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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CStone Pharmaceuticals, you should at once hand this circular, together with the enclosed proxy form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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CStone Pharmaceuticals

基石藥業

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2616)

**PROPOSALS FOR GENERAL MANDATES TO ISSUE
AND BUY BACK SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
RE-APPOINTMENT OF AUDITOR,
PROPOSED ADOPTION OF
THE SIXTH AMENDED AND RESTATED
ARTICLES OF ASSOCIATION,
PROPOSED GRANT OF SHARE OPTIONS
AND RSUS TO A DIRECTOR
AND CHIEF EXECUTIVE OFFICER UNDER THE
POST-IPO ESOP AND THE POST-IPO RSU SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM of CStone Pharmaceuticals to be held at Hall B, Conference Center, Third Floor, New Bund Center, No. 555 West Haiyang Road, Pudong New District, Shanghai, China on Tuesday, June 18, 2024 at 9:30 a.m. is set out on pages 32 to 38 of this circular. A form of proxy for use at the AGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.cstonepharma.com).

Whether or not you are able to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM (i.e. by no later than 9:30 a.m. on Sunday, June 16, 2024). Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the AGM or any adjournment thereof if they so wish and in such event, the form of proxy shall be deemed to be revoked.

Holders of treasury Shares, if any, have no voting rights at the general meeting(s) of the Company for the purpose of the Listing Rules.

May 27, 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be held at Hall B, Conference Center, Third Floor, New Bund Center, No. 555 West Haiyang Road, Pudong New District, Shanghai, China on Tuesday, June 18, 2024 at 9:30 a.m. or any adjournment thereof, the notice of which is set out on pages 32 to 38 of this circular
“Announcement”	the announcement of the Company dated March 28, 2024 in relation to, <i>inter alia</i> , the Grant of Share Options and the Grant of RSUs
“Articles of Association”	the fifth amended and restated memorandum and articles of association of the Company, adopted on June 21, 2023 by Shareholders of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Chief Executive Officer”	the chief executive officer of the Company, Dr. Jianxin Yang
“Company”	CStone Pharmaceuticals, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Compensation Committee”	the compensation committee of the Company
“Director(s)”	the director(s) of the Company
“Dr. Yang”	Dr. Jianxin Yang, the Chief Executive Officer and the sole executive Director of the Company
“Grant Date”	March 28, 2024, the date on which 1,890,000 Share Options and 1,890,000 RSUs were conditionally granted to Dr. Yang
“Grant of RSUs”	the conditional grant of 1,890,000 RSUs to Dr. Yang in accordance with the terms of the Post-IPO RSU Scheme

DEFINITIONS

“Grant of Share Options”	the conditional grant of 1,890,000 Share Options to Dr. Yang in accordance with the terms of the Post-IPO ESOP
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investment Committee”	the investment committee of the Company
“Issuance Mandate”	a general mandate proposed to be granted to the Directors to allot, issue or deal with additional Shares (including any sale or transfer of treasury Shares) of not exceeding 20% of the total number of Shares in issue (excluding any treasury Shares) as at the date of passing of the proposed ordinary resolution contained in item 5 of the notice of the AGM as set out on pages 32 to 38 of this circular
“Latest Practicable Date”	May 21, 2024, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“New Articles of Association”	the sixth amended and restated memorandum and articles of association of the Company proposed to be adopted at the AGM
“Nomination Committee”	the nomination committee of the Company
“Post-IPO ESOP”	the post-IPO share option scheme as adopted on February 26, 2019 and amended on March 7, 2023
“Post-IPO RSU Scheme”	the post-IPO restricted share units scheme as adopted on March 22, 2019 and amended on December 10, 2019, January 7, 2020 and March 7, 2023
“Pre-IPO Incentivization Plan”	the Company’s pre-IPO employee equity plan
“RSU(s)”	restricted share unit(s) granted under the Post-IPO RSU Scheme

DEFINITIONS

“Scheme Mandate Limit”	the limit on grants of RSUs and/or share options over new shares of the Company under all share schemes of the Company approved by its shareholders, which must not exceed 10% of the issued shares of the issuer (or the subsidiary) on March 7, 2023, i.e. 128,384,401 (excluding the RSUs and/or share options lapsed in accordance with the terms of the Post-IPO RSU Scheme and the Post-IPO ESOP)
“Service Provider(s)”	any persons (nature person or corporate entity) who provide services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, including independent contractor, consultant and/or advisors for the research and development, product commercialization, marketing, innovation upgrading, strategic/commercial planning on corporate image and investor relations in investment environment of the Company (excluding any placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, and service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity)
“Service Provider Sublimit”	a sublimit under the Scheme Mandate Limit for RSUs and/or share options over new shares of the Company under all share schemes of the Company granted to the Service Providers, which must not exceed 1% of the issued shares of the Company (or the subsidiary) on March 7, 2023, i.e., 12,838,440 (excluding the RSUs and/or share options lapsed in accordance with the terms of the Post-IPO RSU Scheme and the Post-IPO ESOP)
“SFO”	the Securities and Futures Ordinance, (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of par value of US\$0.0001 each in the capital of the Company which include treasury Share(s), if any (for the avoidance of doubt and for the purpose of the Listing Rules, the holders of treasury Shares have no voting rights at the general meeting(s) of the Company)

DEFINITIONS

“Shareholder(s)”	the holder(s) of the Share(s)
“Share Buy-back Mandate”	a general mandate proposed to be granted to the Directors to buy back Shares on the Stock Exchange of not exceeding 10% of the total number of Shares in issue (excluding any treasury Shares) as at the date of passing of the proposed ordinary resolution contained in item 6 of the notice of the AGM as set out on pages 32 to 38 of this circular
“Share Incentivization Schemes”	the Pre-IPO Incentivization Plan, Post-IPO ESOP and Post-IPO RSU Scheme of the Company. For details, please refer to the annual report of the Company for the year ended December 31, 2023
“Share Options”	a right granted to subscribe for Shares pursuant to the Post-IPO ESOP
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee of the Company
“subsidiary” or “subsidiaries”	shall have the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs approved by the Securities and Futures Commission, as amended from time to time
“treasury Shares”	has the meaning ascribed to it under the Listing Rules which will come into effect on June 11, 2024 and as amended from time to time
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD



CStone Pharmaceuticals

基石藥業

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2616)

Executive Director:

Dr. Jianxin Yang (*Chief Executive Officer*)

Non-executive Directors:

Dr. Wei Li (*Chairman*)

Mr. Kenneth Walton Hitchner III

Mr. Xianghong Lin

Mr. Edward Hu

Independent non-executive Directors:

Dr. Paul Herbert Chew

Mr. Ting Yuk Anthony Wu

Mr. Hongbin Sun

Registered office:

The offices of Vistra (Cayman) Limited

P.O. Box 31119, Grand Pavilion

Hibiscus Way, 802 West Bay Road

Grand Cayman KY1-1205

Cayman Islands

*Head Office and Principal Place of
Business in China:*

C1 Building, North Block

218 Xinghu Str.

Suzhou Industrial Park

China

Principal place of business in Hong Kong:

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

May 27, 2024

To the Shareholders

Dear Sir or Madam

**PROPOSALS FOR GENERAL MANDATES TO ISSUE
AND BUY BACK SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
RE-APPOINTMENT OF AUDITOR,
PROPOSED ADOPTION OF
THE SIXTH AMENDED AND RESTATED
ARTICLES OF ASSOCIATION,
PROPOSED GRANT OF SHARE OPTIONS
AND RSUS TO A DIRECTOR
AND CHIEF EXECUTIVE OFFICER UNDER THE
POST-IPO ESOP AND THE POST-IPO RSU SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the following proposals to be put forward at the AGM for the approval of, among other matters (i) the grant to the Directors of Issuance Mandate and Share Buy-back Mandate to issue Shares and buy back Shares; (ii) the re-election of the retiring Directors; (iii) re-appointment of auditor; (iv) proposed adoption of the sixth amended and restated Articles of Association; and (v) the proposed grant of Share Options and RSUs to a Director and Chief Executive Officer under the Post-IPO ESOP and the Post-IPO RSU Scheme.

