eligible Participant by resignation, expiry of employment contract, termination of employment by suggestion of the Group, or dismissal by the Group due to his failure to meet the standards in appraisal or his inability to perform the job, other than termination of employment on one or more of the grounds specified in paragraph 15(f) below, before exercising the Option in full or at all, any part of the Option which has been vested and is exercisable prior to the date of termination shall remain exercisable by such Grantee within three months following the date of such cessation or termination, after which date any outstanding Option shall lapse and not be exercisable, and any part of the Option which has yet to be vested prior thereto shall lapse on the date of such cessation or termination and not be exercisable. The date of such cessation or termination shall be his last actual working day at his workplace with the Group whether salary is paid in lieu of notice or not; and
- (f) where the Grantee is declared bankrupt or becomes insolvent or makes any arrangements or composition with his creditors generally, before exercising the Option in full or at all, any part of the Option which has been vested and is exercisable prior to the date of such event shall remain exercisable by such Grantee within three months following the date of such event, after which date any outstanding Option shall lapse and not be exercisable, and any part of the Option which has yet to be vested prior thereto shall lapse on the date of such event and not be exercisable.

## **12. RIGHTS ON GENERAL OFFER**

- (a) If a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 12(b)) is made to all the Shareholders (or all the Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall give notice thereof to the Grantee and the Grantee (or his personal representatives) may by notice in writing to the Company within 14 days after such offer becoming or being declared unconditional exercise the Option to its full extent or to the extent specified in such notice; and
- (b) if a general offer for Shares by way of scheme of arrangement is made to all the Shareholders and the scheme has been approved by the Shareholders at the requisite meetings, the Company shall give notice thereof to the Grantee and the Grantee (or his personal representatives) may thereafter (but before such time as shall be notified by the Company) by notice in writing to the Company within 14 days after the date of such approval exercise the Option to its full extent or to the extent specified in such notice.

**13. RIGHTS ON WINDING-UP**

In the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all the Grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each Grantee (or his or her personal representatives) shall be entitled to exercise all or any of his Options at any time not later than five business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than three business days immediately prior to the date of the proposed general meeting referred to above, issue and allot the relevant Shares to the Grantee credited as fully paid.

**14. RIGHTS ON COMPROMISE OR ARRANGEMENT**

In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 12(b) above, between the Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company (which may cause the Option no longer exercisable), the Company shall give notice thereof to all the Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and any Grantee may at any time thereafter but before such time as shall be notified by the Company exercise the Option to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully-paid Shares which fall to be issued on exercise of such Option.

**15. LAPSE OF OPTION**

The right to exercise an Option (to the extent not already exercised) shall automatically terminate immediately upon the earliest of:

- (a) the expiry of the Option Period or any period within which an Option may be exercised as stipulated in the Offer;
- (b) the expiry of any of the periods referred to in paragraphs 11 and 12(a);
- (c) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph 12(b);
- (d) subject to paragraph 13, the date of the commencement of the winding-up of the Company;
- (e) subject to paragraph 14, the proposed compromise or arrangement becoming effective;
- (f) the date on which the Grantee ceases to be an Eligible Participant due to any Specific Circumstances. For the avoidance of doubt, any Option which has yet to be exercised prior to the date of such Specific Circumstance shall lapse in such situation and not be exercisable. A resolution of the Board to the effect that the employment or other relevant contract or arrangement of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph 15(f) shall be final and conclusive;

- (g) if an Option was granted subject to certain conditions, restrictions or limitation, the date on which such conditions, restrictions or limitation is not satisfied or capable of being satisfied; or
- (h) the date on which the Grantee commits a breach of paragraph 18.

## **16. CANCELLATION OF OPTIONS GRANTED**

The Company may cancel an Option granted with the approval of the Grantee of such Option.

No options or awards may be granted to an Eligible Participant in place of his cancelled Options unless there are available Scheme Mandate Limit and Service Provider Sublimit (if applicable) from time to time. For the purpose of this paragraph 16, the Options cancelled will be regarded as utilised in calculating the Scheme Mandate Limit and the Service Provider Sublimit.

## **17. TERMINATION OF THE SHARE OPTION SCHEME**

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

## **18. TRANSFERABILITY OF OPTIONS**

An Option shall be personal to the Grantee and shall not be assignable nor transferable, and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any Option or attempt to do so.

