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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)

- (1) TOP-UP PLACING OF EXISTING SHARES**
(2) SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE
AND
(3) SALE OF SHARES BY THE VENDOR

Joint Placing Agents



HSBC

J.P.Morgan

TOP-UP PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE AND SALE OF SHARES BY THE VENDOR

On 31 August 2022 (before trading hours), the Company and the Vendor entered into the Agreement with the Placing Agents, pursuant to which, (i) the Vendor agreed to sell, and the Placing Agents agreed, as agents of the Vendor, to procure purchasers to purchase, on a best effort basis, 34,130,000 Shares in aggregate held by the Vendor or, failing which, to purchase such Shares, at a price of HK\$13.94 per Share, representing approximately 8.8% of the issued share capital of the Company as at the date of this announcement; and (ii) the Vendor conditionally agreed to subscribe as principal for, and the Company conditionally agreed to issue, 25,597,500 new Shares, being the Subscription Shares, at the Subscription Price, which is equivalent to the Placing Price of HK\$13.94 per Share.

The net proceeds from the Subscription are estimated to be approximately HK\$347.5 million, net of professional fees and out-of-pocket expenses. The Company intends to use all of the net proceeds from the Subscription for the clinical development and commercialisation of prixelutamide and the clinical development of pyrilitamide.

Since the total number of Shares to be sold by the Vendor is more than the total number of Shares to be subscribed by the Vendor, the Vendor will in effect sell down 8,532,500 Shares, representing approximately 2.2% of the issued share capital of the Company as at the date of this announcement (before trading hours) at the price of HK\$13.94 per Share. The net proceeds to be received by the Vendor from the Sell Down are estimated to be approximately HK\$116.8 million (after deducting underwriting fee and transaction costs), which is expected to be used by the Vendor to repay the loan due from the Vendor to the Company in full. For further details on the loan, please refer to the announcements of the Company dated 9 February 2022, 22 April 2022, 29 June 2022 and 22 July 2022, respectively.

THE AGREEMENT

Date

31 August 2022 (before trading hours)

Parties

- (1) the Company;
- (2) the Vendor; and
- (3) the Placing Agents.

Company

The Company is an investment holding company. The Group is principally engaged in the research and development of innovative medicine products.

Vendor

The Vendor is an exempted company incorporated in the BVI with limited liability and is wholly-owned by Dr. Tong, the co-founder, chairman of the Board, an executive Director, Chief Executive Officer and a substantial shareholder of the Company. The Vendor is interested in 51,037,270 Shares, representing approximately 13.2% of the existing issued share capital of the Company as at the date of this announcement.

Placing Agents

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agents are independent of, and not connected with, the Company and its connected persons.

Pursuant to the Agreement and subject to its terms and conditions, (i) the Vendor agreed to sell, and the Placing Agents agreed, as agents of the Vendor, to procure purchasers to purchase, on a best effort basis, 34,130,000 Shares held by the Vendor or, failing which, to purchase such Shares, at a price of HK\$13.94 per Share, representing approximately 8.8% of the issued share capital of the Company as at the date of this announcement; and (ii) the Vendor conditionally agreed to subscribe as principal for, and the Company conditionally agreed to issue, 25,597,500 new Shares, being the Subscription Shares, at the Subscription Price, which is equivalent to the Placing Price of HK\$13.94 per Share.

Details of the Placing and the Subscription are set out below.

PLACING

Total Number of Placing Shares

The Placing Agents conditionally agreed to act as agents for the Vendor to place, on a several and not joint nor joint and several and best effort basis, 34,130,000 Shares, representing approximately 8.8% of the issued share capital of the Company as at the date of this announcement and approximately 8.3% of the issued share capital of the Company as enlarged by the Subscription (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Placing Price

The Placing Price of HK\$13.94 represents:

- (1) a discount of approximately 14.5% to the closing price of HK\$16.14 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (2) a discount of approximately 20.8% to the average closing price of approximately HK\$17.42 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Date; and
- (3) a discount of approximately 18.0% to the average closing price of approximately HK\$16.82 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Date.

The Placing Price of HK\$13.94 per Share was arrived at after arm's length negotiations between the Company, the Vendor and the Placing Agents by reference to the market condition and the recent closing prices per Share. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

The Company, the Vendor and the Placing Agents shall each be responsible for its/his own expenses, including legal fees and fees of other advisers, in connection with the Placing and the Agreement. The net Placing Price for the Shares sold by the Vendor after deduction of such expenses is estimated to be approximately HK\$13.6 per Placing Share.

Rights of the Placing Shares

The Placing Shares will be sold free and clear of all pledges, liens and encumbrances, equities, security interests or other claims binding upon the Vendor and have the same rights as, and rank *pari passu* with, all of the other Shares of the Company of the same class. The placees, or the Placing Agents (if and as applicable) if they elect to take up any Placing Shares, will receive all dividends and distributions declared, made or paid on or after the relevant transaction date.

Independence of Placees

None of the Company and the Vendor is or has been participating in selecting or identifying placees for the Placing.

