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CARsgen Therapeutics Holdings Limited

科濟藥業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2171)

**GRANT OF OPTIONS PURSUANT TO THE POST-IPO SHARE
OPTION SCHEME**

**GRANT OF RSUs PURSUANT TO THE POST-IPO RSU SCHEME
AND**

GRANT OF RSUs PURSUANT TO THE 2019 EQUITY INCENTIVE PLAN

GRANT OF OPTIONS PURSUANT TO POST-IPO SHARE OPTION SCHEME

References is made to the Prospectus, in relation to the principal terms of the Post-IPO Share Option Scheme adopted on April 30, 2021. Pursuant to Rule 17.06A of the Listing Rules, the Board announces that on March 24, 2022, the Company granted 5,013,002 Options to 255 Option Grantees in accordance with the terms of the Post-IPO Share Option Scheme, subject to acceptance.

Details of the Grant of Options

The details of the Options granted to the Option Grantees are as follows:

Date of Grant:	March 24, 2022
Number of Option Grantees:	255 Option Grantees (including 6 senior management and 249 other employees)
Total number of Options granted:	5,013,002
Total number of new Shares to be subscribed upon exercise of the Options granted:	5,013,002 Shares
Consideration for the Grant of Options:	HK\$1.00 (or the equivalent of HK\$1.00 in the local currency of any jurisdiction where the Company and/or its subsidiaries operate, as the Board may in its absolute discretion determine) to be paid by each Option Grantee upon acceptance of the Options granted

Exercise price of the Options granted: HK\$16.32 per Share

Closing price of the Shares on the Grant Date: HK\$16.32 per Share

Validity period of the Options: The validity period of the Options may commence on any day after the Grant Date and in any event shall end not later than the 10th anniversary of the Grant Date, subject to the provisions for early termination contained in the scheme rules or the relevant document of grant or other notification issued by the Board

Vesting period of the Options: 800,000 of the Options granted shall vest as follows:

- 25% shall vest on the first anniversary of the Grant Date (rounding down to the nearest whole Option); and
- 75% shall vest monthly in equal installments over the 36 months (rounding down to the nearest whole Option) immediately following the first anniversary of the Grant Date.

4,213,002 of the Options granted shall vest as follows:

- 25% shall vest on the first anniversary of the Grant Date (rounding down to the nearest whole Option);
- 25% shall vest on the second anniversary of the Grant Date (rounding down to the nearest whole Option);
- 25% shall vest on the third anniversary of the Grant Date (rounding down to the nearest whole Option); and
- 25% shall vest on the fourth anniversary of the Grant Date (rounding down to the nearest whole Option).

The Options granted are subject to the individual performance result and other requirements as set out in the grant letters entered into between the Option Grantees and the Company.

Exercise Price of the Options

The subscription price of the Options of HK\$16.32 per Share represents the higher of (i) the closing price of the Shares of HK\$16.32 per Share as stated in the daily quotation sheet issued by the Stock Exchange on the Grant Date; (ii) the average closing price of the Shares of HK\$14.264 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the Grant Date; and (iii) the nominal value of US\$0.00000025 per Share.

Grant of Options to Employees

None of the Option Grantees is a Director, chief executive or substantial shareholder of the Company or an associate of any of them (as defined in the Listing Rules). All of the 5,013,002 Options were granted to the employees of the Group, subject to acceptance by the Option Grantees.

Reasons for and Benefits of the Grant of Options

The reasons for the Grant of Options are to reward employees for their past contribution to the success of the Company, to provide incentives to them to further contribute to the Company and to align their interests with the best interests of the Company and the Shareholders as a whole.

GRANT OF RSUs PURSUANT TO THE POST-IPO RSU SCHEME

References is made to the Prospectus, in relation to the principal terms of the Post-IPO RSU Scheme adopted on April 30, 2021.

On a voluntary basis, the Board announces that on March 24, 2022, an aggregate of 468,299 RSUs were granted to a total of 25 RSU Grantees (including 2 senior management and 23 other employees) pursuant to the Post-IPO RSU Scheme. The 468,299 RSUs represent 468,299 underlying Shares, and approximately 0.0822% of the issued share capital of the Company as of the date of this announcement. Each RSU is granted for nil consideration and the vesting period of the RSUs will be no more than four years pursuant to the terms of the award agreement entered into between the Company and each RSU Grantee.

None of the Grant of RSUs will be subject to approval by the Shareholders, and none of the RSU Grantees is a Director, chief executive or substantial shareholder of the Company or an associate (as defined in the Listing Rules) of any of them.

Market Value

Based on the closing price of HK\$16.32 per Share as stated in the daily quotation sheet issued by the Stock Exchange on the Grant Date, the market value of the 468,299 RSUs granted to the RSU Grantees amounts up to HK\$7,642,639.68.

Reason for and Benefit of the Grant of RSUs

The reason for the Grant of RSUs is to align the interests of the eligible persons with those of our Group through ownership of Shares to encourage and retain them to make contributions to the long-term growth and profits of our Group.

Listing Rules Implications

The Post-IPO RSU Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

The vesting of 468,299 RSUs under the Grant of RSUs to the RSU Grantees will be satisfied by new Shares to be issued by the Company to Carfe Unity Limited, a wholly-owned subsidiary of KASTLE LIMITED, which was appointed as the trustee of the Post-IPO RSU Scheme. The Listing Committee of the Stock Exchange has previously granted its approval for the listing of, and permission to deal in, Shares to be issued pursuant to the vesting schedule of any RSUs granted under the Post-IPO RSU Scheme.

