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Transcenta Holding Limited

創勝集團醫藥有限公司

(registered by way of continuation in the Cayman Islands with limited liability)

(Stock Code: 6628)

CLARIFICATIONS REGARDING THE GRANT OF RESTRICTED SHARE UNITS IN DECEMBER 2022 AND GRANT OF AWARD SHARES AND OPTIONS

(I) CLARIFICATION REGARDING THE PRE-IPO EQUITY INCENTIVE PLAN AND THE DECEMBER RSU GRANT

Reference is made to the Announcement of the Company dated 19 December 2022, in which it was disclosed that, among other things, (i) the Board granted a total of 4,400,000 RSUs to Mr. Weng on December 19, 2022 pursuant to the Pre-IPO Equity Incentive Plan (the “**December RSU Grant**”), details of such grant were set out in the Announcement; and (ii) the Pre-IPO Equity Incentive Plan did not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and was a discretionary scheme of the Company.

The Company would like to supplement the following information regarding the Pre-IPO Equity Incentive Plan and the December RSU Grant.

Listing Rules implications of the Pre-IPO Equity Incentive Plan

The principal terms of the Pre-IPO Equity Incentive Plan are set out in the section headed “Appendix IV – Statutory and General Information – D. Share Schemes – 1. Pre-IPO Equity Incentive Plan” of the Prospectus. As further disclosed in the Prospectus, the Company has issued certain Shares to Success Reach and Success Link to be held by them for the benefit of certain existing and future participants of the Pre-IPO Equity Incentive Plan.

Immediately prior to the December RSU Grant on December 19, 2022: (a) Success Reach held 5,636,230 Shares, of which 2,670,445 Shares were held on behalf of specified participants pursuant to prior grants under the Pre-IPO Equity Incentive Plan, and 2,965,785 Shares were held for unspecified participants for future grants under the Pre-IPO Equity Incentive Plan; and (b) Success Link held 11,636,198 Shares, of which 7,136,198 Shares were held on behalf of specified participants pursuant to prior grants under the Pre-IPO Equity Incentive Plan, and 4,500,000 Shares were held for unspecified participants for future grants under the Pre-IPO Equity Incentive Plan (such Shares held for unspecified participants of the Pre-IPO Equity Incentive Plan, the “**Un-granted Shares**”).

In light of the existence of the Un-granted Shares, the Pre-IPO Equity Incentive Plan will be considered to be a share scheme involving grant of new Shares under Rule 17.01(1)(a) of the latest amended Chapter 17 of the Listing Rules (which took effect on January 1, 2023); this is so regardless that future grants of awards under the Pre-IPO Equity Incentive Plan will continue to be satisfied by *existing* Shares held by Success Reach and/or Success Link. As such, when the 7,465,785 Un-granted Shares are used to satisfy future grants of awards under the Pre-IPO Equity Incentive Plan to specified participants, those grants will be considered to utilize the Scheme Mandate Limit as approved by the Shareholders at the extraordinary general meeting on November 4, 2022. The Company will also comply with the applicable rules of the amended Chapter 17 of the Listing Rules when making future grants under the Pre-IPO Equity Incentive Plan.

Listing Rules implications of the December RSU Grant

As the Pre-IPO Equity Incentive Plan is considered to be a share scheme involving grant of new Shares under Rule 17.01(1)(a) of the latest amended Chapter 17 of the Listing Rules, the December RSU Grant shall be conditional upon (a) approval by the independent non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules, and (b) approval by the Shareholders (with Mr. Weng and his associates and all core connected persons of the Company abstaining) at the EGM in accordance with Rules 17.03D(1), 17.04(2) and 17.04(4) of the Listing Rules.

The number of Shares available for future grant after the December RSU Grant (assuming the above conditions of the December RSU Grant are satisfied and taking into account the December Award and Option Grants) under the (i) Scheme Mandate Limit will be 23,411,593 Shares and (ii) the service provider sublimit of the Share Incentive Scheme will be 8,910,386 Shares.

