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CStone Pharmaceuticals
基石藥業

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

**(1) INSIDE INFORMATION
KEY FINDINGS OF INDEPENDENT INVESTIGATION;
(2) DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF FUND-LINKED NOTES;
(3) CHANGE OF CHAIRMAN;
(4) CHANGE OF CHAIRMAN OF THE NOMINATION COMMITTEE; AND
(5) ESTABLISHMENT OF THE INVESTMENT COMMITTEE**

(1) INSIDE INFORMATION – KEY FINDINGS OF INDEPENDENT INVESTIGATION

This part of the announcement is issued by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the SFO.

References are made to the announcements of the Company dated March 18, 2022 and March 21, 2022, in relation to, among others, the Investment and the Investigation (the “**Announcements**”).

BACKGROUND

During the course of the audit process for the year ended December 31, 2021, the auditors of the Company noted that in July 2021, funds of the Company amounting to approximately HKD227.7 million (equivalent to RMB189.2 million), after deduction of subscription fee and other expenses, were invested in fund-linked notes issued by CMBIGP (the “**Investment**”) via CStone Pharm (HK). The returns from the Investment were linked to the returns of the Fund, a segregated portfolio held under Cayman SPC.

At the auditor’s request, the Audit Committee engaged PricewaterhouseCoopers Management Consulting (Shanghai) Limited (“**Independent Advisor**”), an Independent Third Party based on the best knowledge, information and belief of the Directors, as the forensic accounting specialist to conduct an independent investigation into the Investment (the “**Investigation**”). The Independent Advisor issued the report of the Investigation dated May 22, 2022 and supplemental report of the Investigation dated May 28, 2022.

SCOPE OF INVESTIGATION

Subject to limitations including those set out in the section entitled “KEY SCOPE LIMITATION” in this announcement, the scope of the Investigation covered the following: (i) the chronology of events, (ii) identifying the persons who were aware of and/or involved in the Investment, and (iii) to the extent possible, evaluating the market value of the Investment.

MAJOR PROCEDURES OF INVESTIGATION

The major investigation procedures conducted by the Independent Advisor included, but were not limited to, the following:

- (i) obtaining and reviewing relevant documents including the Company’s policies and procedures in relation to investment, payment, chop management and IT, accounting information, Board meeting minutes and resolutions, human resources documents of certain employees, detailed documentation in relation to the Investment;
- (ii) conducting computer forensic procedures to retrieve and review such electronic data as reasonably available at the time of the Investigation, including server emails and data on company-issued devices;
- (iii) performing background checks on several third party companies involved in the Investment using publicly available databases and search engines;
- (iv) conducting interviews with relevant personnel of the Company, and made email enquiries with representatives from third parties;
- (v) conducting research on the market value of the listed shares and options held in the Fund based on the securities statement on December 31, 2021; and
- (vi) involving valuation specialists in reviewing the reasonableness of valuation methodologies and key valuation assumptions adopted in the valuation of one of the investments of the Fund.

SUMMARY OF KEY FINDINGS AND OBSERVATIONS FROM THE INVESTIGATION

Key Events of the Investment

- (i) In or around June 2021, the then Vice President of Finance, namely Mr. Xiaolu Weng (the “**Then VPF**”), who joined the Company on September 27, 2020 and subsequently departed on December 16, 2021, identified the Investment opportunity and negotiated with relevant third parties. The Then VPF subsequently proposed to the Board’s then chairman and chief executive officer of the Group (“**CEO**”) that the Company should use its idle funds to invest with CMBI and CMBIC’s bank group, alleging that the Investment would be able to produce good return with low risk.
- (ii) With the verbal approval from the CEO, to proceed with investing with CMBI and CMBIC’s bank group, the Then VPF arranged to open a securities trading account under the name of CStone Pharm (HK) with CMBIS. On July 5, 2021, the account was opened. On July 7, 2021, the Then VPF instructed the remittance of USD30 million to CMBIS for investment purposes.

