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## **CStone Pharmaceuticals**

**基石藥業**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2616)**

# **GRANT OF OPTIONS PURSUANT TO THE POST-IPO ESOP AND GRANT OF RSU PURSUANT TO THE POST-IPO RSU SCHEME**

## **GRANT OF OPTIONS PURSUANT TO POST-IPO ESOP**

Pursuant to Rule 17.06A of the Listing Rules, the Board announces that on November 30, 2020, the Company granted 2,473,000 Options to 41 Option Grantees in accordance with the terms of the Post-IPO ESOP, subject to acceptance.

### **Details of the Grant of Options**

The details of the Options granted to the Option Grantees are as follows:

Date of Grant:	November 30, 2020
Number of Option Grantees:	41
Total number of new Shares to be subscribed upon exercise of the Options granted:	2,473,000
Consideration for the Grant of Options:	Nil to be paid by each Option Grantee upon acceptance of the Options granted
Subscription price of the Options granted:	HK\$9.96 per Share
Closing price of the Shares on the Grant Date:	HK\$9.53 per Share
Validity period of the Options:	The validity period of the Options shall be subject to the relevant grant letter to each of the Option Grantees, which in any event must not be more than ten years from the Grant Date and the Options shall lapse at the expiry of such validity period.

Vesting period of the Options: 193,000 of the Options granted to the Option Grantees shall vest in the Option Grantees as follows:

- 25% shall vest on the first anniversary of the Grant Date (rounding to the nearest whole Option); and
- 75% shall vest monthly in equal installments over the 36 months (rounding to the nearest whole Option) immediately following the first anniversary of the Grant Date.

2,280,000 of the Options granted to the Option Grantees shall vest in the Option Grantees as follows:

- 25% shall vest on the first anniversary of the Grant Date (rounding to the nearest whole Option);
- 25% shall vest on the second anniversary of the Grant Date (rounding to the nearest whole Option);
- 25% shall vest on the third anniversary of the Grant Date (rounding to the nearest whole Option); and
- 25% shall vest on the fourth anniversary of the Grant Date (rounding to the nearest whole Option).

In each event, the Board has the discretion to accelerate the above vesting schedule of the Options.

The Options granted are subject to the individual performance result and other requirements as set out in the grant letters entered into between the Option Grantees and the Company.

### **Subscription Price of the Options**

The subscription price of the Options of HK\$9.96 per Share represents the higher of (i) the closing price of the Shares of HK\$9.53 per Share as stated in the daily quotation sheet issued by the Stock Exchange on the Grant Date; and (ii) the average closing price of the Shares of HK\$9.96 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the Grant Date.

### **Grant of Options to Employees**

Among the Options granted above, none of the Options were granted to any of the Directors, chief executive or substantial shareholder of the Company or an associate of any of them (as defined in the Listing Rules). All the 2,473,000 Options were granted to other employees of the Group, subject to acceptance by the Option Grantees.

## **Reasons for and Benefits of the Grant of Options**

The purpose of the aforesaid Grant of Options is to attract and retain employees, to reward eligible employee, officer, director, contractor, advisor or consultant of the Group for their past contribution to the Company, to provide incentives to the employees to further contribute to the Group and to align their interests with the best interests of the Company and the Shareholders as a whole.

## **GRANT OF RSU PURSUANT TO THE POST-IPO RSU SCHEME**

References are made to the voluntary announcements dated March 22, 2019, January 31, 2020 and July 16, 2020, in relation to the grant of RSU, adoption and amendment of the Post-IPO RSU Scheme.

On a voluntary basis, the Board announces that pursuant to the Post-IPO RSU Scheme, as of the date of this announcement, outstanding Restricted Shares representing 3,768,000 Shares were granted during the period from June 23, 2020 to November 30, 2020 to 33 RSU Grantees, including a Director (in respect of 1,000,000 Restricted Shares) and 32 other employees of the Group (in respect of 2,768,000 Restricted Shares) who have contributed or will contribute to the growth and development of the Group. The Directors (excepting the interested Director) and the compensation committee of the Company consider that the Grant of RSU is fair and reasonable, and is in the best interests of the Company and its shareholders as a whole.

Save as disclosed above, none of the RSU Grantees is a Director, chief executive or substantial shareholder of the Company or associate of any of them (as defined in the Listing Rules).

The 1,000,000 units of Restricted Shares granted to the Director shall have a vesting period of two years, commencing on November 9, 2020 and 12.5% of the grant shall vest on each quarter end; and provided always that the compensation committee of the Company has the discretion to accelerate the above vesting schedule on a case-by-case basis.

The vesting schedule of the 2,768,000 units of Restricted Shares for the continuous contract employees (excluding the Director) shall be as follows:

- (i) in relation to 90,000 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 2,678,000 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 of the Company has the discretion to accelerate the above vesting schedule on a case-by-case basis.

## **LISTING RULES IMPLICATIONS**

The Post-IPO RSU Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

Conditional upon the completion of purchase sufficient existing shares, 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.

Pursuant to the Post-IPO RSU Scheme, vesting of the Restricted Shares of continuous contract employees of the Company who are not connected persons of the Company, will be satisfied by Shares issued by the Company to the selected participants under its available general mandate or special mandate, in compliance with the Post-IPO RSU Scheme and all applicable laws, rules and regulations, including the Listing Rules.

## **DEFINITIONS**

“Board”	the board of Directors
“Company”	CStone Pharmaceuticals 基石藥業, an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 2, 2015
“Directors”	the directors of the Company
“Grant of Option”	the grant of an aggregate of 2,473,000 Options to 41 Option Grantees in accordance with the terms of the Post-IPO ESOP
“Grant of RSU”	the grant of an aggregate of 3,768,000 units of Restricted Shares to 33 RSU Grantees (including one Director) in accordance with the terms of the Post-IPO RSU Scheme
“Grant Date”	November 30, 2020
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Options”	2,473,000 options to subscribe for or acquire 2,473,000 Shares which were granted under the Post-IPO ESOP
“Option Grantee”	the employees of the Group who were granted Options in accordance with the Post-IPO ESOP on the Grant Date
“Post-IPO ESOP”	the post-IPO employee share option plan adopted by the Company on January 30, 2019, with effect on the listing date of the Company of February 26, 2019

“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
“RSU” or “Restricted Shares”	restricted share units
“RSU Grantee”	the employees of the Group (including a Director) who were granted Options in accordance with the Post-IPO RSU Scheme
“Shareholder(s)”	holder(s) of shares in the Company
“Shares”	ordinary shares in the issued capital of the Company with a nominal value of US\$0.0001 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it by the Listing Rules

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

Suzhou, People’s Republic of China, November 30, 2020

*As at the date of this announcement, the Board of Directors comprises Dr. Frank Ningjun Jiang as Chairman and Executive Director, Dr. Wei Li, Mr. Qun Zhao, Mr. Yanling Cao, Mr. Xianghong Lin 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.*