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**CStone Pharmaceuticals**  
**基石藥業**

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

**INSIDE INFORMATION**

**ISSUE OF SUBSCRIPTION SHARES UNDER GENERAL MANDATE  
AND  
STRATEGIC COLLABORATION WITH PFIZER INVESTMENT**

This announcement is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

**ISSUE OF SUBSCRIPTION SHARES AND STRATEGIC COLLABORATION**

The Company is pleased to announce that on September 30, 2020 (before trading hours), the Company entered into the Share Subscription Agreement with Pfizer Corporation, pursuant to which Pfizer Corporation has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price of approximately HK\$13.37 per Share. As of the Last Trading Day, the closing price per Share as quoted on the Stock Exchange was HK\$9.30.

The Subscription Shares represent 9.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming that there are no other changes in the issued share capital of the Company between the Last Trading Day and the date of the Closing.

The gross proceeds from the allotment and issue of the Subscription Shares will be approximately US\$200.0 million (equivalent to approximately HK\$1.55 billion), which will be used for the funding of the development activities under the Collaboration Agreement in accordance with the terms and conditions set out therein, unless otherwise agreed between the parties to the Collaboration Agreement.

On the same date, the Group entered into the Collaboration Agreement with Pfizer Investment, pursuant to which the Group and Pfizer Investment have agreed to enter into the Strategic Collaboration primarily in relation to the following matters with effect from the Closing of the Share Subscription Agreement:

- (i) the CS1001 Collaboration, whereby the Group has agreed to grant Pfizer Investment an exclusive license to commercialize CS1001, an anti-PD-L1 monoclonal antibody of the Company, in the PRC;
- (ii) the Additional Asset Collaboration, whereby the parties have agreed to collaborate on the development and commercialization of the Additional Assets in the Collaborative Territory; and
- (iii) the In-Licensed Asset Collaboration, whereby the parties have agreed to collaborate to jointly acquire or in-license the In-licensed Assets and develop and commercialize such In-licensed Assets in the Collaborative Territory.

The Closing of the Share Subscription Agreement will take place on the second Business Day following the date on which the last of the Conditions set forth in the Share Subscription Agreement has been satisfied or waived, or such other date and time as the Company and Pfizer Corporation may mutually agree in writing.

The Subscription Shares will be allotted and issued under the General Mandate. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND THE STRATEGIC COLLABORATION**

The Company entered into the Subscription with Pfizer Corporation and the Strategic Collaboration with Pfizer Investment to advance the Company's strategic, commercial and financial objectives as it transitions into a fully integrated biopharma company. In particular, the Subscription and Strategic Collaboration will strengthen the Company's ability to fund the development of CS1001, build a complete commercialization infrastructure, and focus on developing first-in-class and best-in-class assets.

The Directors, including all the independent non-executive Directors, are of the view that the terms and conditions of the Subscription (including the Subscription Price) and the Strategic Collaboration are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **WARNING**

**The Closing of the Share Subscription Agreement and the effectiveness of the Collaboration Agreement are subject to the fulfilment of the Conditions. If any of the Conditions is not satisfied, the transactions contemplated by the Share Subscription Agreement and the Collaboration Agreement will not proceed. Shareholders and investors are therefore advised to exercise caution when dealing in the Shares.**

This announcement is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

## **SHARE SUBSCRIPTION AGREEMENT**

On September 30, 2020 (before trading hours), the Company, as issuer, entered into the Share Subscription Agreement with Pfizer Corporation, as subscriber, in relation to the Subscription. Pursuant to the Share Subscription Agreement, Pfizer Corporation has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Pfizer Corporation, the Subscription Shares at the Subscription Price.

Principal terms of the Share Subscription Agreement are as follows:

### **Subscription Shares**

The Subscription Shares represent (i) approximately 10.99% of the existing issued share capital of the Company as at the Last Trading Day and (ii) approximately 9.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming that there are no other changes in the issued share capital of the Company between the Last Trading Day and the date of the Closing. The aggregate nominal value of the Subscription Shares is approximately US\$11,592.88.