LETTER FROM THE BOARD

2. GENERAL MANDATES TO ISSUE SHARES AND BUY BACK SHARES

At the annual general meeting of the Company held on June 21, 2023, general mandates were granted to the Directors to issue and buy back Shares. Such mandates will lapse at the conclusion of the AGM. In order to ensure greater flexibility for the Company to issue new Shares, an ordinary resolution no. 5 will be proposed at the AGM to grant to the Directors the Issuance Mandate to exercise the powers of the Company to allot and issue new Shares (including any sale or transfer of treasury Shares) in the share capital of the Company of up to 20% of the total number of Shares in issue (excluding any treasury shares) as at the date of the passing of the proposed ordinary resolution in relation to the Issuance Mandate. As at the Latest Practicable Date, the Company had 1,284,191,212 Shares in issue. Subject to the passing of the ordinary resolution no. 5 and on the basis that there is no change to the number of issued Shares before the AGM, the Company will be allowed to issue a maximum of 256,838,242 Shares (excluding any treasury Shares). In addition, subject to a separate approval of the ordinary resolution no. 7, the number of Shares bought back and subsequently cancelled by the Company under ordinary resolution no. 6 will also be added to the aggregate number of issued Shares under the Issuance Mandate as mentioned in the ordinary resolution no. 5. The Directors wish to state that they have no immediate plans to issue any new Shares pursuant to the Issuance Mandate, other than Shares which may fall to be allotted and issued upon the exercise of any options or the settlement of any restricted share units granted under the Share Incentivization Schemes. For more details about the Share Incentivization Schemes, please refer to the 2023 annual report published by the Company.

In addition, an ordinary resolution will be proposed at the AGM to approve the Share Buy-back Mandate to the Directors to exercise the powers of the Company to buy back Shares, representing up to 10% of the total number of Shares in issue (excluding any treasury Shares) as at the date of the passing of the proposed ordinary resolution in relation to the Share Buy-back Mandate. As at the Latest Practicable Date, the Company had 1,284,191,212 Shares in issue. Subject to the passing of the ordinary resolution no. 6 and on the basis that there is no change to the number of issued Shares before the AGM, the Company will be allowed to buy back a maximum of 128,419,121 Shares. The Directors do not have any immediate plan to repurchase any Shares pursuant to the Share Repurchase Mandate. The Company may cancel such Shares bought back and/or hold them as treasury Shares, subject to market conditions and the Company's capital management needs at the relevant time any Shares are bought back.

An explanatory statement required by the Listing Rules in connection with the Share Buy-back Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the AGM.

3. RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 16.19 of the Articles of Association, the number of Directors retiring by rotation at each annual general meeting shall not be less than one-third of the Directors for the time being, and any retiring Director shall be eligible for re-election at the same annual general meeting. Accordingly, Mr. Kenneth Walton Hitchner III, Mr. Edward Hu and Mr. Ting Yuk Anthony Wu will retire by rotation and shall be eligible to offer themselves for re-election as the Directors at the AGM.

LETTER FROM THE BOARD

The Nomination Committee has reviewed the structure and composition of the Board, the qualifications, skills, knowledge and experience, time commitment and contributions of the above retiring Directors, having regard to the nomination policy and the board diversity policy of the Company. The Nomination Committee is of the view that the above retiring Directors have extensive experience in different fields and professions that are relevant to the Company's business. In addition, their respective background, experience and knowledge allow them to provide valuable and relevant insights and contribute to the diversity of the Board; and the performance of the retiring Directors was satisfactory and they contributed effectively to the operation of the Board. Accordingly, the Nomination Committee has recommended them to the Board for re-election and the Board has endorsed the recommendations of the Nomination Committee and recommended all the above retiring Directors to stand for re-election at the AGM.

Mr. Ting Yuk Anthony Wu has confirmed to the Company that (i) he meets the independence criteria as set out in Rule 3.13 of the Listing Rules; (ii) he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person (as defined under the Listing Rules) of the Company; and (iii) there are no other factors that may affect his independence. The Nomination Committee and the Board has assessed and reviewed the written confirmation of independence of Mr. Ting Yuk Anthony Wu who has offered himself for re-election at the AGM based on the independence criteria as set out in Rule 3.13 of the Listing Rules and is satisfied that he remains independent in accordance with Rule 3.13 of the Listing Rules. Mr. Ting Yuk Anthony Wu is not involved in the daily management of the Company nor in any relationships which would interfere with the exercise of his independent judgment.

The Board has noted that as of the Latest Practicable Date, Mr. Ting Yuk Anthony Wu held directorships with 9 listed companies (including the Company). However, the Board is of the view that Mr. Wu would still be able to devote sufficient time to the Board for the following reasons: Mr. Wu's role in the Group is non-executive in nature and he will not be involved in the daily management of Group's business, and thus his engagement as an independent non-executive Director will not require his full-time participation; Mr. Wu is neither a full-time member of the listed companies nor involved in day-to-day operations or management of such companies, and thus has no management responsibility therein; Mr. Wu has maintained a high attendance rate for board meetings, committee meetings and shareholders' meetings for the aforesaid listed companies during the respective latest financial periods since his appointment date; with his knowledge and experience, Mr. Wu has not found difficulties in devoting his time to and managing his time with the listed companies in which he serves as a director, and he is confident that with his experience in being responsible for several roles, he will be able to fulfill his duties to the Company properly; and none of the listed companies that he holds directorships with has questioned or complained about his time devoted to such listed companies.

Mr. Wu has undertaken to devote sufficient time to attend to his work as an independent non-executive Director, and also, based on the foregoing, the Board has no reason to believe that the directorships currently held by Mr. Wu will result in him having insufficient time to act as an independent non-executive Director or improperly discharge his fiduciary duties as a Director.

LETTER FROM THE BOARD

In addition, taking into consideration of the diversity perspectives (including but not limited to gender, age, cultural and educational background, professional experience, length of service, skills and knowledge) and the current public directorship held by him, the Board is satisfied that Mr. Ting Yuk Anthony Wu is of such character, integrity and experience commensurate with the office of an independent non-executive Director. The Board believes that he will be able to devote sufficient time to the Board and will continue to provide independent, balanced and objective view to the Company's affairs. Accordingly, the Nomination Committee recommended to the Board, and the Board has considered, the re-election of Mr. Kenneth Walton Hitchner III, Mr. Edward Hu and Mr. Ting Yuk Anthony Wu.

The Board is of the view that each of the Directors proposed to be re-elected has extensive working experience in the industry and will contribute to the Group in promoting diversity of the Board. The biographical details of the above retiring Directors who are subject to re-election at the AGM are set out in Appendix I to this circular in accordance with the relevant requirements of the Listing Rules.

4. RE-APPOINTMENT OF AUDITOR

The Board, upon the recommendation of the Audit Committee, proposed to re-appoint Deloitte Touche Tohmatsu as the independent external auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company. The proposed re-appointment of auditor was deliberated on and approved at the meeting of the Board held on March 27, 2024 and is hereby proposed to the AGM as an ordinary resolution for consideration and approval.

5. PROPOSED ADOPTION OF THE SIXTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION

The Board proposes that the Company adopts the New Articles of Association in substitution for, and to the exclusion of, the Articles of Association. With effect from December 31, 2023, the Listing Rules have been amended to expand the paperless listing regime. As such, the Board proposes to amend the Articles of Association (the "**Proposed Amendments**") for the purposes of, among others, (i) bringing the Articles of Association in line with amendments made to Listing Rules; and (ii) making certain consequential and housekeeping amendments to the Articles of Association.

Details of the Proposed Amendments are set out in Appendix III to this circular. The Proposed Amendments are written in English. There is no official Chinese translation in respect thereof. Therefore, the Chinese version of the Proposed Amendments is purely a translation only. Should there be any discrepancy, the English version shall prevail.

The Proposed Amendments as well as the adoption of the New Articles of Association are subject to the Shareholders' approval by way of a special resolution at the AGM.

LETTER FROM THE BOARD

6. PROPOSED GRANT OF SHARE OPTIONS AND RSUs TO A DIRECTOR AND CHIEF EXECUTIVE OFFICER UNDER THE POST-IPO ESOP AND THE POST-IPO RSU SCHEME

Reference is made to the Announcement in relation to the proposed conditional grant of 1,890,000 Share Options under the Post-IPO ESOP and 1,890,000 RSUs under the Post-IPO RSU Scheme to Dr. Yang, a Director and the Chief Executive Officer, subject to (i) acceptance of such Share Options and RSUs by Dr. Yang; and (ii) approval by the Shareholders at the AGM.

