CStone Pharmaceuticals
基石藥業
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2616)

INSIDE INFORMATION ANNOUNCEMENT

EXCLUSIVE LICENSE AGREEMENT FOR SUGEMALIMAB (PD-L1) AND CS1003 (PD-1) WITH EQRX, INC.

This announcement is made by CStone Pharmaceuticals (the "**Company**" or "**CStone**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the inside information provision (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (the "**Board**") of the Company is pleased to announce that on October 26, 2020 (after trading hours), the Company (the "**Licensor**") and EQRx, INC. ("**EQRx**", or the "**Licensee**") entered into an exclusive license agreement (the "**License Agreement**") pursuant to which the Licensor grants an exclusive license to permit EQRx to develop and commercialize CStone's sugemalimab (CS1001), an anti-PD-L1 monoclonal antibody, and CS1003, an anti-PD-1 monoclonal antibody, outside of the People's Republic of China (including Taiwan, the Special Administrative Region of Hong Kong and the Special Administrative Region of Macau) (the "**Greater China**").

Pursuant to the License Agreement and subject to the terms and conditions thereof, the Licensor is eligible to receive an upfront payment of US$150 million and up to US$1.15 billion in milestone payments for both drugs as well as separate tiered royalties. Upon the execution of the License Agreement, subject to terms and conditions as set forth in the License Agreement, the Licensee will be responsible for bearing all costs for the activities associated with the development and regulatory affairs for the ongoing trials as well as all future trials of sugemalimab and CS1003 outside of Greater China, unless otherwise jointly agreed by the Licensor and the Licensee in certain cases. Pursuant to the License Agreement, EQRx is subject to customary exclusivity non-compete obligations, and the Licensor and the Licensee are subject to customary mutual representations, warranties, covenants and indemnities.

The License Agreement provides a pathway to bring CStone's sugemalimab and CS1003 to global patient communities by partnering with EQRx, a company with an innovative business model and unique ability to commercialize these two assets competitively against established treatments. In addition, the License Agreement demonstrates the significant global commercial potential of these two assets and provides immediate cash proceeds to invest in strategic initiatives. Accordingly, the Board believes that the License Agreement and the transactions contemplated thereunder are in the best interests of the Company and its shareholders as a whole.

To the best knowledge and belief of the Company, as of the date of this announcement, EQRx is independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules). The transactions contemplated under the License Agreement do not constitute any notifiable transactions or connected transactions of the Company under the Listing Rules.

Attached hereto as Appendix I is the main text of the press release issued by the Company on October 27, 2020 China time, announcing the above business update.

Cautionary Statement required by Rule 18A.05 of the Listing Rules: We cannot guarantee that we will be able to develop, or ultimately market sugemalimab successfully. Shareholders of the Company and potential investors are advised to exercise due care when dealing in the shares of the Company.

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

Suzhou, People's Republic of China, October 27, 2020

As at the date of this announcement, the Board 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.

CStone and EQRx Enter Global Strategic Partnership for Two Immune Checkpoint Inhibitors: sugemalimab (anti-PD-L1) and CS1003 (anti-PD-1)

- CStone to out-license to EQRx exclusive rights to two late-stage immuno-oncology assets for development and commercialization outside of Greater China

- Agreement provides a pathway to bring CStone's sugemalimab (anti-PD-L1) and CS1003 (anti-PD-1) to global patient communities by partnering with a company with an innovative business model and unique ability to commercialize these two assets competitively against established treatments

- Terms demonstrate the significant global commercial potential of these two assets and provide immediate cash proceeds to invest in strategic initiatives

(SUZHOU, China, October 27, 2020) CStone Pharmaceuticals ("**CStone**", HKEX: 2616) announced today an agreement to out-license ex-Greater China rights for two key late-stage immuno-oncology assets, sugemalimab (anti-PD-L1) and CS1003 (anti-PD-1), to EQRx, a biopharmaceutical company with an innovative business model that will allow these drugs to be competitively positioned in global markets against established treatments for the target indications.

Under the terms of the agreement, CStone will receive an upfront payment of US$150 million and up to US$1.15 billion in milestone payments for both drugs as well as separate tiered royalties. EQRx will obtain exclusive rights to lead global development and commercialization worldwide, excluding Mainland China, Taiwan, Hong Kong and Macau. CStone retains rights to CS1003 in Greater China, where it can continue to pursue development as a monotherapy or as part of its combination strategy for this drug.