## **19. EFFECT OF REORGANISATION OF CAPITAL STRUCTURE**

In the event of any alteration in the capital structure of the Company whilst any Option remains outstanding, whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company, the Company shall make corresponding adjustments (if any) to:

- (a) the maximum number of Shares subject to the Share Option Scheme; and/or
- (b) the number or nominal amount of Shares subject to the Options already granted so far as they remain exercisable; and/or
- (c) the Subscription Price,

provided that:

- (a) no such adjustments shall be made in respect of an issue of securities by the Company as consideration in a transaction;
- (b) any such adjustments must be made so that each Grantee is given the same proportion of the share capital of the Company, rounded to the nearest whole Share, as that to which he was previously entitled;

- (c) no such adjustments shall be made which would result in the Subscription Price for a Share being less than its nominal value, provided that in such circumstances the Subscription Price shall be reduced to the nominal value;
- (d) any such adjustments, save those made on a capitalisation issue, shall be confirmed by an independent financial adviser or the auditors in writing to the Directors as satisfying the requirements of paragraph (b) above, the requirements of the relevant provisions of the Listing Rules and the supplementary guidance on Rule 17.03(13) of the Listing Rules set out in the letter issued by the Stock Exchange on September 5, 2005 (the “**Supplementary Guidance**”) and any further guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time, and that in the opinion of the auditors or an independent financial adviser that the adjustments made by the Board under this paragraph 19 are fair and reasonable;
- (e) any such adjustments to be made pursuant to a subdivision or consolidation of share capital shall be made on the basis that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; and
- (f) any adjustments to be made will comply with the Listing Rules, the Supplementary Guidance and any further guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

## 20. ALTERATION OF THE SHARE OPTION SCHEME

The Share Option Scheme may be altered in any respect by resolution of the Board, except that any alterations to the terms and conditions of the Share Option Scheme that are of a material nature or any alterations to the specific terms of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Grantees or proposed Grantees must be approved by the Shareholders in general meeting (with the Grantees and their associates abstaining from voting). The Board’s determination as to whether any proposed alteration to the terms and conditions of the Share Option Scheme is material shall be conclusive.

Any change to the authority of the Board to alter the terms of the Share Option Scheme shall not be valid unless approved by Shareholders in general meeting.

Any change to the terms of Options granted to a Grantee must be approved by the Board, the Remuneration Committee, the independent non-executive Directors of the Company and/or the Shareholders (as the case may be) if the initial grant of such Options under the Share Option Scheme was approved by the Board, the Remuneration Committee, the independent non-executive Directors of the Company and/or the Shareholders (as the case may be) except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

The amended terms of the Share Option Scheme or the Options must comply with the relevant requirements of Chapter 17 of the Listing Rules.

The Company must provide to all Grantees all details relating to changes in the terms of the Share Option Scheme during the life of the Share Option Scheme immediately upon such changes taking effect.

*The following is a summary of the principal terms of the RSA Scheme (New Shares) proposed to be approved at the EGM.*

### **1. PURPOSE**

The purpose of the RSA Scheme (New Shares) is to provide incentives and/or rewards to Eligible Participants for their contributions to, and continuing efforts to promote the interests of, the Group and to enable the Group to recruit and retain talents.

### **2. WHO MAY JOIN**

Eligible Participants under the RSA Scheme (New Shares) include (i) Management Participants; and (ii) Service Providers, who the Board considers, in its sole discretion, have the below eligibility.

The eligibility of the Eligible Participants to the grant of the Awards shall be determined by the Board from time to time and on a case-by-case basis subject to the Board's opinion as to his/her/its contribution to the development and growth of the Group. In particular, in assessing the eligibility of Service Providers, including whether the Service Providers provide services to the Group on a continuing or recurring basis in the ordinary and usual course of business of the Group, the Board will consider all relevant factors as appropriate, including but not limited to:

- (a) in the case of Non-employee Physicians, (i) the historical collaboration relationships between such physician and the Group; (ii) the continuing services intended to be provided onwards by such physician to the Group; (iii) the Group's future business plans in relation to further collaboration with such physician; (iv) the positive impacts such physician has brought and anticipated to be continuously brought to the Group's business development; (v) track record in the quality of online or offline healthcare services provided by such physician; (vi) the capacity, expertise and reputation of such physician; and (vii) the nature of the service (i.e. whether the service provided and anticipated to be continuously provided by such physician is TCM healthcare service); and
- (b) in the case of External Consultants, (i) the historical collaboration relationships between such consultant and the Group; (ii) the continuing services intended to be provided onwards by such consultant to the Group; (iii) the Group's future business plans in relation to further collaboration with such consultant; (iv) the positive impacts the consultant has brought and anticipated to be continuously brought to the Group's business development; (v) track record in the quality of consulting services provided by such consultant; (vi) the capacity, expertise and reputation of such consultant; and (vii) the nature of the service (i.e. whether the service provided and anticipated to be continuously provided by such consultant is business consulting service on healthcare products quality control, medical regulations and policies, operation of offline medical institutions or medical research and development).

