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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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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**PROPOSALS FOR GENERAL MANDATES TO ISSUE AND  
BUY BACK SHARES,  
RE-ELECTION OF RETIRING DIRECTORS,  
RE-APPOINTMENT OF AUDITORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the AGM of CStone Pharmaceuticals to be held at Function Room 1, 3rd Floor, Kerry Hotel Pudong Shanghai, No. 1388 Hua Mu Road, Pudong, Shanghai, China on Wednesday, June 23, 2021 at 9:00 a.m. is set out on pages 15 to 20 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](http://www.hkexnews.hk)) and the Company ([www.cstonepharma.com](http://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 9:00 a.m. on Monday, June 21, 2021). 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.

May 21, 2021

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	3
1. Introduction .....	3
2. General Mandates to Issue Shares and Buy Back Shares .....	4
3. Re-election of Retiring Directors .....	4
4. Re-appointment of Auditors .....	6
5. Closure of Register of Members .....	6
6. Notice of Annual General Meeting .....	6
7. Form of Proxy .....	6
8. Voting by Poll .....	7
9. Responsibility Statement .....	7
10. Recommendation .....	7
 <b>APPENDIX I - BIOGRAPHICAL DETAILS OF RETIRING DIRECTORS PROPOSED FOR RE-ELECTION</b> .....	8
 <b>APPENDIX II - EXPLANATORY STATEMENT ON THE SHARE BUY-BACK MANDATE</b> .....	12
 <b>NOTICE OF ANNUAL GENERAL MEETING</b> .....	15

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## DEFINITIONS

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*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 Function Room 1, 3rd Floor, Kerry Hotel Pudong Shanghai, No. 1388 Hua Mu Road, Pudong, Shanghai, China on Wednesday, June 23, 2021 at 9:00 a.m. or any adjournment thereof, the notice of which is set out on pages 15 to 20 of this circular
“Articles of Association”	the fourth articles of association of the Company, adopted on January 30, 2019 by Shareholders of the Company, with effect from February 26, 2019, and as amended from time to time
“Board”	the board of Directors
“Company”	CStone Pharmaceuticals, an exempt company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“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
“Issuance Mandate”	a general mandate proposed to be granted to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of Shares of the Company in issue 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 15 to 20 of this circular
“Latest Practicable Date”	May 13, 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Nomination Committee”	the nomination committee of the Company
“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
“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 of the Company in issue 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 15 to 20 of this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	shall have the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers approved by the Securities and Futures Commission, as amended from time to time
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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## LETTER FROM THE BOARD

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### CStone Pharmaceuticals

### 基石藥業

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

**(Stock Code: 2616)**

*Executive Director:*

Dr. Frank Ningjun Jiang  
*(Chairman and Chief Executive Officer)*

*Non-executive Directors:*

Dr. Wei Li  
Mr. Qun Zhao  
Mr. Yanling Cao  
Mr. Xianghong Lin  
Dr. Lian Yong Chen

*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

*Principal place of business in Hong Kong:*

40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai, Hong Kong

May 21, 2021

*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 AUDITORS  
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; and (iii) re-appointment of auditors.

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## LETTER FROM THE BOARD

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### 2. GENERAL MANDATES TO ISSUE SHARES AND BUY BACK SHARES

At the annual general meeting of the Company held on June 23, 2020, 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 in the share capital of the Company of up to 20% of the total number of Shares in issue 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 1,181,485,571 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 236,297,114 Shares. In addition, subject to a separate approval of the ordinary resolution no. 7, the number of Shares bought back 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 relevant share incentivization scheme(s) of the Company. For more details about the share incentivization schemes of the Company, please refer to the 2020 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 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 1,181,485,571 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 118,148,557 Shares.

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, Dr. Wei Li, Paul Herbert Chew and Mr. Hongbin Sun will retire by rotation and shall be eligible to offer themselves for re-election as the Directors at the AGM.

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## LETTER FROM THE BOARD

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In accordance with Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Mr. Xianghong Lin, was appointed as a non-executive Director on November 30, 2020. Accordingly, his appointment became effective on the same date to fill a casual vacancy created by the resignation of Mr. Guobin Zhang as a non-executive Director, shall hold office until the AGM and shall be eligible to offer himself for re-election as the Director at the AGM.

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.

