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開拓藥業有限公司\*

**KINTOR PHARMACEUTICAL LIMITED**

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

**(Stock Code: 9939)**

**SUPPLEMENTAL ANNOUNCEMENT  
CONNECTED TRANSACTION  
PROVISION OF LOAN**

Reference is made to the announcements of Kintor Pharmaceutical Limited dated 8 February 2022, 22 April 2022 and 29 June 2022, respectively, in relation to the provision of a loan to Dr. Youzhi Tong and the extension thereof (collectively, the “**Announcements**”). Unless otherwise stated, all the capitalised terms used herein shall have the same meaning as those adopted in the Announcements.

The Board wishes to provide the below supplemental information in relation to the provision of the Loan to Dr. Tong and the Loan Extension.

**FURTHER INFORMATION ON THE REASONS FOR THE LOAN EXTENSION**

As disclosed in the Announcements, it has been the intention of Dr. Tong since the grant of the Loan on 8 February 2022 to repay the Loan in full by 30 June 2022 by way of, including but not limited to, selling his Shares in the Company at an appropriate time and the Board has continuously been in communication with Dr. Tong in relation to his sale plan. The Company would like to reiterate that since the grant of the Loan, Dr. Tong has been under tremendous pressure to repay the Loan by disposing his Shares and the Board has strictly implemented the internal control measures (the “**Measures**”) as disclosed in the Announcements to monitor the financial condition of Dr. Tong. Notwithstanding that, the Loan was extended due to (i) restrictions on his dealing in the Shares as a Director since the provision of the Loan including those in relation to a blackout period for the publication of the Company’s 2021 annual results; (ii) strict compliance with Listing Rules requirements in relation to dealing in the Shares; and (iii) difficulties in consummating a block trade of the Shares within the specified time period considering the potential adverse effect on the stock price of the Shares and the Shareholders.

In considering the Loan Extension, the Board took into account the following factors:

- (a) the timing of a block sale of Shares by Dr. Tong must be determined with extreme care as it may be perceived by the market as a sign that there is a setback or that Dr. Tong lacks confidence in the approval process of Prixelutamide, which is likely to cause the price of the Shares to significantly drop to the detriment of the Shareholders;
- (b) the terms and conditions of the Supplemental Loan Agreement were determined in accordance with prevailing market terms with reference to the interest rates charged by major Hong Kong banks on unsecured personal loans;
- (c) after conducting extensive due diligence and evaluation on the repayment capability of Dr. Tong, the Board was satisfied that the value of his net assets was substantially sufficient to cover the outstanding principal amount of the Loan;
- (d) the Loan Extension will continue to generate higher interest income on funds which would otherwise be idle as compared to the time deposits and wealth management products currently held by the Group;
- (e) the Loan Extension does not impose any pressure on the cashflow of the Company, and will not lead to any adverse effect on the Company's operations or research and development activities; and
- (f) the Company has in place, and will strictly implement, various internal control and risk management measures including but not limited to the Measures and the Further Safeguard (as defined below), to ensure timely repayment of the Loan (as extended by the Supplemental Loan Agreement) by Dr. Tong.

In light of the above, the Board is of the view that the Loan Extension is in the interest of the Company and its Shareholders as a whole.

As at the date of this supplemental announcement, Dr. Tong, through his wholly-owned company KT International Investment Limited, beneficially owns 51,037,270 Shares. Based on the closing price of the Shares as at 22 July 2022 of HK\$17.32, such Shares have a market value of approximately HK\$884.0 million, which substantially exceeds the outstanding principal amount of the Loan of HK\$110,087,408. In view of the foregoing, the Board considers that Dr. Tong has the financial capability to repay the Loan in full by 30 November 2022.

## **FURTHER SAFEGUARD MEASURES TO ENSURE REPAYMENT OF THE LOAN BY 30 NOVEMBER 2022**

The Board has strictly implemented the Measures including but not limited to (i) withholding Dr. Tong's monthly salary and bonus to set off any outstanding Loan balance by 30 June 2022; (ii) the review of the monthly cashflow statements and progress reports provided by Dr. Tong; and (iii) the deliberation with Dr. Tong by the Board in relation to the monthly repayment reports. As at the date of this supplemental announcement, Dr. Tong has repaid principal amount of RMB1,376,154.63 (equivalent to approximately HK\$1,610,100.92), which was entirely paid out of his post-tax salary and bonus for the five months ended 30 June 2022.

As a further safeguard measure to ensure repayment of the Loan by 30 November 2022, Dr. Tong executed an irrevocable and unconditional undertaking in favor of the Company on 29 June 2022 that the Company will have priority to the proceeds resulting from any disposal of the Shares held by Dr. Tong unless and until the Loan and all accrued interest are repaid in full and that he will not seek a further extension of maturity date of the Loan beyond 30 November 2022 (the "**Further Safeguard**").

### **REPAYMENT PLAN OF THE LOAN**

The Company has requested and obtained from Dr. Tong a repayment plan to ensure structured and full repayment of the Loan by 30 November 2022, a summary of which is set out below:

- (a) Dr. Tong will use the proceeds from the disposal of a selected portion of his financial assets (other than the Shares held by him), and the majority of his monthly salary (post-tax) for the five months ending 30 November 2022 and unpaid post-tax bonus (amounting to approximately HK\$1.4 million), as the first source of funds to repay the outstanding principal amount of the Loan and all accrued interest;
- (b) Dr. Tong will endeavor to sell part of the Shares held by him in block trades no later than 31 October 2022, which is expected to take approximately four weeks to complete. In any event, Dr. Tong will settle the sale of his Shares and use the proceeds to repay the Loan and all accrued interest in full by 30 November 2022; and
- (c) Dr. Tong will pursue an immediate sale of his properties as the last source of funds if the funds raised under sub-paragraphs (a) and (b) above are not sufficient to repay the Loan and all accrued interest in full by 31 October 2022.

The Board will continue to implement the Measures to enable it to have a timely and effective understanding of Dr. Tong's liquidity and assets status, identify any deviation from the above repayment plan at an early stage and ensure the repayment of the Loan on a timely basis.

Should Dr. Tong fail to repay the Loan (as extended by the Supplemental Loan Agreement) in full by 30 November 2022, the Company will consider further enforcement options, including but not limited to, requesting Dr. Tong to pledge relevant assets for foreclosure purpose.

The additional information as disclosed above does not affect any other information contained in the Announcements and all other information and content set out in the Announcements shall continue to be valid for all purposes. This supplemental announcement is supplemental to, and should be read in conjunction with, the Announcements.

By order of the Board  
**KINTOR PHARMACEUTICAL LIMITED**  
**Dr. Youzhi Tong**  
*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 22 July 2022

*For the purpose of this announcement and for illustration purpose only, conversion of RMB to HK\$ is based on the exchange rate of RMB to HK\$1.17. No representation is made that any amounts in RMB have been or could be converted at the above rate or any other rates.*

*As of the date of this announcement, the executive Directors are Dr. Youzhi Tong and Ms. Yan Lu; the non-executive Directors are Mr. Weipeng Gao, Ms. Geqi Wei and Mr. Chengwei Liu; and the independent non-executive Directors are Dr. Michael Min Xu, Mr. Wallace Wai Yim Yeung and Prof. Liang Tong.*

\* *For identification purpose only*