CStone Pharmaceuticals

基石藥業

(Incorporated in the Cayman Islands with limited liability)

(**Stock Code: 2616**)

VOLUNTARY ANNOUNCEMENT

GLOBAL STRATEGIC PARTNERSHIP BETWEEN CSTONE AND EQRX TAKES EFFECT FOLLOWING EARLY TERMINATION OF HSR WAITING PERIOD

Reference is made to the announcement (the "**Announcement**") of CStone Pharmaceuticals (the "**Company**" or "**CStone**") dated October 27, 2020, in relation to the exclusive license agreement for sugemalimab (CS1001, anti-PD-L1) and CS1003 (anti-PD-1) with EQRx, Inc ("**EQRx**"). CStone announced early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("**HSR**"), has been granted by the United States ("**U.S.**") Federal Trade Commission in connection with the licensing agreement between CStone and EQRx. The licensing agreement has now become effective. Unless otherwise expressly indicated, capitalised terms used herein shall have the same meaning as those defined in the Announcement.

As mentioned in the Announcement, CStone has entered into an agreement to out-license ex-Greater China rights for two key late-stage immuno-oncology assets, sugemalimab (CS1001, anti-PD-L1) and CS1003 (anti-PD-1), to EQRx. 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 obtains exclusive rights to lead global development and commercialization, excluding mainland China, Taiwan, the Special Administrative Region of Hong Kong and the Special Administrative Region of Macau ("**Greater China**"). 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.

About Sugemalimab (CS1001)

Sugemalimab is an investigational anti-PD-L1 monoclonal antibody discovered by CStone. Authorized by Ligand Pharmaceuticals Inc. (NASDAQ: LGND), a company based in the U.S., sugemalimab is developed by 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 can reduce the risk of immunogenicity and potential toxicities in patients, a unique advantage over similar drugs.

Sugemalimab has completed a Phase I dose-escalation study in China. During Phases Ia and Ib of the study, sugemalimab showed good antitumor activity and good tolerability in multiple tumor types.

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 program in China includes 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 ("**NSCLC**"), gastric cancer, and esophageal cancer. The Phase III clinical trial of sugemalimab in patients with stage IV NSCLC has reached its primary endpoint. China's National Medical Products Administration has accepted the Company's new drug application for sugemalimab.

Cautionary statement required by Rule 18A.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited: 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.

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. The Company has built an oncology-focused pipeline of 16 drug candidates with a strategic emphasis on immuno-oncology combination therapies. Currently, five late-stage candidates are at pivotal trials. With an experienced team, a rich pipeline, a robust clinical development-driven business model and substantial funding, CStone's vision is to become a world-renowned biopharmaceutical company that is leading the way to conquering cancer.

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.

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

Suzhou, People's Republic of China, November 20, 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.