Each of Dr. Paul Herbert Chew and Mr. Hongbin Sun has confirmed to the Company their independence having regard to the independence criteria as set out in Rule 3.13 of the Listing Rules. The Nomination Committee and the Board has assessed and reviewed the written confirmation of independence of each of Dr. Paul Herbert Chew and Mr. Hongbin Sun who have offered themselves 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 all of them remain independent in accordance with Rule 3.13 of the Listing Rules. Dr. Paul Herbert Chew and Mr. Hongbin Sun are not involved in the daily management of the Company nor in any relationships which would interfere with the exercise of their independent judgment.

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 directorships held by them, the Board is satisfied that each of Dr. Paul Herbert Chew and Mr. Hongbin Sun is of such character, integrity and experience commensurating with the office of independent non-executive Director. The Board believes that they 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 Dr. Wei Li, Mr. Xianghong Lin, Dr. Paul Herbert Chew and Mr. Hongbin Sun.

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## **LETTER FROM THE BOARD**

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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 AUDITORS**

The Company proposed to re-appoint Deloitte Touche Tohmatsu as independent external auditor of the Company for the year of 2021. The proposed re-appointment of auditors was deliberated on and approved at the meeting of the Board held on April 21, 2021 and is hereby proposed to the AGM as an ordinary resolution for consideration and approval.

#### **5. CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, June 18, 2021 to Wednesday, June 23, 2021, 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 Thursday, June 17, 2021.

#### **6. NOTICE OF ANNUAL GENERAL MEETING**

The notice of the AGM is set out on pages 15 to 20 of this circular.

#### **7. 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](http://www.hkexnews.hk)) and the Company ([www.cstonepharma.com](http://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 9:00 a.m. on Monday, June 21, 2021). 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.



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## LETTER FROM THE BOARD

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### 8. 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 13.6 of the Articles of Association.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorised 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, having made all reasonable enquires, no Shareholder has to abstain from voting on any of 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.

### 9. 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.

### 10. RECOMMENDATION

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 therefore 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. Frank Ningjun Jiang**  
*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**

**Dr. Wei Li (李偉)**, Ph.D., aged 49, has been our Director since December 2015. Dr. Li was re-designated as a non-executive Director on October 29, 2018.

Dr. Li has over 20 years of experience in the biotech industry. He serves as a partner of Creacion Ventures since April 2020 and the managing partner of 6 Dimensions Capital, L.P. since October 2017 and is a founding partner and the managing partner of WuXi Healthcare Ventures II, L.P. since July 2015. Dr. Li has been an executive director of Ocumension Therapeutics (歐康維視生物), a company listed on the Stock Exchange (stock code: 1477) since April 2018.

During his scientific research career, Dr. Li has first-authored numerous scientific publications in journals including Science, Proceedings of the National Academy of Sciences, and Journal of Biological Chemistry.

Dr. Li received a Ph.D. in chemistry from Harvard University in the United States in November 1998, and an MBA from the J. L. Kellogg School of Management at Northwestern University in the United States in June 2003. He graduated with a bachelor of science in chemical physics from the University of Science and Technology of China (中國科學技術大學) in Anhui, China in July 1993.

Dr. Li has not entered into any service contract with the Company, nor is he appointed for a specific term. No remunerations have been paid to Dr. Li in respect of the financial year ended December 31, 2020. His remunerations (if any) are fixed by the Board and reviewed from time to time taking into consideration recommendation from the compensation committee of the Company with reference to the performance and profitability of the Company as well as remuneration benchmark in the industry and the prevailing market conditions.

As at the Latest Practicable Date, Dr. Li 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. Xianghong Lin** (林向紅), aged 50, has been a non-executive Director since November 30, 2020.

Mr. Lin has been the chairman of the board of directors and a member of the investment committee of Suzhou Equity Investment Fund Management Co. Ltd. (蘇州股權投資基金管理有限公司) since December 2017; the chairman of the board of directors and a member of the investment committee of Kaiyuan Guochuang Capital Management Co., Ltd. (開元國創資本管理有限公司) since March 2017; and the chief executive officer of Suzhou Private Capital Investment Holdings Co., Ltd. (蘇州民營資本投資控股有限公司) since April 2016. Mr. Lin was the president of Suzhou Oriza Holdings Corporation (蘇州元禾控股股份有限公司) from October 2015 to March 2016 and the chairman of the board of directors and the president of Suzhou Oriza Holdings Ltd. (蘇州元禾控股有限公司) from September 2007 to October 2015. Prior to that, he served as the chairman of the board of directors and the president of China-Singapore Suzhou Industrial Park Ventures Co., Ltd. (中新蘇州工業園區創業投資有限公司) from November 2001 to September 2007. From April 2000 to November 2001, he served as various positions of China-Singapore Suzhou Industrial Park Development Co., Ltd. (中新蘇州工業園區開發有限公司), including the deputy general manager of the finance department and the general manager of the investment department.