### **3. DURATION OF THE RSA SCHEME (NEW SHARES)**

Subject to the terms of the RSA Scheme (New Shares), the RSA Scheme (New Shares) shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Awards shall be granted, but the provisions of the RSA Scheme (New Shares) shall in all other respects remain in full force and effect to the extent necessary to give effect to any Awards granted prior to such expiry and the administration of the Trust Fund held by the Trustee pursuant to the Trust Deed.

#### 4. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

The total number of Shares which may be issued in respect of all options and awards to be granted under the RSA Scheme (New Shares) and any other Share Schemes must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date (the “**Scheme Mandate Limit**”).

The total number of Shares which may be issued in respect of all options and awards to be granted to all Service Providers under the Share Schemes must not in aggregate exceed 6% of the total number of Shares in issue as at the Adoption Date (the “**Service Provider Sublimit**”).

For the purposes of calculating the Scheme Mandate Limit and the Service Provider Sublimit, options and awards that have already lapsed in accordance with the terms of the Share Schemes shall not be regarded as utilised.

If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or the Service Provider Sublimit has been approved by the Shareholders at the EGM, the maximum number of Shares that may be issued in respect of all options and awards to be granted under the Share Schemes under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

The Scheme Mandate Limit and the Service Provider Sublimit may be refreshed by the Shareholders in general meeting after three years from the date of Shareholders’ approval for the last refreshment (or the adoption of the RSA Scheme (New Shares)), provided that:

- (a) the total number of Shares which may be issued in respect of all options and awards to be granted under the Share Schemes under the Scheme Mandate Limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval of the refreshing of the Scheme Mandate Limit by the Shareholders;
- (b) the total number of Shares which may be issued in respect of all options and awards to be granted under the Share Schemes under the Service Provider Sublimit as refreshed shall not exceed 6% of the total number of Shares in issue as at the date of approval of the refreshing of the Service Provider Sublimit by the Shareholders; and
- (c) a circular regarding the proposed refreshing of the Scheme Mandate Limit and the Service Provider Sublimit has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules.

Within three years from the date of Shareholders' approval for the last refreshment (or the adoption of the RSA Scheme (New Shares)), the Scheme Mandate Limit and Service Provider Sublimit may be refreshed by the Shareholders in general meeting subject to the requirements under paragraphs (a), (b) and (c) above and the following provisions:

- (d) any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
- (e) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules.

The requirements under paragraphs (d) and (e) above do not apply if such refreshment is made immediately after an issue of securities by the Company to Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit and the Service Provider Sublimit (as a percentage of the total number of issued Shares) upon refreshment is the same as the unused part of the Scheme Mandate Limit and the Service Provider Sublimit immediately before the issue of securities, rounded to the nearest whole Share.

The Company may seek separate approval from the Shareholders in general meeting for granting Awards which will result in the Scheme Mandate Limit being exceeded, provided that:

- (a) the grant is only to Eligible Participants specifically identified by the Company before the approval is sought;
- (b) a circular containing the details of the Grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules; and
- (c) the number and terms of the Awards to be granted to such Eligible Participants are fixed before the general meeting of the Company at which the same are approved.

## 5. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

No Award shall be granted to any Eligible Participant ("**Relevant Eligible Participant**") if, at the time of grant, the number of Shares issued and to be issued in respect of all options and awards granted to an Eligible Participant under the Share Schemes in the 12-month period up to and including the Grant Date of the relevant Award would exceed 1% of the total number of Shares in issue as at the Grant Date, unless:

- (a) such Grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by the Shareholders in general meeting, at which the Relevant Eligible Participant and his close associates (or his associates if the Relevant Eligible Participant is a connected person) abstained from voting;
- (b) a circular containing the details of the Grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules; and
- (c) the number and terms of such Award are fixed before the general meeting of the Company at which the same are approved.

## 6. GRANT OF AWARDS

On and subject to the terms of the RSA Scheme (New Shares), the Board shall be entitled at any time during the term of the RSA Scheme (New Shares) to make a Grant to any Eligible Participant, as the Board may in its absolute discretion determine. The Board may in its absolute discretion specify such conditions, restrictions or limitations as it thinks fit when making a Grant to an Eligible Participant (including, without limitation, as to the performance targets, clawback mechanism and the vesting period attached to the Award), provided such terms and conditions shall not be inconsistent with any other terms and conditions of the RSA Scheme (New Shares). The terms and conditions of an Award may be determined at the sole and absolute discretion of the Board and may differ among Selected Participants. In particular, the number of Restricted Shares underlying the Awards and/or vesting conditions attached to such Awards may be determined at the sole and absolute discretion of the Board with reference to the job title of the relevant Management Participants.