The Subscription Shares will, when allotted and issued, rank pari passu amongst themselves in all respects, and with all other Shares in issue at the time of allotment and issue of the Subscription Shares.

### **Subscription Price**

The Subscription Price is approximately HK\$13.37 per Share. As of the Last Trading Day, the closing price per Share as quoted on the Stock Exchange was HK\$9.30.

The Subscription Price was arrived at after arm's length negotiations between the Company and Pfizer Corporation with reference to, among others, prevailing market price of the Shares, the trading volume of the Shares and the Strategic Collaboration.

The Directors, including all the independent non-executive Directors, are of the view that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the allotment and issue of the Subscription Shares will be approximately US\$200.0 million (equivalent to approximately HK\$1.55 billion), which will be used for the funding of the development activities under the Collaboration Agreement in accordance with the terms and conditions set out therein, unless otherwise agreed between the parties to the Collaboration Agreement.

## **Conditions Precedent to the Closing**

The Closing of the Subscription shall be conditional upon the fulfilment of the following Conditions:

- a) all the warranties made by the Company and the Subscriber in the Share Subscription Agreement being true and correct in all material respects as of the date of the Share Subscription Agreement and the date of the Closing as if made on such date; and
- b) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange and such approval and permission remaining in full force and effect.

The Company and Pfizer Corporation may waive certain Conditions in writing as set forth in the Share Subscription Agreement to the extent that such Conditions do not relate to their own obligations, provided that the Condition under paragraph (b) above may not be waived by the Company or Pfizer Corporation.

In the event that the Closing does not take place by the Long Stop Date, the Company and Pfizer Corporation shall discuss a later date for the Closing. In the event that the parties cannot agree on a later date, either the Company or Pfizer Corporation shall be entitled to terminate the Share Subscription Agreement by written notice to the other party and the Share Subscription Agreement and all rights and obligations of the parties thereunder shall cease and terminate, save for any accrued rights and obligations of the parties under the Share Subscription Agreement.

## **Closing**

The Closing shall take place as soon as practicable but in no event later than at 8:00 a.m. (Hong Kong time) on the second Business Day immediately following the date on which the last of the Conditions has been satisfied or waived, or such other date as may be agreed between the Company and Pfizer Corporation.

## **Other Material Terms of the Share Subscription Agreement**

### ***Lock up***

During the Lock-up Period, Pfizer Corporation shall not and shall cause its affiliates not to, without the prior consent of the Company, directly or indirectly, dispose of any of the Equity Securities beneficially owned by Pfizer Corporation or any of its affiliates as of the date of the Closing, together with any Equity Securities issued in respect thereof as a result of any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalization and any Equity Securities issued as a dividend or other distribution with respect thereto, or in exchange or in replacement thereof, subject to the exceptions set forth in the Share Subscription Agreement.

## ***Standstill***

During the Standstill Period, Pfizer Corporation shall be subject to standstill restrictions which prohibit Pfizer Corporation from conducting certain actions, including but not limited to (i) acquiring any additional Equity Securities of the Company if, after such acquisition, Pfizer Corporation or any of its associates would become a substantial shareholder of the Company; (ii) knowingly encouraging or supporting a tender, exchange or other offer or proposal by a third party, unless the Board recommends that the Shareholders accept such offer made; (iii) proposing merger, consolidation, business combination or similar transactions involving the Company; and (iv) acting in concert with any third party to take action with respect to the matters listed above, subject to the exceptions set forth in the Share Subscription Agreement.

## **STRATEGIC COLLABORATION**

On September 30, 2020 (before trading hours), the Company and two of its wholly-owned subsidiaries, CStone Suzhou and CStone Shanghai, entered into the Collaboration Agreement with Pfizer Investment, pursuant to which the parties have agreed to enter into the Strategic Collaboration primarily in relation to the following matters: (i) the CS1001 Collaboration; (ii) the Additional Asset Collaboration; and (iii) the In-Licensed Asset Collaboration. The Strategic Collaboration contemplated under the Collaboration Agreement takes effect from the Closing of the Share Subscription Agreement.

