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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) GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

AND

(2) GRANT OF AWARDS UNDER THE RSA SCHEME (NEW SHARES)

GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

On August 28, 2023, the Company granted Options under the Share Option Scheme to 137 Employee Participants to subscribe for an aggregate of 4,472,256 Shares, representing approximately 1.86% of the total issued Shares as at the date of this announcement, subject to acceptance by the Share Option Grantees.

GRANT OF AWARDS UNDER THE RSA SCHEME (NEW SHARES)

On August 28, 2023, the Company granted 7,007,319 Awards involving a total of 7,007,319 Restricted Shares under the RSA Scheme (New Shares) to 193 Management Participants, representing approximately 2.91% of the total issued Shares as at the date of this announcement, subject to acceptance by the RSA (New Shares) Grantees.

This announcement is made by the Company pursuant to Rule 17.06A of the Listing Rules.

GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

The Board hereby announces that on August 28, 2023, the Company granted Options under the Share Option Scheme to 137 Employee Participants to subscribe for an aggregate of 4,472,256 Shares, representing approximately 1.86% of the total issued Shares as at the date of this announcement, subject to acceptance by the Share Option Grantees.

Details of Options granted are as follows:

Grant Date:	August 28, 2023
Number of Options granted:	4,472,256 Options (each Option shall entitle the holder thereof to subscribe for one (1) Share)
Exercise price of the Options granted:	HK\$39.41 per Share, which is the highest of: <ul style="list-style-type: none">(i) the closing price of HK\$38.90 per Share as stated in the daily quotation sheets issued by the Stock Exchange on the Grant Date;(ii) the average closing price of HK\$39.41 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) business days immediately preceding the Grant Date; and(iii) the nominal value of US\$0.0001 per Share.
Closing price of Shares on the Grant Date:	HK\$38.90 per Share
Exercise period of the Options:	ten (10) years commencing on the Grant Date

Vesting period and performance targets of the Options:

Subject to fulfillment of the below performance targets, 4,472,256 Options granted to 137 Employee Participants, shall vest in five equal tranches on August 28, 2024, August 28, 2025, August 28, 2026, August 28, 2027 and August 28, 2028, respectively.

The vesting of the 4,472,256 Options granted to such Share Option Grantees is subject to the Share Option Grantees meeting their respective performance targets as determined by the Company. The Company has set up a performance appraisal mechanism to assess whether the Share Option Grantees meet their respective performance targets. The performance targets are determined with reference to a matrix of qualitative and quantitative factors, which include but not limited to profit contribution to the Group, position and compliance record of the Share Option Grantees and other key performance indicators as determined by the Board or the Committee and may vary according to the categories of the Share Option Grantees.

In case of partial achievement and satisfaction of the performance targets, the applicable Options will not be vested or will be vested in proportion to the performance targets actually achieved for the relevant year, subject to the category of the Share Option Grantees and the level of the achievement and satisfaction of the performance targets by such Share Option Grantees. The unvested portion of the Options shall lapse.

Clawback mechanism:

In the occurrence of (i) any applicable Specific Circumstances of a Share Option Grantee (in particular, if a Share Option Grantee serves as a regional general manager, a dean or the responsible officer of a medical institution of the Group and be refused to pay or requested to refund the annual medical insurance by the government authorities with the annual amount exceeding 8% of the annual reimbursement amount, but excluding the execution of special medical insurance strategy of the Group by the Share Option Grantee); (ii) any violation of a Share Option Grantee on his/her obligations of confidentiality or non-competition to the Group, including but not limited to producing or conducting similar products or engaging in similar businesses with the Group, or working for companies that produce or conduct similar businesses with the Group, or soliciting other employees and customers of the Group, or soliciting business from customers of the Group, or any leakage by such Share Option Grantee of the Group's trade secrets, intellectual property or proprietary information within the period of five years after such Share Option Grantee ceases to be an Eligible Participant; (iii) any conduct of a Share Option 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 Share Option Grantee ceases to be an Eligible Participant; (iv) compliance issue, as determined by the Group, including but not limited to administrative penalty or negative news resulting in the Company's Share price falling by more than 15% within a trading day, or falling accumulatively by more than 30% within a trading week, or resulting in the spread of negative information in network reaching 5,000 page views or 500 forwarding, or other non-compliance issue of the business which the Share Option Grantee is in charge of; (v) termination of employment with the Share Option Grantee due to any reason apart from death, legally declared death, loss of civil capacity and disability; (vi) failure to prove that there is no violation of non-competition agreement or no other actions harming the interest of the Company by such Share Option Grantee; or (vii) any misconduct, which was discovered within certain periods subject to the title of such Share Option Grantee after the termination of his employment, upon which, the Company may require such Share Option Grantee to return the gains from the exercised Options.