Details of the Grant of Share Options to Dr. Yang

The details of the Share Options conditionally granted to Dr. Yang are as follows:

Grant Date:	March 28, 2024
Name of grantee:	Dr. Jianxin Yang, an executive Director and the Chief Executive Officer
Total number of new Shares to be subscribed upon exercise of Share Options granted:	1,890,000
Consideration for the Grant of Share Options:	Nil
Closing price of the Shares on the Grant Date:	HK\$0.94 per Share
Average closing price of the Shares for the five consecutive business days prior to Grant Date:	HK\$0.944 per Share
Exercise price of the Share Options:	HK\$0.944 per Share, being the higher of the closing price of the Shares on the Grant Date and the average closing price of the Shares for the five consecutive business days immediately preceding the Grant Date.
Exercise period of the Share Options:	The exercise period of the Share Options shall be subject to the relevant grant letter to Dr. Yang (and any vesting periods provided thereunder), which in any event must not be more than ten years from the Grant Date and the Share Options shall lapse at the expiry of such exercise period.

LETTER FROM THE BOARD

Vesting commencement date of the Share Options granted: The vesting shall commence on April 1, 2024 (the “**Share Options Vesting Commencement Date**”).

Vesting period of the Share Options: 1,890,000 Share Options granted shall vest as follows:

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

In any event, the Board has the discretion to accelerate the above vesting schedule of the Share Options, subject to compliance of the requirements under Rule 17.03F of the Listing Rules as and when appropriate.

Performance targets: The 1,890,000 Share Options granted are not subject to performance targets.

Having considered that (i) the Grant of Share Options can bring about an immediate incentivization effect for Dr. Yang, which is considered a more attractive motivation to Dr. Yang for continuing to serve in such roles; (ii) the Grant of Share Options to Dr. Yang is a recognition for his past performance and contributions to the Group; and (iii) the Grant of Share Options without performance target is consistent with the Company’s customary practice on previous grants of share incentives to the Directors, employees of the Company (including members of senior management) and Service Providers, the Compensation Committee considers that without performance target, the Grant of Share Options to Dr. Yang could align the interests of Dr. Yang with incentive to Dr. Yang to further contribute towards the continued success of the Group, and reinforce his commitment in providing long-term services to the Group, which is in line with the purpose of the Post-IPO ESOP.

LETTER FROM THE BOARD

Clawback mechanism: The Grant of Share Options is subject to the clawback mechanism under the Post-IPO ESOP in the event that the Board determines a grantee shall cease to be an employee by reason of acts including without limitation:

- (i) grave misconduct, willful default or willful neglect in the discharge of his or her duties with the Group;
- (ii) fraudulent activity whether or not in connection with the affairs of the Group;
- (iii) being convicted of any offence;
- (iv) being proved to take advantages of his/her position to make interest for him/herself or for others;
- (v) being proved to appropriate assets of the Group;
- (vi) serious violation or persistent breach of any terms of the employment agreement, the confidentiality and intellectual property rights assignment agreement, the non-compete and non-solicitation agreement, the anti-bribery agreement or any other agreements entered into by and between such grantee and any member of the Group;
- (vii) repeated drunkenness or use of illegal drugs or being addicted to gambling which adversely interferes with or is reasonably expected to adversely interfere with the performance of such grantee's obligations and duties of employment; and
- (viii) any other conduct which, as the Board determines in good faith, would justify the termination of his or her contract.

In such case, any Share Option (whether vested or unvested) held by Dr. Yang shall immediately lapse, unless the Board resolves otherwise in its absolute discretion. If the Board resolves that any Share Option held by Dr. Yang shall not lapse, such decision will be deemed to be a change to the terms of the Grant of Share Options and the Company will re-comply with the requirements under Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

If Dr. Yang ceases to be an eligible person by reason of (i) death; or (ii) serious illness or injury which, in the opinion of the Board, renders him unfit to perform the duties of his employment and which in the normal course would render Dr. Yang unfit to continue performing the duties under his contract provided such illness or injury is not self-inflicted or as a result of alcohol or drug abuse, any unvested Share Options will immediately lapse.

Arrangement for the Group to provide financial assistance to Dr. Yang to facilitate the subscription of Share Options:	There are no arrangements for the Company or any of its subsidiaries to provide financial assistance to Dr. Yang to facilitate the subscription of Share Options under the Post-IPO ESOP.
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The Shares to be allotted upon exercise of the Share Options shall rank *pari passu* with the Shares then in issue in all respects, including voting rights, entitlement to dividends, transfer and other rights (including those arising on liquidation of the Company) paid or made on or after the relevant exercise date of the Share Options. The Share Options themselves, however, do not carry any right to voting, dividend, transfer or other rights (including those arising on the liquidation of the Company) prior to them being exercised and the underlying Shares being issued.

Dr. Yang is not the trustee of the Post-IPO ESOP and he does not have a direct or indirect interest in the trustee of the Post-IPO ESOP.

Exercise price of the 1,890,000 Share Options

The exercise price of HK\$0.944 per Share represents the higher of (i) the closing price of the Shares of HK\$0.94 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\$0.944 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five consecutive business days immediately preceding the Grant Date.

LETTER FROM THE BOARD

Details of the Grant of RSUs to Dr. Yang are as follows:

Grant Date:	March 28, 2024
Name of grantee:	Dr. Jianxin Yang, an executive Director and the Chief Executive Officer.
Total number of RSUs to be granted:	1,890,000
Consideration for the Grant of RSUs:	Nil
Purchase price for the RSUs:	Nil
Closing price of the Shares on the Grant Date:	HK\$0.94 per Share
Vesting commencement date of the RSUs granted:	The vesting shall commence on April 1, 2024 (the “ RSU Vesting Commencement Date ”).
Vesting period of the RSUs:	1,890,000 RSUs granted shall vest as follows: <ul style="list-style-type: none">• 25% shall vest on the first anniversary of the RSU Vesting Commencement Date (rounding to the nearest whole RSU);• 75% shall vest monthly in equal installments over the 36 months (rounding to the nearest whole RSU) immediately following the first anniversary of the RSU Vesting Commencement Date.
	In any event, the Board has the discretion to accelerate the above vesting schedule of the RSUs, subject to compliance of the requirements under Rule 17.03F of the Listing Rules as and when appropriate.
Performance target:	The 1,890,000 RSUs granted are not subject to performance targets.

LETTER FROM THE BOARD

Having considered that (i) the Grant of RSUs can bring about an immediate incentivization effect for Dr. Yang, which is considered a more attractive motivation to Dr. Yang for continuing to serve in such roles; (ii) the Grant of RSUs to Dr. Yang is a recognition for his past performance and contributions to the Group; and (iii) the Grant of RSUs without performance target is consistent with the Company's customary practice on previous grants of share incentives to the Directors, employees of the Company (including members of senior management) and Service Providers, the Compensation Committee considers that without performance target, the Grant of RSUs to Dr. Yang could align the interests of Dr. Yang with incentive to Dr. Yang to further contribute towards the continued success of the Group, and reinforce his commitment to providing long-term services to the Group, which is in line with the purpose of the Post-IPO RSU Scheme.

Clawback mechanism:

The Grant of RSUs to Dr. Yang is subject to the clawback mechanism under the Post-IPO RSU Scheme in the event that the Board determines a grantee shall cease to be an eligible person by reason of acts including without limitation:

- (i) the grantee's service or employment with the Group has been terminated by any member of the Group for cause. For the purposes of this paragraph, "cause" means: dishonesty or serious misconduct, whether or not in connection with his employment, appointment or engagement; willful disobedience or non-compliance with the terms of his employment, appointment or engagement, agency or consultancy contract with any member of the Group or any lawful orders or instructions given by any member of the Group as the case may be; incompetence or negligence in the performance of his duties; or doing anything that in the conclusive opinion of the Board adversely affects his ability to perform his duties properly or brings the Company or the Group into disrepute;
- (ii) being summarily dismissed by any member of the Group;
- (iii) being convicted of any criminal offence involving his integrity or honesty;

LETTER FROM THE BOARD

- (iv) being charged, convicted or held liable for any offence under the relevant securities laws in Hong Kong or any other applicable laws or regulations in force from time to time; or
- (v) retiring by agreement with a member of the Group at any time prior to or on the vesting date.

Arrangement for the Group to provide financial assistance to a grantee to facilitate the purchase of Shares: There are no arrangements for the Company or any of its subsidiaries to provide financial assistance to Dr. Yang to facilitate the purchase of RSUs under the Post-IPO RSU Scheme.

The awarded shares upon vesting of the RSUs shall rank *pari passu* with the Shares then in issue in all respects, including voting rights, entitlement to dividends, transfer and other rights (including those arising on liquidation of the Company) on or after the relevant vesting date of the RSUs. The RSUs themselves, however, do not carry any right to voting, dividend, transfer or other rights (including those arising on the liquidation of the Company) prior to them being vested.