### **CS1001 Collaboration**

Under the terms of the CS1001 Collaboration, the Group has agreed to grant Pfizer Investment an exclusive license to commercialize CS1001 in the PRC. The Group shall be responsible for, among other things, all the development and regulatory activities for CS1001 in all indications approved by the parties pursuant to the terms of the Collaboration Agreement at its own costs. The Group will receive development and regulatory milestone payments and sales milestone payments up to an aggregate amount of US\$280 million if certain milestones are met, and tiered royalties based on mid- to high-teens percentages of the net sales of CS1001 in the PRC, subject to customary royalty deductions. Under the terms of the Collaboration Agreement, the Group will also be responsible for arranging the manufacture of CS1001 for the development of CS1001 in the PRC and, subject to the Group meeting certain criteria provided in the Collaboration Agreement, for the commercial supply of CS1001 to Pfizer Investment or its designated affiliate in the PRC at a unit price as set forth in the Collaboration Agreement.

CS1001 is an investigational anti-PD-L1 monoclonal antibody discovered by CStone. Authorized by a company based in the U.S., Ligand Pharmaceuticals Inc. (NASDAQ: LGND), CS1001 is developed using the OmniRat<sup>®</sup> transgenic animal platform, which can generate fully human antibodies in one step. As a fully human, full-length anti-PD-L1 monoclonal antibody, CS1001 mirrors the natural G-type immunoglobulin 4 (“**IgG4**”) human antibody, which may reduce the risk of immunogenicity and toxicities in patients, a potentially unique advantage over similar drugs.

CS1001 has completed a Phase I dose-escalation study in China. During Phase 1a and 1b stages of the study, CS1001 showed antitumor activity in multiple tumor types and was well-tolerated.

Currently, CS1001 is being investigated in a number of ongoing clinical trials. In addition to a Phase I bridging study in the U.S., the clinical programs in China include one multi-arm Phase Ib study for several tumor types, one Phase II registrational study for lymphoma, and four Phase III registrational studies, respectively, for stage III/IV non-small cell lung cancer, gastric cancer, and esophageal cancer.

### **Additional Asset Collaboration**

Under the terms of the Additional Asset Collaboration, the Group and Pfizer Investment have agreed to collaborate on the development and commercialization of the Additional Assets submitted by Pfizer Investment for the Additional Asset Collaboration in the Collaborative Territory. The Group will be responsible for, among other things, formulating a development plan and budget for the Additional Assets and conducting relevant development activities in the Collaborative Territory pursuant to such plan at its own costs, including the costs of clinical supply of the Additional Assets in the Collaborative Territory. Pfizer Investment will be the marketing authorization holder and shall be responsible for the commercialization of the Additional Assets in the Collaborative Territory at its own costs, including the costs of commercial supply of the Additional Assets in the Collaborative Territory. The Group is in turn entitled to receive low double digits percentage of royalties based on the net sales of the Additional Assets in the Collaborative Territory, subject to customary royalty deduction agreed by the parties under the Collaboration Agreement.

### **In-Licensed Asset Collaboration**

Under the terms of the In-Licensed Asset Collaboration, the Group and Pfizer Investment have agreed to jointly identify any assets owned or controlled by third parties that may be suitable for acquisition or in-licensing for development and commercialization in the Collaborative Territory. Following such acquisition or in-licensing, the Group and Pfizer Investment may jointly designate any In-licensed Asset as an Additional Asset for development and commercialization under the Additional Asset Collaboration model, except that the Group will have the option to co-promote any such selected In-licensed Assets, subject to meeting the relevant conditions specified in the Collaboration Agreement. The parties may also otherwise agree upon an alternative model for the development and commercialization of any In-licensed Asset in the Collaborative Territory, and will negotiate and enter into a separate agreement for such alternative model. The costs of the acquisition or in-licensing of the In-licensed Assets will be agreed on an asset-by-asset basis in future agreement(s).

The transactions contemplated under the Collaboration Agreement do not constitute any notifiable transactions or connected transactions of the Company under the Listing Rules.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND THE STRATEGIC COLLABORATION**

The Company entered into the Subscription with Pfizer Corporation and the Strategic Collaboration with Pfizer Investment to advance the Company's strategic, commercial and financial objectives as it transitions into a fully integrated biopharma company. In particular, the Strategic Collaboration and Subscription will strengthen the Company's ability to build a complete commercialization infrastructure, fund development of CS1001 and focus on developing first-in-class and best-in-class assets.