- (iii) On July 14, 2021, the Then VPF confirmed with CMBIS to subscribe to the Investment for a principal amount of approximately HKD233 million with a maturity date of December 30, 2021. The total subscription amount in the Investment was approximately HKD227.7 million after deduction of subscription fee and other expenses. For further details of the Investment, please refer to the section entitled “DISCLOSEABLE TRANSACTION – SUBSCRIPTION OF FUND-LINKED NOTES” in this announcement.
- (iv) On November 18, 2021, the Then VPF instructed CMBIS on the early rollover of the Investment, with a maturity date of October 31, 2022 (the “**Roll-over**”). For the avoidance of doubt, the Roll-over involved no cash inflow to or outflow from CStone Pharm (HK).
- (v) The Independent Advisor noted from their review of Board meeting minutes and enquiries with five non-executive Directors and three independent non-executive Directors who were Directors at the material times that such Directors were unaware of the Investment prior to March 2022.

Approval for the Investment and Compliance with Company Policies

- (i) According to the Company’s then effective payment authority policy, external payments below USD50 million would be approved by management. As the Investment was in the amount of USD30 million and the CEO had given his verbal approval to proceed with investing with CMBI and CMBIC’s bank group, there was no apparent violation of such payment authority policy.
- (ii) However, the Company’s investment policy only approved a specific list of instrument for investment, including US government securities, US corporate securities, US municipal securities, US money bank obligations and money market funds backed by the above instruments. Investments held by the Fund do not fall into the approved instrument list. Furthermore, the Company’s investment policy expressly prohibits investment in derivative securities. Such prohibition would apply to an investment in fund-linked notes and derivative securities which appear to be in the portfolio of investments held by the Fund, according to the Fund’s securities position on December 31, 2021.

Nature of the Investment and Underlying Investments of the Fund

- (i) The Investment into the fund-linked note mirrors the total return of the class A shares of the Fund. The Investigation reveals that the Investment has been confirmed to be non-cash equivalent or non-principal protected. Instead, CMBIGP passes on all profits and losses of the Fund to the noteholder, i.e., CStone Pharm (HK).
- (ii) Based on the securities position of the Fund as at December 31, 2021, as provided by the Fund, the Fund was partially used to trade shares and options of companies listed on exchanges in the PRC, Hong Kong, and US (contributing to approximately 54% of the Fund’s market value on December 31, 2021). The remainder was invested in the Private Equity SPAC and held in cash. On December 31, 2021, the Fund did not hold any shares in CStone or its related companies.

In addition, CMBI confirmed that CMBI never signed any agreement/contract/statement/document with the Then VPF, Fund Manager A, Fund Manager B, nor is there any side agreement/contract/document/arrangement between CMBI and Cayman SPC/CStone/the Then VPF/Fund Manager A/Fund Manager B. Cayman SPC also confirmed that the Fund has no contracts or agreements with CStone or any other personnel from CStone and there has been no transfer of benefits to anyone or any institution regarding the Investment.

Market Value

- (i) According to mark-to-market (“**MTM**”) statements issued by CMBIS to the Company, the net asset value of the Investment has been below its notional amount, ranging from 70.91% to 91.50% of the notional amount between August 31, 2021 and March 31, 2022. As of March 31, 2022, the unrealised loss was approximately 29% of the notional amount. This estimated unrealised loss might be subject to further changes according to the management’s early redemption plan. The Independent Advisor independently verified the value of listed shares and options based on the securities position statement provided by the Fund for December 31, 2021 and no discrepancy was noted. As advised by Cayman SPC, the review of the estimated value of the Private Equity SPAC was based on the valuation report as of December 31, 2021 (the “**Valuation Report**”) issued by the Valuer given the Private Equity SPAC is an unlisted entity.
- (ii) The Independent Advisor has involved valuation specialists in reviewing the Valuation Report.

KEY SCOPE LIMITATION

The Independent Advisor’s work was conducted subject to certain scope limitations, which may have restricted their ability to identify all issues which might be of concern. Some key limitations are set out below:

- (i) Documents request: the Independent Advisor has not been provided with certain documents requested from third parties, such as the securities position of the Fund for each month or a list of investments held by the Fund since its inception, or a copy of all correspondences between CMBI, the Company, and other third parties. All key documents in relation to the Investment were obtained from CMBIS, including documents that the Company should have in its possession. There were no contemporaneous record to corroborate the documents received from CMBIS.
- (ii) Interviews: the Independent Advisor was not able to interview with the Then VPF or obtain any information in writing and therefore the Independent Advisor was unable to identify his motives in making the Investment. All third party entities related to the Investment had cooperated by responding to some of the enquiries in writing, but declined to attend interview.