Following the Grant of Share Options and the Grant of RSUs, as at the Latest Practicable Date, 77,989,898 underlying Shares will be available for future grants under the Scheme Mandate Limit, and 12,663,640 underlying Shares will be available for future grants under the Service Provider Sublimit.

REASONS FOR AND BENEFITS OF THE GRANT OF SHARE OPTIONS AND THE GRANT OF RSU TO DR. YANG

The purpose of the Post-IPO ESOP and the Post-IPO RSU Scheme are to, among other things, (i) encourage and retain individuals for the continual operation and development of the Group; (ii) provide additional incentives for them to achieve performance goals; and (iii) motivate the selected participants to maximize the value of the Company for the benefit of both the selected participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the selected participants directly to the Shareholders through ownership of Shares.

The reasons for the Grant of Options and the Grant of RSUs are to provide incentives for Dr. Yang to continue to exert maximum efforts and reward his past performance and contributions as an executive Director and the Chief Executive Officer for the successes of the Group, and to provide a means by which he may be given an opportunity to benefit from increases in value of the Shares through the Grant of Share Options and the Grant of RSUs. It is considered that the Grant of Options and the Grant of RSUs will provide incentives to Dr. Yang to further contribute to the Group and to align his interests with the best interests of the Company and the Shareholders as a whole. The Grant of Options and the Grant of RSUs form part of the remuneration to Dr. Yang. In determining the number of Share Options and RSUs to be granted to Dr. Yang, the Board took into consideration the number of Share Options and RSUs which were previously granted to Dr. Yang.

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For the above reasons, the Board (including all the independent non-executive Directors but excluding Dr. Yang, who had abstained from voting on the resolution relating to Share Options and RSUs proposed to be granted to himself and had not been counted towards the quorum of the Board meeting in respect of such resolution) is of the view that the Share Options and RSUs proposed to be granted to Dr. Yang (including the number of Share Options and RSUs) are fair and reasonable and in the interest of the Company and the Shareholders as a whole. In accordance with Rule 17.04(1) of the Listing Rules, the Grant of Share Options and the Grant of RSUs have been approved by all of the independent non-executive Directors and also has been reviewed and approved by the Compensation Committee.

Save disclosed in the Announcement, no other Share Options were granted by the Company to any other grantee on the Grant Date.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to the note to Rule 17.03D(1) of the Listing Rules, where any grant of share options or RSUs to a grantee would result in the Shares issued and to be issued upon exercise of all share options and RSUs granted to such person (excluding any options and RSUs lapsed in accordance with the terms of the relevant scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of shares of the Company in issue, such grant must be separately approved by the Shareholders in general meeting with such grantee and his/her close associates (or associates if the grantee is a connected person) abstain from voting.

Reference is made to the announcement of the Company dated November 8, 2023 and circular dated December 29, 2023 in relation to the grant of 14,000,000 Share Options, which represented approximately 1.09% of the total number of Shares in issue as at the Grant Date, to Dr. Yang to incentivise Dr. Yang to achieve certain performance target milestones. As the proposed grant of 1,890,000 Share Options and 1,890,000 RSUs (represented in aggregate approximately 0.29% of the total issued Shares in issue as at the Grant Date) would result in the Shares issued and to be issued in respect of all Share Options and RSUs granted to Dr. Yang (excluding any Share Options and RSUs lapsed in accordance with the terms of the Post-IPO ESOP and the Post-IPO RSU Scheme) in the 12-month period up to and include the Grant Date exceeded 1% of the total number of Shares in issue as at the Grant Date, which represented approximately 1.38% of the total number of Shares in issue at the Grant Date, the Grant of Share Options and the Grant of RSUs to Dr. Yang shall be subject to the approval by the Shareholders at the AGM pursuant to the Rule 17.03D of the Listing Rules. As Dr. Yang has a material interest in the Grant of Share Options and the Grant of RSUs, he and his associate(s) shall abstain from voting on the resolution to consider and if thought fit, approve, *inter alia*, the Grant of Share Options and the Grant of RSUs at the AGM.

As at the Latest Practicable Date, to the best knowledge of the Directors after making reasonable enquiry, Dr. Yang held 63,774,256 Shares (not including 1,890,000 Share Options and 1,890,000 RSUs conditionally granted to Dr. Yang under the Grant of Share Options and the Grant of RSUs), representing 4.97% of the total issued Shares.

The Grant of Share Options and the Grant of RSUs to Dr. Yang are subject to Shareholders' approval. In the event that Shareholders' approval in the AGM is not obtained, the Company shall revoke the Grant of Share Options and the Grant of RSUs to Dr. Yang in their entirety and publish further announcements where appropriate.

LETTER FROM THE BOARD

7. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, June 13, 2024 to Tuesday, June 18, 2024, both days inclusive, during which period no share transfers can be registered.

In order to be eligible for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, June 12, 2024.

8. NOTICE OF ANNUAL GENERAL MEETING

The notice of the AGM is set out on pages 32 to 38 of this circular.

9. FORM OF PROXY

A form of proxy is enclosed for use at the AGM. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cstonepharma.com). Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the holding of the AGM (i.e. by no later than 9:30 a.m. on Sunday, June 16, 2024). Completion and delivery of the form of proxy will not preclude Shareholders from attending and voting at the AGM if they so wish and in such event, the form of proxy shall be deemed to be revoked.

10. VOTING BY POLL

Any vote of shareholders at a general meeting must be taken by poll in accordance with the Listing Rules and the Articles of Association. The chairman of the AGM shall therefore demand voting on all resolutions set out in the notice of AGM be taken by way of poll pursuant to Article 13.7 of the Articles of Association. Separately and for the purpose of the Listing Rules, holders of treasury Shares (if any) shall abstain from voting on matters that require Shareholders' approval at the Company's general meetings.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorized representative shall have one vote for each share registered in his/her name in the register. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way. As at the Latest Practicable Date, to the extent the Company is aware and having made all reasonable enquires, save for Dr. Yang (who is interested in 4.97% of shareholding of the Company (being 63,774,256 Shares (not including 1,890,000 Share Options and 1,890,000 RSUs conditionally granted to Dr. Yang under the Grant of Share Options and the Grant of RSUs)) and his respective associate(s) who has abstained from voting on the proposed resolution in respect of the Grant of Share Options and

LETTER FROM THE BOARD

the Grant of RSUs at the AGM, no Shareholder has to abstain from voting on the proposed resolutions. The results of the poll will be published on the websites of the Stock Exchange and the Company after conclusion of the AGM in the manner prescribed under the Listing Rules.

11. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

12. RECOMMENDATION

The independent non-executive Directors consider that the terms of the Grant of Share Options and the Grant of RSUs are fair and reasonable and the Grant of Share Options and the Grant of RSUs are in the interests of the Group and the Shareholders as a whole. Accordingly, the independent non-executive Directors recommend the Shareholders to vote in favor of the ordinary resolution in relation to the Grant of Options and the Grant of RSUs to be proposed at the AGM.

The Directors (excluding Dr. Yang) consider that the terms of the Grant of Share Options and the Grant of RSUs are fair and reasonable and the Grant of Share Options and the Grant of RSUs are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors (excluding Dr. Yang) recommend the Shareholders to vote in favor of the ordinary resolution in relation to the Grant of Share Options and the Grant of RSUs to be proposed at the AGM.

The Directors consider that the proposed resolutions as set out in the notice of the AGM are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

Yours faithfully
By order of the Board
CStone Pharmaceuticals
Dr. Wei Li
Chairman

The following are the biographical details of the Directors (as required by the Listing Rules) who will retire and are eligible to offer themselves to be re-elected at the AGM.

DIRECTOR CANDIDATES**Non-executive Directors**

Mr. Kenneth Walton Hitchner III, aged 64, was appointed as our non-executive Director with effect from December 10, 2021 and was re-elected as a non-executive Director on June 30, 2022. Mr. Hitchner is a member of the Investment Committee.

Mr. Hitchner has more than 30 years of experience in corporate finance. He had served as the Chairman and Chief Executive Officer of The Goldman Sachs Group, Inc. in Asia Pacific Ex-Japan before his retirement in 2019. He was also a member of Goldman Sachs' Management Committee and co-chaired its Asia Pacific Management Committee.

