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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)

DISCLOSEABLE TRANSACTION FORMATION OF THE LIMITED PARTNERSHIP

FORMATION OF THE LIMITED PARTNERSHIP

On January 5, 2024, Guangdong Gushengtang (a subsidiary of the Company, as a limited partner), Jinpu Zhicheng (as a general partner and the executive partner), Shanghai Shanzi (as a general partner), Jinhua Industrial Fund (as a limited partner) and Pan'an Financial Holding (as a limited partner) entered into the Limited Partnership Agreement in respect of the formation of the Limited Partnership in the PRC. Pursuant to the Limited Partnership Agreement, (i) the Target Total Capital Contribution of the Limited Partnership shall be RMB502 million, and (ii) the Initial Capital Contribution of the Limited Partnership shall be RMB352 million, of which RMB230 million, RMB1 million, RMB1 million, RMB60 million and RMB60 million shall be contributed by Guangdong Gushengtang, Jinpu Zhicheng, Shanghai Shanzi, Jinhua Industrial Fund and Pan'an Financial Holding, representing approximately 65.34%, 0.28%, 0.28%, 17.05% and 17.05% of the Initial Capital Contribution, respectively. The scope of business of the Limited Partnership covers venture capital investment, equity investment, investment management and investment consulting.

From the effective date of the Limited Partnership Agreement to the expiration of 12 months starting from the date of commencement of the Investment and Management Period, Jinpu Zhicheng may accept new limited partner(s) to subscribe for the capital of the Limited Partnership, subject to the terms and conditions of the Limited Partnership Agreement. Assuming the Target Total Capital Contribution has been fully subscribed and Guangdong Gushengtang will not make further capital contribution to the Limited Partnership, the percentage of Guangdong Gushengtang's capital contribution to the Limited Partnership will be reduced from approximately 65.34% to approximately 45.82%.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the transaction contemplated under the Limited Partnership Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Limited Partnership Agreement constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on January 5, 2024, Guangdong Gushengtang (a subsidiary of the Company, as a limited partner), Jinpu Zhicheng (as a general partner and the executive partner), Shanghai Shanzi (as a general partner), Jinhua Industrial Fund (as a limited partner) and Pan'an Financial Holding (as a limited partner) entered into the Limited Partnership Agreement in respect of the formation of the Limited Partnership in the PRC.

LIMITED PARTNERSHIP AGREEMENT

The major terms of the Limited Partnership Agreement are set out as follows:

- Date:** January 5, 2024
- Name of the Limited Partnership:** Jinpu Gushengtang (Pan'an) TCM Venture Capital Fund Partnership (Limited Partnership) (金浦固生堂 (磐安) 中醫藥創業投資基金合夥企業 (有限合夥))
- Parties:**
- (1) Jinpu Zhicheng (as a general partner and the executive partner);
 - (2) Shanghai Shanzi (as a general partner);
 - (3) Guangdong Gushengtang (a subsidiary of the Company, as a limited partner);
 - (4) Jinhua Industrial Fund (as a limited partner); and
 - (5) Pan'an Financial Holding (as a limited partner).

Term of the Limited Partnership

The term of existence of the Limited Partnership shall be seven years, commencing from the date of its establishment.

The investment and management period of the Limited Partnership (the “**Investment and Management Period**”) shall be the period commencing from the payment receiving date stated on the initial capital contribution payment notices issued by the executive partner to the limited partners (the “**Initial Closing Date**”) to the earliest of: (i) the fifth anniversary of the Initial Closing Date; (ii) the occurrence of events which may lead to the termination of service of the executive partner and there being no alternative executive partner; or (iii) that limited partners holding 85% of the interest in the Limited Partnership decide to terminate the Investment and Management Period.

The exit period of the Limited Partnership shall be the period commencing from the expiry of the Investment and Management Period to the end of the term of existence of the Limited Partnership, which can be extended by one year or shortened pursuant to the Limited Partnership Agreement.

Business scope of the Limited Partnership:

The scope of business of the Limited Partnership covers venture capital investment, equity investment, investment management and investment consulting.