- (iii) Computer forensics and e-review: the Independent Advisor was unable to obtain the Then VPF's full server emails for processing and review as his email account had been deleted after his resignation. The Then VPF's email files, including the emails stored in his corporate devices and the emails of his account stored on the email cloud archived by IT personnel before the deletion of his account, appear to be very limited based on the email gap analysis performed. All correspondences with CMBIS and relevant documentation relating to the Investment were provided by CMBIS to the Independent Advisor instead of from the collected electronic data of the Then VPF.

INTERNAL CONTROL WEAKNESS IDENTIFIED

The Independent Advisor has identified the following internal control weaknesses of the Company:

- (i) Lack of a robust investment policy and procedure;
- (ii) Lack of segregation of duties between the Company personnel making the investment decision and those reviewing/approving the proposed investment; and
- (iii) Insufficient hand-over before the Then VPF left the Group.

OPINIONS OF THE AUDIT COMMITTEE AND THE BOARD

Based on the findings and observations made by the Independent Advisor, the Audit Committee and the Board are of the view that:

- (i) The Investment is valid and enforceable by and as against CStone Pharm (HK);
- (ii) The Investment is recoverable, albeit the risk profile thereof is such that, the Company may record loss when it is redeemed;
- (iii) There was a breach of the Company's investment policy which prohibited investment in derivative securities; and
- (iv) The Then VPF appeared to have played a central role which resulted in the Investment being made without the Board's knowledge or approval.

(together, the "**Board and Audit Committee Opinions**").

(2) DISCLOSEABLE TRANSACTION – SUBSCRIPTION OF FUND-LINKED NOTES

This part of the announcement is made by the Company pursuant to Chapter 14 of the Listing Rules.

The Board announces that, on July 14, 2021, the Company, through CStone Pharm (HK), entered into the Investment for a principal amount of approximately HKD227.7 million (equivalent to approximately RMB189.2 million) and before the deduction of subscription fee and other expenses thereof, approximately HKD233 million (the “**Principal Amount**”). The deployment of the Principal Amount for an investment with CMBI and CMBIC’s bank group was approved by the CEO in accordance with the then effective payment authority policy of the Company and therefore does not require specific Board approval thereof. According to the Board and Audit Committee Opinions, the Investment is valid and enforceable by and against CStone Pharm (HK), but is in breach of the Company’s investment policy. The Company did not utilize any proceeds from (i) its initial public offering in February 2019, and (ii) the subscription of Shares under the general mandate in October 2020, when making the Investment. The Investment constituted a discloseable transaction. The key terms of the Investment are set out below:

Issuer:	CMBIGP
Guarantee arrangement:	CMBIC as the guarantor by way of a deed of guarantee
Principal amount:	the Principal Amount
Nature of the Investment:	Not interest or principal protected
Fund to which the FLN is linked:	The Fund
Interest and basis and investment scope of the Fund:	Fund-linked interests calculated with reference to the cash dividends amounts received by CMBIGP (or its affiliate), on specified interest payment dates, net of any necessary tax, costs and expenses, through CMBIGP’s share interests held in the Fund. For the investment scope of the Fund, see the subsection entitled “Nature of the Investment and Underlying Investments of the Fund” in this announcement.
Trade date:	July 14, 2021
Interest commencement date	July 16, 2021
Initial scheduled maturity date:	December 30, 2021
Early extension of terms date:	November 22, 2021
Current scheduled maturity date:	October 31, 2022
Early redemption:	Possible with consents of certain shareholders of the Fund

BASIS OF DETERMINATION FOR THE CONSIDERATION

The Company was given to believe that the consideration of the Investment was determined after taking into account the surplus cash reserve resources of the Group available for the purpose of cash management, as well as the presented risk level, investment terms and possible return of the Investment.

REASONS FOR THE INVESTMENT

At the material time, the Company had temporarily idle funds suitable for investing in appropriate wealth management product with low risk exposure, so as to enhance the utilization efficiency of such idle funds. The CEO, on the recommendations by the Then VPF, approved the proposed investment of such funds (and the opening of an account) with CMBIS in accordance with the then effective payment authority policy of the Company. Relying on the judgement of the Then VPF, the CEO was led to believe that the proposed investment was of low risk exposure and would generate good investment return for the Group, while being conducted on the premise that such proposed investment will not affect the working capital or business operations of the Company. The Then VPF then handled the subsequent matters relating to the Investment.

