

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



CStone Pharmaceuticals
基石藥業

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2616)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “AGM”) of CStone Pharmaceuticals (the “Company”) will be held at Function Room 2, 3rd Floor, Kerry Hotel Pudong Shanghai, No. 1388 HuaMu Road, Pudong, Shanghai, China on Tuesday, June 23, 2020 at 9:00 a.m. for the following purposes. Terms not otherwise defined herein shall have the same meanings ascribed to them in the circular of the Company dated May 22, 2020 (the “Circular”).

ORDINARY RESOLUTIONS

1. To receive and consider the audited consolidated financial statements of the Company and the reports of the directors and auditors for the year ended December 31, 2019.
2. (i) To re-elect Mr. Guobin Zhang as a non-executive Director of the Company;
(ii) To re-elect Dr. Lian Yong Chen as a non-executive Director; and
(iii) To re-elect Mr. Ting Yuk Anthony Wu as an independent non-executive Director.
3. To authorise the board of directors to fix the remuneration of the Directors.
4. To re-appoint Deloitte Touche Tohmatsu as auditors and authorise the board of Directors to fix their remuneration.
5. To consider and, if thought fit, pass the following resolutions as ordinary resolutions with or without amendments:

“**That** the grant of Options to Dr. Jiang under the Post-IPO ESOP to subscribe for an aggregate of 40,480,421 Shares of the Company at the exercise price of HK\$10.69 per Share and on the terms and conditions as set out in the Circular be and is hereby approved, confirmed and ratified and that any one Director be and is hereby authorized to do all such acts and/or execute all such documents as may be necessary or expedient in order to give full effect to such grant and exercise of the Options.”

6. To consider and, if thought fit, pass the following resolutions as ordinary resolutions with or without amendments:

“That:

- (i) the Issuance by the Company of the New Shares to Dr. Jiang be and is hereby approved, confirmed and ratified;
- (ii) conditional upon the Listing Committee of the Stock Exchange approving the listing of, and granting permission to deal in the New Shares to be allotted and issued, the Directors be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot and issue 9,108,095 Shares in the share capital of the Company to Dr. Jiang, provided that the Specific Mandate shall be in addition to and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company in the annual general meeting of the Company held on June 20, 2019 and the general mandate contained in resolution numbered 7 of this notice of the AGM; and
- (iii) the Directors be and are hereby authorised to sign and execute such documents and do all such acts and things which in their opinion may be necessary, desirable or expedient to carry out or give effect to transactions mentioned in paragraphs (i) and (ii) above.”

7. To consider and, if thought fit, pass the following resolutions as ordinary resolutions with or without amendments:

“That:

- (i) subject to paragraph (iii) below and in substitution for all previous authorities, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares in the capital of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants, debentures and notes convertible into Shares) which may require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements, options and other rights, or issue warrants and other securities, which would or might require the exercise of such powers after the end of the Relevant Period;

- (iii) the total number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors during the Relevant Period pursuant to paragraph (i) above, otherwise than pursuant to:
 - (a) a Rights Issue (as hereinafter defined);
 - (b) the grant or exercise of any option under any option scheme of the Company or any other scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire Shares;
 - (c) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or
 - (d) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares,

shall not exceed the 20% of the total number of shares of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and that this resolution shall be limited by the applicable rules and requirements of the Stock Exchange as amended from time to time, including the restrictions for using the issuance mandate to issue (i) securities convertible into new Shares for cash consideration, if the initial conversion price of such convertible securities is lower than the Benchmarked Price (as hereinafter defined) of the Shares at the time of the relevant placing; and (ii) warrants, options or similar rights to subscribe for new Shares or securities convertible into new Shares for cash consideration;

