

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Neither this announcement nor any copy thereof may be released into or distributed directly or indirectly in the United States or any other jurisdiction where such release or distribution might be unlawful.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.

This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or in any other jurisdiction where such offer is unlawful. The securities mentioned herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended from time to time (the “U.S. Securities Act”) or any other state securities law in the United States, and may not be offered or sold within the United States unless registered under the U.S. Securities Act or pursuant to an exemption from, or in a transaction not subject to, registration under the U.S. Securities Act. The Company has no intention to register under the U.S. Securities Act any of the securities referred to herein or to conduct a public offering of securities in the United States.



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**

Overall Coordinators and Placing Agents



**The Hongkong and Shanghai Banking
Corporation Limited**

J.P.Morgan

**J.P. Morgan Securities
(Asia Pacific) Limited**

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

On 9 December 2022 (after 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 severally (not jointly nor jointly and severally) agreed, as agents of the Vendor, to procure purchasers to purchase, on a best effort basis, 42,000,000 Shares in aggregate held by the Vendor, at a price of HK\$12.94 per Share, representing approximately 10.3% 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, 40,000,000 new Shares, being the Subscription Shares, at the Subscription Price, which is equivalent to the Placing Price of HK\$12.94 per Share.

The net proceeds from the Subscription are estimated to be approximately HK\$509.1 million, after deducting related fees and expenses. The Company intends to use all of the net proceeds from the Subscription for the clinical development and/or commercialisation of prixelutamide (GT0918), pyrilutamide (KX-826) and AR-PROTAC (GT20029) in China and worldwide.

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 2,000,000 Shares, representing approximately 0.5% of the issued share capital of the Company as at the date of this announcement at the price of HK\$12.94 per Share.

THE AGREEMENT

Date

9 December 2022 (after 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, the Chief Executive Officer and a substantial shareholder of the Company. The Vendor is interested in 42,504,770 Shares, representing approximately 10.4% 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 severally (not jointly nor jointly and severally) agreed, as agents of the Vendor, to procure purchasers to purchase, on a best effort basis, 42,000,000 Shares held by the Vendor, at a price of HK\$12.94 per Share, representing approximately 10.3% 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, 40,000,000 new Shares, being the Subscription Shares, at the Subscription Price, which is equivalent to the Placing Price of HK\$12.94 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, 42,000,000 Shares, representing approximately 10.3% of the issued share capital of the Company as at the date of this announcement and approximately 9.4% 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\$12.94 represents:

- (1) a discount of approximately 9.8% to the closing price of HK\$14.34 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 2.6% to the average closing price of approximately HK\$13.28 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the Last Trading Day; and

- (3) a discount of approximately 1.3% to the average closing price of approximately HK\$13.11 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the Last Trading Day.

The Placing Price of HK\$12.94 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 net Placing Price for the Shares sold by the Vendor after deduction of the relevant expenses is estimated to be approximately HK\$12.73 per Placing Shares. 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 and the Vendor shall each be responsible for (i) its own expenses, including legal fees and fees of other advisers, in connection with the Placing and the Agreement; and (ii) the expenses incurred by the Placing Agents in connection with the Agreement (other than the fees and expenses of their legal advisers which shall be borne by the Placing Agents).

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 places, 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 date of the Agreement.

Independence of Places

None of the Company and the Vendor is or has been participating in selecting or identifying places 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.

Commission

In consideration of the services provided by the Placing Agents under the Agreement, the Placing Agents are entitled to a commission equal to 1.2% of the aggregate value of the Subscription Shares at the Placing Price, a commission equal to 0.5% of the aggregate value of the portion by which the Placing Shares exceed the Subscription Shares at the Placing Price, as well as an additional incentive of up to 0.3% of the aggregate value of the Subscription Shares at the Placing Price.

Completion of the Placing

The closing of the Placing shall take place on 14 December 2022 or at such other time and/or date as the Vendor and the Placing Agents may agree (the “**Placing Closing Date**”).