STATUS OF THE PRINCIPAL AMOUNT AND PLAN OF THE COMPANY

For the market value of the Investment as of March 31, 2022, see the subsection entitled “Market Value” in this announcement.

As at the date of this announcement, the Company still holds the Investment and it is in the process of initiating redemption of the Investment prior to its scheduled maturity date of October 31, 2022. According to the Board and Audit Committee Opinions, the Investment is recoverable, albeit the risk profile thereof is such that, the Company may record loss when it is redeemed.

Warning statement: the market value of the Investment as of March 31, 2022, as set out in the subsection entitled “Market Value” in this announcement, is for reference only. Shareholders of the Company are advised to be aware that, there is no guarantee that the value of the Investment will not, at the time of the redemption thereof, further depreciate.

PARTIES INFORMATION

Information on the Company

The Company is a biopharmaceutical company focused on developing and commercializing innovative immuno-oncology and precision medicines to address the unmet medical needs of cancer patients in China and worldwide. Established in 2015, the Company has assembled a world-class management team with extensive experience in innovative drug development, clinical research, and commercialization. The Company has built an oncology-focused pipeline of 15 drug candidates with a strategic emphasis on immuno-oncology combination therapies. Currently, five late-stage candidates are at pivotal trials. With an experienced team, a rich pipeline, a robust clinical development-driven business model and substantial funding, the Company’s vision is to become globally recognized as a leading Chinese biopharmaceutical company by bringing innovative oncology therapies to cancer patients worldwide.

Information on CStone Pharm (HK)

For the information of CStone Pharm (HK) and its principal business, see the section entitled “DEFINITIONS” in this announcement.

Information on CMBIGP, CMBIS, and CMBIC

For the information of CMBIGP, CMBIS and CMBIC, their respective principal businesses, ultimate beneficial owner(s), and their relationship, see the section entitled “DEFINITIONS” in this announcement.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, each of CMBIGP, CMBIS and CMBIC (and their respective ultimate beneficial owner(s)), are Independent Third Parties.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Investment exceed(s) 5% but is less than 25%, the Investment constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

The Company should have complied with the relevant reporting and announcement requirements under Chapter 14 of the Listing Rules in respect of the Investment as and when such obligations arose. Regrettably, the Company failed to comply with these Listing Rules requirements due to its unintentional and inadvertent oversight.

REMEDIAL ACTIONS

The Company deeply regrets its non-compliance with the Listing Rules but the Company would like to stress that the delay in compliance with the Listing Rules was inadvertent and unintentional. In view of the incident set out above, and to prevent similar cases from occurring in the future, as suggested by the Independent Advisor following the Investigation, the Board has established an investment committee to assist the Board to deal with investment related matters and will take these remedial actions by the proposed timeline as set forth below:

- (i) to pursue an early redemption of the Investment by giving instructions to CMBI by May 31, 2022;
- (ii) to instruct the Group’s management to review the 2021 Annual Results and material transactions, and report to the Board of their review results by May 30, 2022;
- (iii) to enhance the Company’s investment policy and procedure according to the Company’s investment strategy and risk appetite by June 30, 2022;
- (iv) to require well-maintained documentation, including supporting documents for investments by June 30, 2022;
- (v) to re-emphasise to the finance staff and Company management as to the application of the Company’s investment policy by May 31, 2022;