It is expected that the Placing Shares will be placed by the Placing Agents to not less than six professional, institutional and/or individual investors who, together with their respective ultimate beneficial owners, are third parties independent of and not connected with the Company or its connected persons. It is not expected that any such investor will become a substantial shareholder of the Company as a result of the Placing.

Completion of the Placing

The closing of the Placing shall take place on the second business day of the Agreement or at such other time and/or date as the Vendor and the Placing Agents may agree (the “**Placing Closing Date**”).

Condition of the Placing

The Placing is conditional upon (i) the customary termination events as set out in the Agreement not having occurred before the Placing Closing Date; (ii) the representations, warranties and undertakings made by any of the Company and the Vendor pursuant to the Agreement being true and accurate and not misleading as of the date of the Agreement and the Placing Closing Date; (iii) any breach of, or failure to perform, any of the other obligations of each of the Company and the Vendor not having occurred on or before the Placing Closing Date; (iv) the imposition of any moratorium, suspension or material restriction on trading in shares or securities generally on major stock exchanges, any material disruption in securities settlement, payment or clearance services or the imposition of any moratorium on commercial banking activities in major jurisdictions not having occurred on or before the Placing Closing Date, and (v) the Placing Agents having received on the Placing Closing Date.

Lock-up Arrangements

The Vendor undertakes to the Placing Agents for a period beginning on the date of the Agreement and ending on the date which is 60 days after the date of the Agreement that it shall not, and shall procure that none of its nominees, any person controlled by it, any trust associated with it or any person acting on its or their behalf shall, without the prior written consent of the Placing Agents, (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (excluding the Placing Shares) or any interests therein or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction. The foregoing shall not apply to the Placing under the Agreement.

The Company undertakes to the Placing Agents for a period beginning on the date of the Agreement and ending on the date which is 60 days after the date of the Agreement that it will not, without the prior written consent of the Placing Agents, (i) allot or issue or offer to 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 or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transaction described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above. The foregoing shall not apply to the Subscription Shares.

SUBSCRIPTION

Number of Subscription Shares

The number of Subscription Shares is 25,597,500 Shares in aggregate, representing approximately 6.6% of the issued share capital of the Company as at the date of this announcement and approximately 6.2% of the issued share capital of the Company as enlarged by the Subscription (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares). The aggregate nominal value of the Subscription Shares is approximately US\$2,559.8.

Subscription Price

The Subscription Price is equivalent to the Placing Price. The Company and the Vendor shall each be responsible for its/his own expenses, including legal fees and fees of other advisers, in connection with the Subscription. The net share price for the Subscription after deduction of such expenses is estimated to be approximately HK\$13.57 per Subscription Share.

General Mandate

The issue of the Subscription Shares will not be subject to the Shareholders' approval and the Subscription Shares will be issued under the General Mandate granted to the Directors pursuant to the resolution passed by then Shareholders on 30 June 2022 to allot, issue and deal with up to 20% of the issued share capital of the Company as at the date of passing such resolution (i.e. not exceeding 77,517,920 Shares). The Company has not issued any Shares pursuant to the General Mandate up to the date of this announcement.

Ranking of the Subscription Shares

The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid on or after the date of allotment.

Conditions of the Subscription

Completion of the Subscription is conditional upon the fulfilment of the following conditions:

- (1) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares; and
- (2) completion of the Placing having occurred pursuant to the terms of the Agreement.

Completion of the Subscription

Completion of the Subscription shall take place at a time to be fixed between the parties upon which the last of the conditions to the completion of the Subscription to be satisfied shall have been so satisfied provided that it shall take place on a date no later than 14 days after the date of the Agreement, or at such other time and/or date as the Company, the Vendor and the Placing Agents may agree in writing and in compliance with the Listing Rules. In the event that the conditions are not fulfilled within 14 days following the date of the Agreement (or such later date as may be agreed between the Company, the Vendor and the Placing Agents), the obligations and liabilities of the Vendor and the Company under the Subscription will cease and terminate.

As the Vendor (a substantial shareholder of the Company) is a connected person of the Company and the Subscription constitutes a connected transaction of the Company exempt under Rule 14A.92(4) of the Listing Rules, if the Subscription is not completed within 14 days after the date of the Agreement, the relevant provisions of the Listing Rules in relation to connected transaction will apply (including the independent shareholders' approval requirement) to the Subscription, unless otherwise waived by the Stock Exchange. Further announcement will be made by the Company if this occurs.

Application for listing

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

SELL DOWN BY THE VENDOR

Since the total number of Shares to be sold by the Vendor is more than the total number of Shares to be subscribed by the Vendor, the Vendor will in effect sell down 8,532,500 Shares, representing approximately 2.2% of the issued share capital of the Company as at the date of this announcement (before trading hours) at the price of HK\$13.94 per Share (the "Sell Down").

The net proceeds to be received by the Vendor from the Sell Down are estimated to be approximately HK\$116.8 million (after deducting underwriting fee and transaction costs), which is expected to be used by the Vendor to repay the loan due from the Vendor to the Company in full. For further details on the loan, please refer to the announcements of the Company dated 9 February 2022, 22 April 2022, 29 June 2022 and 22 July 2022, respectively.

