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CStone Pharmaceuticals **基石藥業**

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2616)

VOLUNTARY ANNOUNCEMENT AMENDMENT TO THE RESTRICTED SHARE AWARD SCHEME AND GRANT OF RESTRICTED SHARE UNITS PURSUANT TO THE RESTRICTED SHARE AWARD SCHEME

Reference is made to the announcement of CStone Pharmaceuticals dated March 22, 2019 in relation to the adoption of the Restricted Share Award Scheme (the “**Announcement**”).

Unless otherwise stated, capital terms used in this announcement shall have the same meanings as defined in the Announcement.

AMENDMENT TO THE RSU SCHEME

Pursuant to the rules of the Scheme, the Board may amend the Scheme in any respect by way of a resolution.

In order to recruit and retain talents for the continual operation and development of the Group and to provide additional incentives for them to achieve performance goals, the Board has resolved to amend the following key terms of the Scheme Rules to:

- (1) increase the maximum total number of Restricted Shares that may be granted under the Scheme in aggregate (excluding the Restricted Shares that have lapsed or been cancelled in accordance with the rules of the Scheme) from 7,650,000 Shares to 38,010,316 Shares, representing approximately 3.70% of the issued share capital of the Company as at the date of this announcement;
- (2) expand the scope of Eligible Persons by removing the definition of Excluded Persons, which allows grants to be made in favour of connected persons (as defined in the Listing Rules) of the Company; and
- (3) remove the restriction that the maximum number of Shares which may be awarded to any one Selected Participant under the Scheme may not exceed 1% of the issued share capital of the Company as at the Adoption Date.

GRANT OF RESTRICTED SHARE UNITS PURSUANT TO THE RSU SCHEME

The Board announces that as of the date of this announcement, outstanding Restricted Shares representing 24,905,562 Shares (the “**2019 RSU Awards**”) were granted during the period from 25 March 2019 to 9 December 2019 to 101 grantees, including a Director (in respect of 10,120,105 Restricted Shares) and 100 other employees of the Group (in respect of 14,785,457 Restricted Shares) who have contributed or will contribute to the growth and development of the Group.

The grant to the Director would be satisfied by way of purchase of existing shares on the secondary market and forms part of the remuneration package under his service contract with the Company. Accordingly, such grant is exempt from reporting, announcement and independent shareholders’ approval requirements pursuant to Rule 14A.73(6) and Rule 14A.95 of the Listing Rules.

Save as disclosed above, none of the grantees of the Restricted Shares is a director, chief executive or substantial shareholder of the Company or associate (as defined in the Listing Rules) of any of them.

The vesting schedule of the 2019 RSU Awards shall be as follows:

- (i) in relation to 19,953,562 units of Restricted Shares granted: 25% of the grant will vest on the first anniversary of the relevant grant date and the remaining 75% of grant will vest in 36 equal monthly instalments thereafter; and
- (ii) in relation to 4,952,000 units of Restricted Shares granted: 25% of the grant will vest on each of the first, second, third and fourth anniversaries of the relevant grant date,

provided always that the Compensation Committee has the discretion to accelerate the above vesting schedule on a case-by-case basis.

Currently, among the 2019 RSU Awards, the Company is to satisfy the vesting of 14,072,562 Restricted Shares by way of purchase of existing shares on the secondary market and the Company has not yet determined whether to satisfy the vesting of the remaining 10,833,000 Restricted Shares by way of issuance of new Shares by the Company under its available general mandate, subject to the obtaining of listing approval and compliance with all applicable Listing Rules, or purchase of existing shares on the secondary market. To provide flexibility to the Company given the current market conditions, the Company may decide to issue new Shares to satisfy all Awards already granted and expected to be granted as at the date of this announcement.

LISTING RULES IMPLICATIONS

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No shareholders' approval is required to adopt the Scheme, and this announcement is made on a voluntary basis.

Where Restricted Shares are granted to connected persons of the Company, the Company shall comply with all relevant provisions of the Listing Rules, including Chapter 14A, unless exemptions apply.

Pursuant to the Scheme, vesting of the Restricted Shares will be satisfied by either (i) Shares issued by the Company to the Selected Participants under its available general mandate; or (ii) Shares purchased by the Trustee on the secondary market.

By order of the Board
CStone Pharmaceuticals
Dr. Frank Ningjun Jiang
Chairman

Shanghai, People's Republic of China, January 31, 2020

As at the date of this announcement, the Board of Directors of the Company comprises Dr. Frank Ningjun Jiang as Chairman and Executive Director, Dr. Wei Li, Mr. Qun Zhao, Mr. Yanling Cao, Mr. Guobin Zhang and Dr. Lian Yong Chen as non-executive Directors, and Dr. Paul Herbert Chew, Mr. Ting Yuk Anthony Wu and Mr. Hongbin Sun as independent non-executive Directors.