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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)

PROPOSED CHANGE OF AUDITOR

This announcement is made by Transcenta Holding Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

PROPOSED CHANGE OF AUDITOR

The board of directors of the Company (the "**Board**") hereby announces that, as the Company and Ernst & Young ("**EY**"), the existing auditor of the Company, could not reach a consensus on the audit fee in respect of the annual audit work for the Group's consolidated financial statements for the year ending December 31, 2026 (the "**2026 Audit**"), having taken into account the significant reduction in the scale of operations of the Group following the CDMO Assets Disposal (as defined below) in the second half of 2026, the Company, upon the recommendation from the audit committee of the Board (the "**Audit Committee**"), proposes to remove EY as the auditor of the Company for the year ending December 31, 2026 (the "**Proposed Removal**") and to appoint HLB Hodgson Impey Cheng Limited ("**HLB**") as the new auditor of the Company for the year ending December 31, 2026 to fill the casual vacancy following the Proposed Removal and to hold office until the conclusion of the next annual general meeting of the Company (the "**Proposed Appointment**", together with the Proposed Removal, the "**Proposed Change of Auditor**"). The Proposed Change of Auditor is subject to, among other things, the passing of the relevant resolutions at an extraordinary general meeting to be convened by the Company (the "**EGM**").

BACKGROUND FOR PROPOSED CHANGE OF AUDITOR

At the last annual general meeting of the Company held on June 30, 2026, EY was re-appointed as the auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company.

During the year, the Group has substantially streamlined its operations. Notably, the Group has agreed to dispose of its CDMO assets in Hangzhou (mainly comprising of the GMP manufacturing facility involved in the Group's provision of CDMO services historically) (the "**CDMO Assets Disposal**") pursuant to the relevant asset purchase agreement dated August 6, 2026 (for details, see the announcements of the Company dated August 6, 2026 and September 9, 2026 and the circular of the Company dated August 25, 2026), which also involved a significant reduction of the Group's headcount. The Group has also been implementing cost control measures across its operations. In light of the reduced scale of operations of the Group and the corresponding reduction in the expected audit scope and workload, the management of the Company proposed, and the chairman of the Audit Committee agreed, that the EY Proposed Fee (as defined below) for the 2026 Audit originally agreed with EY may no longer be appropriate, and that if EY is not agreeable to a meaningful fee reduction, the Company could consider other qualified audit firms that are able to provide competitive fee proposals with comparable audit quality and meet the audit requirements of the Group. Accordingly, with the endorsement of the chairman of the Audit Committee, the Company invited audit fee proposals from other professional accounting firms, including HLB, in respect of the 2026 Audit. The audit fee proposals received from such firms were considerably lower than the EY Proposed Fee. The Company subsequently approached EY to negotiate a downward adjustment of the audit fee for the 2026 Audit. However, EY maintained its original fee quotation. EY was given the opportunity to revise its fee proposal but maintained its original fee quotation. As a result, the Company and EY could not reach a consensus on the audit fee for the 2026 Audit.

After a careful assessment of, among others, the matters as more particularly set out in the section headed "Assessment of the proposed appointment of HLB as the incoming auditor" below, the Audit Committee was of the view that the audit service proposals provided by EY and HLB were broadly comparable, and HLB possessed the professional qualifications and experience necessary to provide high-quality audit services with a competitive audit fee.

Upon the recommendation from the Audit Committee, the Board resolved to seek the approval of the shareholders of the Company (the "**Shareholders**") regarding (i) the Proposed Removal; and (ii) the Proposed Appointment.

The Board is of the view that the Proposed Change of Auditor will facilitate more effective cost control and reduce operating expenses for the Company, and better align the Group's audit costs with its current streamlined scale of operations. The Board accordingly considers the Proposed Change of Auditor to be in the best interests of the Company and its Shareholders as a whole. The Board would like to take this opportunity to express its sincere gratitude to EY for its professional services rendered to the Group during its tenure of office.

EY has confirmed in writing to the Board that, as at the date of this announcement, except that they did not express an opinion on the consolidated financial statements of the Group for the year ended December 31, 2025, because they were not able to obtain sufficient appropriate audit evidence to assess the appropriateness of the directors' use of the going concern basis of accounting, there are no matters in connection with the Proposed Removal that need to be brought to the attention of the Shareholders and creditors of the Company. The Board and the Audit Committee have also confirmed that, save for the reason disclosed above, there is no disagreement or unresolved matter between the Company and EY, and there are no other matters in connection with the Proposed Removal that need to be brought to the attention of the Shareholders.

As at the date of this announcement, the Company and EY have not entered into any engagement letter in respect of the 2026 Audit, and EY has not commenced any audit work for the 2026 Audit. The Board believes that the Proposed Change of Auditor will not have any material impact on the 2026 Audit and the release of the Group's financial results for the year ending December 31, 2026.