For the avoidance of doubt, the vesting of RSUs granted to Mr. Weng will be satisfied by the Un-granted Shares held by Success Link, no new Shares will be issued by the Company, and accordingly, the granting of the RSUs to Mr. Weng will not result in any dilution effect on the shareholdings of existing Shareholders.

(II) GRANT OF AWARD SHARES AND OPTIONS PURSUANT TO THE SHARE INCENTIVE SCHEME

The Board announces that, on January 26, 2023, the Company granted 4,476,185 Award Shares to two grantees under the Share Incentive Scheme (the “**January Award Grant**”) and 8,494,205 Options to two grantees under the Share Incentive Scheme (the “**January Option Grant**”).

Details of the January Award Grant are set out below:

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| Date of conditional grant: | January 26, 2023 |
| Number of Award Grantees: | Two, namely Dr. Qian and Dr. Zhao |
| Number of Award Shares granted: | 4,476,185 Shares, representing approximately 1.07% of the total issued share capital of the Company as of the date of this announcement |

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| Purchase price of the Award Shares granted: | Nil |
| Closing price of the Shares on the date of conditional grant: | HK\$3.02 per Share |
| Consideration for the Award Shares granted: | US\$0.001 per Share |
| Vesting period of the Award Shares: | <p><u>For Dr. Qian:</u></p> <p>All 4,277,188 Award Shares will be vested based on performance targets. See below for further details.</p> <p><u>For Dr. Zhao:</u></p> <p>All 198,997 Award Shares will be vested from January 26, 2023 to January 26, 2025.</p> |
| Performance targets of the Award Shares: | <p><u>For Dr. Qian:</u></p> <p>The vesting of the 4,277,188 Award Shares granted to the Dr. Qian shall be vested upon target achievements on Company's valuation or market capitalization.</p> |
| Clawback mechanism of the Award Shares: | <p>The key clawback terms are as follow:</p> <p>If an Award Grantee ceases to be an eligible person by reason of retirement of the Award Grantee, any outstanding Award Shares and related income not yet vested shall continue to vest in accordance with the vesting dates set out in the award letter, unless the Scheme Administrator determines otherwise at their absolute discretion.</p> <p>If an Award Grantee ceases to be an eligible person by reason of (i) death of the Award Grantee, (ii) termination of the Award Grantee's employment or contractual engagement with the Group or an affiliate by reason of his/her permanent physical or mental disablement, (iii) termination of the Award Grantee's employment or contractual engagement with the Group by reason of redundancy, any outstanding Award Shares and related income not yet vested shall be immediately forfeited, unless the Scheme Administrator determines otherwise at their absolute discretion.</p> |

If an Award Grantee, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the Award Grantee has been convicted of any criminal offence involving his or her integrity or honesty, or any wrongdoing involving the Group's financial statements, any outstanding Award Shares and related income not yet vested shall be immediately forfeited, unless the Scheme Administrator determines otherwise at their absolute discretion, taking into consideration the purpose of the Share Incentive Scheme.

Details of the January Option Grant are set out below:

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| Date of conditional grant: | January 26, 2023 |
| Number of Option Grantees: | Two, namely Dr. Qian and Dr. Zhao |
| Number of Options granted: | 8,494,205 |
| Total number of Shares to be issued upon exercise of the Options in full: | 8,494,205 Shares, representing approximately 2.02% of the total issued share capital of the Company as of the date of this announcement |
| Exercise price of the Options granted: | HK\$3.02 per Share, which represents the highest of: <ul style="list-style-type: none">(i) the closing price of HK\$3.02 per Share as stated in the daily quotations sheet of the Stock Exchange on January 26, 2023, being the date of conditional grant of the Options;(ii) the average closing price of HK\$2.99 per Share as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the date of conditional grant; and(iii) the nominal value of the Share of US\$0.0001 each |
| Closing price of the Shares on the date of conditional grant: | HK\$3.02 per Share |
| Consideration for the Options granted: | Nil |

Exercise period of the Options granted: Subject to the vesting period as set out below, the exercise period of the Options granted shall be not more than ten years from the date of conditional grant, following which if unexercised shall lapse and the Options shall lapse at the expiry of the exercise period

Vesting period of the Options: For Dr. Qian:
669,297 Options will be vested based on performance targets. See below for further details.