Mr. Hitchner has served as an independent non-executive director of Provident Acquisition Corp., a company listed on NASDAQ (stock code: PAQC), from January 2021 to October 2022. He ceased to serve as a senior advisor to a leading global life sciences investor Valiance Asset Management in December 2022. During the period from 2013 to 2017, Mr. Hitchner had served as President of Goldman Sachs in Asia Pacific Ex-Japan. Prior to relocating to Hong Kong, he was global head of Goldman Sachs' Healthcare Banking Group and global co-head of its Technology, Media and Telecom Group. He was named managing director in 2000 and partner in 2002. He became head of the global medical device banking practice in 1998 and head of the global pharmaceutical banking practice in 2001. He began his career with Goldman Sachs' Corporate Finance Department in 1991.

Mr. Hitchner has been serving as an independent non-executive director of WuXi Biologics (Cayman) Inc., a company listed on the Main Board of the Stock Exchange (stock code: 2269), since June 2020. Mr. Hitchner has been serving as a director of the alternative investment management firm Elements Advisors SPV since May 2020. He has joined Global Advisory Board of the global early-stage venture capitalist Antler since January 2021. He has also been serving as a senior advisor of WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603259) and the Main Board of the Stock Exchange (stock code: 2359) ("**WuXi AppTec**"), since February 2020. Mr. Hitchner has also been serving as the chairman of the board of HH&L Acquisition Co., a company listed on the New York Stock Exchange (stock code: HHLA), since February 11, 2021. Mr. Hitchner has also been serving as the chairman of the board of two UK private healthcare companies, Cydar Medical and Sphere Fluidics, since February 2023 and May 2023, respectively.

Mr. Hitchner obtained a bachelor's degree in arts from the University of Colorado in 1982 and a master's degree in MBA as a merit fellow from Columbia University Business School in 1992.

Mr. Hitchner entered into a letter of appointment as a non-executive Director with the Company for a term of three years. The amount of Mr. Hitchner's emoluments are disclosed in the notes to the consolidated financial statements of the annual report of the Company. His remuneration (if any) is fixed by the Board and reviewed from time to time taking into consideration recommendation from the Compensation Committee with reference to the performance and profitability of the Company as well as remuneration benchmark in the industry and the prevailing market conditions. Mr. Hitchner is subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the provision of the Articles of Association.

As at the Latest Practicable Date, Mr. Hitchner was interested in 2,613,481 Shares, including 2,581,490 Shares and 31,991 Shares underlying the RSUs granted to him in accordance with the Post-IPO RSU Scheme of the Company, representing approximately 0.20% of the total number of Shares in issue. Save as disclosed above, Mr. Hitchner did not have any interest in the Shares, underlying Shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Mr. Edward Hu (胡正國), aged 61, was appointed as our non-executive Director on July 9, 2021 and was re-elected as a non-executive Director on June 30, 2022. He is a member of the Strategy Committee and the chairman of the Investment Committee.

Mr. Hu is the vice chairman, the global chief investment officer and an executive director of WuXi AppTec. Mr. Hu is primarily responsible for the overall business and management of WuXi AppTec. Mr. Hu joined WuXi AppTec in August 2007 and was appointed as an executive director in March 2017. Mr. Hu served as a co-chief executive officer of WuXi AppTec from August 2018 to May 2020. He served as the chief financial officer from March 2016 to January 2019. He was appointed as a non-executive director by CANbridge Pharmaceuticals Inc., a company listed on the Main Board of the Stock Exchange (stock code: 1228) on July 5, 2022.

- From July 2022 to February 2023, he served as a director of Ambrx Biopharma Inc., a company listed on NASDAQ (stock code: AMAM).
- From February 2014 to June 2021, he served as a non-executive director of WuXi Biologics (Cayman) Inc., a company listed on the Main Board of the Stock Exchange (stock code: 2269) and was primarily responsible for providing guidance on the business strategy and financial management.
- From May 2018 to March 2021, he served as a director of Viela Bio Inc., a company listed on NASDAQ (stock code: VIE) in October 2019.
- From August 2007 to December 2015, he served as the chief financial officer and chief operating officer of WuXi PharmaTech (Cayman) Inc., a company previously listed on the New York Stock Exchange and was responsible for the financial and operational management.

- From October 2000 to July 2007, he served on various roles to become a senior vice president and chief operating officer of Tanox Inc., a biopharmaceutical company previously listed on NASDAQ (stock code: TNOX, acquired by Genentech Inc. in August 2007) and primarily engaged in discovering and developing antibody therapeutic drugs, and was responsible for company operations, quality control, finance and information technology.
- From April 1998 to October 2000, he served as a business planning manager of Biogen Inc., a global biotechnology company listed on NASDAQ (stock code: BIIB) and primarily engaged in developing, marketing and sales of biopharmaceuticals for neurologic and immune diseases, and was responsible for business planning and budget management of its research and development division.
- From May 1996 to December 1998, he served as a senior financial analyst of Merck, and was responsible for financial planning and analysis.

Mr. Hu obtained a bachelor's degree in physics from Hangzhou University, currently known as Zhejiang University (浙江大學) in the PRC in July 1983. He also obtained a master's degree in chemistry and a master's degree of business administration from Carnegie Mellon University in the United States in May 1993 and May 1996, respectively.

Mr. Hu entered into a letter of appointment as a non-executive Director with the Company for a term of three years. No remuneration has been paid to Mr. Hu in respect of the financial year ended December 31, 2023. His remuneration (if any) is fixed by the Board and reviewed from time to time taking into consideration recommendation from the Compensation Committee with reference to the performance and profitability of the Company as well as remuneration benchmark in the industry and the prevailing market conditions. Mr. Hu is subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the provision of the Articles of Association.

As at the Latest Practicable Date, Mr. Hu was interested in 2,000,000 shares of the Company, which comprise 1,000,000 shares underlying the options and 1,000,000 restricted share units granted to him in accordance with the Share Incentivization Schemes, which are required to be disclosed under Part XV of the SFO.

Independent Non-executive Director

Mr. Ting Yuk Anthony Wu (胡定旭), GBS, JP, aged 69, has been an independent non-executive Director since February 14, 2019, and was re-elected as an independent non-executive Director on June 30, 2022. Mr. Wu is the chairman of the Compensation Committee and a member of the Audit Committee and the Nomination Committee.

Mr. Wu has been appointed as an independent non-executive director of Hui Xian Real Estate Investment Trust (匯賢產業信託) (stock code: 87001) since November 2022. Since March 2019, Mr. Wu has been the chairman and a non-executive director of Clarity Medical Group Holding Limited (清晰醫療集團控股有限公司), a company listed on the Stock Exchange (stock code: 1406) on February 18, 2022. Mr. Wu has been an independent non-executive director of Sing Tao News Corporation Limited (星島新聞集團有限公司), a company listed on the Stock Exchange (stock code: 1105) since June 2021. He has been an independent non-executive director of China Resources Medical Holdings Company Limited (華潤醫療控股有限公司), a company listed on the Stock Exchange (stock code: 1515) since August 2018 and chairman of the board of directors from August 2018 to April 2021. He has been an independent non-executive director of Power Assets Holdings Limited (電能實業有限公司), a company listed on the Stock Exchange (stock code: 0006) since June 2014. He has been an independent non-executive director of China Taiping Insurance Holdings Company Limited (中國太平保險控股有限公司), a company listed on the Stock Exchange (stock code: 0966) from August 2013. He has been an independent non-executive director and chairman of the board of Venus Medtech (Hangzhou) Inc. (杭州啟明醫療器械股份有限公司), a company listed on the Stock Exchange (stock code: 2500) since July 2019 and December 2023, respectively. He has been an independent non-executive director of Ocumension Therapeutics (歐康維視生物), a company listed on the Stock Exchange (stock code: 1477) since June 2020.

Between March 2015 and August 2018, Mr. Wu was the chairman and an executive director at Sincere Watch (Hong Kong) Limited, a company listed on the Stock Exchange (stock code: 0444), where he also acted as deputy chairman from October 2016 to August 2018. Between July 2011 and September 2014, he served as a director of Fidelity Funds. He served as an independent non-executive director of Agricultural Bank of China Limited (中國農業銀行股份有限公司), a company listed on the Stock Exchange (stock code: 1288), and Guangdong Investment Ltd. (粵海投資有限公司), a company listed on the Stock Exchange (stock code: 0270), from January 2009 to June 2015 and from August 2012 to June 2022, respectively. Mr. Wu joined the Hong Kong Hospital Authority (醫院管理局) in 1999 and was formerly its chairman from 2004 to 2013. Between 2010 and 2012, he was the chairman of the Chamber Council and is now a member of the consultation committee of the Hong Kong General Chamber of Commerce. He was a partner of Ernst & Young from July 1985 to December 2005 and served as chairman of Ernst & Young Far East and China Practice from January 2000 to December 2005.