No financial assistance: There is no arrangement for the Group to provide financial assistance to the Share Option Grantees to facilitate the purchase of Shares under the Share Option Scheme.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, none of the Share Option Grantees is (i) a Director, chief executive or substantial shareholder of the Company, or an associate (as defined in the Listing Rules) of any of them; or (ii) a participant with options and awards granted and to be granted exceeding the 1% individual limit (as defined in Rule 17.03D of the Listing Rules); or (iii) a related entity participant or service provider (as defined in Listing Rules) with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the total issued Shares.

GRANT OF AWARDS UNDER THE RSA SCHEME (NEW SHARES)

The Board hereby also announces that on August 28, 2023, the Company granted 7,007,319 Awards involving a total of 7,007,319 Restricted Shares under the RSA Scheme (New Shares) to 193 Management Participants, representing approximately 2.91% of the total issued Shares as at the date of this announcement, subject to acceptance by the RSA (New Shares) Grantees.

Details of Awards granted are as follows:

Grant Date:	August 28, 2023
Number of Restricted Shares underlying the Awards:	7,007,319 Restricted Shares
Purchase Price of the Restricted Shares underlying the Awards:	HK\$19.45 per Share, which is 50% of the closing price of HK\$38.90 per Share as stated in the daily quotation sheets issued by the Stock Exchange on the Grant Date.
Closing price of Shares on the Grant Date:	HK\$38.90 per Share

Vesting period and performance targets of the Awards:

- (i) Awards granted to Management Participants with one-year vesting period

3,729,052 Awards granted to 82 Management Participants (the “**Relevant RSA Grantees**”) (none of whom are Directors or members of senior management of the Company) shall be fully vested on August 28, 2024 with no performance targets attached.

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. Therefore, having considered that (i) the Relevant RSA Grantees will contribute directly to the overall performance, sustainable development and long-term growth of the Group; (ii) the grant of the Awards serves as a recognition for the past contributions of the Relevant RSA Grantees to the Group; and (iii) the vesting schedule which the Awards granted to the Relevant RSA Grantees are subject to, the Company is of the view that the Awards granted to the Relevant RSA Grantees without performance targets are more competitive, consistent with the Company’s remuneration policy, in line with the market practice, and will align the interests of the Relevant RSA Grantees with those of the Company and the Shareholders, motivate them to promote the success of the Group and reinforce their commitment to the long-term service of the Group, thus is in line with the purpose of the RSA Scheme (New Shares).

- (ii) Awards granted to Management Participants with five-years vesting period

Subject to fulfillment of the below performance targets, 3,278,267 Awards granted to 138 Management Participants shall vest in five equal tranches on August 28, 2024, August 28, 2025, August 28, 2026, August 28, 2027 and August 28, 2028, respectively.

The vesting of the 3,278,267 Awards granted to such RSA (New Shares) Grantees is subject to the RSA (New Shares) Grantees meeting their respective performance targets as determined by the Company. The Company has set up a performance appraisal mechanism to assess whether the RSA (New Shares) Grantees meet their respective performance targets. The performance targets are determined with reference to a matrix of qualitative and quantitative factors, which include but not limited to profit contribution to the Group, position and compliance record of the RSA (New Shares) Grantees and other key performance indicators as determined by the Board or the Committee and vary according to the categories of the RSA (New Shares) Grantees.

In case of partial achievement and satisfaction of the performance targets, the applicable Awards will not be vested or will be vested in proportion to the performance targets actually achieved for the relevant year, subject to the category of the RSA (New Shares) Grantees and the level of the achievement and satisfaction of the performance targets by such RSA (New Shares) Grantees. The unvested portion of the Awards shall lapse.

Clawback mechanism:

In the occurrence of (i) any Cause of a RSA (New Shares) Grantee (in particular, if a RSA (New Shares) Grantee (who is granted Awards with five-years vesting period) serves as a regional general manager, a dean or the responsible officer of a medical institution of the Group and be being refused to pay or requested to refund annual medical insurance by the government authorities with the annual amount exceeding 8% of the annual reimbursement amount, but excluding the execution of special medical insurance strategy of the Group by the RSA (New Shares) Grantee); (ii) any violation of a RSA (New Shares) Grantee to on his/her obligations of confidentiality or non-competition to the Group (in particular, only applicable to the RSA (New Shares) Grantees who are granted Awards with five-years vesting period, including but not limited to producing or conducting similar products or engaging in similar businesses with the Group, or working for companies that produce or conduct similar businesses with the Group, or soliciting other employees and customers of the Group, or soliciting business from customers of the Group), or any leakage by such RSA (New Shares) Grantee of the Group's trade secrets, intellectual property or proprietary information within the period of five years after such RSA (New Shares) Grantee ceases to be an Eligible Participant; (iii) any conduct of a RSA (New Shares) 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 RSA (New Shares) Grantee ceases to be an Eligible Participant; (iv) compliance issue, as determined by the Group, including but not limited to administrative penalty or negative news resulting in the Company's Share price falling by more than 15% within a trading day, or falling accumulatively by more than 30% within a trading week, or resulting in the spread of negative information in network reaching 5,000 page views or 500 forwarding, or other non-compliance issue of the business which the RSA (New Shares) Grantee is in charge of (only applicable to the RSA (New Shares) Grantees who are granted Awards with five-years vesting period); (v) termination of employment of the RSA (New Shares) Grantee due to any reason apart from death, legally declared death, loss of civil capacity and disability; (vi) failure to prove that there is no violation of non-competition agreement or no other actions harming the interest of the Company by such RSA (New Shares) Grantee; or (vii) any misconduct, which was discovered within certain periods subject to the title of such Employee Participant after the termination of his employment, upon which, the Company may require such RSA (New Shares) Grantee to return the gains from the vested Restricted Shares.