- (vi) to lower the signing authority threshold for external payments from USD50 million to USD3 million by May 31, 2022;
- (vii) to review and enhance internal control around investment and payment policies and procedures with sufficient segregation of duties and checks and balance by June 30, 2022, including but not limited to the implementation and enhancement of the bank account management policy, investment management policy and payment management policy and requires all Directors, senior management and accounting and finance personnel to strictly adhere to these policies;
- (viii) to review and enhance internal control over the employee exit procedure by June 30, 2022;
- (ix) to provide trainings to senior management and the accounting and finance personnel of the Group by June 30, 2022 , in particular, on further strengthening internal financial and accounting policies, preparation of comprehensive accounting memo to support the accounting basis for complex or significant transactions;
- (x) to adopt and circulate a detailed guideline relating to notifiable and connected transactions under the Listing Rules and arrange trainings to be provided by its legal advisors to the Directors, senior management and accounting and finance personnel by June 30, 2022 and on regular basis, on the Listing Rules, particularly in relation to the subscription of different types of financial products aiming to strengthen their understanding to identify the circumstances which are expected to trigger the announcement requirement under the Listing Rules and potential issues at an early stage to avoid the recurrence of delay in disclosure for future subscriptions of financial products should such obligations arise;
- (xi) with immediate effect, prior to entering into any relevant potential transaction in the future, to perform size test analysis by the accounting and finance personnel in consultation with the legal department and external counsel to ensure compliance with the Listing Rules;
- (xii) with immediate effect, to strengthen the coordination and reporting arrangements for notifiable transactions and connected transactions among its subsidiaries;
- (xiii) to enhance regular reconciliation process for major accounts including bank balances, money market funds and other investments (the “**Bank Reconciliation**”) commencing from May 31, 2022, which shall be reviewed by the Vice President of Finance to ensure accuracy and completeness, with all outstanding items to be clearly explained and promptly investigated to ensure the bank deposit safety and balance accuracy, and include the Bank Reconciliation in the Company’s management accounts to be submitted to the Board for consideration on a regular basis;
- (xiv) to further strengthen the implementation of dual approval control for bank transfer payments via the online banking platform by May 31, 2022; and
- (xv) to seek external legal or other professional advice on remedies on economic loss of the Investment and any proposed material transactions and corporate actions in the future.

The Company has already engaged an external internal control consultant with a view of implementing these measures as soon as reasonably practicable, and in any case, with a target of implementing all such measures by the end of June 2022 as illustrated above. Upon completion of the internal control review by the external internal control consultant by the above timeline, the Company will publish an announcement on the internal control report results. In addition, the Company will have on-going and regular internal monitoring to ensure the effectiveness of the design, implementation, and operation of the mentioned remedial actions and enhancement of internal controls.

(3) CHANGE OF CHAIRMAN

The Board has resolved that, the CEO, who has acted as the executive Director since November 2016 and the Chairman since August 2018, shall cease to act as the Chairman with effect from the date hereof, and remain as an executive Director on the Board. Dr. Wei Li (“**Dr. Li**”), who has acted as the non-executive Director since December 2015, shall take up the role of the Chairman with effect from the date hereof, in order to strictly comply with the separation requirements of CEO and Chairman under code provision C.2.1 of the Corporate Governance Code of the Listing Rules. The CEO has confirmed that he had no disagreement with the Board and there were no matters relating to the cession that should be brought to the attention of the shareholders of the Company or the Stock Exchange. For Dr. Li’s biography, please refer to the annual report of the Company for the year 2020 published by the Company on April 27, 2021 (“**Dr. Li’s Biography**”).

Save as disclosed in Dr. Li’s Biography and the above, the Company is not aware of any other matters that need to be brought to the attention of the shareholders or any information in relation to the appointment of Dr. Li as the Chairman that need to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

(4) CHANGE OF CHAIRMAN OF THE NOMINATION COMMITTEE

The Board has resolved that, the CEO shall cease to act as the chairman and the member of the nomination committee of the Board (the “**Nomination Committee**”) with effect from the date hereof. Dr. Li shall take up the role of the chairman of the Nomination Committee with effect from the date hereof.

(5) ESTABLISHMENT OF THE INVESTMENT COMMITTEE

The Board hereby announces that with effect from the date hereof, an investment committee (the “**Investment Committee**”) has been established for the purpose of assisting the Board, among others, in approving the Company’s investment strategy, developing investment policies and processes, approving investment decisions, and reviewing investment performance. The Investment Committee is chaired by Mr. Edward Hu, the non-executive Director, with Mr. Kenneth Walton Hitchner III, the non-executive Director and Mr. Hongbin Sun, the independent non-executive Director, as the members of the Investment Committee.