Mr. Lin served as a non-executive director of Guangzhou Hangxin Aviation Technology Co., Ltd. (廣州航新航空科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300424) from January 2019 to April 2020. Mr. Lin has been a member of the venture capital fund professional committee of Asset Management Association of China (中國證券投資基金業協會創業投資基金專業委員會) since June 2015, a member of the first session of Science and Technology Innovation Advisory Committee (科技創新諮詢委員會) of the Shanghai Stock Exchange since April 2019, a member of the investment decision committee of the China Integrated Circuit Industry Investment Fund (國家集成電路產業投資基金) since 2014, and a director of the Xi'an Jiaotong University Education Foundation (西安交通大學教育基金會) since 2011.

Mr. Lin obtained bachelor's degree in auditing from the Xi'an Jiaotong University in July 1992, a master degree in agricultural economic management from the University of Suzhou in June 1999 and a doctorate degree in management science and engineering from Xi'an Jiaotong University in June 2009.

Mr. Lin entered into a letter of appointment as a non-executive Director with the Company with effect from November 30, 2020. Pursuant to the appointment letter, his appointment shall continue for a period of three years upon being re-elected. No remunerations have been paid to Mr. Lin in respect of the financial year ended December 31, 2020. His remunerations (if any) are fixed by the Board and reviewed from time to time taking into consideration recommendation from the compensation committee of the Company with reference to the performance and profitability of the Company as well as remuneration benchmark in the industry and the prevailing market conditions.

As at the Latest Practicable Date, Mr. Lin 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.

**Dr. Paul Herbert Chew**, M.D., aged 69, has been an independent non-executive Director since February 14, 2019.

Dr. Chew is currently the adviser chief medical officer and he is on the board of directors for Phesi, an innovative firm that optimizes clinical trial design with novel technology. Dr. Chew is also the adviser chief medical officer for CorMedix, Inc, utilizing a taurolidine-based platform to prevent infection in high-risk patients. Dr. Chew serves on the advisory boards at the Center for Public Health, George Washington School of Public Health as well as ArisGlobal, a leading life sciences software provider that speeds drug development. He has served as a member of the board of trustees for the U.S. Pharmacopeia that sets quality standards for U.S. drugs, foods and dietary supplements, enforced by the U.S. FDA but whose standards are also followed by more than 140 countries.

From 2013 to 2016, Dr. Chew served as the global chief medical officer for Sanofi, overseeing medical affairs, regulatory affairs, drug safety, and pharmaco-economics. From 2016 to 2018, Dr. Chew has also been the chief medical officer for Omada Health, a premier Bay area company in digital therapeutics for the management of chronic disease. Dr. Chew has been on the board of external advisors for the University of North Carolina School of Public Health. He has served as a member of the Institute of Medicine Value & Science-Driven Healthcare Roundtable. He is board certified in Internal Medicine and Cardiovascular Disease. Dr. Chew was also a member of the Cardiology and Radiology faculty at the Johns Hopkins Hospital and he holds a doctor of medicine and a bachelor of arts degree from the Johns Hopkins University School of Medicine in the United States.

Dr. Chew entered into a letter of appointment as an independent non-executive Director with the Company for a term of three years with effect from February 14, 2019. For the amount of the Dr. Chew's emoluments are disclosed in the notes to the consolidated financial statements of the annual report of the Company. Dr. Chew's remunerations are fixed by the Board and reviewed from time to time taking into consideration recommendation from the compensation committee of the Company with reference to the performance and profitability of the Company as well as remuneration benchmark in the industry and the prevailing market conditions.

As at the Latest Practicable Date, Dr. Chew 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. Hongbin Sun (孫洪斌)**, aged 45, has been an independent non-executive Director since February 14, 2019.

Mr. Sun has over 20 years of finance experience. He has been an independent non-executive director of New Century Healthcare Holding Co., Limited (新世紀醫療控股有限公司), a company listed on the Stock Exchange (stock code: 1518), since December 2016. He was appointed as an independent non-executive director of Mobvista Inc. (匯量科技有限公司), a company listed on the Stock Exchange (stock code: 1860) since July 2020. He has been the chief financial officer of MicroPort Scientific Corporation (微創醫療科學有限公司), a company listed on the Stock Exchange (stock code: 0853), since September 2010 and served as its executive director from July 2010 to September 2012. He was the deputy financial director of Otsuka (China) Investment Co., Ltd. (大冢(中國)投資有限公司) from January 2004 to December 2005 and then worked as its general manager from January 2006 to August 2010. From August 1998 to January 2004, he was an assistant manager in the audit department of KPMG Huazhen (畢馬威華振會計師事務所) in Shanghai.