- (iv) in the event the Company conducts a share consolidation or subdivision, the maximum number of Shares that may be issued as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same; and
- (v) for the purpose of this resolution:
 - (a) “**Benchmarked Price**” means the higher of (1) the closing price on the date of the relevant placing agreement or other agreement involving the proposed issue of securities under the general mandate to be approved under this resolution; and (2) the average closing price in the five trading days immediately prior to the earlier of: (i) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the general mandate to be approved under this resolution; (ii)

the date of the placing agreement or other agreement involving the proposed issue of securities under the general mandate to be approved under this resolution; and (iii) the date on which the placing or subscription price is fixed;

(b) “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (1) the conclusion of the next annual general meeting of the Company;
- (2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; and
- (3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company (the “**Shareholders**”) in general meeting; and

(c) “**Rights Issue**” means an offer of shares in the capital of the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the directors of the Company to holders of shares in the capital of the Company whose names appear on the register of members on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).”

8. To consider and, if thought fit, pass the following resolutions as ordinary resolutions with or without amendments:

“**That:**

- (i) subject to paragraph (ii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited or on any other stock exchange on which the shares of the Company may be listed and recognised for this purpose by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited under the Code on Share Buy-backs and, subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), be and is hereby generally and unconditionally approved;

- (ii) the total number of Shares, which may be repurchased pursuant to the approval in paragraph (i) above shall not exceed 10% of the total number of Shares in issue at the date of passing of this resolution, and the said approval shall be limited accordingly;
- (iii) subject to the passing of each of the paragraphs (i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (i) and (ii) of this resolution which had been granted to the directors and which are still in effect be and are hereby revoked; and
- (iv) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; and
- (c) the revocation or variation of the authority given under this resolution by ordinary resolution of the Shareholders in general meeting.”

9. To consider and, if thought fit, pass the following resolutions as ordinary resolutions with or without amendments:

“**That** conditional upon the resolutions numbered 7 and 8 set out in this notice of the AGM being passed, the general mandates granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with additional shares of the Company and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the resolution numbered 7 set out in this notice of the AGM be and is hereby extended by the addition to the total number of shares of the Company which may be allotted by the Directors pursuant to such general mandates by such number of shares bought back by the Company under the authority granted pursuant to resolution numbered 8 set out in this notice of the AGM, provided that such amount shall not exceed 10% of the total number of Shares in issue at the date of passing of the said resolutions.”

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

Hong Kong, May 22, 2020

Registered office:

The offices of Vistra (Cayman) Limited
P.O. Box 31119, Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

*Principal place of business in
Hong Kong:*

40th Floor, Sunlight Tower
No. 248 Queen’s Road East
Wanchai
Hong Kong

Notes:

- (i) Ordinary resolution numbered 9 will be proposed to the Shareholders for approval provided that ordinary resolutions numbered 7 and 8 above are passed by the Shareholders.
- (ii) A Shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a shareholder of the Company.
- (iii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
- (iv) In order to be valid, a form of proxy must be deposited the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, on 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notorially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish and in such event, the form of proxy shall be deemed to be revoked.
- (v) For determining the entitlement to attend and vote at the above meeting, the transfer books and register of members will be closed from Thursday, June 18, 2020 to Tuesday, June 23, 2020, both days inclusive, during which period no share transfers can be registered. In order to be eligible to attend and vote at the above meeting, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, on 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, June 17, 2020.
- (vi) In respect of ordinary resolution numbered 2 above, Mr. Guobin Zhang, Dr. Lian Yong Chen and Mr. Ting Yuk Anthony Wu shall retire and being eligible, will offer themselves for re-election at the above meeting. The biographical details of the above retiring directors are set out in Appendix II to the accompanied circular dated May 22, 2020.
- (vii) In respect of the ordinary resolution numbered 7 above, the directors wish to state that they have no immediate plan to issue any new shares of the Company. Approval is being sought from the Shareholders as a general mandate for the purposes of the Listing Rules.
- (viii) In respect of ordinary resolution numbered 8 above, the directors wish to state that they will exercise the powers conferred by the general mandate to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of shareholders. The explanatory statement containing the information necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix II to the accompanied circular dated May 22, 2020.

As at the date of this notice, 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.