Each offer of grant of Award shall be in writing and shall specify, among others:

- (a) a date, being a date not later than one month after (i) the Grant Date, or (ii) the date on which the conditions (if any) for the Grant are satisfied, whichever is earlier, by which the Selected Participant must accept the Grant or be deemed to have declined it;
- (b) the vesting period, which shall not be less than 12 months, unless the Board determines, in its sole discretion, that the Awards granted to a Management Participant may be subject to a vesting period of less than 12 months in the following circumstances: (i) Awards are subject to performance-based vesting conditions in lieu of time-based vesting criteria to stimulate the Management Participants to achieve the relevant performance targets in a shorter period; or (ii) Awards are granted in batches during a year for administrative and compliance reasons, in which case, the vesting period may be shorter to reflect the time from which the Awards would have been granted;
- (c) the clawback mechanism as the Board may determine from time to time, including but not limited to in the occurrence of: (i) any Cause of an Eligible Participant; (ii) any violation of a Grantee to obligations of confidentiality or non-competition to the Group, or any leakage by such Grantee of the Group's trade secrets, intellectual property or proprietary information within the period of five years after such Grantee ceasing to be an Eligible Participant; or (iii) any conduct of a Grantee that has materially adverse effect to the reputation or interests of any member of the Group within the period of five years after such Grantee ceasing to be an Eligible Participant, upon which, the Company may require such Grantee to return the gains from the vested Restrict Shares; and



- (d) the performance target, as the Board may in its absolute discretion specify as it thinks fit, which will be imposed on a case-by-case basis to ensure the Award vested would be beneficial to the Group, with general factors to be taken into account include but not limited to (i) at the Company level, the period-to-period growth and development of the Group, the key performance indicators of which will tentatively tie to the phased revenue and profits after taking into account the period-to-period macroeconomic condition and the market and industry condition, as well as the overall strategic planning of the Group (i.e. the business focus of the Group of the upcoming financial year) and (ii) at the individual level, his/her personal position, the overall grade for his/her work performance (i.e. year-end appraisal result), his/her continued contribution to the Group in terms of revenue contribution, customer feedbacks, as well as quality, attitude (i.e. whether the Grantee is disciplined and responsible), capabilities (i.e. work capabilities and independence of the Grantee), teamwork (i.e. the communication skills of the Grantee and whether the Grantee is a team player) and other factors relevant to the Grantee.

The consideration (if any) payable by a Selected Participant for acceptance of the Award under the RSA Scheme (New Shares) shall be determined with reference, at the sole and absolute discretion of the Board, to the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Grant Date, which must be a business day, and shall not be less than the nominal value of a Share and any such consideration shall be paid to the Company or the Trustee at the sole and absolute discretion of the Board.

## 7. GRANT OF AWARDS TO CONNECTED PERSONS

Where an Award is to be granted to any Director, the chief executive or any substantial shareholder of the Company (or any of their respective associates), the grant shall not be valid unless it has been approved by the independent non-executive Directors, excluding any independent non-executive Director who is the proposed Grantee of the Award.

Where an Award is to be granted to an independent non-executive Director or a substantial shareholder of the Company (or any of their respective associates), and the Grant will result in the number of the Shares issued and to be issued in respect of all options and awards granted to such Eligible Participant under the Share Schemes in the 12-month period up to and including the Grant Date of the relevant Award exceeding 0.1% of the total number of Shares in issue as at the Grant Date, such Grant shall not be valid unless:

- (a) the Grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by the Shareholders in general meeting, at which the proposed Grantee, his associates and all core connected persons of the Company abstained from voting in favour of the relevant resolution granting the approval;
- (b) a circular containing the details of the Grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including but not limited to, the views of the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of the Award) as to whether the terms of the Grant are fair and reasonable and whether such Grant is in the interests of the Company and Shareholders as a whole, and their recommendation to the independent Shareholders as to voting); and
- (c) the number and terms of such Award are fixed before the general meeting of the Company at which the same are approved.

Where an Award is to be granted to a Director (other than an independent non-executive Director) or the chief executive of the Company (or any of their respective associates), and the Grant will result in the number of the Shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the Grant Date of the relevant Award exceeding 0.1% of the total number of Shares in issue as at the Grant Date, such Grant shall not be valid unless:

- (a) the Grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by the Shareholders in general meeting, at which the proposed Grantee, his associates and all core connected persons of the Company abstained from voting in favour of the relevant resolution granting the approval;
- (b) a circular containing the details of the Grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including but not limited to, the views of the independent non-executive Directors as to whether the terms of the Grant are fair and reasonable and whether such Grant is in the interests of the Company and Shareholders as a whole, and their recommendation to the independent Shareholders as to voting); and
- (c) the number and terms of such Award are fixed before the general meeting of the Company at which the same are approved.