CHRONOLOGY OF EVENTS LEADING TO THE PROPOSED CHANGE OF AUDITOR

Set out below is a chronology of events leading to the Proposed Change of Auditor:

Date	Event
March 26, 2026	EY provided estimated total fee to the Company which was approximately RMB3.8 million, including RMB2.7 million for the 2026 Audit (the "**EY Proposed Fee**") and the remainder for the review of the Company's 2026 interim financial information. The fee estimate was determined with reference to the audit fee of the Group for the year ended December 31, 2025, the expected audit scope, the market rate, the audit timetable and the auditor's resources required.
June 30, 2026	At the last annual general meeting of the Company held on June 30, 2026, EY was re-appointed as the auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company. The Board was authorized to fix EY's remuneration.
August 6, 2026	HJB (Hangzhou) Co., Ltd., a wholly-owned subsidiary of the Company, entered into an asset purchase agreement with WuXi Biologics (Hangzhou) Co., Ltd. in relation to the CDMO Assets Disposal, being the disposal of the Group's CDMO assets in Hangzhou (including the relevant real property, equipment and related assets and rights) at a consideration of RMB190.0 million (subject to adjustments). As part of the CDMO Assets Disposal, certain employees of the Group's CDMO business would be transferred to the purchaser.
August 28, 2026	The Board held a meeting at which, among other things, the Board discussed the Group's cost optimization plan and cost reduction measures.
September 9, 2026	The CDMO Assets Disposal was approved by the Shareholders at the extraordinary general meeting of the Company. As a result of the CDMO Assets Disposal, the scale of operations of the Group and the expected audit scope and workload for the 2026 Audit were expected to be significantly reduced.
Late October 2026	The Company's management proposed exploring a change of auditor as part of the Group's cost optimization efforts, which was supported by the chairman of the Audit Committee. With the endorsement of the chairman of the Audit Committee, the Company invited audit fee proposals for the 2026 Audit from other professional accounting firms, including HLB. The audit fee proposals received were considerably lower than the EY Proposed Fee.

October 28 to 30, 2026	EY verbally confirmed that it was able to undertake the 2026 Audit, but indicated it would maintain its original fee quotation. The Company and EY ultimately could not reach a consensus on the audit fee for the 2026 Audit.
October 30, 2026	The chairman of the Audit Committee met with HLB to assess its independence, professional competence, audit approach, resource commitment and ability to complete the 2026 Audit within the required timetable. The Board held a meeting to discuss the Group's cost reduction and efficiency enhancement measures. The Board also discussed with the chairman of the Audit Committee to understand the above described developments relating to the Proposed Change of Auditor.
November 3, 2026	The Company notified EY in writing of the Company's intention to remove EY as the auditor of the Company, subject to the approval of the Board and the Shareholders.
November 4, 2026	The chairman of the Audit Committee held a meeting with EY in relation to the Proposed Removal (subject to formal decisions of the Audit Committee, the Board and the Shareholders).
November 6, 2026	The Audit Committee held a meeting to discuss and consider the Proposed Change of Auditor, and resolved to recommend the Proposed Change of Auditor to the Board. The Board held a meeting to discuss and consider the Proposed Change of Auditor, taking into account the Audit Committee's recommendation, and resolved to approve the Proposed Change of Auditor and to put forward the same to the Shareholders for approval at the EGM. EY issued a written termination letter to the Company in respect of the Proposed Removal.

ASSESSMENT OF THE PROPOSED APPOINTMENT OF HLB AS THE INCOMING AUDITOR

The Board and the Audit Committee have considered a number of factors regarding the proposed appointment of HLB as the new independent auditor of the Company. In particular, the Audit Committee has considered section 2 of the Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors and the Guidance Notes on Change of Auditors, each issued by the Accounting and Financial Reporting Council ("**AFRC**"), and is satisfied that HLB is independent, competent and capable of performing high-quality audits.

(i) Governance and leadership

HLB has been established in Hong Kong for over 40 years and is registered with the AFRC as a public interest entity auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong). The Audit Committee has reviewed profiles of HLB's leadership team, organizational structure and quality management policies on governance and leadership. HLB assesses its compliance with the requirements of Hong Kong Standard on Quality Management 1 ("**HKSQM 1**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") on an annual basis as part of its internal quality review program. The proposed audit engagement team (the "**Proposed Audit Team**") for the 2026 Audit will be led by an engagement director with 18 years of practicing experience. The Audit Committee is satisfied that HLB has established a sound system of quality management and rigorous audit methodologies and is committed to upholding audit quality and acting in the public interest.

