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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)

DISCLOSABLE TRANSACTION

RETURN OF LAND USE RIGHT IN PINHU, ZHEJIANG, PRC

RETURN OF LAND USE RIGHT

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 25 April 2024, the Seller (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with the Buyer, pursuant to which the Seller has agreed to return and the Buyer has agreed to acquire, the Land Use Right in respect of certain land parcel in Pinhu, Zhejiang, PRC, for the consideration of approximately RMB26.07 million.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Return exceeds 5% but is less than 25%, the Return constitutes a disclosable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules but exempt from the Shareholders’ approval requirement.

INTRODUCTION

The Board is pleased to announce that on 25 April 2024, the Seller (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with the Buyer, pursuant to which the Seller has agreed to return and the Buyer has agreed to acquire, the Land Use Right in respect

of certain land parcel in Pinhu, Zhejiang, PRC, for the consideration of approximately RMB26.07 million.

THE AGREEMENT

The principal terms of the Agreement are summarized below:

DATE

25 April 2024

PARTIES

- (i) the Seller: Kintor Pharmaceutical (Zhejiang) Co., Ltd. (an indirect wholly-owned subsidiary of the Company)
- (ii) the Buyer: Zhejiang Dushan Port Economic Development Zone Management Committee

INFORMATION ON LAND USE RIGHT

- (i) Location: South of Zhongshan Road and West of Huigang Road, Dushan Port Economic Development Zone, Pinhu, Zhejiang
- (ii) Area: Approximately 40,000 square meters
- (iii) Land Use Right Holder: the Seller
- (iv) Value: the book value of the Land Use Right was approximately RMB23.64 million as of 31 December 2023 (audited)

CONSIDERATION

(i) Basis of the Consideration

The Consideration was determined based on the actual expense paid by the Seller for the acquisition of the Land Use Right, including Land transfer price (minus the refund of the Land transfer price discount) and ancillary government tax and fees. The Consideration is approximately RMB26.07 million. The Board considers that the terms of the Return (including the Consideration) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(ii) Consideration Milestones

- a) 40% of the Consideration shall be paid to the Seller within 30 days after the completion of the signing of the Agreement and the delivery of the Land certificate to the Buyer;
- b) 60% of the Consideration shall be paid to the Seller within 60 days after the completion of the Land return procedures and the cancellation of the original Land certificate.

REASONS FOR AND BENEFITS OF THE RETURN

After the acquisition of Land Use Right, the Seller did not begin development on the Land because of the outbreak of the COVID-19 pandemic and the change in the Company's new drug development strategies, etc. In consideration of the Company's overall business strategies, both the Seller and the Buyer agreed to the Return after arm's length negotiation. The Board considers that the Return would release cashflow for the research and the commercialization of Company's core products, which is in line with the Group's sustainable development strategies and long-term planning.

FINANCIAL IMPLICATIONS OF THE RETURN AND USE OF THE PROCEEDS

The Return is expected to bring in approximately RMB26.07 million cashflow to the Group in 2024, and result in a profit of approximately RMB2.43 million (unaudited). The proceeds is to be utilized on the research and the commercialization of Company's core products KX-826 and GT20029, and general working capital needs.

BASIC INFORMATION ON THE PARTIES

INFORMATION OF THE SELLER AND THE GROUP

The Seller is an indirect wholly-owned subsidiary of the Company, principally engaged in the business of the manufacturing of drugs. The Company is an investment holding company incorporated in Cayman Island, principally engaged in the business of innovative drug development through its subsidiaries. We have six innovative potential first-in-class/best-in-class drug candidates at phase I-III clinical stage. Our pipelines cover indications of dermatology such as androgenetic alopecia and acne vulgaris, and indications of tumors.

INFORMATION OF THE BUYER

The Buyer is a local government authority in PRC, principally engaged in local investment promotion.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Buyer and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Return exceeds 5% but is less than 25%, the Return constitutes a disclosable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules but exempt from the Shareholders' approval requirement.

DEFINITIONS

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

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| “Agreement” | the agreement with respect to the Return entered into between the Seller and the Buyer on 25 April 2024 |
| “Buyer” | Zhejiang Dushan Port Economic Development Zone Management Committee |
| “China” or “PRC” | the People's Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macao and Taiwan |
| “Company” | Kintor Pharmaceutical Limited, formerly known as KTKM Holdings Inc., an exempted company with limited liability incorporated in the Cayman Islands on 16 May 2018 whose Shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited with stock code 9939 |
| “Consideration” | approximately RMB26.07 million, being the price at which the Seller returned, and the Buyer acquired, the Land Use Right under the Agreement |
| “COVID-19” | coronavirus disease 2019 |
| “Group” | the Company and its subsidiaries |
| “Land Use Right” or “Land” | the land use right in respect of certain land parcel located at the south of Zhongshan Road and west of Huigang Road, Dushan Port Economic Development Zone, Pinhu, Zhejiang and covering approximately 40,000 square meters |

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| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited |
| “Pinhu” | Pinhu City, Zhejiang Province, PRC |
| “Return” | the return of the Land Use Right from the Seller to the Buyer pursuant to the Agreement |
| “RMB” | Renminbi yuan, the lawful currency of the PRC |
| “Seller” | Kintor Pharmaceutical (Zhejiang) Co., Ltd. (an indirect wholly-owned subsidiary of the Company), a company incorporated in the PRC |
| “Shareholder” | shareholder(s) of the Company |
| “%” | percentage |

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

Hong Kong, 26 April 2024

As at the date of this announcement, the executive Directors are Dr. Youzhi Tong, Dr. Qun Lu and Dr. Xiang Ni; 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*