This announcement contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical fact are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control, that may cause the actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

開拓藥業有限公司*

KINTOR PHARMACEUTICAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9939)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board (the "**Board**") of Directors (the "**Directors**") of the Company is pleased to announce the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2024, together with comparative figures for the six months ended 30 June 2023.

FINANCIAL HIGHLIGHTS

- Our net loss decreased by RMB140.6 million or 66.3% from RMB212.1 million for the six months ended 30 June 2023 to RMB71.5 million for the six months ended 30 June 2024, which was mainly attributable to the decrease of our Group's research and development costs and administrative expenses.

- Our R&D costs decreased by RMB125.3 million or 76.1% from RMB164.6 million for the six months ended 30 June 2023 to RMB39.3 million for the six months ended 30 June 2024. Such decreased costs were mainly attributable to the Group's increasing focus on investments in core dermatology pipelines KX-826 and GT20029, which have much lower costs compared to oncology pipelines. The Company internally summarises the results and experience of previous clinical trials, and further improves the requirements and measures before conducting subsequent clinical trials. The Group is continuing to explore different approaches to further promote the commercialization of the Company's cosmetic products worldwide.

- Our administrative expenses decreased by RMB17.3 million or 33.8% from RMB 51.2 million for the six months ended 30 June 2023 to RMB33.9 million for the six months ended 30 June 2024. Such decrease was mainly attributable to the reduction in employee benefit and share-based compensation expenses during the Reporting Period.

- The Group had cash and cash equivalents and time deposits of RMB333.7 million as at 30 June 2024. In addition, the Group had unutilised bank facilities of RMB80.0 million as at 30 June 2024. The Group has sufficient cash on hand to support the advancement of the Group's clinical trials and research and development.

- The Board resolved not to pay any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

BUSINESS HIGHLIGHTS

As at the date of this announcement, we have six innovative potential first-in-class/ best-in-class drug candidates at phase I-III clinical stage. Based on the Company's clear strategic layout in the field of dermatology and relying on its strong execution, the Company has rapidly advanced various clinical trials around the world, among which the following milestones and achievements have been achieved since 2024:

KX-826

AGA Indication

- On 1 February 2024, the Company announced that the phase Ib/III clinical trial of KX-826 in combination with minoxidil for the treatment of male adults with AGA had been cleared by the NMPA. The trial aims to evaluate the efficacy and safety of KX-826 in combination with minoxidil for the treatment of male adults with AGA in China.

- On 24 May 2024, the Company announced that the clinical trial of KX-826 tincture 1.0% for the treatment of male adult AGA in China had received clearance by NMPA. The trial aims to evaluate the efficacy and safety of KX-826 tincture 1.0% for the topical treatment of male adults with AGA in China. Preclinical studies have shown that the KX-826 tincture 1.0% has significantly increased the retention concentration of the tincture on human scalp cells compared to the KX-826 tincture 0.5% used in the previous phase III clinical trial, and is expected to enhance the clinical efficacy.

- On 4 June 2024, the Company announced that KX-826 received the INCI review approval from the International Cosmetic Ingredient Nomenclature Committee. The assigned INCI name is Methylpyridinyl Fluoromethoxybenzonitrile Dimethyloxothiooxoimidazolidine. INCI names are systemic names recognised worldwide for the identification of cosmetic ingredients and are cited by product labeling regulations in many countries.

- On 10 July 2024, the Company announced the official launch of its topical anti-hair loss solution for AGA, which is the new high-end cosmetics brand KOSHINÉ's first cosmetic product with KX-826 as the main ingredient.

AR-PROTAC Compound (GT20029)

- On 21 April 2024, we announced that the China phase II clinical trial of AR-PROTAC compound GT20029 tincture for the treatment of AGA has reached the primary endpoint, with statistically significant and clinically meaningful results, as well as good safety and tolerability.

- On 17 June 2024, the Company announced the completion of the first subject enrollment in the phase II clinical trial in China of AR-PROTAC compound GT20029 for the treatment of acne.

