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CStone Pharmaceuticals
基石藥業

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

INSIDE INFORMATION

**(1) DELAY IN PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021;
(2) POSTPONEMENT OF BOARD MEETING; AND
(3) SUSPENSION OF TRADING**

This announcement is issued by CStone Pharmaceuticals (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) and Rule 13.49(3)(i) of the Rules Governing the Listing of the 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 “**SFO**”).

Reference is made to the announcement of the Company dated March 14, 2022, in relation to the meeting of the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company originally scheduled to be held on March 24, 2022 for the purposes of, among other matters, considering and approving the annual results of the Company and its subsidiaries for the year ended December 31, 2021 (the “**2021 Annual Results**”), and the announcements (the “**Announcements**”) dated March 18, 2022 and March 21, 2022 in relation to, among others, the Investment and the Investigation. Capitalised terms used herein shall have the same meanings as those defined in the Announcements, unless the context herein requires otherwise.

DELAY IN PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

Pursuant to Rule 13.49(1) of the Listing Rules, the Company is required to publish an announcement for the 2021 Annual Results on a date not later than three months after the end of the financial year of the Company, namely, on or before March 31, 2022. Under Rule 13.49(2) of the Listing Rules, the preliminary announcement in relation to the 2021 Annual Results shall be based on the Company’s financial statements for the financial year ended December 31, 2021 (“**FY2021**”), which shall be agreed with the Company’s auditor.

As disclosed in the Announcements, the Auditor, in its letter to the Audit Committee dated March 16, 2022, had set out key audit findings to date with respect to the Investigation calling into question its validity and recoverability and the Audit Committee has involved a “big four” accounting firm other than the Auditor as the forensic accounting specialists to conduct the Investigation. The Board hereby announces that, as the Company needs more time to finalize the 2021 Annual Results and complete the Investigation, and the Auditor also needs more time to collect information and complete the audit, after due and careful consideration, it is of the view that there will be a delay in the publication of the 2021 Annual Results. The delay in publication of the 2021 Annual Results constitutes non-compliance of Rules 13.49(1) of the Listing Rules.

As at the date of this announcement, the Company is proactively providing necessary information and documents to the forensic accounting specialists to conduct the Investigation. The results of the Investigation may have an impact to the nature, timing and extent of the audit procedures.

Rule 13.49(3) of the Listing Rules provides that where an issuer is unable to issue its preliminary results, it must announce its results based on the financial results which have yet to be agreed with the auditor (so far as the information is available). The Board, after due and careful consideration, is of the view that it would not be appropriate for the Company to publish the unaudited management accounts of the Group for the year ended December 31, 2021 at this stage as it may not be complete and reflect a true and fair view of the actual financial performance and position of the Group and may create unnecessary confusion to the public in the interim period given that the results of the Investigation is still pending.

Further announcement(s) will be made by the Company to inform the shareholders and potential investors of the Company any material developments in connection with the Investigation and the 2021 Annual Results as and when appropriate.

POSTPONEMENT OF BOARD MEETING

The Board wishes to emphasize that the operation of the Group remains normal. However, as explained above, since the auditing process has been delayed, the Board meeting originally scheduled to be held on March 24, 2022 for the purposes of, among other matters, considering and approving the 2021 Annual Results, will be postponed to another date to be fixed and announced by the Board.

SUSPENSION OF TRADING

Pursuant to Rules 13.50 of the Listing Rules, if the issuer fails to release regular financial information in accordance with the Listing Rules, The Stock Exchange of Hong Kong Limited will usually request a suspension of trading in the issuer's securities, and the suspension will usually continue until the issuer publishes an announcement containing the necessary financial information. Therefore, trading in the shares of the Company is currently expected to be suspended with effect from 9:00 a.m. on April 1, 2022, pending the publication of the 2021 Annual Results.

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 23, 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.