Capital contribution: Pursuant to the Limited Partnership Agreement, (i) the target total capital contribution of the Limited Partnership (the “**Target Total Capital Contribution**”) shall be RMB502 million, and (ii) the initial capital contribution of the Limited Partnership (the “**Initial Capital Contribution**”) shall be RMB352 million, details of which are set out as follows:

Partner	Type	Initial capital contribution (RMB million)	Approximate percentage of interest in the Limited Partnership upon completion of the Initial Capital Contribution (%)
Jinpu Zhicheng	General partner and the executive partner	1	0.28
Shanghai Shanzi	General partner	1	0.28
Guangdong Gushengtang	Limited partner	230	65.34
Jinhua Industrial Fund	Limited partner	60	17.05
Pan’an Financial Holding	Limited partner	60	17.05
	Total	<u>352</u>	<u>100</u>

The respective capital contribution to be made by each of the partners to the Limited Partnership was determined after arm’s length negotiation among the partners with reference to the expected investment needs of the Limited Partnership and the partners’ proportionate interests therein.

All capital contribution shall be made in cash. Each of the partners shall make their respective capital contribution to the Limited Partnership according to the requirements specified in the payment notices (including the payment deadline) to be issued by the executive partner. The first payment notice will be issued by the executive partner after opening the bank account of the Limited Partnership, and the initial payment of the partners shall be 60% of the total capital contribution to be subscribed by them. The subsequent payment notices will be issued by the executive partner in a lump sum or in installments after the Limited Partnership completes investment with an amount equivalent to 70% of the total initial payment by the partners and subject to approval by all general partners and limited partners holding 50% or above interest in the Limited Partnership on the subsequent contribution.

The capital contribution to be made by Guangdong Gushengtang to the Limited Partnership will be funded by internal resources of the Group.

From the effective date of the Limited Partnership Agreement to the expiration of 12 months starting from the date of commencement of the Investment and Management Period, Jinpu Zhicheng may accept new limited partner(s) to subscribe for the capital of the Limited Partnership, subject to the terms and conditions of the Limited Partnership Agreement. Assuming the Target Total Capital Contribution has been fully subscribed and Guangdong Gushengtang will not make further capital contribution to the Limited Partnership, the percentage of Guangdong Gushengtang's capital contribution to the Limited Partnership will be reduced from approximately 65.34% to approximately 45.82%.

**Management of the
Limited Partnership:**

(1) Manager and management fee

Pursuant to the Limited Partnership Agreement, Jinpu Jianfu, will act as the manager of the Limited Partnership to administer and manage the investment, management and operation of the Limited Partnership.

During the Investment and Management Period, the annual management fee payable by the Limited Partnership to the manager shall be 1.5% of the total paid-in capital contribution of limited partners to the Limited Partnership. There shall be no management fee during the exit period or any extended period of the Limited Partnership.

(2) Investment decision committee

The Limited Partnership shall establish an investment decision committee, which shall be comprised of five members, among whom Jinpu Zhicheng, Shanghai Shanzi and Pan'an Financial Holding shall be entitled to nominate two, two and one representative, respectively. The chairman of the investment decision committee shall be appointed by Jinpu Zhicheng. All decisions shall be approved by four or more members of the investment decision committee.

The investment decision committee is responsible for reviewing and making decisions on the investment projects and the exiting matters, and whose decisions shall be final.

(3) Partners' meeting

The partners' meeting is responsible for the followings, among others, (i) the transfer of partnership interests by the general partners; (ii) changes between general partners and limited partners; (iii) sale, transfer or pledge of partnership interests by the limited partners; (iv) joining of new limited partners; (v) change of manager; (vi) whether the Limited Partnership will be engaged in the relevant investment-restricted business; (vii) change of custodian; (viii) dissolution of the Limited Partnership; and (ix) amendments to the Limited Partnership Agreement.

Unless otherwise specified in the Limited Partnership Agreement, the resolutions of the partners' meeting shall be unanimous consent of the executive partner and limited partners holding no less than 85% interest in the Limited Partnership.