Frank Jiang, M.D., Ph.D., Chairman and Chief Executive Officer of CStone, said: "We are pleased to be partnering with EQRx, an outstanding company led by an exceptional management team with a track record of building and investing in biotech companies as well as leadership roles at commanding heights of the industry. They have a unique blend of expertise to execute on this agreement and maximize the global potential of our two lead immuno-oncology assets.

"This partnership demonstrates the clinical as well as the commercial potential of sugemalimab and CS1003. Both are well suited to serve as backbone molecules for various combination therapies, an approach that is part of EQRx's vision for these drugs. The broad potential to develop combination therapies further strengthens our ability to pursue our combo strategy for CS1003 in China. In addition, the capital proceeds that we generate through this transaction will enhance our ability to invest in strategic development initiatives and advance our transition into a fully integrated biopharma company."

Alexis Borisy, Chairman, Founder and Chief Executive Officer of EQRx, said: "CStone is recognized globally for excellence in drug development and we look forward to advancing their foundational work to expand access to these two late-stage, innovative immunotherapies. We believe the addition of PD-L1 and PD-1 drug candidates to our expanding clinical pipeline provides EQRx and our strategic partners with optionality to deliver high-quality, lower cost treatment regimens across a broad range of cancers. Ultimately, adding this unique combination of potentially best-in-class immunotherapeutic agents advances our mission to deliver equal access to innovative medicines while lowering costs for patients, payers and healthcare systems around the world."

Sugemalimab is a potential best-in-class PD-L1 antibody that is being developed for high-incidence cancer indications in China, including frontline non-small cell lung, gastric and esophageal cancers, among others. The U.S. Food and Drug Administration ("**FDA**") has recently granted Breakthrough Therapy Designation ("**BTD**") to this drug for adult relapsed or refractory extranodal natural killer/T-cell lymphoma ("**R/R ENKTL**"), and orphan drug designation ("**ODD**") for T-cell lymphoma. CS1003 is currently being studied for the treatment of advanced solid tumors, including a global registration trial in first-line hepatocellular carcinoma. The FDA has granted ODD for this indication.

Closing of the agreement is subject to expiration or termination of the waiting period under the Hart-Scott-Rodino Act.

About Sugemalimab (PD-L1)

Sugemalimab 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), sugemalimab is developed using the OmniRat® transgenic animal platform, which can generate fully human antibodies in one stop. As a fully human, full-length anti-PD-L1 monoclonal antibody, sugemalimab 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.

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

Currently, sugemalimab 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. The phase III clinical trial of sugemalimab in patients with stage IV non-small cell lung cancer has reached its primary endpoint. CStone plans to submit a new drug application to the National Medical Products Administration of China soon.

About CS1003 (PD-1)

CS1003 is a humanized recombinant IgG4 monoclonal antibody targeting human programmed cell death protein 1 (PD-1) being developed for immunotherapy of various tumors. Compared to most of the monoclonal antibodies that bind human and monkey PD-1 (either already approved or in clinical stage), CS1003 demonstrates comparable high binding affinities across species against human, cynomolgus monkey and mouse PD-1, and is developed to disrupt the interaction of PD-1 with its ligands PD-L1 and PD-L2.

About CStone

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.

For more information about CStone, please visit: **www.cstonepharma.com**.

About EQRx

EQRx is committed to making innovative medicines at dramatically lower prices for the benefit of people and society. By bringing together stakeholders from across the healthcare system and utilizing the latest advances in science and technology, the company seeks to discover, develop and deliver high-quality, patent-protected medicines more efficiently and cost-effectively than ever before. Headquartered in Cambridge, Massachusetts, the company is backed by GV, ARCH Venture Partners, Andreessen Horowitz, Casdin Capital, Section 32, Nextech, and Arboretum Ventures.

For more information, please visit **www.eqrx.com**

Forward-looking Statement

The forward-looking statements made in this article relate only to the events or information as of the date on which the statements are made in this article. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this article completely and with the understanding that our actual future results or performance may be materially different from what we expect. In this article, statements of, or references to, our intentions or those of any of our Directors or our Company are made as of the date of this article. Any of these intentions may alter in light of future development.

CSTONE INVESTOR CONTACT

ir@cstonepharma.com

CSTONE MEDIA CONTACT

For Mainland Chinese Media:
Ye Zhao
+86 21 6109 8750
zhaoye@cstonepharma.com

For International Media:
Daniel Del Re (Kekst CNC)
+ 852 9212 3105
daniel.delre@kekstcnc.com