2,971,727 Options will be vested from January 26, 2023 to September 28, 2025.

For Dr. Zhao:
3,062,212 Options will be vested from January 26, 2023 to September 28, 2025.

1,790,969 Options will be vested based on performance targets. See below for further details.

Performance targets of the Options: For Dr. Qian:
The vesting of the 669,297 Options granted to the Dr. Qian shall be vested upon milestone achievements of clinical development.

For Dr. Zhao:
The vesting of the 1,790,969 Options granted to the Dr. Zhao shall be vested upon milestone achievements of clinical development.

Clawback mechanism of the Options: The key clawback terms are as follow:

If an Option Grantee ceases to be an eligible person by reason of retirement of the Option Grantee, any outstanding Options and related income not yet vested shall continue to vest in accordance with the vesting dates set out in the option letter, unless the Scheme Administrator determines otherwise at their absolute discretion.

If an Option Grantee ceases to be an eligible person by reason of (i) death of the Option Grantee, (ii) termination of the Option Grantee's employment or contractual engagement with the Group or an affiliate by reason of his/her permanent physical or mental disablement, (iii) termination of the Option Grantee's employment or contractual engagement with the Group by reason of redundancy, any outstanding Options and related income not yet vested shall be immediately forfeited, unless the Scheme Administrator determines otherwise at their absolute discretion.

If an Option Grantee, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the Option Grantee has been convicted of any criminal offence involving his or her integrity or honesty, or any wrongdoing involving the Group's financial statements, any outstanding Options and related income not yet vested shall be immediately forfeited, unless the Scheme Administrator determines otherwise at their absolute discretion, taking into consider the purpose of the Share Incentive Scheme.

Listing Rules implications

Under the January Award Grant and the January Option Grant, all the shares were granted to the Directors and chief executive of the Company, being connected persons of the Company, details of which are as follows:

| Name of Grantee | Position | Number of Award Shares and Options granted |
|------------------------|--|---|
| Dr. Qian | Executive Director and Chief Executive Officer | 4,277,188 Award Shares and 3,641,024 Options |
| Dr. Zhao | Non-executive Director | 198,997 Award Shares and 4,853,181 Options |

Pursuant to Rule 17.04(1) of the Listing Rules, the January Award Grant and the January Option Grant have been approved by the independent non-executive Directors. Dr. Qian and Dr. Zhao had abstained from voting on the resolutions relating to the respective grants to themselves and had not been counted towards the quorum of the Board meeting in respect of such resolutions.

Since (i) the January Award Grant would result in the Shares issued and to be issued in respect of all awards granted to each of Dr. Qian and Dr. Zhao (excluding any awards lapsed in accordance with the terms of the applicable scheme) in the 12-month period up to and including the date of the said grants representing in aggregate over 0.1% of the issued Shares, (ii) the January Award Grant and the January Option Grant would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the applicable scheme) to Dr. Qian, being a substantial shareholder of the Company, in the 12-month period up to and including the date of the said grants representing in aggregate over 0.1% of the issued Shares, and (iii) the January Award Grant and the January Option Grant would result in the Shares issued and to be issued in respect of all options and awards granted to each of Dr. Qian and Dr. Zhao (excluding any options and awards lapsed in accordance with the terms of the applicable scheme) in the 12-month period up to and including the date of the said grants representing in aggregate over 1% of the issued Shares, the January Award Grant and the January Option Grant are conditional upon approval by the Shareholders (with Dr. Qian and Dr. Zhao and their associates and all core connected persons of the Company abstaining) at the EGM in accordance with Rules 17.03D(1), 17.04(2), 17.04(3) and 17.04(4) of the Listing Rules (as applicable).

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the Award Shares and the Shares underlying the Options to be issued and allotted pursuant to the Scheme Mandate Limit. The Shares underlying the January Award Grant and the January Option Grant will be issued and allotted pursuant to the Scheme Mandate Limit.