DEFINITIONS

In this announcement, capitalised terms used have the same meanings as those defined in the Announcements, in addition, the following terms have the meanings set opposite to them below:

“Announcements”	the announcements of the Company dated March 18, 2022 and March 21, 2022
“Audit Committee”	The audit committee of the Board
“Board”	the board of Directors of the Company
“Cayman SPC”	GL Capital International Fund SPC, a segregated portfolio company registered in the Cayman Islands and an Independent Third Party based on the best knowledge, information and belief of the Directors
“Chairman”	the chairman of the Board
“China Merchant Bank”	China Merchants Bank Co., Ltd., a banking institution dually listed on the Shanghai Stock Exchange (stock code: 600036) and the Stock Exchange (stock code: 3968)
“CMBI”	CMBIGP and CMBIS. For the avoidance of doubt, CMBIGP, CMBIS and CMBIC are from the same bank group, with the common ultimate beneficial owner being China Merchants Bank
“CMBIC”	CMB International Capital Corporation Limited, a company incorporated under the laws of Hong Kong principally engaged in investment banking, securities brokerage and asset management, and the guarantor of the FLN and a wholly-owned subsidiary of China Merchant Bank
“CMBIGP”	CMB International Global Products Limited, a company incorporated under the laws of the British Virgin Islands, the issuer of the FLN, and a wholly-owned subsidiary of CMBIC
“CMBIS”	CMB International Securities Limited, a company incorporated under the laws of Hong Kong that is licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, and a wholly-owned subsidiary of CMBIC
“Company”	CStone Pharmaceuticals, an exempt company incorporated under the laws of the Cayman Islands with limited liability on December 2, 2015, whose Shares are listed on the Main Board of the Stock Exchange
“CStone Pharm (HK)”	CStone Pharm (HK) Holding Limited, is an investment holding company incorporated in Hong Kong with limited liability and wholly owned by the Company
“Director(s)”	the director(s) of the Company

“Fund”	SP II, a segregated portfolio held under Cayman SPC and an Independent Third Party based on the best knowledge, information and belief of the Directors
“FLN”	the fund-linked note issued by CMBIGP through CMBIS as the designated agent thereof
“Fund Manager A”	Harpers Holding Ltd, a company incorporated in the British Virgin Islands, a manager of the Fund and an Independent Third Party based on the best knowledge, information and belief of the Directors
“Fund Manager B”	Gulf Line Capital Advisors Limited, a company incorporated in Hong Kong that is licensed to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, and a manager of the Fund, and according to public search results available, the ultimate beneficial owner of which is Lam Cheung. Based on the best knowledge, information and belief of the Directors, each of Gulf Line Capital Advisors Limited and Lam Cheung is an Independent Third Party
“Group”	the Company and its subsidiaries
“HKD” or “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)”	third party(ies) independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, but for the purposes of this circular only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Private Equity SPAC”	EWI Capital SPAC I LLC, a private equity invested into by the Fund and an Independent Third Party based on the best knowledge, information and belief of the Directors
“Share(s)”	ordinary share(s) of par value of US\$0.0001 each in the capital of the Company
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

“SPAC Co”	Project Energy Reimagined Acquisition Corporation, a blank check company with its Class A ordinary shares listed on Nasdaq and an Independent Third Party based on the best knowledge, information and belief of the Directors. The Fund holds Class X units of the Private Equity SPAC for its beneficially owned SPAC Co’s founder shares (i.e. unlisted class B ordinary shares)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US”	the United States of America
“USD” or “US\$”	United States dollars, the lawful currency of the United States of America
“Valuer”	Asia-Pacific Consulting and Appraisal Limited, a company incorporated in Hong Kong, the valuer of the valuation report on fair value per Class X units owned by the Fund as of December 31, 2021 and an Independent Third Party based on the best knowledge, information and belief of the Directors. Each Class X Unit represents the economic benefit of each Class B ordinary shares of SPAC Co
“Vice President of Finance”	The vice president of finance of the Group
%	per cent

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

Suzhou, the People’s Republic of China, May 31, 2022

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. Frank Ningjun Jiang as executive director, Mr. Kenneth Walton Hitchner III, Mr. Yanling Cao, Mr. Xianghong Lin and Mr. Edward Hu as non-executive directors, and Dr. Paul Herbert Chew, Mr. Ting Yuk Anthony Wu and Mr. Hongbin Sun as independent non-executive directors.