(ii) Independence and compliance with relevant ethical requirements

The Audit Committee has held discussions with the proposed engagement director and noted that HLB complies with the Code of Ethics for Professional Accountants (including the independence provisions) issued by the HKICPA and applicable quality management standards. There are no non-audit services, financial or commercial relationships between the Company and HLB that may impair HLB's independence, nor any other relationships (whether financial, employment, familial or otherwise) between members of the Proposed Audit Team (and their respective immediate family members) and the Company that could compromise HLB's independence when conducting audits for the Company. HLB has also confirmed that it adopts mandatory rotation of audit engagement directors and an engagement quality review process. The Audit Committee has conducted public searches on the websites of the relevant regulators and did not identify any record of disciplinary action against the proposed engagement director.

(iii) Industry knowledge and technical competence

HLB has a team of staff with professional qualifications and extensive audit experience, and has provided audit and assurance services to over 90 companies listed on the Stock Exchange, including 12 companies in the biotechnology/healthcare sector, as well as clients across various industries. The engagement director, the engagement quality reviewer and the audit manager of the Proposed Audit Team are certified public accountants registered in Hong Kong. In addition, HLB is able to leverage its international service network and professional resources to provide cross-border audit support for enterprises with domestic and overseas operations. The Audit Committee has reviewed and discussed with HLB its proposed audit plan, which sets out the audit coverage, procedures, the Proposed Audit Team and timetable, and confirmed that it has sufficient qualified staff and professional resources to deliver high-quality audit services.

(iv) Engagement performance

The Audit Committee has discussed with HLB in respect of its overall audit strategy, which covers clear audit scope, audit focus and key work arrangements. HLB has indicated that it will maintain appropriate communication with EY as the predecessor auditor to facilitate a smooth transition of the audit. After reviewing HLB's audit methodology proposed to be adopted and the background of the engagement director and team members, the Audit Committee is satisfied that the Proposed Audit Team possesses sufficient professional expertise, human resources and time commitment to effectively carry out the audit work of the Company.

(v) Communication and interaction with the Audit Committee

The Audit Committee considers that HLB has established communication arrangements with the management and the Audit Committee to ensure that audit progress, significant audit matters and other key issues can be timely reported to the Audit Committee and properly addressed.

(vi) Monitoring procedures

The Audit Committee has noted that HLB shall conduct an internal quality review program on an annual basis, which assesses the compliance with HKSQM 1 covering areas such as risk assessment process, governance and leadership, ethical requirements and engagement performance. In addition, HLB is subject to AFRC inspection covering its system of quality management and audit engagement files. To the best of its knowledge, the Audit Committee is not aware of any matters that may affect HLB's integrity, objectivity and independence, or that may adversely affect the quality of its audit.

The Audit Committee acknowledges its ongoing responsibility to monitor the performance and effectiveness of the auditor and will maintain appropriate oversight through regular communication, review of significant audit matters and evaluation of the auditor's performance to ensure compliance with applicable professional standards and the maintenance of audit quality.

DETERMINATION AND REASONABLENESS OF HLB'S PROPOSED FEE

The HLB Proposed Fee for the 2026 Audit is RMB1.66 million. It was determined after arm's length negotiations between the Company and HLB, having taken into consideration a number of factors, including the reduced scale of operations of the Group following the streamlining of its operations, the expected audit scope and workload, the audit timetable, the resources and personnel required, and the prevailing market rates for comparable audit engagements.

Based on the market research conducted by the Company, the annual audit fees for the year ended December 31, 2025 of biotechnology companies listed under Chapter 18A of the Listing Rules of a comparable scale to the Company ranged from approximately RMB1.1 million to RMB3.5 million, with a median of approximately RMB1.5 million. The EY Proposed Fee and the HLB Proposed Fee for the 2026 Audit were approximately RMB2.7 million and RMB1.66 million, respectively. While both fees fall within the above range, the HLB Proposed Fee is close to the median level, whereas the EY Proposed Fee is towards the higher end of the range.

The Board and the Audit Committee consider that the difference between the EY Proposed Fee and the HLB Proposed Fee is mainly attributable to (i) the reduction in the expected audit scope and workload following the CDMO Assets Disposal, which has been reflected in the HLB Proposed Fee; and (ii) differences among audit firms in terms of hourly charge-out rates and personnel cost structures, rather than any compromise in audit quality. While the lower HLB Proposed Fee is in line with the Company's cost control measures, the Company did not make its decision on the selection and appointment of HLB as the new auditor solely based on the level of proposed audit fee. Instead, the Company made the decision after having thoroughly considered HLB's independence, professional qualifications, relevant experience, capabilities, resource commitment, expected scope of work, audit strategy and approach and the reasonableness of the HLB Proposed Fee, and having satisfied itself that the HLB Proposed Fee is not at a level that would result in HLB compromising the quality of the 2026 Audit by having inadequate resources allocated to the audit or insufficient audit work being performed.