## 8. RESTRICTIONS ON THE TIME OF GRANT OF AWARDS

No Grant shall be made to any Eligible Participant and no payment will be made to the Trustee and no instruction to acquire Shares will be given to the Trustee under the RSA Scheme (New Shares):

- (a) after information that must be disclosed under Rule 13.09 of the Listing Rules or inside information which must be disclosed under Part XIVA of the SFO has come to the knowledge of the Company until (and including) the trading day after it has announced the information;
- (b) during the period commencing one month immediately preceding the earlier of: (1) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (2) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcements. Such period will cover any period of delay in the publication of a results announcement;
- (c) during a specified period, where a Grant is prohibited under the Listing Rules, the SFO or other applicable laws from time to time or where such Grant would render the Company the subject of a mandatory offer under the Codes on Takeovers and Mergers and Share Buy-backs from time to time;
- (d) in any other circumstances where dealings in Shares by a Grantee (including Directors of the Company) are prohibited under the Listing Rules, the SFO or any other applicable law or regulation;

- (e) where the requisite approval for such Grant from any applicable regulatory authorities has not been granted;
- (f) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the Grant or in respect of the RSA Scheme (New Shares), unless the Board determines otherwise; or
- (g) where the Grant would result in a breach of any applicable laws, rules or regulations by any member of the Group or any of its directors.

## 9. RIGHTS ATTACHED TO AWARDS AND RESTRICTED SHARES

Neither the Grantees nor the Trustee for New Shares may exercise any of the voting rights in respect of any Restricted Shares that have not yet vested. No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Award pursuant to the RSA Scheme (New Shares), unless and until such Restricted Shares are actually transferred to the Grantee and/or a vehicle controlled by him/her (such as a trust or a private company) upon the vesting of the Restricted Shares. Unless otherwise specified by the Board in its sole and absolute discretion in the grant letter, the Grantees do not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Restricted Shares prior to the vesting of the Restricted Shares.

Any Restricted Shares to be transferred to a Grantee or a vehicle controlled by him/her (such as a trust or a private company) upon the vesting of Restricted Shares granted pursuant to the RSA Scheme (New Shares) shall be subject to all the provisions of the Articles of Association and shall rank *pari passu* in all respects with the existing fully-paid Shares in issue on the date of transfer, and accordingly shall entitle the holder of such Shares to participate in all dividends or other distributions paid or made on or after the date of transfer and to exercise all voting rights in respect of such Shares.

The Trustee shall not exercise any voting rights in respect of any Shares held by the Trustee for the purpose of the RSA Scheme (New Shares), and will therefore abstain from voting on any Shareholders' general meeting of the Company.

## 10. RIGHTS ON GENERAL OFFER

- (a) In the event a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 10(b) below) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the vesting date of any Restricted Shares, the Board shall, prior to or immediately upon the offer becoming or being declared unconditional, determine at its absolute discretion whether such Restricted Shares shall vest and the period within which such Restricted Shares shall vest. If the Board determines that such Restricted Shares shall vest, it shall notify the Grantee, the Trustee and the Company that the Restricted Shares shall vest and the period within which such Restricted Shares shall vest. For the avoidance of doubt, if the Board determines that such unvested Restricted Shares shall not vest, such Restricted Shares shall lapse with immediate effect; and

- (b) in the event a general offer for Shares by way of scheme of arrangement is made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings prior to the vesting of any Restricted Shares, the Board shall, prior to such meetings, determine at its sole and absolute discretion whether such Restricted Shares shall vest and the period within such Restricted Shares shall vest. If the Board determines that such Restricted Shares shall vest, it shall notify the Grantee, the Trustee and the Company that the Restricted Shares shall vest and the period within which such Restricted Shares shall vest. For the avoidance of doubt, if the Board determines that such unvested Restricted Shares shall not vest, such Restricted Shares shall lapse with immediate effect.

### **11. RIGHTS ON WINDING-UP**

In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company prior to the vesting date of any Restricted Shares, the Board shall determine at its sole and absolute discretion whether such Restricted Shares shall vest, and the period when such Restricted Shares shall vest. If the Board determines that such Restricted Shares shall vest, it shall notify the Grantee, the Trustee and the Company that the Restricted Shares shall vest and the period within which such Restricted Shares shall vest. For the avoidance of doubt, if the Board determines that such unvested Restricted Shares shall not vest, such Restricted Shares shall lapse with immediate effect.