This collaboration provides financing to support CStone’s development of CS1001, a potential best-in-class PD-L1 antibody that is being developed for high-incidence cancer indications in China, including lung, gastric and esophageal cancers, among others. Pfizer Investment will in-license and exclusively lead commercialization of CS1001 in China, harnessing its industry-leading capabilities to help doctors and patients across a far wider range of regions gain greater access to this treatment. The collaboration positions CStone and Pfizer Investment to develop and commercialize additional oncology assets for the Greater China market.

The Directors, including all the independent non-executive Directors, are of the view that the terms and conditions of the Subscription (including the Subscription Price) and the Strategic Collaboration are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## EFFECT ON SHAREHOLDING STRUCTURE FOLLOWING THE SUBSCRIPTION

Assuming that there are no changes in the issued share capital of the Company between the Last Trading Day and date of the Closing other than as a result of the Subscription, the shareholding structure of the Company (i) as at the Last Trading Day and (ii) immediately following the Closing (excluding any options or restricted share units granted pursuant to the terms of any employee share option plan or restricted share unit plan of the Company) are summarised as follows:

| Name of Shareholder   | As at the Last Trading Day |   | Immediately following the Closing<br>(assuming no other changes in the issued share capital of the Company) |   |
|---|----------------------------|---|---|---|
|   | Number of Shares           | Approximate percentage of the issued share capital of the Company | Number of Shares  | Approximate percentage of the issued share capital of the Company |
| WuXi Healthcare Ventures II, L.P.                           | 293,381,444                | 27.81%  | 293,381,444   | 25.05%  |
| Graceful Beauty Limited                                     | 146,950,948                | 13.93%  | 146,950,948   | 12.55%  |
| Suzhou Industrial Park Zhengze Yuanshi Venture Capital L.P. | 98,216,972                 | 9.31%   | 98,216,972  | 8.39%   |
| GIC Private Limited   | 72,338,472                 | 6.86%   | 72,338,472  | 6.18%   |
| The Subscriber  | –                          | –   | 115,928,803   | 9.90%   |
| Other Shareholders  | 444,181,375                | 42.10%  | 444,181,375   | 37.93%  |
| <b>Total</b>  | <b>1,055,069,211</b>       | <b>100.00%</b>  | <b>1,170,998,014</b>  | <b>100.00%</b>  |

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not completed any equity fund raising activities in the twelve-month period immediately before the date of this announcement.

## **INFORMATION ABOUT PFIZER CORPORATION AND PFIZER INVESTMENT**

Pfizer Corporation and Pfizer Investment are indirectly wholly-owned subsidiaries of Pfizer Inc., a company incorporated in Delaware and listed on the New York Stock Exchange. Pfizer applies science and its global resources to improve health and well-being at every stage of life. Pfizer strives to set the standard for quality, safety and value in the discovery, development and manufacturing of medical and health products (including innovative drugs and vaccines) for people. Pfizer colleagues from the developed and emerging markets work to advance wellness, prevention, treatments and cures that challenge the most feared diseases of our time. Consistent with its responsibility as the world's leading biopharmaceutical company, Pfizer also collaborates with healthcare providers, governments and local communities to support and expand access to reliable, affordable health care around the world. For more than 170 years, Pfizer has worked to make a difference for all who rely on them.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, each of Pfizer Corporation and Pfizer Investment and their respective ultimate beneficial owners are third parties independent of the Company or any of its connected persons.

## **INFORMATION ABOUT THE GROUP**

CStone is a biopharmaceutical company focused on developing and commercializing innovative immuno-oncology and precision medicines to address the unmet medical needs of cancer patients in China and worldwide. Established at the end of 2015, CStone has assembled a world-class management team with extensive experience in innovative drug development, clinical research, and commercialization. With a strategic emphasis on immuno-oncology combination therapies, the Company has built an oncology-focused pipeline of 15 drug candidates, including five late-stage candidates at pivotal trials or registration stages. With an experienced team, a rich pipeline, a robust clinical development-driven business model and substantial funding, CStone's vision is to become globally recognized as a leading Chinese biopharmaceutical company by bringing innovative oncology therapies to cancer patients worldwide. CStone Suzhou and CStone Shanghai are wholly-owned subsidiaries of the Company.