Mr. Sun has been a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since December 2009 and also a chartered financial analyst in September 2009. He received his bachelor's degree in accounting from Shanghai Jiao Tong University (上海交通大學) in China in July 1998.

Mr. Sun entered into a letter of appointment as an independent non-executive Director with the Company for a term of three years with effect from February 14, 2019. For the amount of the Mr. Sun's emoluments are disclosed in the notes to the consolidated financial statements of the annual report of the Company. Mr. Sun's remunerations are fixed by the Board and reviewed from time to time taking into consideration recommendation from the compensation committee of the Company with reference to the performance and profitability of the Company as well as remuneration benchmark in the industry and the prevailing market conditions.

As at the Latest Practicable Date, Mr. Sun 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 1,181,485,571 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 118,148,557 Shares which represent 10% of the total number of Shares in issue as at the date of the AGM.

**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, 2020, 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 have undertaken to the Stock Exchange that, so far as the same may be applicable, they 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 24.83% 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 24.83% to approximately 27.59%. 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.

#### 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>
<b>Month 2020</b>		
April	9.30	7.97
May	8.34	6.73
June	11.70	8.05
July	12.20	9.78
August	12.28	8.78
September	12.98	8.22
October	13.10	9.97
November	11.92	9.53
December	10.38	9.11
<b>Month 2021</b>		
January	11.58	9.46
February	12.00	9.01
March	10.40	7.99
April	11.68	8.80
May (up to the Latest Practicable Date)	11.50	9.81



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## NOTICE OF ANNUAL GENERAL MEETING

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### CStone Pharmaceuticals

### 基石藥業

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

**(Stock Code: 2616)**

#### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting (the “AGM”) of CStone Pharmaceuticals (the “Company”) will be held at Function Room 1, 3rd Floor, Kerry Hotel Pudong Shanghai, No. 1388 Hua Mu Road, Pudong, Shanghai, China on Wednesday, June 23, 2021 at 9:00 a.m. for the following purposes.

#### ORDINARY BUSINESS

1. To receive and consider the audited consolidated financial statements of the Company and the reports of the directors of the Company (“Directors”) and auditors for the year ended December 31, 2020.
2. (i) To re-elect Dr. Wei Li as a non-executive Director;  
  
(ii) To re-elect Mr. Xianghong Lin as a non-executive Director;  
  
(iii) To re-elect Dr. Paul Herbert Chew as an independent non-executive Director;  
and  
  
(iv) To re-elect Mr. Hongbin Sun as independent non-executive Director.
3. To authorise the board of Directors to fix the remuneration of the Directors.
4. To re-appoint Deloitte Touche Tohmatsu as auditors of the Company and authorise 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

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## NOTICE OF ANNUAL GENERAL MEETING

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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;

- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the Directors and shall authorise 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 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 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;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (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
- (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; and
  - (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).”

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## NOTICE OF ANNUAL GENERAL MEETING

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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 of Hong Kong Limited (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 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 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.”

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## NOTICE OF ANNUAL GENERAL MEETING

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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 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 at the date of passing of the said resolutions.”

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

Hong Kong, May 21, 2021

*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

*Principal place of business in Hong Kong:*

40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

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## NOTICE OF ANNUAL GENERAL MEETING

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*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 notarially 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 9:00 a.m. on Monday, June 21, 2021) 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 Friday, June 18, 2021 to Wednesday, June 23, 2021 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 Thursday, June 17, 2021.
- (vi) In respect of ordinary resolutions numbered 2 above, Dr. Wei Li, Mr. Xianghong Lin, Dr. Paul Herbert Chew and Mr. Hongbin Sun 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 21, 2021.
- (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 21, 2021.

*As at the date of this notice, the Board of Directors comprises Dr. Frank Ningjun Jiang as Chairman and Executive Director, Dr. Wei Li, Mr. Qun Zhao, Mr. Yanling Cao, Mr. Xianghong Lin and Dr. Lian Yong Chen as non-executive Directors, and Dr. Paul Herbert Chew, Mr. Ting Yuk Anthony Wu and Mr. Hongbin Sun as independent non-executive Directors.*