No financial assistance: There is no arrangement for the Group to provide financial assistance to the RSA (New Shares) Grantees to facilitate the purchase of Shares under the RSA Scheme (New Shares).

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, none of the RSA (New Shares) Grantees is (i) a Director, chief executive or substantial shareholder of the Company, or an associate (as defined in the Listing Rules) of any of them; or (ii) a participant with options and awards granted and to be granted exceeding the 1% individual limit (as defined in Rule 17.03D of the Listing Rules); or (iii) a related entity participant or service provider (as defined in Listing Rules) with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the total issued Shares.

REASONS FOR AND BENEFITS OF THE GRANTS OF OPTIONS AND AWARDS

The grant of the Options under Share Option Scheme and Awards under 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 to Group to recruit and retain talents.

The Board (including all the independent non-executive Directors) considers that the grants of the Options and Awards to the Grantees are appropriate and align with the purposes of the Share Incentive Schemes and in the interests of the Company and the Shareholders as a whole.

NUMBER OF SHARES AVAILABLE FOR FUTURE GRANTS

As at the date of this announcement and subsequent to the grant of Options and Awards under the Share Option Scheme and the RSA Scheme (New Shares), the number of Shares available for future grants under the scheme mandate limit is 8,388,270 Shares, and the number of Shares available for future grants under the service provider sublimit is also 8,388,270 Shares.

DEFINITIONS

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

- “associate(s)” has the meaning ascribed thereto under the Listing Rules
- “Award(s)” 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 (New Shares)
- “Board” the board of directors of the Company
- “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 employed 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 fulltime 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 Grantee serves as a regional general manager, a dean or other responsible person of a medical institution of the Group, has been subject to a single administrative penalty exceeding RMB300,000 by the government institution, or be 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); or
- (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

“Circular”	the circular of the Company dated November 17, 2022 regarding, among others, the proposed adoption of the Share Option Scheme and the RSA Scheme (New Shares)
“Committee”	a committee duly appointed by the Board for the purpose of administering the Share Option Scheme 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
“Director(s)”	the director(s) of the Company
“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
“Grant Date”	August 28, 2023
“Grantee(s)”	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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“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
“Option(s)”	a right to subscribe for Shares pursuant to the Share Option Scheme

“PRC”	the People’s Republic of China, but for the purpose of announcement and for geographical reference only, references herein do not apply to Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchase Price”	the consideration, if any, payable by a RSA (New Shares) Grantee for acceptance of an Award, which shall be determined at the sole and absolute discretion of the Board or the Committee
“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 (New Shares)”	the restricted share award scheme (new shares) adopted by the Company on December 7, 2022, the principal terms of which are set out in the circular of the Company dated November 17, 2022
“RSA (New Shares) Grantee(s)”	193 Eligible Participants who were granted an aggregate of 7,007,319 Restricted Shares under the RSA Scheme (New Shares) on the Grant Date
“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
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.0001 each
“Share Incentive Scheme(s)”	the Share Option Scheme and/or the RSA Scheme (New Shares)
“Share Option Grantee(s)”	137 Eligible Participants who were granted Options to subscribe for an aggregate of 4,472,256 Shares under the Share Option Scheme on the Grant Date

“Share Option Scheme”	the share option scheme adopted by the Company on December 7, 2022, the principal terms of which are set out in the circular of the Company dated November 17, 2022
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“%”	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, August 29, 2023

As at the date of this announcement, the Board comprises Mr. TU Zhiliang as Chairman and executive Director, Mr. HUANG Jingsheng, Mr. LIU Kanghua and Mr. GAO Jian as non-executive Directors, Ms. JIN Xu, Mr. LI Tie and Mr. WU Taibing as independent non-executive Directors.