## **GENERAL MANDATE**

The Subscription Shares will be issued and allotted under the General Mandate. The General Mandate entitles the Directors to issue, allot and deal with up to 205,704,021 Shares, representing 20% of the issued share capital of the Company as at the date of the 2020 AGM. Since the date of the 2020 AGM and up to and including the Last Trading Day, 16,542,291 Shares have been allotted and issued under the General Mandate upon vesting of all or part of the restricted shares units granted to the eligible employees (other than Directors) under the Post-IPO RSU Scheme. As at the Last Trading Day, 189,161,730 Shares, representing approximately 17.93% of the issued share capital of the Company as at the date of the 2020 AGM are available for issue under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares is not subject to the Shareholders' approval.



## APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## WARNING

**The Closing of the Share Subscription Agreement and the effectiveness of the Collaboration Agreement are subject to the fulfilment of the Conditions. If any of the Conditions are not satisfied, the transactions contemplated by the Share Subscription Agreement and the Collaboration Agreement will not proceed. Shareholders and investors are therefore advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

|                                  |   |
|----------------------------------|---|
| “2020 AGM”                       | the annual general meeting of the Company held on June 23, 2020;  |
| “Additional Asset Collaboration” | the collaboration between the Company and Pfizer Investment with respect to the development and commercialization of the Additional Assets in the Collaborative Territory as contemplated under the Collaboration Agreement;  |
| “Additional Assets”              | the assets selected by the parties to the Collaboration Agreement from the assets controlled and contributed by Pfizer Investment for the Additional Asset Collaboration, and any In-licensed Asset to be designated by the Company and Pfizer Investment for development and commercialization under the Additional Asset Collaboration model (if any) pursuant to the terms of the Collaboration Agreement; |
| “Board”                          | the board of Directors of the Company;  |
| “Business Day”                   | any day (other than a Saturday, Sunday and public holiday) on which banks are open for general banking business in Hong Kong, New York and the PRC;   |
| “China” or “PRC”                 | the People’s Republic of China, excluding Hong Kong, Macau and Taiwan, for the purpose of this announcement;  |
| “Closing”                        | closing of the Subscription pursuant to the Share Subscription Agreement;   |
| “Collaboration Agreement”        | the collaboration agreement dated September 30, 2020 by and among the Company, CStone Suzhou, CStone Shanghai and Pfizer Investment in respect of, among other things, the CS1001 Collaboration, the Additional Asset Collaboration and the In-licensed Asset Collaboration;  |
| “Collaborative Territory”        | for the purpose of this announcement, includes the PRC, Hong Kong, Macau and Taiwan;  |