REASON FOR THE PLACING AND THE SUBSCRIPTION

The Placing and the Subscription are being undertaken to supplement the Group's long-term funding of its expansion plan and growth strategies. The Directors consider that the Placing and the Subscription will also provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company.

USE OF PROCEEDS

The net proceeds from the Subscription are estimated to be approximately HK\$347.5, net of professional fees and out-of-pocket expenses. The Company intends to use the net proceeds from the Subscription for the clinical development and commercialisation of prixelutamide and the clinical development of pyrilitamide, as follows:

- (i) approximately 75% of the net proceeds will be allocated to the clinical development and preparation for the commercialisation of prixelutamide; and
- (ii) approximately 25% of the net proceeds will be allocated to the clinical development of pyrilitamide.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any fund-raising activity involving issuing equity securities during the 12 months immediately before the date of this announcement.

Public Float

The Directors confirm that, immediately after completion of the Placing and the Subscription, the public float of the Company will be no less than 25% of the Company's issued share capital as enlarged by the Subscription (assuming there is no change in the issued share capital of the Company from the date of this announcement to the date of the Subscription save for the issue of the Subscription Shares).

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are fair and reasonable and believe that the Placing and the Subscription are in the best interests of the Company and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and immediately after the Placing and the Subscription will be as follows⁽¹⁾:

Shareholder	As at the date of this announcement		Immediately after completion of only the Placing (assuming the Subscription is not completed)		Immediately after completion of the Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Vendor ⁽²⁾	51,037,270	13.2%	16,907,270	4.4%	42,504,770	10.3%
Placees	-	-	34,130,000	8.8%	34,130,000	8.3%
Other Shareholders	336,552,330	86.8%	336,552,330	86.8%	336,552,330	81.4%
Total	<u>387,589,600</u>	<u>100.00%</u>	<u>387,589,600</u>	<u>100.00%</u>	<u>413,187,100</u>	<u>100.00%</u>

Notes:

- (1) This table does not take into account any Shares that may be issued pursuant to the exercise of any options granted under any existing share option schemes of the Company, during the relevant period or time above-mentioned.
- (2) As at the date of this announcement, the Vendor is an exempted company incorporated in the BVI with limited liability and is wholly-owned by Dr. Tong, the co-founder, chairman of the Board, an executive Director, Chief Executive Officer and a substantial shareholder of the Company.
- (3) Since the total number of Shares to be sold by the Vendor is more than the total number of Shares to be subscribed by the Vendor, the Vendor will in effect sell down 8,532,500 Shares, representing approximately 2.2% of the issued share capital of the Company as at the date of this announcement (before trading hours) at the price of HK\$13.94 per Share.

GENERAL

Completion of the transactions contemplated under the Agreement is subject to the Agreement not being terminated in accordance with the terms thereof, and is subject to the satisfaction of conditions precedent under the Agreement. As the Placing and/or the Subscription may or may not proceed to completion, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Agreement”	the placing and subscription agreement dated 31 August 2022 and entered into among the Company, the Vendor and the Placing Agents
“associates”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Kintor Pharmaceutical Limited, an exempted company with limited liability incorporated in the Cayman Islands
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Tong”	Dr. Youzhi Tong (童友之), the co-founder, chairman of the Board, an executive Director and a substantial shareholder of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to the resolution passed by then Shareholders on 30 June 2022 to allot, issue and deal with up to 20% of the issued share capital of the Company as at the date of passing such resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	30 August 2022, being the last trading day prior to the signing of the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Placing”	the placing of the Placing Shares by the Vendor to independent professional, institutional and/or individual investors to be procured by the Placing Agents under the Agreement

“Placing Agents”	The Hongkong and Shanghai Banking Corporation Limited and J.P. Morgan Securities (Asia Pacific) Limited
“Placing Price”	HK\$13.94 per Placing Share (exclusive of all brokerage, Hong Kong stamp duty, transaction levies of the Securities and Futures Commission and trading fees of the Stock Exchange)
“Placing Shares”	an aggregate of 34,130,000 Shares currently owned by the Vendor and to be placed pursuant to the Agreement
“PRC”	the People’s Republic of China, and for the purposes of this announcement only and except where the context requires otherwise, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Share(s)”	shares in the capital of the Company with nominal value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Agreement
“Subscription Price”	HK\$13.94 per Subscription Share, which is equal to the Placing Price
“Subscription Shares”	an aggregate of 25,597,500 new Shares to be issued by the Company and subscribed by the Vendor under the Agreement
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America

“Vendor”

KT International Investment Limited, an exempted company incorporated in the BVI with limited liability, being a substantial shareholder of the Company interested in 51,037,270 Shares, representing approximately 13.2% of the existing issued share capital of the Company as at the date of this announcement, is wholly-owned by Dr. Tong

“%”

per cent

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

Hong Kong, 31 August 2022

As at 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*