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CStone Pharmaceuticals
基石藥業

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2616)

POSITIVE PROFIT ALERT

This announcement is issued by CStone Pharmaceuticals (the “**Company**” or “**CStone**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 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 board of directors (the “**Board**”) of the Company wishes to inform shareholders of the Company and potential investors that, based on the preliminary review of the Group’s unaudited management accounts for the year ended December 31, 2022, the total revenue of the Group for the year ended December 31, 2022 is expected to be not less than RMB475.0 million, almost doubled the revenue for the year ended December 31, 2021 of approximately RMB243.7 million. The loss for the year excluding the share-based payment expenses of the Group for the year ended December 31, 2022 is expected to be not more than RMB800 million, representing a significant decrease of not less than 53% from approximately RMB1,697.4 million for the year ended December 31, 2021.

- i. Increase in the total revenue of the Group was mainly due to the increase of revenue of marketed products, including sales of precision medicines and royalty income from sugemalimab, is expected to be not less than RMB390.0 million, representing a significant increase of not less than 140% from approximately RMB162.8 million for the year ended December 31, 2021.
- ii. Decrease in loss for the year excluding the share-based payment expenses of the Group was mainly due to the increased revenue from marketed products and the decrease of research and development expenses, which was mainly due to lower spending on phase III registrational clinical trials. These registrational clinical trials have completed patient enrollment or achieved clinical data readouts, while the newly initiated registrational and early phase trials

have lower cost. Loss for the year excluding the share-based payment expenses of the Group represents the loss for the year excluding the effect of certain non-cash items and one-time events, namely the share-based compensation expenses. The term is not defined under the International Financial Reporting Standards (“IFRS”). The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group’s results of operations or financial condition as reported under IFRS. The Company’s presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this non-IFRS measure is a reflection of the Group’s normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group’s operating performance, and thus facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

As of December 31, 2022, the balance of cash, cash equivalents and time deposits with original maturity over three months was expected to be more than RMB1,000 million compared to approximately RMB1,603.4 million for the year ended December 31, 2021.

The Company is still in the process of finalizing the annual results of the Group for the year ended December 31, 2022. The operating statistics disclosed above are unaudited and based on the preliminary internal information of the Group, which may be subject to change and may differ from the figures to be disclosed in the audited consolidated financial statements to be published by the Company on an annual basis due to various uncertainties during the process of collating such operating information. Such information has not been audited or reviewed by the auditors of the Company or the audit committee of the Board. The operational information contained herein shall not be taken as a measure or indication of the Group’s current or future operating or financial performance nor shall they be taken as a representation by the Group of the corresponding figures as may be provided in due course in the Group’s audited consolidated financial statements. As such, the above statistics are provided for investors’ reference only. Shareholders of the Company and potential investors are advised to carefully read the annual results announcement of the Company for the year ended December 31, 2022, which is expected to be published in March 2023 in accordance with the requirements of the Listing Rules.

Shareholders of the Company and potential investors are advised not to place any reliance on the information disclosed herein but to exercise due caution when dealing in the securities of the Company. When in doubt, shareholders of the Company and potential investors are advised to seek professional advice from professional or financial advisers.

By Order of the Board
CStone Pharmaceuticals
Dr. Wei Li
Chairman

Suzhou, the People’s Republic of China, February 2, 2023

As at the date of this announcement, the board of directors of the Company comprises Dr. Wei Li as Chairman and non-executive director, Dr. Jianxin Yang as executive director, Mr. Kenneth Walton Hitchner III, 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.