GRANT OF RSUs PURSUANT TO THE 2019 EQUITY INCENTIVE PLAN

References is made to the Prospectus, in relation to the principal terms of the 2019 Equity Incentive Plan adopted on January 22, 2019. As disclosed in the Prospectus, on May 11, 2021, the Company allotted and issued 7,125,575 Shares to Carfe Unity Limited, which is wholly-owned by KASTLE LIMITED, the trustee of the 2019 Equity Incentive Plan. Such Shares are to be held on trust by KASTLE LIMITED to facilitate the transfer of Shares to the grantees upon vesting of the relevant share awards under the 2019 Equity Incentive Plan.

On a voluntary basis, the Board announces that on March 24, 2022, 232,977 RSUs, were granted to a Connected Grantee, subject to the acceptance by the Connected Grantee pursuant to the 2019 Equity Incentive Plan. The 232,977 RSUs represent 232,977 underlying Shares, and approximately 0.0409% of the issued share capital of the Company as of the date of this announcement. Each RSU is granted for nil consideration. The RSUs granted to the Connected Grantee shall vest in the Connected Grantee as follows: 25% of RSUs shall become vested in 4 equal years. The vesting of RSUs granted to the Connected Grantee will be satisfied by the Shares held on trust by Carfe Unity Limited.

Market Value

Based on the closing price of HK\$16.32 per Share as stated in the daily quotation sheet issued by the Stock Exchange on the Grant Date, the market value of the 232,977 RSUs granted to the Connected Grantee amounts up to HK\$3,802,184.64.

Reasons for and Benefits of the Grant of RSUs

The reasons for the grant of RSUs to the Connected Grantee are to secure and retain the services of eligible participant, to provide incentives for such person to exert maximum efforts and reward continued efforts for the success of our Company and our affiliates, and to provide a means by which such eligible recipient may be given an opportunity to benefit from increases in value of the Shares through the granting of the share awards.

Listing Rules Implications

The 2019 Equity Incentive Plan does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

The Connected Grantee is one of the controlling shareholders of the Company, and therefore is a connected person of the Company under Rule 14A.07 of the Listing Rules. The grant of the RSUs to the Connected Grantee constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. However, as the highest applicable percentage ratio, calculated on an aggregated and/or standalone basis, of the grant to the Connected Grantee is less than 0.1%, the grant of the RSUs to the Connected Grantee is fully exempted from the reporting, announcement, or independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the vesting of RSUs granted to the Connected Grantee will be satisfied by the Shares held on trust by Carfe Unity Limited, no new Shares will be issued by the Company, and accordingly, the granting of the RSUs to the Connected Grantee will not result in any dilution effect on the shareholdings of existing shareholders of the Company.

DEFINITIONS

“2019 Equity Incentive Plan”	the equity incentive plan of our Company as adopted by way of written resolutions of the Board on January 22, 2019
“Board”	the board of Directors
“Company”	CARsgen Therapeutics Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on February 9, 2018
“Connected Grantee”	Mr. Chen Haiou, executive vice president of the Company and one of the controlling shareholders of the Company
“Directors”	the directors of the Company
“Grant of Options”	the grant of an aggregate of 5,013,002 Options to 255 Option Grantees in accordance with the terms of the Post-IPO Share Option Scheme
“Grant of RSUs”	the grant of an aggregate of 468,299 RSUs to 25 RSU Grantees in accordance with the terms of the Post-IPO RSU Scheme
“Grant Date”	March 24, 2022
“Group”	the Company, its subsidiaries and consolidated affiliated entities
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	5,013,002 options to subscribe for or acquire 5,013,002 Shares which were granted under the Post-IPO Share Option Scheme
“Option Grantee(s)”	the employee(s) of the Group who were granted Options in accordance with the Post-IPO Share Option Scheme on the Grant Date
“Post-IPO Share Option Scheme”	the post-IPO share option plan adopted by the Company on April 30, 2021
“Post-IPO RSU Scheme”	the post-IPO RSU scheme adopted by the Company on April 30, 2021
“Prospectus”	the prospectus of the Company dated June 7, 2021 in connection with the initial public offering of the Company on the Stock Exchange
“RSU”	restricted share units
“RSU Grantee(s)”	the employee(s) of the Group who were granted RSUs in accordance with the Post-IPO RSU Scheme on the Grant Date
“Shareholder(s)”	holder(s) of Shares in the Company
“Shares”	ordinary shares in the issued capital of the Company with a nominal value of US\$0.00000025 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it by the Listing Rules

By order of the Board
CARsgen Therapeutics Holdings Limited
Dr. Li Zonghai
Chairman

Hong Kong, March 24, 2022

As at the date of this announcement, the board of directors of the Company comprises Dr. Li Zonghai and Dr. Wang Huamao as executive Directors; Mr. Guo Bingsen, Mr. Guo Huaqing, Mr. Xie Ronggang and Ms. Zhao Yachao as non-executive Directors; Dr. Fan Chunhai, Dr. Yan Guangmei and Mr. So Tak Young as the independent non-executive Directors.