Mr. Wu was admitted as a member of the Institute of Chartered Accountants in England and Wales in November 1979 and became a fellow in October 1990. He was also admitted as a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. Wu was appointed by the Government of Hong Kong as Justice of the Peace and awarded Gold Bauhinia Star in 2004 and 2008, respectively. Mr. Wu finished a Foundation Course in Accountancy in Teesside Polytechnic in the United Kingdom in July 1975. Mr. Wu has also served in different capacities in the following organizations:

- as the honorary chairman of The Institute of Certified Management Accountants (Australia) Hong Kong Branch since January 2016
- as a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development from March 2018 to June 2022
- as a member of the 12th and 13th Standing Committee of the Chinese People's Political Consultative Conference National Committee
- as an expert advisor of the 2nd Chinese Medicine Reform and Development Advisory Committee of the State Administration of Traditional Chinese Medicine (國家中醫藥管理局第二屆中醫藥改革發展專家諮詢委員會) since December 2017.

Mr. Wu entered into a letter of appointment as an independent non-executive Director with the Company for a term of three years. The amount of Mr. Wu's emoluments are disclosed in the notes to the consolidated financial statements of the annual report of the Company. Mr. Wu's remuneration is fixed by the Board and reviewed from time to time taking into consideration recommendation from the Compensation Committee with reference to the performance and profitability of the Company as well as remuneration benchmark in the industry and the prevailing market conditions. Mr. Wu is subject to retirement by rotation and re-election at least once every three years at the annual general meeting of Company in accordance with the provision of the Articles of Association.

As at the Latest Practicable Date, Mr. Wu did not have any interest in the Shares, underlying Shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed herein, to the best knowledge of the Company, none of the Directors who stands for re-election (i) holds any directorships in other listed public companies in Hong Kong or overseas in the last three years; (ii) holds any other positions with the Company and its subsidiaries; and (iii) has any other relationship with any Directors, senior management of the Company, substantial Shareholders or controlling Shareholders.

In addition, as far as the Directors are aware, there is no other matter concerning the aforementioned retiring Directors that needs to be brought to the attention of the Shareholders and there is no information relating to these Directors required to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules.

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the AGM in relation to the granting of the Share Buy-back Mandate.

LISTING RULES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to buy back their shares on the Stock Exchange subject to certain restrictions if, among other things:

- (a) the shares proposed to be bought back by the company are fully paid-up;
- (b) the company has previously sent to its shareholders an explanatory statement complying with the provisions of Rule 10.06(1)(b) of the Listing Rules; and
- (c) the shareholders of the company have given a specific approval or a general mandate to the directors of the company to make the Share buy-back, by way of an ordinary resolution which complies with Rule 10.06(1)(c) of the Listing Rules and which has been passed at a general meeting of the company duly convened and held.

The company must report the outcome of the general meeting called to consider the proposed buy-back to the Stock Exchange immediately following the meeting.

SHARE CAPITAL

As at the Latest Practicable Date, the Company had 1,284,191,212 Shares in issue and fully paid-up. It is proposed that, subject to the passing of the resolution granting the Share Buy-back Mandate and on the basis that there is no change to the number of the issued Shares before the AGM, the Directors would be authorized under the Share Buy-back Mandate to buy back, during the period in which the Share Buy-back Mandate remains in force, a maximum of 128,419,121 Shares which represent 10% of the total number of Shares in issue as at the date of the AGM (excluding any treasury Shares).

Under the existing Listing Rules, the Company is required to cancel any Shares purchased by the Company as soon as reasonably practicable following such purchase. The Company notes that with effect from June 11, 2024, the Listing Rules will be amended to remove the requirement to cancel repurchased shares and to adopt a framework to govern the resale of treasury Shares. In view of the changes to the Listing Rules, if the Company purchases any Shares pursuant to the Share Buy-back Mandate, the Company may cancel the Shares bought back and/or hold them as treasury Shares, subject to market conditions and the Company's capital management needs at the relevant time any Share buyback is made. If the Company

holds any treasury Shares, any sale or transfer of treasury Shares will be subject to the terms of the Issuance Mandate and made in accordance with the Listing Rules and applicable laws and regulations of the Cayman Islands.

To the extent that any treasury Shares are deposited with the Central Clearing and Settlement System (“CCASS”) pending resale on the Stock Exchange, the Company will adopt appropriate measures to ensure that it does not exercise any shareholders’ rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as treasury Shares. The Company (i) will not (or will procure its broker not to) give any instructions to Hong Kong Securities Clearing Company Limited to vote at general meetings for the treasury Shares deposited with CCASS and (ii) in the case of dividends or distributions, the Company will withdraw the treasury Shares from CCASS, and either re-register them in its own name as treasury Shares or cancel them, in each case before the record date for the dividends or distributions.

REASONS FOR AND FUNDING OF THE SHARE BUY-BACK

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to buy back its Shares on the Stock Exchange. Such Share buy-back may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earnings per Share and will only be made when the Directors believe that such a buy-back will benefit the Company and the Shareholders.

The Company is empowered by its Articles of Association to buy back its Shares. The Company may only apply funds legally available for such purpose in accordance with its Articles of Association and laws of the Cayman Islands and/or any other applicable laws (as the case may be).

The Directors would only exercise the power to buy back Shares in circumstances where they consider that the Share buy-back would be in the best interests of the Company.

The Directors propose that Share buy-back would be appropriately financed by the Company’s internal resources and/or available banking facilities. The Directors consider that if the Share Buy-back Mandate is exercised in full at the current prevailing market value, it may have a material adverse impact on the working capital and the gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at December 31, 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up. The Directors do not propose to exercise the Share Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

GENERAL

To the best of their knowledge, having made all reasonable enquiries, none of the Directors or any of their close associates, as defined in the Listing Rules, currently intend to sell any Shares to the Company, if the Share Buy-back Mandate is exercised.

The Directors will exercise the Share Buy-back Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

No core connected person, as defined in the Listing Rules, has notified the Company that he has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Share Buy-back Mandate is exercised.

If as a result of a buy-back of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any buy-back of Shares pursuant to the Share Buy-back Mandate.

As at the Latest Practicable Date, the largest Shareholder, WuXi Healthcare Ventures II, L.P. directly held 293,381,444 Shares, representing approximately 22.85% of the total number of Shares in issue. To the best knowledge of the Company, WuXi Healthcare Ventures II, L.P. is a limited partnership established under the laws of Cayman Islands managed by its sole general partner, WuXi Healthcare Management, LLC, a Cayman Islands exempted company in which each of its five members holds an equal share of equity interest. For the purpose of the SFO, WuXi Healthcare Management, LLC is deemed to have an interest in the Shares held by WuXi Healthcare Ventures II, L.P.. In the event that the Directors exercise in full the power of the Company to buy back Shares pursuant to the Share Buy-back Mandate, the shareholding interests of WuXi Healthcare Ventures II, L.P. and WuXi Healthcare Management, LLC would increase from approximately 22.85% to approximately 25.38%. Such an increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no present intention to exercise the Share Buy-back Mandate to such an extent so as to trigger a mandatory offer.

In addition, the Directors do not have any intention to exercise the Share Buy-back Mandate to the effect that it will result in the public float to fall below the percentage as required under the Listing Rules or such other minimum percentage agreed by the Stock Exchange from time to time.

The Company confirms that neither this explanatory statement nor the proposed share repurchase has any unusual features.

SHARE BUY-BACK MADE BY THE COMPANY

No buy-back of Shares (whether on the Stock Exchange or otherwise) have been made by the Company in the six months preceding the Latest Practicable Date.

