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**CStone Pharmaceuticals**  
**基石藥業**

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

**(Stock Code: 2616)**

**PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Sole Overall Coordinator, Sole Placing Agent and Sole Bookrunner**

**Morgan Stanley**

On April 2, 2025 (before trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, an aggregate of 80,000,000 Placing Shares to not less than six Places at a price of HK\$2.933 per Placing Share.

The Placing Price of HK\$2.933 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent and represents (i) a discount of approximately 14.99% to the closing price of HK\$3.45 per Share as quoted on the Stock Exchange on April 1, 2025, being the last full trading day immediately prior to the date of the Placing Agreement; and (ii) a discount of approximately 14.09% to the average closing price of approximately HK\$3.414 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the last full trading day immediately prior to the date of the Placing Agreement.

The maximum of 80,000,000 Placing Shares will represent approximately 6.23% of the existing issued share capital of the Company as at the date of this announcement and approximately 5.86% of the enlarged issued share capital of the Company immediately following the Placing (assuming that there is no change in the issued share capital of the Company between the dates of this announcement and the completion of the Placing). The Placing Shares will be allotted and issued under the General Mandate, and will not be subject to any Shareholders' approval.

Assuming all the 80,000,000 Placing Shares are subscribed for in full, upon completion of the Placing, the gross proceeds from the Placing will be HK\$234.64 million and the net proceeds from the Placing are estimated to be HK\$232.29 million (after deducting the placing commission and other related expenses and professional fees).

The Placing is conditional upon the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the completion of the Placing) and other conditions precedent as set forth in the section headed "Conditions Precedent and Completion" in this announcement.

**Shareholders and potential investors should note that the completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **THE PLACING AGREEMENT**

**Date:** April 2, 2025 (before trading hours)

**Parties:** (i) the Company; and  
(ii) the Placing Agent

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

### **The Placing**

The Placing Agent has conditionally agreed to place, or procure the placing of 80,000,000 Placing Shares at the Placing Price of HK\$2.933 per Placing Share during the Placing Period (or, failing which, to purchase itself as principal).

The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rate for similar transactions. The Directors are of the view that the placing commission in respect of the Placing is fair and reasonable based on the current market conditions.

### **The Placees**

The Placing Agent will place the Placing Shares to professional, institutional, or other investors who and whose ultimate beneficial owners are Independent Third Parties. It is currently expected that the Placing Shares will be placed to not less than six Placees who, together with their ultimate beneficial owners, will be Independent Third Parties. The Placing Agent will use its reasonable endeavors, based on information available to the Placing Agent, information provided by the Company and confirmations from the Placees procured by the Placing Agent, to ensure that each Placee procured by the Placing Agent is not a connected person of the Company (as defined in the Listing Rules). It is expected that none of the Placees will become a substantial Shareholder (as defined under the Listing Rules) of the Company as a result of the Placing.

### **Number of Placing Shares**

Assuming that there will be no change in the issued share capital of the Company between the dates of this announcement and the completion of the Placing, the maximum of 80,000,000 Placing Shares under the Placing represents (i) approximately 6.23% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.86% of the issued share capital as enlarged by the allotment and issue of all the Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be US\$8,000.

## **Placing Price**

The Placing Price is HK\$2.933 per Placing Share which represents:

- (i) a discount of approximately 14.99% to the closing price of HK\$3.45 per Share as quoted on the Stock Exchange on April 1, 2025, being the last full trading day immediately prior to the date of the Placing Agreement; and
- (ii) a discount of approximately 14.09% to the average closing price of approximately HK\$3.414 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the last full trading day immediately prior to the date of the Placing Agreement.

The net placing price (after deducting related costs and expenses to be borne by the Company) is approximately HK\$2.904 per Share.

The Placing Price was determined on an arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable based on the current market conditions.

## **General Mandate to issue the Placing Shares**

The Placing Shares will be allotted and issued under the General Mandate granted to the Board by a resolution of the Shareholders at the annual general meeting of the Company held on June 18, 2024, pursuant to which the Board is authorized to allot and issue up to 256,838,242 Shares. As at the date of this announcement, the Company had not utilized the General Mandate and the 80,000,000 Placing Shares under the Placing represents approximately 31.15% of the entire General Mandate.

The allotment and issue of the Placing Shares are not subject to the approval of the Shareholders.

## **Ranking of the Placing Shares**

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Placing Shares.

## **Conditions Precedent and Completion**

The completion of the Placing is conditional upon (i) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares); and (ii) the Placing Agent having received on the Closing Date the final draft or substantially complete draft of the CSRC Filings, the draft opinions of the legal adviser of the Company as to the PRC laws in relation to the CSRC Filings and the draft opinions of the legal adviser of the Placing Agent as to the PRC laws in relation to the CSRC Filings.

If the above conditions are not satisfied at or before 8:00 a.m. (Hong Kong time) on the Closing Date, the Placing Agent and the Company shall have no obligations or liabilities to each other under the Placing and neither the Company nor the Placing Agent shall have any claim against the other for costs, damages, compensation or otherwise arising under the Placing Agreement save for antecedent breaches.

Completion of the Placing will take place on the first Business Day after the date of fulfilment of the above conditions but in any event no later than April 10, 2025 or such other date to be agreed between the Company and the Placing Agent in writing (the “**Closing Date**”).

### **Lock-up Undertakings by the Company**

The Company undertakes to the Placing Agent to procure, that for a period of three months from the Closing Date, the Company, or any person acting on its behalf, will not:

- (i) sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose, allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares;
- (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (i) above; or
- (iii) announce any intention to enter into or effect any such transaction described in paragraph (i) or (ii) above without first having obtained the written consent of the Placing Agent.