|                                   |  |
|-----------------------------------|--|
| “Company” or “CStone”             | CStone Pharmaceuticals, an exempt company incorporated under the laws of the Cayman Islands with limited liability on December 2, 2015, whose Shares are listed on the Main Board of the Stock Exchange;                                   |
| “Condition(s)”                    | the conditions precedents to the Closing, which are set out under the paragraph headed “The Subscription Agreement – Conditions Precedent to the Closing” in this announcement;  |
| “connected person(s)”             | has the meaning ascribed to it under the Listing Rules;  |
| “CS1001 Collaboration”            | the collaboration between the Company and Pfizer Investment with respect to the grant of license by the Company to Pfizer Investment to co-develop and commercialize CS1001 in the PRC, as contemplated under the Collaboration Agreement; |
| “CStone Shanghai”                 | CStone Pharmaceuticals (Shanghai) Co., Ltd. (拓石藥業(上海)有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company;  |
| “CStone Suzhou”                   | CStone Pharmaceuticals (Suzhou) Co., Ltd. (基石藥業(蘇州)有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company;  |
| “Director(s)”                     | director(s) of the Company;  |
| “Dr. Jiang”                       | Dr. Frank Ningjun Jiang, the chairman, executive Director and chief executive officer of the Company;  |
| “Equity Securities”               | has the meaning ascribed to it under the Share Subscription Agreement;   |
| “General Mandate”                 | the mandate granted to the Directors by the Shareholders at the 2020 AGM to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the 2020 AGM;   |
| “Group”                           | the Company and its subsidiaries;  |
| “HK\$”                            | Hong Kong dollars, the lawful currency of Hong Kong;   |
| “Hong Kong”                       | the Hong Kong Special Administrative Region of the PRC;  |
| “In-licensed Asset Collaboration” | the collaboration between the Company and Pfizer Investment with respect to the in-licensing, development and commercialization of the In-licensed Assets as contemplated under the Collaboration Agreement;                               |
| “In-licensed Assets”              | the assets to be jointly acquired or in-licensed by the Company and Pfizer Investment under the In-licensed Asset Collaboration model pursuant to the terms of the Collaboration Agreement;  |

|   |   |
|---|---|
| “Last Trading Day”                      | September 29, 2020, being the last trading day immediately prior to the entering into of the Share Subscription Agreement;  |
| “Listing Committee”                     | the listing committee of the Stock Exchange;  |
| “Listing Rules”                         | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time;   |
| “Lock-up Period”                        | the period from the date of Closing until the earlier of (i) the third (3 <sup>rd</sup> ) anniversary of the Closing Date and (ii) the date as of which Pfizer Corporation holds less than five percent (5%) of the total issued share capital of the Company;                          |
| “Long Stop Date”                        | the date falling one month after the date of the Share Subscription Agreement (or such other date as the parties to the Subscription Agreement may agree in writing);   |
| “Macau”                                 | the Macau Special Administrative Region of the PRC;   |
| “Pfizer Corporation”<br>or “Subscriber” | Pfizer Corporation Hong Kong Limited, a company incorporated in Hong Kong with limited liability, being a party to the Share Subscription Agreement;  |
| “Pfizer Investment”                     | Pfizer Investment Co. Ltd., a company established under the laws of the PRC, being a party to the Collaboration Agreement;  |
| “Post-IPO RSU Scheme”                   | the restricted share award scheme adopted by the Company on March 22, 2019 and restated and amended by the Company on December 10, 2019 and January 7, 2020, as amended from time to time;  |
| “SFO”                                   | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;  |
| “Share(s)”                              | ordinary share(s) of US\$0.0001 each in the issued share capital of the Company;  |
| “Share Incentivization Schemes”         | has the meaning ascribed to it under the Share Subscription Agreement;  |
| “Share Subscription Agreement”          | the Share Subscription Agreement dated September 30, 2020 entered into between the Company and Pfizer Corporation in respect of the Subscription;   |
| “Shareholder(s)”                        | holder(s) of the Share(s);  |
| “Standstill Period”                     | the period from the date of the Share Subscription Agreement until the earlier of (i) the first (1 <sup>st</sup> ) anniversary of the Closing Date and (ii) the date as of which Pfizer Corporation holds less than five percent (5%) of the total issued share capital of the Company; |

|                           |  |
|---------------------------|--|
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited;   |
| “Strategic Collaboration” | the collaborations between the Company and Pfizer Investment under the Collaboration Agreement;  |
| “Subscription”            | the subscription of the Subscription Shares under the Share Subscription Agreement;  |
| “Subscription Price”      | US\$1.725 per Share (equivalent to approximately HK\$13.37 per Share) as set out in the Share Subscription Agreement;                    |
| “Subscription Shares”     | a total of 115,928,803 new Shares to be allotted and issued by the Company to Pfizer Corporation under the Share Subscription Agreement; |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules;  |
| “US\$”                    | United States dollars, the lawful currency of the United States; and   |
| “%”                       | per cent.  |

*Note:*

The US\$/HK\$ exchange rate used for the purpose of this announcement is the rate of US\$1.00: HK\$7.75.

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

Suzhou, PRC, September 30, 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.*