SHARE PRICES

The highest and lowest traded prices for Shares recorded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Highest traded price <i>HK\$</i>	Lowest traded price <i>HK\$</i>
Month 2023		
May	3.33	2.75
June	3.27	2.26
July	2.67	2.33
August	2.59	2.06
September	2.30	1.81
October	2.29	1.62
November	2.59	2.05
December	2.95	2.00
Month 2024		
January	2.38	1.58
February	1.78	1.35
March	1.65	0.85
April	0.98	0.80
May (up to the Latest Practicable Date)	1.44	0.87

**APPENDIX III AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION
AND THE ADOPTION OF THE NEW ARTICLES OF ASSOCIATION**

**AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION AND THE
ADOPTION OF THE NEW ARTICLES OF ASSOCIATION**

Details of the Proposed Amendments are set out below:

1. to amend all references to “Companies Law” or the “Law” in the existing Articles of Association to “Companies Act” or the “Act”, being the Companies Act (As Revised) of the Cayman Islands;
2. to make the following proposed amendments to certain articles in the existing Articles of Association:

Articles of Association	
Existing Provisions of the Articles of Association	Provisions in the New Articles of Association (showing changes to the existing Articles of Association)
2.2 In these Articles, unless there be something in the subject or context inconsistent therewith: (The provisions on the right column are newly added definitions.)	2.2 In these Articles, unless there be something in the subject or context inconsistent therewith: <u>“Corporate Communication” shall have the meaning given to it in the Listing Rules.</u>
2.6 Section 8 of the Electronic Transactions Act shall not apply. (The provisions on the right column are newly added definitions.)	2.6 Section 8 <u>and Section 19</u> of the Electronic Transactions Act shall not apply.
	<u>2.7 References in these Articles to the right of a member to speak at an electronic meeting or a hybrid meeting shall include the right to raise questions or make statements to the chairman of the meeting, verbally or in written form, by means of electronic means. Such a right shall be deemed to have been duly exercised if the questions or statements may be heard or seen by all or only some of the persons present at the meeting (or only by the chairman of the meeting) in which event the chairman of the meeting shall relay the questions raised or the statements made verbatim to all persons present at the meeting, either orally or in writing using electronic means.</u>

**APPENDIX III AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION
AND THE ADOPTION OF THE NEW ARTICLES OF ASSOCIATION**

Articles of Association	
Existing Provisions of the Articles of Association	Provisions in the New Articles of Association (showing changes to the existing Articles of Association)
<p>28.6 To the extent permitted by and subject to due compliance with these Articles, the Act and all applicable rules and regulations, including, without limitation, the rules of the Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 28.5 shall be deemed satisfied in relation to any member or any holder of debentures of the Company by sending to such person instead of such copies, not less than 21 days before the date of the annual general meeting, in any manner not prohibited by these Articles and the Act, a summary financial statement derived from the Company's annual accounts, together with the Directors' report and the Auditors' report on such accounts, which shall be in the form and containing the information required by these Articles, the Act and all applicable laws and regulations, provided that any person who is otherwise entitled to the annual accounts of the Company, together with the Director's report and the Auditor's report thereon may, if he so requires, by notice in writing served on the Company, demand that the Company sends to him, in addition to the summary financial statement, a complete printed copy of the Company's annual accounts, together with the Directors' report and the Auditor's report thereon.</p>	<p>28.6 To the extent permitted by and subject to due compliance with these Articles, the Act and all applicable rules and regulations, including, without limitation, the rules of the Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 28.5 shall be deemed satisfied in relation to any member or any holder of debentures of the Company by sending to such person instead of such copies, not less than 21 days before the date of the annual general meeting, in any manner not prohibited by these Articles and the Act, a summary financial statement derived from the Company's annual accounts, together with the Directors' report and the Auditors' report on such accounts, which shall be in the form and containing the information required by these Articles, the Act and all applicable laws and regulations, provided that any person who is otherwise entitled to the annual accounts of the Company, together with the Director's report and the Auditor's report thereon may, if he so requires, by notice in writing served on the Company, demand that the Company sends to him, in addition to the summary financial statement, a complete printed copy of the Company's annual accounts, together with the Directors' report and the Auditor's report thereon.</p>

**APPENDIX III AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION
AND THE ADOPTION OF THE NEW ARTICLES OF ASSOCIATION**

Articles of Association	
Existing Provisions of the Articles of Association	Provisions in the New Articles of Association (showing changes to the existing Articles of Association)
<p>31.1 Except as otherwise provided in these Articles, any notice or document may be served by the Company and any notices may be served by the Board on any member either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the register or, to the extent permitted by the Listing Rules and all applicable laws and regulations, by electronic means by transmitting it to any electronic number or address or website supplied by the member to the Company or by placing it on the Company's Website provided that the Company has obtained either (a) the member's prior express positive confirmation in writing or (b) the member's deemed consent, in the manner specified in the Listing Rules to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by such electronic means, or (in the case of notice) by advertisement published in the manner prescribed under the Listing Rules. In the case of joint holders of a share, all notices shall be given to that holder for the time being whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders.</p>	<p>31.1 Except as otherwise provided in these Articles, any notice or document, <u>including any Corporate Communication</u>, may be served by the Company and any notices may be served by the Board on any member <u>either in any of the following manner to the extent permitted by, and in compliance with the requirements of, the Listing Rules:</u></p> <p>(a) <u>personally or by leaving it at the registered address of such member as appearing in the register;</u></p> <p>(b) <u>by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the register or, to the extent permitted by the Listing Rules and all applicable laws and regulations, (which shall be sent by airmail where the notice or document is posted from one country to another);</u></p> <p>(c) <u>by electronic means by transmitting it to any electronic number or address or website supplied by the member to the Company or;</u></p> <p>(d) <u>by placing it on the Company's Website provided that the Company has obtained either (a) the member's prior express positive confirmation in writing or (b) the member's deemed consent, in the manner specified in the Listing Rules to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by such electronic means, or the website of the Exchange;</u> <u>or</u></p> <p>(e) <u>(in the case of notice) by advertisement published in the manner prescribed under the Listing Rules. In the case of joint holders of a share, all notices shall be given to that holder for the time being whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders.</u></p>

**APPENDIX III AMENDMENTS TO THE EXISTING ARTICLES OF ASSOCIATION
AND THE ADOPTION OF THE NEW ARTICLES OF ASSOCIATION**

Articles of Association	
Existing Provisions of the Articles of Association	Provisions in the New Articles of Association (showing changes to the existing Articles of Association)
<p>31.4 A member shall be entitled to have notice served on him at any address within Hong Kong. Any member who has not given an express positive confirmation in writing to the Company in the manner specified in the Listing Rules to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by electronic means and whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. A member who has no registered address in Hong Kong shall be deemed to have received any notice which shall have been displayed at the transfer office and shall have remained there for a period of 24 hours and such notice shall be deemed to have been received by such member on the day following that on which it shall have been first so displayed, provided that, without prejudice to the other provisions of these Articles, nothing in this Article shall be construed as prohibiting the Company from sending, or entitling the Company not to send, notices or other documents of the Company to any member whose registered address is outside Hong Kong.</p>	<p>31.4 A member shall be entitled to have notice served on him at any address within Hong Kong. Any member who has not given an express positive confirmation in writing to the Company in the manner specified in the Listing Rules to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by electronic means and whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. <u>A Subject to the Company complying with the Listing Rules and any applicable laws, rules and regulations from time to time in force with regard to any requirement for the obtaining of consent (including implied or deemed consent) from such member, a member who has no registered address in Hong Kong shall be deemed to have received any notice which shall have been displayed at the transfer office and shall have remained there for a period of 24 hours and such notice shall be deemed to have been received by such member on the day following that on which it shall have been first so displayed, provided that, without prejudice to the other provisions of these Articles, nothing in this Article shall be construed as prohibiting the Company from sending, or entitling the Company not to send, notices or other documents of the Company to any member whose registered address is outside Hong Kong.</u></p>
<p>(The provisions on the right column are newly added definitions.)</p>	<p>31.9 Any notice, document or publication placed on either the Company's website or the website of the Exchange is deemed given or served by the Company on the day it first appears on the relevant website. However, in the event that the Listing Rules specify a different date, the deemed date of service shall be provided or required by the Listing Rules.</p>

NOTICE OF ANNUAL GENERAL MEETING



CStone Pharmaceuticals

基石藥業

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2616)

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (the “AGM”) of CStone Pharmaceuticals (the “**Company**”) will be held at Hall B, Conference Center, Third Floor, New Bund Center, No. 555 West Haiyang Road, Pudong New District, Shanghai, China on Tuesday, June 18, 2024 at 9:30 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive and consider the audited consolidated financial statements of the Company and the reports of the directors (“**Directors**”) and auditor of the Company for the year ended December 31, 2023.
2. (i) To re-elect Mr. Kenneth Walton Hitchner III as a non-executive Director;