Reason for and benefits of the January Award Grant and January Option Grant

The reasons for the grants of Award Shares and Options are to provide incentives for the Award Grantees and the Option Grantees to exert maximum efforts and reward continued efforts for the success of the Company and its affiliates, and to provide a means by which the Award Grantees and the Option Grantees may be given an opportunity to benefit from increases in value of the Shares through the granting of the Award Shares and Options.

In addition, the January Award Grant and the January Option Grant form part of the remuneration to the Award Grantees and the Option Grantees and have been approved by the Remuneration Committee. Such grants will encourage them to work towards enhancing the value of the Company and the Shares for the benefits of the Company and Shareholders as a whole by providing their independent opinion and judgment to the Board in building the strategy and long-term development of the Company.

Number of Shares available for future grant

The number of Shares available for future grant after the January Award Grant and the January Option Grant (assuming the conditions of each of the December RSU Grant, January Award Grant and January Option Grant are satisfied) under the (i) Scheme Mandate Limit will be 10,441,203 Shares and (ii) the service provider sublimit of the Share Incentive Scheme will be 8,910,386 Shares.

(III) THE EGM

The Company proposes to convene the EGM to consider and, if thought fit, approve (i) the December RSU Grant, (ii) the January Award Grant, and (iii) the January Option Grant. A circular of the Company containing, among others, details of the December RSU Grant, the January Award Grant and the January Option Grant as well as a notice convening the EGM are expected to be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

(IV) CLARIFICATION REGARDING THE DECEMBER AWARD AND OPTION GRANTS PURSUANT TO THE SHARE INCENTIVE SCHEME

Reference is made to the Announcement, in which it was disclosed that, among other things, the Board granted a total of 11,705,180 Options and 5,035,160 Award Shares on December 19, 2022 pursuant to the Share Incentive Scheme (the “**December Award and Option Grants**”), details of such grants were set out in the Announcement.

On August 7 and December 19, 2022, the Board resolved to issue a total of 5,035,160 new Shares to the trustee of Success Connect Trust to be held on trust for the benefit of the grantees of the December Award and Option Grants. Such Shares held in the Success Connect Trust will be transferred to the grantees of the December Award and Option Grants upon satisfaction of their respective specified vesting conditions. The issuance of these Shares are not subject to Shareholders’ further approval. Except for the 5,035,160 new Shares as mentioned in this announcement, at the date of this announcement, no new Share has been issued or allotted under the Share Incentive Scheme. The trustee of Success Connect Trust shall not exercise the voting rights in respect of any unvested Shares held in trust.

The Company has not engaged in any fund raising activities by any issue of Shares in the 12 months immediately preceding the date of this announcement.

DEFINITIONS

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

| Term | Definition |
|--------------------|---|
| “Announcement” | the announcement of the Company dated December 19, 2022 in respect of grant of Options, Award Shares and RSUs |
| “Articles” | the articles of association of the Company currently in force |
| “associate(s)” | shall have the meaning ascribed to it under the Listing Rules |
| “Award Grantee(s)” | grantees of the January Award Grant, namely Dr. Qian and Dr. Zhao |

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| “Award Share(s)” | the Shares granted under the Share Incentive Scheme |
| “Board” | the board of Directors of the Company |
| “Company” | Transcenta Holding Limited (創勝集團醫藥有限公司), a limited liability company incorporated under the laws of the British Virgin Islands on August 20, 2010 and continued in the Cayman Islands on March 26, 2021 as an exempted company with limited liability under the laws of Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange |
| “connected person(s)” | has the same meaning as ascribed to it under the Listing Rules |
| “December Award and Option Grants” | the grants of a total of 11,705,180 Options and 5,035,160 Award Shares on December 19, 2022 to selected grantees pursuant to the Share Incentive Scheme |
| “December RSU Grant” | the grant of a total of 4,400,000 RSUs to Mr. Weng on December 19, 2022 pursuant to the Pre-IPO Equity Incentive Plan |
| “Director(s)” | the director(s) of the Company, from time to time |
| “Dr. Qian” | Dr. Xueming Qian, an executive Director and the Chief Executive Officer of the Company |
| “Dr. Zhao” | Dr. Yining (Jonathan) Zhao, a non-executive Director of the Company |
| “EGM” | an extraordinary general meeting of the Shareholders to be convened to consider and, if thought fit, approve (i) the December RSU Grant, (ii) the January Award Grant, and (iii) the January Option Grant |
| “Group” | the Company together with its subsidiaries from time to time; “member of the Company” means any or a specific one of them, and “Group Company” shall be construed accordingly |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “January Award Grant” | the grant of a total of 4,476,185 Award Shares to selected grantees on January 26, 2023 pursuant to the Share Incentive Scheme |

