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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)

CONNECTED TRANSACTION IN RELATION TO CANCELLATION OF SHARE OPTIONS AND PROMISSORY NOTES

Reference is made to the “Summary” and “Financial Information” sections of the Company’s Prospectus and the announcement of the Company published on October 27, 2022, in which the Company disclosed, among other things, that the Grantees have been granted share options under the Pre-IPO Equity Incentive Plan of the Company and they have issued Promissory Notes to the Company to satisfy the unpaid exercise price of their respective share options granted under the Pre-IPO Equity Incentive Plan. Pursuant to the terms of the Promissory Notes, all the Promissory Notes shall be settled on or before December 31, 2022. If any of the relevant Grantees fail to repay the amount due under their respective Promissory Notes when such amount becomes due by December 31, 2022, or upon the termination of their respective employment or service relationship with the Group, the relevant share options will be forfeited and the underlying Shares will be cancelled, and the corresponding amount due under the relevant Promissory Notes will be set-off.

As the Grantees have indicated to the Company their inability to pay their outstanding monetary obligations under their relevant Promissory Notes, the Company and certain Grantees have entered into the Cancellation Agreements on November 25, 2022 to settle the relevant Promissory Notes.

Cancellation Agreements

Pursuant to the Cancellation Agreements, part of the outstanding amount due under the relevant Promissory Notes will be settled by the cash payments of US\$423,007.17 (equivalent to approximately HK\$3,299,456) from certain Grantees on November 25, 2022. In relation to the remaining outstanding amount, for those Grantees whose share options have already vested, been exercised and converted into Shares, certain Shares held by such Grantees will be cancelled and used to set-off the equivalent amount due under the relevant Promissory Notes based on the market value of such Shares. For those Grantees who still hold outstanding share options, the relevant share options will be cancelled based on their unpaid exercise price.

The consideration for the Cancellation Agreements, determined and represented by the aggregate outstanding amount due under the Grantees’ relevant Promissory Notes as of the date of the Cancellation Agreements, amounted to US\$12,389,576.27 (equivalent to approximately HK\$96,638,695).

Under the Cancellation Agreements, 12,183,144 of the vested Shares will be cancelled and 13,521,536 of the outstanding share options will be forfeited, details of which are as follows:

Name of Grantee	Position held in the Company	Amount outstanding under the Promissory Note as at the date of the Cancellation Agreements	Amount of cash payment by Grantee	Number of Shares to be cancelled	Market value of Shares to be cancelled ⁽³⁾	Number of outstanding share options to be forfeited	Unpaid exercise price of outstanding share options to be forfeited
Xueming Qian	Executive Director	US\$3,528,482.06	–	1,069,297	US\$556,427.08	7,248,915	US\$2,972,055.15
Yining (Jonathan) Zhao	Non-executive Director	US\$4,497,798.15	US\$124,697.74	5,989,966	US\$3,116,981.82	3,062,211	US\$1,256,118.95
Frank Feng Ye	Company subsidiary's director	US\$569,321.15	US\$26,794.62	1,015,170	US\$528,261.17	30,430	US\$14,265.58
Michael Ming Shi	N/A ⁽¹⁾	US\$821,733.79	–	554,866	US\$288,734.07	1,300,000	US\$533,000.00
Albert Da Zhu	N/A ⁽²⁾	US\$139,745.05	US\$139,745.05	–	–	–	–
11 current and previous employees of the Company		US\$2,832,496.06	US\$131,769.76	3,553,845	US\$1,849,304.36	1,879,980	US\$851,423.84
Total		US\$12,389,576.27	US\$423,007.17	12,183,144	US\$6,339,708.50	13,521,536	US\$5,626,863.53

Notes:

- (1) Michael Ming Shi resigned as an executive director of the Company with effect from July 20, 2022.
- (2) Albert Da Zhu, who was an executive director of the Company, passed away on June 26, 2022.
- (3) The market value of the vested Shares is determined based on the closing price of HK\$4.07 per Share as quoted on the Stock Exchange on November 18, 2022, as agreed between the Company and Grantees.

It is expected that the cancellation of underlying Shares will be completed on or around December 1, 2022.

REASONS FOR AND BENEFITS OF THE CANCELLATION

The purpose of the Cancellation is for the Company to comply with the arrangements provided in the Grantees' Promissory Notes and settle the relevant share options, underlying Shares and corresponding amount due under the Promissory Notes.

In view of the above, the Board (including the independent non-executive Directors but excluding Xueming Qian and Yining (Jonathan) Zhao who abstained from voting on resolutions in relation to the Cancellation) considers that the terms of the Cancellation Agreements are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GRANTEES

Among the Grantees, Xueming Qian is an executive Director and Yining (Jonathan) Zhao is a non-executive Director of the Company, Frank Feng Ye is a director of a subsidiary of the Company, and Michael Ming Shi and Albert Da Zhu were Directors of the Company in the last 12 months. Other than the Connected Grantees, the rest of the Grantees are either current or previous employees of the Group. Save for the Connected Grantees, none of the Grantees are connected persons of the Company or an associate of such person.

INFORMATION OF THE COMPANY

The Company is a clinical stage biopharmaceutical company with fully-integrated capabilities in discovery, research, development and manufacturing of antibody-based therapeutics.

LISTING RULES IMPLICATIONS

Amongst the Grantees, Xueming Qian is an executive Director and Yining (Jonathan) Zhao is a non-executive Director of the Company, Frank Feng Ye is a director of the Company's subsidiary, and Michael Ming Shi and Albert Da Zhu were Directors of the Company in the last 12 months, and therefore are connected persons of the Company. The Connected Grantees' Cancellation constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Connected Grantees' Cancellation exceed(s) 0.1% but are all less than 5%, it is subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Xueming Qian and Yining (Jonathan) Zhao have abstained from voting on the Board resolutions in relation to the Cancellation. Save as disclosed above, none of the Directors had a material interest in the matters contemplated therein nor is any of them required to abstain from voting on the relevant Board resolutions approving the Cancellation and the transactions contemplated thereunder.

DEFINITIONS

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

Term	Definition
“Articles”	the articles of association of the Company currently in force
“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Cancellation”	the cancellation of the relevant Grantee's vested Shares, outstanding share options, and the underlying Shares, and the set-off of the relevant Promissory notes in accordance with the Cancellation Agreements

Term	Definition
“Cancellation Agreement(s)”	the cancellation agreements entered into between the Company and certain Grantees respectively on November 25, 2022 in relation to the Cancellation
“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 Grantees”	Xueming Qian, Yining (Jonathan) Zhao, Frank Feng Ye, Michael Ming Shi and Albert Da Zhu
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company, from time to time
“Grantees”	comprises the Connected Grantees and 11 current or previous employees of our Group who were granted share options and awards pursuant to Pre-IPO Equity Incentive Plan and have issued Promissory Notes to the Company
“Group”	the Company together with its subsidiaries from time to time; “member of the Group” 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pre-IPO Equity Incentive Plan”	the employee equity plan approved and adopted by the Company and effective since January 1, 2019 (as amended from time to time)
“Promissory Notes”	the promissory notes issued by the Grantees to the Company to satisfy the unpaid exercise price of their respective share options granted under the Pre-IPO Equity Incentive Plan
“Prospectus”	the prospectus of the Company dated September 14, 2021
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules

Term	Definition
“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, November 25, 2022

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 and Mr. Zhihua Zhang as independent non-executive Directors.