(ii) To re-elect Mr. Edward Hu as a non-executive Director; and

(iii) To re-elect Mr. Ting Yuk Anthony Wu as an independent non-executive Director.
3. To authorize the board of Directors to fix the remuneration of the Directors.
4. To re-appoint Deloitte Touche Tohmatsu as the auditor of the Company and authorize the board of Directors to fix their remuneration.
5. To consider and, if thought fit, pass the following resolution as an ordinary resolution with or without amendments:

“That:

- (i) subject to paragraph (iii) below and in substitution for all previous authorities, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares in the capital of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants, debentures and notes convertible into shares of the Company (the “**Shares**”)) which may require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the approval in paragraph (i) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements, options and other rights, or issue warrants and other securities, which would or might require the exercise of such powers after the end of the Relevant Period;

- (iii) the total number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors during the Relevant Period pursuant to paragraph (i) above, otherwise than pursuant to:
 - (1) a Rights Issue (as hereinafter defined); or

 - (2) the grant or exercise of any option under any option scheme of the Company or any other scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire Shares; or

 - (3) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or

 - (4) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares,

shall not exceed the 20% of the total number of Shares in issue (excluding any treasury Shares) as at the date of passing this resolution and the said approval shall be limited accordingly; and that this resolution shall be limited by the applicable rules and requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as amended from time to time, including the restrictions for using the issuance mandate to issue (i) securities convertible into new Shares for cash consideration, if the initial conversion price of such convertible securities is lower than the Benchmarked Price (as hereinafter defined) of the Shares at the time of the relevant placing; and (ii) warrants, options or similar rights to subscribe for new Shares or securities convertible into new Shares for cash consideration;

- (iv) in the event the Company conducts a share consolidation or subdivision, the maximum number of Shares that may be issued as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same; and

NOTICE OF ANNUAL GENERAL MEETING

- (v) for the purpose of this resolution:
- (a) “**Benchmarked Price**” means the higher of (1) the closing price on the date of the relevant placing agreement or other agreement involving the proposed issue of securities under the general mandate to be approved under this resolution; and (2) the average closing price in the five trading days immediately prior to the earlier of: (i) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the general mandate to be approved under this resolution; (ii) the date of the placing agreement or other agreement involving the proposed issue of securities under the general mandate to be approved under this resolution; and (iii) the date on which the placing or subscription price is fixed;

 - (b) “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; and
 - (3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company (the “**Shareholders**”) in general meeting;

 - (c) “**Rights Issue**” means an offer of Shares in the capital of the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares in the capital of the Company whose names appear on the register of members on a fixed record date in proportion to their holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company); and

 - (d) any reference to an allotment, issue, grant, offer or disposal of Shares shall include the sale or transfer of (including to satisfy any obligation upon the conversion or exercise of any convertible securities, warrants, options or similar rights to subscribe for shares in the Company) to the

NOTICE OF ANNUAL GENERAL MEETING

extent permitted by, and subject to the provisions of, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and applicable laws and regulations.”

6. To consider and, if thought fit, pass the following resolution as an ordinary resolution with or without amendments:

“That:

- (i) subject to paragraph (ii) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back Shares on the Stock Exchange or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission and the Stock Exchange under the Code on Takeovers and Mergers and Share Buy-backs and, subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), be and is hereby generally and unconditionally approved;
- (ii) the total number of Shares, which may be bought back pursuant to the approval in paragraph (i) above shall not exceed 10% of the total number of Shares in issue (excluding any treasury shares of the Company) at the date of passing of this resolution, and the said approval shall be limited accordingly;
- (iii) subject to the passing of each of the paragraphs (i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (i) and (ii) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (iv) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; and
- (c) the revocation or variation of the authority given under this resolution by ordinary resolution of the Shareholders in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

7. To consider and, if thought fit, pass the following resolution as an ordinary resolution with or without amendments:

“**That** conditional upon the resolutions numbered 5 and 6 set out in this notice of AGM being passed, the general mandates granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with additional Shares and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the resolution numbered 5 set out in this notice of AGM be and is hereby extended by the addition to the total number of Shares which may be allotted by the Directors pursuant to such general mandates by such number of Shares bought back and subsequently cancelled by the Company under the authority granted pursuant to resolution numbered 6 set out in this notice of AGM, provided that such amount shall not exceed 10% of the total number of Shares in issue (excluding any treasury shares of the Company) at the date of passing of the said resolutions.”

8. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution with or without amendments:

“**THAT:**

- (i) the Grant of Share Options under the Post-IPO ESOP to Dr. Yang, an executive Director and the Chief Executive Officer, to subscribe for an aggregate of 1,890,000 Shares at the exercise price of HK\$0.944 per Share and on the terms and conditions as set out in the circular of the Company dated May 27, 2024 be and is hereby approved, confirmed and ratified in all respects and that any one Director (other than Dr. Yang) be and is hereby authorized to do all such acts and/or execute all such documents as he/she may deem necessary or expedient in order to give full effect to such grant and exercise of such Share Options; and
- (ii) the Grant of RSUs under the Post-IPO RSU Scheme to Dr. Yang, an executive Director and the Chief Executive Officer, to be awarded an aggregate of 1,890,000 RSUs on the Grant Date and on the terms and conditions as set out in the circular of the Company dated May 27, 2024 be and is hereby approved, confirmed and ratified in all respects and that any one Director (other than Dr. Yang) be and is hereby authorized to do all such acts and/or execute all such documents as he/she may deem necessary or expedient in order to give full effect to the grant of such RSUs.”

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTION

9. To consider and, if thought fit, pass the following resolution as a special resolution with or without amendments:

“**THAT** the memorandum and articles of association of the Company (the “**Articles of Association**”) currently in effect be amended and restated by the deletion in their entirety and the amended and restated Articles of Association in the form as set out in Appendix III to the circular of the Company dated May 27, 2024 (the “**New Articles of Association**”) be and are hereby approved and adopted in substitution for and to the exclusion of the Articles of Association with immediate effect after the close of this meeting; and any one director and/or the registered office provider of the Company be and is hereby authorised severally to do all things necessary or expedient to implement the adoption of the New Articles of Association, including without limitation, attending to the necessary filings in accordance with the relevant requirements of the applicable laws, rules and regulations in the Cayman Islands and Hong Kong.”

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

Hong Kong, May 27, 2024

<i>Registered office:</i>	<i>Head Office and Principal Place of Business in China:</i>	<i>Principal place of business in Hong Kong:</i>
The offices of Vistra (Cayman) Limited P.O. Box 31119 Grand Pavilion Hibiscus Way 802 West Bay Road Grand Cayman KY1-1205 Cayman Islands	C1 Building, North Block 218 Xinghu Str. Suzhou Industrial Park China	40th Floor, Dah Sing Financial Centre No. 248 Queen’s Road East Wanchai Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (i) Ordinary resolution numbered 7 will be proposed to the Shareholders for approval provided that ordinary resolutions numbered 5 and 6 above are passed by the Shareholders.
- (ii) A Shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a Shareholder.
- (iii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
- (iv) In order to be valid, a form of proxy must be deposited the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notorially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting (i.e. by no later than 9:30 a.m. on Sunday, June 16, 2024) or any adjournment thereof. The completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish and in such event, the form of proxy shall be deemed to be revoked.
- (v) For determining the entitlement to attend and vote at the above meeting, the transfer books and register of members will be closed from Thursday, June 13, 2024 to Tuesday, June 18, 2024 both days inclusive, during which period no Share transfers can be registered. In order to be eligible to attend and vote at the above meeting, unregistered holders of Shares should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, June 12, 2024.
- (vi) In respect of ordinary resolutions numbered 2 above, Mr. Kenneth Walton Hitchner III, Mr. Edward Hu and Mr. Ting Yuk Anthony Wu shall retire and being eligible, offer themselves for re-election at the above meeting. The biographical details of the above retiring Directors are set out in Appendix I to the accompanied circular dated May 27, 2024.
- (vii) In respect of the ordinary resolution numbered 5 above, the Directors wish to state that they have no immediate plans to issue any new Shares. Approval is being sought from the Shareholders as a general mandate for the purposes of the Listing Rules.
- (viii) In respect of ordinary resolution numbered 6 above, the Directors wish to state that they will exercise the powers conferred by the general mandate to buy-back Shares in circumstances which they deem appropriate for the benefits of Shareholders. The explanatory statement containing the information necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution to approve the buy-back by the Company of its own Shares, as required by the Listing Rules, is set out in Appendix II to the accompanied circular dated May 27, 2024.

As at the date of this notice, the board of Directors 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.