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| “January Option Grant” | the grant of a total of 8,494,205 Options to selected grantees on January 26, 2023 pursuant to the Share Incentive Scheme |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Weng” | Mr. Xiaolu Weng, an executive Director and the Chief Financial Officer of the Company |
| “Option(s)” | option(s) to subscribe for or acquire Shares which is granted under the Share Incentive Scheme |
| “Option Grantees” | grantees of the January Option Grant, namely Dr. Qian and Dr. Zhao |
| “Pre-IPO Equity Incentive Plan” | the employee equity plan adopted by the Company on January 1, 2019 |
| “Prospectus” | the prospectus of the Company dated September 14, 2021 |
| “Remuneration Committee” | the remuneration committee of the Board |
| “RSU(s)” | restricted share units granted under the Pre-IPO Equity Incentive Plan |
| “Scheme Administrator” | the Board or the committee of the Board or person(s) to which the Board has delegated its authority (as applicable) to administer the Share Incentive Scheme in accordance with its rules |
| “Scheme Mandate Limit” | The total number of Shares which may be issued in respect of all options and awards to be granted under the Share Incentive Scheme (excluding Award Shares or Options that have been forfeited in accordance with the Share Incentive Scheme) and any other share schemes (for the avoidance of doubt, including the Pre-IPO Equity Incentive Scheme) of the Company as approved by the Shareholders at the extraordinary general meeting held on November 4, 2022, being 44,551,933 Shares, representing 10% of the total issued and outstanding Shares on the date of the said meeting |
| “Share(s)” | ordinary share(s) in the share capital of our Company, currently with a par value of US\$0.0001 each |
| “Shareholder(s)” | holder(s) of Shares |

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| “Share Incentive Scheme” | the share incentive scheme of the Company conditionally approved by the Shareholders of the Company on November 4, 2022 (as amended from time to time) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary” | has the meaning ascribed to it in the Listing Rules |
| “Success Connect Trust” | Success Connect Trust is an irrevocable trust established by the Company on September 6, 2022 for the benefit of selected participants of the Share Incentive Scheme. The trustee of Success Connect Trust is BOCI Trustee (Hong Kong) Limited. |
| “Success Link” | Success Link International L.P. which is an exempted limited partnership established for the benefit of selected participants of the Pre-IPO Equity Incentive Plan. Success Link International L.P. is controlled by its general partner, Success Link GP Inc., which shall be determined or approved by the board of directors of the Company from time to time as provided for in the governing documents of Success Link International L.P. |
| “Success Reach” | Success Reach International Limited, the entire share capital of which is held by Trident Trust Company (HK) Limited, which serves as the trustee of the Success Reach Trust. Success Reach Trust is an irrevocable trust established by the Company on November 13, 2020 for the benefit of selected participants of the Pre-IPO Equity Incentive Plan. |
| “U.S.” or “United States” | the United States of America, its territories and possessions and all areas subject to its jurisdiction |
| “US\$” | U.S. dollars, the lawful currency of the United States of America |
| “%” | per cent |

For the purpose of this announcement, the exchange rate between US\$ and HK\$ is US\$1=HK\$7.8.

By Order of the Board
Transcenta Holding Limited
Xueming Qian
Executive Director and Chief Executive Officer

Hong Kong, January 26, 2023

As at the date of this announcement, the board of directors of the Company comprises Dr. Xueming Qian as executive Director and chief executive officer, Mr. Xiaolu Weng as executive Director, Dr. Yining (Jonathan) Zhao as chairman and non-executive Director, and Mr. Jiasong Tang, Dr. Jun Bao, Mr. Zhihua Zhang and Dr. Kumar Srinivasan as independent non-executive Directors.