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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)

GRANT OF (I) SHARE OPTIONS; (II) AWARD SHARES; AND (III) RESTRICTED SHARE UNITS

(I) GRANT OF SHARE OPTIONS

Pursuant to Rule 17.06A of the Listing Rules, the Board announces that, on December 19, 2022, the Company granted 11,705,180 Options to 25 Option Grantees, to subscribe for a total of 11,705,180 Shares under the Share Incentive Scheme. Details of the Option Grant are set out below:

Date of Grant:	December 19, 2022
Number of Option Grantees:	25, of which three are Connected Option Grantees and 22 are Non-connected Option Grantees
Number of Options granted:	11,705,180
Total number of Shares to be issued upon exercise of the Options in full:	11,705,180
Exercise price of the Options granted:	HK\$3.23 per Share, which represents the highest of: <ul style="list-style-type: none">(i) the closing price of HK\$3.00 per Share as stated in the daily quotations sheet of the Stock Exchange on December 19, 2022, being the date of grant of the Options;(ii) the average closing price of HK\$3.23 per Share as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and(iii) the nominal value of the Share of US\$0.0001 each

Closing price of the Shares on the Date of Grant:	HK\$3.00 per Share
Consideration for the Options granted:	Nil
Exercise period of the Option periods:	Subject to the vesting period as set out below, the exercise period of the Options granted may be exercised by the Grantees not more than shall be ten years from the Date of Grant, following which if unexercised shall lapse and the Options shall lapse at the expiry of the exercise period.
Vesting period of the Options:	<p><u>For Non-connected Option Grantees:</u></p> <ul style="list-style-type: none"> (i) 2,502,940 Options will be vested over one to four years from the Vesting Commencement Date; and (ii) 3,404,640 Options will be vested based on performance targets. See below for further details. <p><u>For Dr. Qian:</u></p> <p>All 400,000 Options will be vested based on performance targets. See below for further details.</p> <p><u>For Dr. Zhao:</u></p> <p>All 4,000,000 Options will be vested based on performance targets. See below for further details.</p> <p><u>For Mr. Ye:</u></p> <ul style="list-style-type: none"> (i) 352,000 Options will be vested over one to three years from the Vesting Commencement Date; and (ii) 1,045,600 Options will be vested based on performance targets. See below for further details.

The vesting period for the performance target-based Options granted to the senior managers of the Company amongst the Non-connected Option Grantees and the Connected Option Grantees may have vesting period shorter than 12 months subject to the fulfillment of the relevant performance targets. This adjustment of vesting period is permitted by the rules of the Share Incentive Scheme and the Remuneration Committee is of the view that such arrangement aligns with the purpose of the Share Incentive Scheme as it incentivizes and encourages them to work towards enhancing the value of the Company and its Shares.

Performance targets of the Options: For Non-connected Option Grantees

The vesting of the 3,464,640 Options granted to the Non-connected Option Grantees shall be conditional upon the achievement of certain performance targets including various project milestone achievements on clinical development, CMC, and partnership as set out in the relevant grant letters entered into between the Non-connected Option Grantees and the Company.

For Dr. Qian

The vesting of the 400,000 Options granted to the Dr. Qian shall be conditional upon the achievement of performance targets relating to market capitalization and various project milestone achievement on clinical development with respect to certain drug candidates as set out in the relevant grant letter entered into between the Dr. Qian and the Company.

For Dr. Zhao

The vesting of the 4,000,000 Options granted to the Dr. Zhao shall be conditional upon the achievement of performance targets relating to various project milestone achievement on clinical development with respect to certain drug candidates as set out in the relevant grant letter entered into between the Dr. Zhao and the Company.

For Mr. Ye

The vesting of the 1,045,600 Options granted to the Mr. Ye shall be conditional upon the achievement of performance targets relating to project milestone achievement on CMC and clinical development of certain drug candidates as set out in the relevant grant letter entered into between the Mr. Ye and the Company.