**Distribution of profit
and loss sharing**

Distributable income obtained from an investment project shall be distributed among all partners participating in such investment project according to the investment cost allocation ratio. All distributable income payable to the general partners shall be distributed to them, and meanwhile the other distributable income shall be distributed in the following order:

- (a) Step 1: distributed to each of the limited partners the amount of its respective paid-in capital contribution;
- (b) Step 2: if there is any income remaining after step 1, distributed to each of the limited partners until the cumulative amount received by each of the limited partners in this step reaches an amount equivalent to a single interest of 6% per annum on its respective paid-up capital contribution (from the date of commencement of the investment and management period to the time of distribution);
- (c) Step 3: if there is any income remaining after step 1 and step 2, 80% of the remaining income shall be distributed to the limited partners and 20% of the remaining income shall be distributed to the general partners, of which each of Jinpu Zhicheng and Shanghai Shanzi is entitled to 50%.

If the distributable income is not adequate for full payment of step 1 or step 2, it shall be distributed in proportion among limited partners according to investment cost allocation ratio.

Income derived from temporary investments shall be distributed among all partners (other than defaulting partners) in proportion according to their paid-up capital contribution.

Liquidated damages paid to the Limited Partnership due to overdue payment of capital contribution by any limited partner shall be counted as other income of the Limited Partnership and shall be distributed among all partners (other than the limited partners who paid such liquidated damages) in proportion according to their paid-up capital contribution.

Before the expiration of the term of existence of the Limited Partnership, the executive partner shall use its best efforts to realize the investment of the Limited Partnership and avoid non-cash distribution. However, if non-cash distribution is considered to be in the interests of all partners, based on the independent judgment of the executive partner, subject to applicable laws, non-cash distribution is permissible upon the proposal of the executive partner and the approval of all partners.

Divestment:

The applicable divestment strategies include but not limited to:

- (1) listing: If the investment target conducts an initial public offering and listing domestically or overseas, the Limited Partnership could sell the shares of such listed company directly or indirectly through the company or other enterprises controlled by the Limited Partnership (collectively, “**directly or indirectly**”);

- (2) transfer of interest and/or income right: The Limited Partnership could directly or indirectly transfer all or part of its interest/income rights of the investment target to appropriate investors. In such case, Guangdong Gushengtang (along with domestic and foreign entities controlled by or under the same control with Guangdong Gushengtang, collectively, the “**Right Holder**”) shall have the right of first refusal. The executive partner shall give a prior written notice of the plan of transfer (including the amount of the interest, valuation, price and other necessary information) after decision made by the investment decision committee to the Right Holder. Such equity and/or income right shall only be transferred to other investors if a written reply is given by the Right Holder that it will not exercise the right of first refusal or the Right Holder has not replied within 30 business days after receiving the written notice;
- (3) sale of enterprise: The Limited Partnership could directly or indirectly sell the entire interest of investment target together with all other shareholders of such target to any domestic or overseas third party. In such case, Right Holder also has the right of first refusal. The executive partner shall give a prior written notice of the plan of transfer (including valuation, price and other necessary information) after decision made by the investment decision committee to the Right Holder. Such interest shall only be transferred to a third party if a written reply is given by the Right Holder that it will not exercise the right of first refusal or the Right Holder has not replied within 30 business days after receiving the written notice;
- (4) repurchase: The investment target or its original shareholders could repurchase the equity directly or indirectly owned by the Limited Partnership;

- (5) share swap: The Limited Partnership could directly or indirectly sell its interest in the investment target to a listed company at a consideration of the shares of such listed company. In such case, Right Holder also has the right of first refusal. The executive partner shall give a prior written notice of the plan of share swap (including the amount of the interest, valuation, price and other necessary information) after decision made by the investment decision committee to the Right Holder. Such share swap can only be conducted with a third party if a written reply is given by the Right Holder that it will not exercise the right of first refusal or the Right Holder has not replied within 30 business days after receiving the written notice;
- (6) liquidation: The investment target could be liquidated;

and by other methods deemed appropriate by the partners' meeting.