### **12. RIGHTS ON COMPROMISE OR ARRANGEMENT**

In the event a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 10(b) above, between the Company and the Shareholders and/or creditors is proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Board shall determine at its sole and absolute discretion whether such Restricted Shares shall vest, and the period when such Restricted Shares shall vest. If the Board determines that such Restricted Shares shall vest, it shall notify the Grantee, the Trustee and the Company that the Restricted Shares shall vest and the period within which such Restricted Shares shall vest. For the avoidance of doubt, if the Board determines that such unvested Restricted Shares shall not vest, such Restricted Shares shall lapse with immediate effect.

### **13. LAPSE OF AWARDS**

The unvested Restricted Shares shall automatically lapse upon the earliest of:

- (a) the date of the termination of a Grantee's employment or service by any member of the Group;
- (b) the date on which the Grantee ceases to be an Eligible Participant due to any Cause;
- (c) the date on which the Grantee commits a breach of paragraph 16;
- (d) the date on which the Board reasonably believes it is no longer possible for any outstanding conditions to vesting to be satisfied;
- (e) the date of the events or the expiry of any of the periods referred to in paragraphs 10 to 12; or

- (f) the date on which the Board has decided that the unvested Restricted Shares shall not be vested for the Grantee in accordance with the rules of the RSA Scheme (New Shares) and the terms and conditions as set out in the grant letter.

If the Grantee's employment or service with the Company or any other member of the Group is terminated for any reason other than for Cause (including by reason of resignation, retirement, death, Disability, redundancy, non-renewal of the employment or service agreement upon its expiration for any reason other than for Cause), the Board shall determine at its sole and absolute discretion and shall notify the Grantee whether any unvested Restricted Shares granted to such Grantee shall vest and the period within which such Restricted Shares shall vest. If the Board determines that such Restricted Shares shall not vest, such Restricted Shares shall automatically lapse with effect from the date on which the Grantee's employment or service is terminated.

Notwithstanding any other provisions of the RSA Scheme (New Shares), for the purpose of paragraph 13(b), the Board shall have the right to determine what constitutes Cause, whether the Grantee's employment or service has been terminated for Cause and the effective date of such termination, and such determination by the Board shall be final and conclusive.

Where any unvested Restricted Shares of a Grantee lapse in accordance with the rules of the RSA Scheme (New Shares), the Board shall direct the Trustee to refund to the Grantee the Purchase Price (if any) in correspondence to such unvested Restricted Shares paid by the Grantee pursuant to the RSA Scheme (New Shares) and the terms and conditions as set out in the grant letter. To the extent the Trust Fund does not have sufficient cash to pay and settle such refund, the Trustee shall notify the Company/the Board of such shortfall and the Company shall pay to the Trustee the shortfall amount within twenty (20) business days upon its receipt of such notice from the Trustee.

Notwithstanding any other provisions of the RSA Scheme (New Shares), in each case, the Board may in its sole and absolute discretion decide that any Restricted Shares shall not lapse or shall be subject to such conditions or limitations as the Board may decide.

#### **14. CANCELLATION OF AWARDS GRANTED**

The Board may at its discretion cancel any Award that has not vested or lapsed, provided that:

- (a) The Company or any member of the Group pay to the Grantee an amount equal to the Purchase Price; or
- (b) The Board makes any arrangement as the Board and Grantee may mutually agree in order to compensate him/her for the cancellation of the Awards.

No options or awards may be granted to an Eligible Participant in place of his cancelled Awards unless there are available Scheme Mandate Limit and Service Provider Sublimit (if applicable) from time to time. For the purpose of this paragraph 14, the Awards cancelled will be regarded as utilised in calculating the Scheme Mandate Limit and the Service Provider Sublimit.

**15. TERMINATION OF THE RSA SCHEME (NEW SHARES)**

The RSA Scheme (New Shares) may be terminated at any time prior to the expiry of its term by the Board provided that such termination shall not adversely affect any subsisting rights of any Grantee hereunder. For the avoidance of doubt, no further Awards shall be granted after the RSA Scheme (New Shares) is terminated but in all other respects the provisions of the RSA Scheme (New Shares) shall remain in full force and effect. All Awards granted prior to such termination and not vested on the date of termination shall remain valid. In such event, (i) the Trustee shall act in accordance with the instruction of the Board to notify all Grantees of such termination and how the Trust Fund held by the Trustee on trust and other interests or benefits in relation to the outstanding Restricted Shares shall be dealt with, and (ii) to the extent that any part of the Trust Fund will not be transferred to the Grantees under (i), the Trust Fund held by the Trustee and any income thereof shall be held by the Trustee for the purpose of the future incentive schemes of the Company or as otherwise instructed by the Board.