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.

Among the Option Grant, 5,797,600 Options were granted to the Directors and chief executive of the Company and its subsidiaries, being connected persons of the Company, details of which are as follows:

Name of Connected Option Grantee	Position	Number of Options granted
Dr. Qian	Executive Director and Chief Executive Officer	400,000
Dr. Zhao	Non-executive Director	4,000,000
Mr. Ye	Company subsidiary's director	1,397,600

The Option Grant will entitle the Option Grantees to subscribe for up to a total of 11,705,180 new Shares which represent approximately 2.80% of the issued Shares as at the date of this announcement.

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

Save as disclosed in this announcement, none of the Option Grantees is a Director, chief executive or substantial shareholder of the Company, or an associate (as defined under the Listing Rules) of any of them. None of the grant of Options will be subject to approval by the Shareholders.

None of the Option Grantees will, as a result of the grant of the Options, be issued and entitled to be issued with such number of Shares representing over 1% of the Company's issued Shares as at the Date of Grant upon exercise of all options granted to each of them in the past 12-month period up to and including the Date of Grant. In addition, Dr. Qian being a substantial shareholder of the Company, will not, as a result of the grant of the Options, be issued and entitled to be issued with such number of Shares representing over 0.1% of the Company's issued Shares as at the Date of Grant upon exercise of all options granted to each of them in the past 12-month period up to and including the Date of Grant.

Reason for and benefits of the Option Grant

The purposes of the Option Grant are to (i) attract, remunerate, incentivize and reward the Option Grantees and (ii) encourage the Option Grantees to work towards enhancing the value of the Company and its Shares.

(II) GRANT OF AWARD SHARES

The Board announces that, on December 19, 2022, the Company granted 5,035,160 Award Shares to 92 Award Grantees under the Share Incentive Scheme. Details of the Award Grant are set out below:

Date of Grant:	December 19, 2022
Number of Award Grantees:	92 of which three are Connected Award Grantees, 89 are Non-connected Award Grantees
Number of Award Shares granted:	5,035,160
Purchase price of the Award Shares granted:	Nil
Closing price of the Shares on the Date of Grant:	HK\$3.00 per Share
Vesting period of the Award Shares:	<u>For Non-connected Award Grantees:</u>

- (i) 4,645,160 Award Shares will be vested over one to four years from the Vesting Commencement Date;
- (ii) 300,000 of the Award Shares will be vested based on performance targets. See below for further details.

The vesting period for the relevant performance target-based Award Shares granted to the senior managers of the Company amongst the Non-connected Award Grantees may have vesting period shorter than 12 months subject to the fulfillment of the relevant performance targets. This adjustment of vesting period is permitted by the rules of the Share Incentive Scheme and the Remuneration Committee is of the view that such arrangement aligns with the purpose of the Share Incentive Scheme as it incentivizes and encourages them to work towards enhancing the value of the Company and its Shares.

For Connected Award Grantees:

- (i) 30,000 Award Shares will vest with immediate effect on the Date of Grant;
- (ii) 30,000 Award Shares will be vested on September 29, 2023; and
- (iii) 30,000 Award Shares will be vested on September 29, 2024

The vesting period for certain portion of the grant of Award Shares to the Connected Award Grantees is shorter than 12 months because their Award Grant forms part of their remuneration package and has been approved by the Remuneration Committee, therefore their date of grant would have been earlier if not for certain administrative requirements. This adjustment to the vesting period is permitted by the rules of the Share Incentive Scheme and has been approved by the Remuneration Committee.

Performance targets of the Award Shares:

For Non-connected Award Grantees

The vesting of the Award Shares granted to the Non-connected Award Grantees shall be conditional upon the achievement of certain performance targets relating to various project milestone achievement on CMC, clinical development and partnership, etc. as set out in the relevant grant letters entered into between the Non-connected Award Grantees and the Company.