The divestment of projects directly or indirectly invested by the Limited Partnership (including but not limited to time, valuation, consideration, commercial terms and conditions of the divestment) shall be ultimately decided by the investment decision committee and executed externally by the executive partner on behalf of the Limited Partnership. The valuation and consideration of project divestment shall be determined in accordance with market principles. For the avoidance of doubt, all parties of the Limited Partnership Agreement and the Limited Partnership recognize and accept the fairness of the following divestment valuation methods:

- (i) if the investment project is an acquisition or a minority equity investment in an existing small and medium-sized single or chain medical institution and is divested in the manners as prescribed in paragraph (1), (2), (3) or (5), the overall valuation of the investment project shall be calculated base on (a) the price-to-sales ratio, which shall be no less than 1 and no more than 1.5, or (b) the price-to-earning ratio, which shall be no less than 6 and no more than 8;

- (ii) if the investment project is an acquisition or a minority investment in any other type of target or establish a project directly or indirectly and is divested in the manners as prescribed in paragraph (1), (2), (3) or (5), the divestment valuation corresponding to the overall valuation of the investment project shall be the investment cost directly or indirectly paid by the Limited Partnership and a single interest of 6% per annum (calculated on a pro rata basis in case of a partial year based on the number of 365 days for a year).

INFORMATION ON THE PARTNERS

The Company is an exempted company with limited liability incorporated under the laws of the Cayman Islands on May 8, 2014, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 2273). The Group is a TCM healthcare service provider in China, providing customers with a comprehensive range of TCM healthcare services and products through its offline medical institutions and online healthcare platforms.

Guangdong Gushengtang is a subsidiary of the Company and is principally engaged in investment management.

Jinpu Zhicheng is a limited partnership established in the PRC, principally engaged in investment activities with self-owned capital. As of the date of this announcement, Jinpu Zhicheng is owned by Zhangjiagang Zhitong Daohe Investment Partnership (Limited Partnership) (張家港志同道合投資合夥企業(有限合夥)) (“**Zhangjiagang Zhitong Daohe**”), GP Industrial Investment Fund Management Co., Ltd. (金浦產業投資基金管理有限公司) (“**Jinpu Industrial**”) and Jinpu Jianfu as to approximately 49.75%, 49.75% and 0.50%, with Jinpu Jianfu being its general partner. Zhangjiagang Zhitong Daohe is a limited partnership established in the PRC, principally engaged in investing activities with its own funds. As of the date of this announcement, Zhangjiagang Zhitong Daohe is held as to (i) 73.33% by Shao Yiguang, an Independent Third Party; (ii) 22.67% by Mr. Xu Yongjiu, a former director of the Company who resigned from his directorship on August 21, 2023 and therefore a connected person of the Company; and (iii) an aggregate of 4.0% by three other shareholders, which are Independent Third Parties. Jinpu Jianfu is a company incorporated in the PRC with limited liability, principally engaged in equity investment management, asset management and investment management in the PRC, and is a private equity fund manager in the medical and health service industry. As of the date of this announcement, Jinpu Jianfu is held as to (i) 40% by Jinpu Industrial; (ii) 7.5% by Shanghai Yincheng Investment Company Limited (上海銀騁投資有限公司) (“**Shanghai Yincheng**”); and (iii) an aggregate of 52.5% by five other shareholders, which are Independent Third Parties and none of which holds more than one-third of the equity interest in Jinpu Jianfu. As of the date of this announcement, Jinpu Industrial is owned as to (i) 49.5% by Shanghai International Group Asset Management

Co., Ltd. (上海國際集團資產管理有限公司), a wholly-owned subsidiary of Shanghai International Group Co., Ltd. (上海國際集團有限公司), which is in turn wholly-owned by the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government (上海市國有資產監督管理委員會) and (ii) an aggregate of 50.5% by four other shareholders, which are Independent Third Parties and none of which holds more than one-third of the equity interest in Jinpu Industrial. As of the date of this announcement, Shanghai Yincheng is owned as to 60% by Fan Yin (范寅), an Independent Third Party, and 40% by Xu Yongjiu (徐永久), a former director of the Company.

Shanghai Shanzi is a limited partnership established in the PRC, principally engaged in corporate management and business services. As of the date of this announcement, Shanghai Shanzi is owned as to 50% by each of Cai Liwen (蔡驪雯) and Zhang Wei (張偉), who are Independent Third Parties.