**16. TRANSFERABILITY OF AWARDS**

An Award shall be personal to the Grantee and shall not be assignable nor transferable, and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any unvested Restricted Shares or any property held by the Trustee on trust for the Grantees or enter or purport to enter into any agreement to do so, unless and until such Restricted Shares are actually vested and transferred to the Grantee.

**17. EFFECT OF REORGANISATION OF CAPITAL STRUCTURE**

In the event of any alteration in the capital structure of the Company whilst any Award remains outstanding, such as capitalization issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company, the Board may make equitable adjustments that it considers appropriate, at its sole and absolute discretion, including:

- (a) the maximum number of Shares subject to the RSA Scheme (New Shares); and/or
- (b) the number or nominal amount of Restricted Shares already granted but not vested; and/or
- (c) the Purchase Price,

provided that:

- (d) no such adjustments shall be made in respect of an issue of securities by the Company as consideration in a transaction;
- (e) any such adjustments must be made so that each Grantee is given the same proportion of the share capital of the Company, rounded to the nearest whole Share, as that to which he was previously entitled;
- (f) no such adjustments shall be made which would result in the Purchase Price for a Share being less than its nominal value, provided that in such circumstances the Purchase Price shall be reduced to the nominal value;

- (g) any such adjustments, save those made on a capitalisation issue, shall be confirmed by an independent financial adviser or the Auditors in writing to the Directors as satisfying the requirements of paragraph (e) above, the requirements of the relevant provisions of the Listing Rules and the supplementary guidance on Rule 17.03(13) of the Listing Rules set out in the letter issued by the Stock Exchange on September 5, 2005 (the “**Supplementary Guidance**”) and any further guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time, and that in the opinion of the Auditors or an independent financial adviser that the adjustments made by the Board under this paragraph 17 are fair and reasonable;
- (h) any such adjustments to be made pursuant to a subdivision or consolidation of share capital shall be made on the basis that the aggregate Purchase Price payable by a Grantee for the vesting of the Restricted Shares granted to him shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; and
- (i) any adjustments to be made will comply with the Listing Rules, the Supplementary Guidance and any further guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

## 18. ALTERATION OF THE RSA SCHEME (NEW SHARES)

The RSA Scheme (New Shares) may be altered in any respect by resolution of the Board, except that any alterations to the terms and conditions of the RSA Scheme (New Shares) that are of a material nature or any alterations to the specific terms of the RSA Scheme (New Shares) which relate to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Grantees or proposed Grantees must be approved by the Shareholders in general meeting (with the Grantees and their associates abstaining from voting). The Board’s determination as to whether any proposed alteration to the terms and conditions of the RSA Scheme (New Shares) is material shall be conclusive.

Any change to the authority of the Board to alter the terms of the RSA Scheme (New Shares) shall not be valid unless approved by Shareholders in general meeting.

Any change to the terms of Awards granted to a Grantee must be approved by the Board the Remuneration Committee, the independent non-executive Directors of the Company and/or the Shareholders (as the case may be) if the initial grant of such Awards under the RSA Scheme (New Shares) was approved by the Board, the Remuneration Committee, the independent non-executive Directors of the Company and/or the Shareholders (as the case may be) except where the alterations take effect automatically under the existing terms of the RSA Scheme (New Shares).

The amended terms of the RSA Scheme (New Shares) or the Awards must comply with the relevant requirements of Chapter 17 of the Listing Rules.

The Company must provide to all Grantees all details relating to changes in the terms of the RSA Scheme (New Shares) during the life of the RSA Scheme (New Shares) immediately upon such changes taking effect.



**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 EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “**EGM**”) of GUSHENGTANG HOLDINGS LIMITED (固生堂控股有限公司) (the “**Company**”) will be held at Units 01–04, 36 Floor, Lifeng Centre, No. 761 Dongfeng East Road, Yuexiu District, Guangzhou, PRC on Wednesday, December 7, 2022 at 10:00 a.m. for the following purposes:

**ORDINARY RESOLUTIONS**

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

1. “**THAT**

- (a) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the approval for the listing of, and the permission to deal in, Shares to be allotted and issued pursuant to the exercise of the options which may be granted under the share option scheme (the “**Share Option Scheme**”), a copy of which is tabled at the EGM and marked “A” and initialed by the chairman of the EGM for identification purpose, the Share Option Scheme be and is hereby approved and adopted; and the board of directors of the Company (the “**Board**”) and the committee duly appointed by the Board for the purpose of administering the Share Option Scheme be and are hereby authorized to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Option Scheme, including without limitation to:
  - (i) to administer or authorize any person(s) as deemed appropriate at the sole discretion of the Board to administer the Share Option Scheme under which options will be granted to the persons eligible under the Share Option Scheme to subscribe for Shares, including but not limited to determining and granting the options in accordance with the terms of the Share Option Scheme;
  - (ii) to modify and/or amend the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the terms of the Share Option Scheme relating to the modification and/or amendment and subject to Chapter 17 of the Listing Rules;
  - (iii) to allot and issue from time to time such number of Shares in the share capital of the Company as may be required to be allotted and issued pursuant to the exercise of the options under the Share Option Scheme and subject to the Listing Rules;