For Connected Award Grantees

As (i) grant of the Award Shares to the the Connected Award Grantees form part of their remuneration; and (ii) the Award Grant is to recognize and reward the relevant Award Grantees for their past contributions to the Company, and can incentivize and retain the relevant Award Grantees, whose contributions are beneficial to the continual operation, development and long-term growth of the Group, the Remuneration Committee is of the view that it is not necessary to set performance targets for the Award Grant to the Connected Award Grantees.

Clawback mechanism of the Award Shares

The key clawback terms are as follow:

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.

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.

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 consider the purpose of the Share Incentive Scheme.

Among the Award Grant, 90,000 Award Shares were granted to the independent non-executive Directors of the Company, being connected persons of the Company, details of which are as follows:

Name of Connected Award Grantee	Position	Number of Award Shares granted
Mr. Jiasong Tang	Independent non-executive Director	30,000
Dr. Jun Bao	Independent non-executive Director	30,000
Mr. Zhihua Zhang	Independent non-executive Director	30,000

The Award Grant will entitle the Award Grantees to subscribe for up to a total of 5,035,160 new Shares which represent approximately 1.20% of the issued Shares as at the date of this announcement.

The grant of Award Shares to the Connected Award Grantees was approved by the independent non-executive Directors, with each of them abstaining from voting on the resolutions relating to their respective Award Grant and had not been counted towards the quorum of the Board meeting in respect of such resolutions.

Save as disclosed in this announcement, none of the Award Grantees is a Director, chief executive or substantial shareholder of the Company, or an associate (as defined under the Listing Rules) of any of them. None of the grant of Award Shares will be subject to approval by the Shareholders. The issue of new Shares pursuant to the Award Grant is under the Share Incentive Scheme which complies with the amended Chapter 17 of the Listing Rules (which will become effective on January 1, 2023), will be exempt from the reporting, announcement and independent shareholders' approval requirements under the amended Rule 14A.92(3) of the Listing Rules (which will become effective on January 1, 2023).

None of the Non-connected Award Grantees will, as a result of the relevant grant of the Award Shares (and the relevant grant of the Options, if applicable), be issued and entitled to be issued with such number of Shares representing over 1% of the Company's issued Shares as at the Date of Grant upon vesting of all Award Shares (and Options, if applicable) granted to each of them in the past 12-month period up to and including the Date of Grant. In addition, none of the Connected Award Grantees will, being independent non-executive Directors of the Company, as a result of the relevant grant of the Award Shares, be issued and entitled to be issued with such number of Shares representing over 0.1% of the Company's issued Shares as at the Date of Grant upon vesting of all Award Shares granted to each of them in the past 12-month period up to and including the Date of Grant.

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 to be issued and allotted pursuant to the Award Grant.

Reason for and benefits of the Award Grant

The reasons for the grant of Award Shares are to provide incentives for the Award 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 may be given an opportunity to benefit from increases in value of the Shares through the granting of the Award Shares.

In relation to the Award Grant to the Connected Award Grantees, the Award Grant forms part of the remuneration to the Connected Award Grantees and has been approved by the Remuneration Committee. The Award Grant 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 Option Grant and Award Grant under the (i) Share Incentive Scheme's mandate will be 24,355,233 Shares and (ii) the service provider sublimit of the Share Incentive Scheme will be 8,910,387 Shares.

(III) GRANT OF RESTRICTED SHARE UNITS

The Board announces that on December 19, 2022, the Board granted a total of 4,400,000 RSUs to Mr. Weng under the Pre-IPO Equity Incentive Plan. The principal terms of the Pre-IPO Equity Incentive Plan were set out in the section headed “Appendix IV – Statutory and General Information – D. Share Schemes – 1. Pre-IPO Equity Incentive Plan” of the Prospectus. Mr. Weng is the chief financial officer and an executive Director of the Company and therefore is a connected person of the Company.