Conditions 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 under the Agreement not having occurred on or before the Placing Closing Date; (iv) the imposition of any suspension or limitation of trading in shares or securities generally on major stock exchanges, any material disruption in commercial banking or 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 the relevant legal opinion.

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 90 days after the Placing Closing Date 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, sell, contract to sell, grant any option over, make any short sale 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 90 days after the date of the Placing Closing Date 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 issue of the Subscription Shares.

SUBSCRIPTION

Number of Subscription Shares

The number of Subscription Shares is 40,000,000 Shares in aggregate, representing approximately 9.8% of the issued share capital of the Company as at the date of this announcement and approximately 8.9% 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 US\$4,000.

Subscription Price

The Subscription Price is equivalent to the Placing Price. The Company and the Vendor shall each be responsible for its 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\$12.73 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). As at the date of this announcement, the Company has issued 19,910,000 Shares pursuant to the General Mandate. For details, please refer to the announcements of the Company dated 30 August 2022, 31 August 2022 and 7 September 2022, respectively, in relation to the previous top-up placing of existing Shares and subscription for new Shares under the General Mandate.

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 on the second business day after the date 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 2,000,000 Shares, representing approximately 0.5% of the issued share capital of the Company as at the date of this announcement at the price of HK\$12.94 per Share (the "**Sell Down**").

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\$509.1 million, after deducting related fees and expenses. The Company intends to use the net proceeds from the Subscription for the clinical development and/or commercialisation of the following pipelines in China and worldwide:

- (i) approximately 70% of the net proceeds will be allocated to the clinical development and preparation for the commercialisation of prixelutamide (GT0918) for the treatment of COVID-19;
- (ii) approximately 25% of the net proceeds will be allocated to the clinical development of pyrilutamide (KX-826) for the treatment of androgenetic alopecia (“AGA”) and acne vulgaris; and
- (iii) approximately 5% of the net proceeds will be allocated to the clinical development of AR-PROTAC (GT20029) for the treatment of AGA and acne vulgaris.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The following is the equity fund raising activity conducted by the Company in the past 12 months immediately preceding the date of this announcement:

Dates of announcements	Fund raising activity	Net proceeds	Intended use of net proceeds	Actual use of net proceeds
30 August 2022, 31 August 2022, 7 September 2022	Top-up placing under the General Mandate	Approximately HK\$273.0 million	For the clinical development and commercialisation of prixelutamide and the clinical development of pyrilutamide	As at the date of this announcement, the Group has utilized (i) approximately HK\$113.0 million on the clinical development and preparation for the commercialisation of prixelutamide; and (ii) approximately HK\$19.3 million on the clinical development of pyrilutamide.

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	Approximately %	Number of Shares	Approximately %	Number of Shares	Approximately %
Vendor ⁽²⁾	42,504,770	10.4%	504,770	0.1%	40,504,770	9.1%
Placees	–	–	42,000,000	10.3%	42,000,000	9.4%
Other Shareholders	364,994,830	89.6%	364,994,830	89.6%	364,994,830	81.6%
Total	<u>407,499,600</u>	<u>100%</u>	<u>407,499,600</u>	<u>100%</u>	<u>447,499,600</u>	<u>100%</u>

- (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 2,000,000 Shares, representing approximately 0.5% of the issued share capital of the Company as at the date of this announcement at the price of HK\$12.94 per Share.
- (4) The percentages of the Shares immediately after completion of the Subscription may not add up to 100% due to rounding.

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 9 December 2022 (after trading hours) and entered into among the Company, the Vendor and the Placing Agents
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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, the Chief Executive Officer 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”	9 December 2022, being the last full trading day prior to the signing of the Agreement (also being the date 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\$12.94 per Placing Share (exclusive of all brokerage, Hong Kong stamp duty, transaction levies of the Securities and Futures Commission and the Accounting and Financial Reporting Council and trading fees of the Stock Exchange)
“Placing Shares”	an aggregate of 42,000,000 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 of the PRC 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\$12.94 per Subscription Share, which is equal to the Placing Price
“Subscription Shares”	an aggregate of 40,000,000 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 42,504,770 Shares, representing approximately 10.4% 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, 11 December 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*