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (iv) to make application at appropriate time or times to the Stock Exchange for listing of, and permission to deal in, any Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the options under the Share Option Scheme; and
  - (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the Share Option Scheme;
  - (b) the total number of Shares which may be issued in respect of all options and awards to be granted under the Share Option Scheme and any other share options schemes and/or share award schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time (the “**Share Schemes**”) must not in aggregate exceed 10% of the total number of Shares in issue as at the date of passing of this resolution;
  - (c) the total number of Shares which may be issued in respect of all options and awards to be granted to all Service Providers (as defined in the Share Option Scheme) under the Share Option Scheme and any other Share Schemes must not in aggregate exceed 6% of the total number of Shares in issue as at the date of passing of this resolution.”
2. **“THAT**
- (a) subject to and conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, Shares to be allotted and issued in respect of awards which may be granted under the restricted share award scheme (for new Shares) (the “**RSA Scheme (New Shares)**”), a copy of which is tabled at the EGM and marked “B” and initialed by the chairman of the EGM for identification purpose, the RSA Scheme (New Shares) be and is hereby approved and adopted; and the Board and the committee duly appointed by the Board for the purpose of administering the RSA Scheme (New Shares) be and are hereby authorized to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the RSA Scheme (New Shares), including without limitation to:
    - (i) to administer or authorize any person(s) as deemed appropriate at the sole discretion of the Board to administer the RSA Scheme (New Shares) under which awards will be granted to the persons eligible under the RSA Scheme (New Shares), including but not limited to determining and granting awards in accordance with the terms of the RSA Scheme (New Shares);
    - (ii) to modify and/or amend the RSA Scheme (New Shares) from time to time provided that such modification and/or amendment is effected in accordance with the terms of the RSA Scheme (New Shares) relating to the modification and/or amendment and subject to Chapter 17 of the Listing Rules;
    - (iii) to allot and issue from time to time such number of Shares in the share capital of the Company as may be required to be allotted and issued in respect of the awards under the RSA Scheme (New Shares) and subject to the Listing Rules;
    - (iv) to make application at appropriate time or times to the Stock Exchange for listing of, and permission to deal in, any Shares which may hereafter from time to time be allotted and issued in respect of the awards under the RSA Scheme (New Shares); and

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the RSA Scheme (New Shares);
- (b) the total number of Shares which may be issued in respect of all options and awards to be granted under the RSA Scheme (New Shares) and any other Share Schemes must not in aggregate exceed 10% of the total number of Shares in issue as at the date of passing of this resolution;
- (c) the total number of Shares which may be issued in respect of all options and awards to be granted to all Service Providers (as defined in the RSA Scheme (New Shares)) under the RSA Scheme (New Shares) and any other Share Schemes must not in aggregate exceed 6% of the total number of Shares in issue as at the date of passing of this resolution.”

By order of the Board  
**GUSHENGTANG HOLDINGS LIMITED**  
固生堂控股有限公司  
**Mr. Tu Zhiliang**  
*Chairman*

Hong Kong, November 17, 2022

*Notes:*

- (i) The resolutions at the EGM will be taken by poll (except where the chairman, 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) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Stock Exchange and the Company in accordance with the Listing Rules.
- (ii) A shareholder of the Company entitled to attend and vote at the EGM 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. 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.
- (iii) 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 EGM (i.e. not later than 10:00 a.m. on Monday, December 5, 2022) or any adjournment thereof. Completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the EGM or any adjournment thereof if they so wish.
- (iv) 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.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (v) For the purpose of determining the entitlement to attend and vote at the EGM, the transfer books and register of members will be closed from Friday, December 2, 2022 to Wednesday, December 7, 2022, both days inclusive, during which period no share transfers can be registered. The record date will be December 7, 2022. In order to qualify for attending and voting at the EGM, 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 Thursday, December 1, 2022.
- (vi) In order to facilitate the prevention and control of the spread of the COVID-19 at the EGM, the Company will implement the following measures at the EGM:
- i. compulsory body temperature checks;
  - ii. wearing of surgical face masks; and
  - iii. no distribution of corporate gifts and refreshments.

The Shareholders are encouraged to appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM, instead of attending the EGM in person.

*As of the date of this notice, 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.*