The above undertaking shall not apply to the issue of the Placing Shares under the Placing Agreement and any grant, vesting or exercise of option or share award and allotment of shares as a result of any of the foregoing under the share incentive schemes (including if adopted and amended during the said period) of the Company.

### **Termination**

If at any time at or prior to 8:00 a.m. (Hong Kong time) on the Closing Date, any of the specific events provided in the Placing Agreement, such as any breach of any of the representations, warranties and undertakings by the Company as set out in the Placing Agreement, occurs, then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received at or prior to 8:00 a.m. (Hong Kong time) on the Closing Date.

**Since the completion of the Placing is subject to the fulfilment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **APPLICATION FOR LISTING**

The Company will apply to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **CSRC FILINGS**

The Company shall comply with CSRC Rules and complete the CSRC Filings in connection with the Placing.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Company is an innovation-driven biopharmaceutical company focused on the research and development of anti-cancer therapies, dedicated to addressing patients' unmet medical needs in China and globally. Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$234.64 million and approximately HK\$232.29 million respectively. The net placing price per Placing Share will be approximately HK\$2.904.

The terms of the Placing Agreement (including the Placing Price and the placing commission) were determined after arm's length negotiations between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net proceeds from the Placing will be used for the following purposes:

- (i) 90% for further research and development relating to assets in the Group's "Pipeline 2.0", including in particular CS5001, a clinical stage ROR1 ADC (a potentially best-in-class ROR1 ADC), and CS2009, a trispecific antibody targeting PD-1, VEGFA and CTLA-4 (a potentially first-in-class/best-in-class next-generation immuno-oncology backbone); and
- (ii) the remainder of the net proceeds for other general corporate purposes where appropriate.

The Board is of the view that the Placing will enlarge the Shareholder base and the capital base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position for its future development. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

## **FUNDRAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS**

The Company had not conducted any equity fund raising activity during the past 12 months immediately before the date of this announcement.

## SHAREHOLDING STRUCTURE OF THE COMPANY UPON COMPLETION OF THE PLACING

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming all the Placing Shares are fully placed and there is no change in the issued share capital of the Company from the date of this announcement up to the completion of the Placing) are set out as follows:

Name of Shareholders	As at the date of this announcement		Immediately upon completion of the Placing	
	<i>No. of Shares</i>	<i>Approximate percentage of the issued share capital of the Company</i>	<i>No. of Shares</i>	<i>Approximate percentage of the issued share capital of the Company</i>
The Placees	—	—	80,000,000	5.86%
Other Shareholders	1,284,380,568	100.00%	1,284,380,568	94.14%
<b>Total</b>	<u>1,284,380,568</u>	<u>100%</u>	<u>1,364,380,568</u>	<u>100%</u>

**Given that the completion of the Placing may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

**Cautionary statement required by Rule 18A.05 of the Listing Rules:** There is no assurance that the Company will be able to develop, market, and/or commercialize any of the products in its pipeline successfully. Shareholders and potential investors should exercise due care when dealing in the securities of the Company.

## DEFINITIONS

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

“associate(s)”	shall have the meaning ascribed to it under the Listing Rule
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, a Sunday and a public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“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
“CSRC”	the China Securities Regulatory Commission
“CSRC Archive Rules”	the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) issued by the CSRC on February 24, 2023 (as amended, supplemented or otherwise modified from time to time)
“CSRC Filings”	any and all letters, filings, correspondences, communications, documents, responses, undertakings and submissions in writing, orally or in any form, including any amendments, supplements and/or modifications thereof, made or to be made to the CSRC, relating to or in connection with the Placing, respectively pursuant to the CSRC Filing Rules and other applicable laws, regulations and requirements of the CSRC (including, without limitation, the CSRC Filing Report)
“CSRC Filing Report”	the filing report in relation to the Placing, respectively, including any amendments, supplements and/or modifications thereof, to be submitted by the Company or its subsidiary to the CSRC pursuant to the CSRC Filing Rules
“CSRC Filing Rules”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines issued by the CSRC (effective from March 31, 2023), as amended, supplemented or otherwise modified from time to time
“CSRC Rules”	the CSRC Filing Rules and the CSRC Archive Rules



“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on June 18, 2024, under which up to a total of 256,838,242 Shares (being up to 20% of the issued share capital of the Company as at the date of passing of the relevant resolution, which was June 18, 2024) can be allotted, issued and dealt with by the Directors
“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
“Independent Third Party(ies)”	person(s) or company(ies) who is(are) third party(ies) independent of the Company and its connected persons and their associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Placee(s)”	any professional, institutional or other investor(s) whom the Placing Agent has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of 80,000,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Morgan Stanley Asia Limited
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated April 2, 2025 in relation to the Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 8:00 a.m. (Hong Kong time) on the Closing Date (or such later time and date as the Company and the Placing Agent may agree in writing)
“Placing Price”	HK\$2.933 per Placing Share
“Placing Shares”	an aggregate of 80,000,000 new Shares to be allotted and issued under the Placing pursuant to the Placing Agreement
“PRC”	the People’s Republic of China. For the purpose of this announcement and for geographical reference only, except where the context requires, references in this announcement to the “PRC” do not include Hong Kong, Macau Special Administrative Region and Taiwan Region

“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	shall have the meaning ascribed to it under the Listing Rules
“United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Suzhou, the People’s Republic of China, April 2, 2025

*As at the date of this announcement, the board of directors of the Company comprises Dr. Wei Li as Chairman and non-executive director, Dr. Jianxin Yang as executive director, Mr. Kenneth Walton Hitchner III, Mr. Xianghong Lin and Mr. Edward Hu as non-executive directors, and Dr. Paul Herbert Chew, Mr. Ting Yuk Anthony Wu, Mr. Hongbin Sun and Ms. Yip Betty Ho as independent non-executive directors.*