The 4,400,000 RSUs represent 4,400,000 underlying Shares, and approximately 1.05% of the total issued share capital of the Company as of the date of this announcement. Each RSU was granted at a consideration of US\$0.001. Subject to the vesting conditions being met, 850,000 of the RSUs will vest with immediate effect on the Date of Grant and 2,550,000 of the RSUs will vest equally in three years installments on the anniversaries of the Vesting Commencement Date. The 1,000,000 remaining RSUs will vest according to the achievement of certain performance targets relating to the valuation of the Company as set out in the grant letter entered into between Mr. Weng and the Company. The grant of 4,400,000 RSUs to Mr. Weng has been unanimously approved by all members of the Remuneration Committee and the Board (except Mr. Weng who has abstained from voting on the board resolution approving the grant of the RSUs to himself). The grant of 4,400,000 RSUs to Mr. Weng will be satisfied with existing Shares held by Success Link International L.P. and no new Shares will be issued, and the grant and vesting of such RSUs are not subject to approval of Shareholders of the Company.

Market Value

Based on the closing price of HK\$3.00 per Share as quoted on the Stock Exchange on the Date of Grant, the market value of the 4,400,000 RSUs granted to Mr. Weng amounts to approximately HK\$13,200,000.

Reasons for and benefits of the grant to Mr. Weng

The reasons for the grant of RSUs to Mr. Weng are to provide incentives for such person to exert maximum efforts and reward continued efforts for the success of the Group, 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 RSUs.

Listing Rules Implications

The Pre-IPO 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.

Mr. Weng is an executive director 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 Mr. Weng constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. However, as the grant of RSUs to Mr. Weng forms part of the remuneration package under his service contract with the Company, such grant is exempt from the reporting, announcement and independent Shareholders’ approval requirements pursuant to Rule 14A.73(6) and Rule 14A.95 of the Listing Rules.

As the vesting of RSUs granted to Mr. Weng will be satisfied by the existing Shares held by Success Link International L.P., 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. Our directors confirm that such transaction has been entered into in the ordinary and usual course of business of the Company and is on normal commercial terms and is fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Board considers that the grant of RSUs is fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

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
“Award Grant”	the grant of an aggregate of 5,035,160 Award Shares to the Award Grantees in accordance with the terms of the Share Incentive Scheme
“Award Grantee(s)”	grantees who are granted Award Shares under the Share Incentive Scheme on the Date of Grant (including the Connected Award Grantees)
“Award Shares”	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 Award Grantees”	Mr. Jiasong Tang, Dr. Jun Bao and Mr. Zhihua Zhang, being independent non-executive Directors of the Company
“Connected Option Grantees”	Dr. Qian, Dr. Zhao and Mr. Ye
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Date of Grant”	December 19, 2022

“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
“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
“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
“Mr. Ye”	Mr. Frank Feng Ye, a director of the Company’s subsidiary
“Non-connected Award Grantees”	the Award Grantees who are employees of the Company (including senior managers) and are not connected persons of the Company under the Listing Rules
“Non-connected Option Grantees”	the Option Grantees who are employees (including senior managers) of the Company and are not connected persons of the Company under the Listing Rules
“Option(s)”	option(s) to subscribe for or acquire Shares which is granted under the Share Incentive Scheme
“Option Grant”	the grant of an aggregate of 11,705,180 Options to the Option Grantees in accordance with the terms of the Share Incentive Scheme
“Option Grantee(s)”	grantees who are granted Options under the Share Incentive Scheme on the Date of Grant (including the Connected Option Grantees)
“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

“Share(s)”	ordinary share(s) in the share capital of our Company, currently with a par value of US\$0.0001 each
“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)
“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
“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
“Vesting Commencement Date”	the vesting commencement date as specified in each of the (i) option letter entered between the Company and the Option Grantees; (ii) the award letter entered between the Company and the Award Grantees; and (iii) the RSU award letter entered between the Company and Mr. Weng
“%”	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, December 19, 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. Zihua Zhang as independent non-executive Directors.