Based on the above, the Board and the Audit Committee consider that the HLB Proposed Fee is commensurate with the workload required to complete the 2026 Audit. Accordingly, the Proposed Change of Auditor has been proposed given that it will form part of the Company's cost control efforts while maintaining the audit quality of the 2026 Audit.

The HLB Proposed Fee was determined on the assumptions that there will be no material change to the Group's business operations, accounting policies or regulatory environment during the financial year, and that the Company will provide adequate assistance and information in a timely manner as required for the audit. The final audit fee may be subject to adjustment due to changes in the scope of audit work and other relevant factors in the course of the audit. Unless there is a material change to the above bases or assumptions, the final audit fee is not expected to deviate materially from the estimated amount disclosed above.

PROPOSED AUDIT PLAN AND PROPOSED AUDIT TIMETABLE

The Audit Committee has reviewed the proposed audit plan for the 2026 Audit provided by HLB, which sets out the proposed audit approach, and the indicative composition of the Proposed Audit Team. HLB confirmed that the 2026 Audit will be conducted in accordance with the Hong Kong Standards on Auditing and in compliance with applicable ethical requirements. HLB will perform the audit using a risk-based approach. This involves identifying and assessing the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, based on an understanding of the Group and its environment, and designing and performing audit procedures responsive to those assessed risks.

The Audit Committee has also reviewed the proposed audit timetable for the 2026 Audit provided by HLB as follows:

Phase of audit	Estimated Time	Details of key procedures
Planning and preliminary procedures	November 2026 to December 2026	• Complete and execute the transition procedures; • Determine the scope of the 2026 Audit, identify significant account balances, transactions and disclosures in the consolidated financial statements, and assess the related risks; • Arrange interviews and meetings with relevant departments of the Company to gain a deeper understanding of the business of the Company; and • Discuss the 2026 Audit plan and timetable with the Audit Committee.
Audit execution	December 2026 to February 2027	• Obtain an understanding of the key business cycles and operational processes, and identify and evaluate relevant internal controls; • Perform the audit procedures, including on-site fieldwork; • Discuss significant audit matters with management, particularly in areas involving significant assumptions, judgments or estimates.
Audit completion and reporting	March 2027	• Complete the audit and internal quality review of the Group's consolidated financial statements for the year ending December 31, 2026; • Hold a closing meeting with the Audit Committee to report key audit findings; • Provide recommendations to management, where applicable; • Issue the audit report for the year ending 31 December 2026.

The Audit Committee is of the view that the proposed audit plan and the proposed audit timetable of HLB are reasonable and sufficient for HLB to carry out the necessary audit procedures without compromising the audit quality, and that the resources to be allocated by HLB to the 2026 Audit are adequate to perform the necessary audit procedures within the proposed audit timetable without compromising audit quality.

HLB expects to commit not less than 2,000 hours to the 2026 Audit.

IMPLICATIONS UNDER THE LISTING RULES AND THE ARTICLES

Pursuant to Article 190(a) of the articles of association of the Company (the "**Articles**"), the appointment, removal and remuneration of the auditors of the Company must be approved by a majority of the Company's Shareholders or by another body that is independent of the Board.

Pursuant to Rule 13.88 of the Listing Rules, (a) the Company must not remove its auditor before the end of the auditor's term of office without first obtaining Shareholders' approval at a general meeting; (b) the Company must send a circular proposing the removal of the auditor to the Shareholders with any written representations from the auditor not less than 10 business days before the general meeting; and (c) the Company must allow the auditor to attend the general meeting and make written and/or verbal representations to the Shareholders at the general meeting.

In compliance with the Articles and the Listing Rules, the Proposed Change of Auditor will be proposed as ordinary resolutions at the EGM.

THE EGM

The Board and the Audit Committee are of the view that the Proposed Change of Auditor would preserve audit quality while advancing the Company's cost control measures, and that the Proposed Change of Auditor is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board and the Audit Committee recommend the Shareholders to vote in favor of the ordinary resolutions in respect of the Proposed Change of Auditor at the EGM.

A circular containing, among other matters, details of the Proposed Change of Auditor, together with a notice of the EGM, will be published by the Company in due course.

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

Hong Kong, November 6, 2026

As at the date of this announcement, the Board comprises (i) Dr. Xueming Qian as executive Director, chairman and chief executive officer; (ii) Dr. Li Xu and Dr. Han Sen Xu as non-executive Directors; and (iii) Mr. Jiasong Tang, Ms. Helen Wei Chen and Prof. Genhong Cheng as independent non-executive Directors.