Jinhua Industrial Fund is a company established under the laws of the PRC with limited liability, principally engaged in equity investment, venture capital, and investment activities with self-owned capital and is a policy-based investment fund led by the government and operating in a market-oriented manner. Jinhua Industrial Fund is a government fund investment management and operation platform. As of the date of this announcement, Jinhua Industrial Fund is owned as to 60% by Jinhua Jintou Group Company Limited (金華市金投集團有限公司) (“**Jinhua Jintou**”) and an aggregate of 40% by 12 other shareholders, which are Independent Third Parties and none of which holds more than one-third of the equity interest in Jinhua Industrial Fund. As of the date of this announcement, Jinhua Jintou is owned as to approximately 93.6% by State-Owned Assets Supervision and Administration Commission of Jinhua People’s Government (金華市人民政府國有資產監督管理委員會) and approximately 6.4% by Zhejiang Finance Development Company Limited (浙江省財務開發有限責任公司), which is wholly owned by Zhejiang Provincial Department of Finance (浙江省財政廳).

Pan’an Financial Holding is a company established under the laws of the PRC with limited liability, principally engaged in equity investment and investment management, and is a governmental industrial investment fund established by the Pan’an government and operated in a market-oriented manner. Pan’an Financial Holding is a government fund investment management and operation platform. As of the date of this announcement, Pan’an Financial Holding is wholly owned by Pan’an State-Owned Assets Operation Company Limited (磐安縣國有資產經營有限公司), which is in turn wholly owned by People’s Government of Pan’an (磐安縣人民政府).

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of Jinpu Zhicheng, Shanghai Shanzi, Jinhua Industrial Fund and Pan’an Financial Holding and its ultimate beneficial owner(s) are Independent Third Parties as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE LIMITED PARTNERSHIP

The formation of the Limited Partnership represents a good investment opportunity for the Group to diversify the Group's investment portfolio. The Directors believe that through the strategic cooperation and resources sharing with the other partners in the form of Limited Partnership, it would enable the Group to invest in high-quality investment targets, and as a result establishing a system of entities and personnel with different capital resources, expertise and technical knowhow, which would strengthen the cooperation with governmental industrial investment funds, seize potential investment opportunities, and facilitate enhancing the economic benefits, expanding the business scale, and maximising the profitability of the Group.

Having considered, inter alia, the above, the Directors are of the view that the terms of the Limited Partnership Agreement are on normal commercial terms that are fair and reasonable, and entering into the Limited Partnership Agreement is in the interests of the Group and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the transaction contemplated under the Limited Partnership Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Limited Partnership Agreement constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries and controlled affiliated entities controlled by the Company through contractual arrangement

“Guangdong Gushengtang”	Guangdong Gushengtang TCM Health Technology Co., Ltd. (廣東固生堂中醫養生健康科技股份有限公司), a limited liability company established in the PRC on September 13, 2010 and a subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who is(are) independent of and not connected with the Company and any of its connected persons
“Jinhua Industrial Fund”	Jinhua Industrial Fund Co., Ltd. (金華市產業基金有限公司), a limited liability company established in the PRC on May 30, 2022
“Jinpu Jianfu”	Shanghai Jinpu Healthcare Service Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司), a limited liability company established in the PRC on October 28, 2015
“Jinpu Zhicheng”	Zhangjiagang Jinpu Zhicheng Investment Partnership (Limited Partnership) (張家港金浦志成投資合夥企業(有限合夥)), a limited partnership established in the PRC on November 10, 2023
“Limited Partnership”	Jinpu Gushengtang (Pan’an) TCM Venture Capital Fund Partnership (Limited Partnership) (金浦固生堂(磐安)中醫藥創業投資基金合夥企業(有限合夥)), a limited partnership to be established in the PRC pursuant to the Limited Partnership Agreement
“Limited Partnership Agreement”	the limited partnership agreement dated January 5, 2024 entered into by and among the partners in respect of the formation of the Limited Partnership
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the time being in force and as may be amended from time to time
“Pan’an Financial Holding”	Pan’an Financial Holding Investment Co., Ltd. (磐安縣金融控股投資有限公司), a limited liability company established in the PRC on September 5, 2017

“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau and Taiwan
“RMB”	the lawful currency of the PRC
“Shanghai Shanzi”	Shanghai Shanzi Enterprise Management Partnership (Limited Partnership) (上海杉擘企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on October 13, 2022
“Share(s)”	ordinary share(s) in the share capital of the Company with par value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCM”	traditional Chinese medicine
“%”	per cent

By order of the Board
GUSHENGTANG HOLDINGS LIMITED
 固生堂控股有限公司
TU Zhiliang
Chairman of the Board

Hong Kong, January 5, 2024

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