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CStone Pharmaceuticals

基石藥業

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2616)

INSIDE INFORMATION PROGRESS UPDATE IN RELATION TO KEY AUDIT FINDING

This announcement is issued pursuant to Rule 13.09(2) of the Rules (the “**Listing Rules**”) Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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).

Reference is made to the announcement of CStone Pharmaceuticals (the “**Company**”) dated March 18, 2022 (the “**Announcement**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement, unless the context herein requires otherwise.

The Announcement is based on the fact that the auditor of the Company (the “**Auditor**”), in its letter to the Audit Committee dated March 16, 2022, has set out the key audit findings to date with respect to the Investment calling into question its validity and recoverability.

The Board would now like to update shareholders of the Company (the “**Shareholders**”) that in line with the Auditors’ request, the Audit Committee has now engaged a “big four” accounting firm other than the Auditors as the forensic accounting specialists to conduct the independent investigation into the Investment (the “**Investigation**”). Depending on the further information provided by the Company and the results of the Investigation, the Auditors may require additional information and perform additional work.

In the light of the fact that the Investigation will take time to complete, it is likely that the finalization of the annual results of the Company for the year ended December 31, 2021 (the “**2021 Annual Results**”) and the completion of the audit may take longer than the prescribed time frame.

The Board acknowledges that any delay in publishing the 2021 Annual Results will constitute a noncompliance with Rule 13.49(1) of the Listing Rule.

The Company will publish further announcement(s) to inform Shareholders, other stakeholders and potential investors of any material developments in connection with the Investigation and the 2021 Annual Results as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise due caution when dealing in the securities of the Company. When in doubt, Shareholders and potential investors of the Company are advised to seek advice from professional or financial advisers.

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

Suzhou, the People's Republic of China, March 21, 2022

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. Kenneth Walton Hitchner III, Mr. Yanling Cao, Mr. Xianghong Lin and Mr. Edward Hu as non-executive directors, and Dr. Paul Herbert Chew, Mr. Ting Yuk Anthony Wu and Mr. Hongbin Sun as independent non-executive directors.