For details of any of the foregoing, please refer to the rest of this announcement (if applicable), and the Company's prior announcements published on the Stock Exchange's and the Company's websites.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

We are a clinical-stage novel drug developer in China focusing on developing potential first-in-class/best-in-class drugs for unmet clinical needs. We have six innovative potential first-in-class/best-in-class drug candidates at phase I-III clinical stage, and we are committed to becoming a leader in the research, development and commercialisation of innovative therapies. Our products aim at tackling the unmet clinical needs and our pipelines cover indications of dermatology such as AGA and acne vulgaris, and indications of tumors. The two Core Products, namely KX-826 and GT20029, have entered phase III and phase II clinical stage, respectively. As at the date of this announcement, the Group has officially launched to the international market an anti-hair loss solution with KX-826 as the main ingredient, which is the first cosmetic product under the Group's new high-end cosmetics brand KOSHINÉ. The Group will continue to focus on the field of dermatology, strengthen its marketing efforts, expand the usage scenarios of its products, and expedite the launch of new cosmetic products including but not limited to acne cream and whitening essence and lotion with KX-826 and KT-939, respectively, as the main ingredients, to further expand the Group's product portfolio.

As at the date of this announcement, in respect of KX-826, the Group has completed the phase III clinical trial for male AGA in China, the phase II clinical trial for female AGA in China, the phase II clinical trial for male AGA in the U.S. and the phase II clinical trial for acne in China. Meanwhile, we also initiated the long-term safety phase III trial for the treatment of AGA in China, the phase Ib/III clinical trial of KX-826 in combination with minoxidil for the treatment of AGA in China, and clinical trial of KX-826 tincture 1.0% for the treatment of male adult AGA in China. The long-term safety trial will provide more safety and efficacy data to support the long-term use of KX-826. The development of combination therapy of KX-826 and minoxidil will further explore the value of KX-826 in the field of AGA. The clinical trial of KX-826 tincture 1.0% is expected to maintain excellent safety profile and present superior efficacy compared to the KX-826 tincture 0.5%. For acne vulgaris indication, the results of the phase II clinical trial will lay the foundation for the Company's future studies.

Our second Core Product GT20029, developed in-house by the Company based on its own PROTAC platform, is the first topical PROTAC compound in the world which has entered phase II clinical stage. As at the date of this announcement, the Group has completed the phase I clinical trial of GT20029 for AGA and acne in the U.S., which demonstrated that GT20029 had good safety, tolerability, and PK characteristics. The China phase II clinical trial of AR-PROTAC compound GT20029 tincture for the treatment of AGA has reached the primary endpoint, with statistically significant and clinically meaningful results, as well as good safety and tolerability. The Company expects to actively deploy subsequent clinical strategies for GT20029, such as initiating a phase III clinical trial in China and a

phase II clinical trial in the U.S. for male AGA. In addition, during the Reporting Period, the Company completed the first subject enrollment in the phase II clinical trial in China of AR-PROTAC compound GT20029 for the treatment of acne. The phase II clinical trial was designed to evaluate the efficacy, safety and PK of GT20029 for the treatment of acne through the adoption of GT20029 0.5% QD and 1% QD as the drug-related dosage.

For other pipelines, we are exploring their commercial value in different disease areas and actively trying to improve the efficacy of drugs through combination therapies. For example, our GT1708F completed the phase I clinical trial for hematologic malignancies in China and we were granted conditional approval to conduct the phase II clinical trial of IPF in China. We are actively seeking potential opportunities to accelerate the commercialisation of various pipelines in China and globally.

Product Pipeline

Our pipeline includes a risk-balanced and diversified portfolio of drug candidates, which are committed to meeting the huge unmet medical needs and have significant market potential. Hundreds of millions of male and female patients around the world and in China suffered from AGA and acne. Based on AR targets, we have made groundbreaking developments with KX-826 and GT20029 for dermatology fields. We are rapidly advancing clinical trials and actively exploring commercialisation paths for these products to meet patients' needs including but not limited to the launch of the high-end cosmetics brand KOSHINÉ with innovative raw materials as main ingredients. In other disease areas, including mCRPC, liver cancer, IPF, hematologic malignancies and multiple solid tumors, we also have several products in/completing the clinical stage, accumulating a large amount of R&D and clinical data, with high value for cooperation in commercialisation. The following chart sets forth a summary of our drug candidates as well as their respective mechanism, indications and development progresses:

		Drug Candidate	Target / Mechanism	Indication	Country/ Region	Pre-Clinical	IND Filing (Filed)| (Accepted)	Phase I	Phase II	Phase III	NDA
Clinical stages	Dermatology	KX-826	AR antagonist (for external use)	Androgenetic alopecia (Male)	China			Data readout on Nov 27, 2023			
				Androgenetic alopecia (Female)	China			Data readout on Dec 1, 2022			
				Androgenetic alopecia (Male)	US			Data readout on May 11, 2023			
				Androgenetic alopecia (Long-term safety)	China			Completed patients enrollment on Nov 15, 2023			
				Combined with minoxidil for androgenetic alopecia (Male)	China			IND approved on Feb 1, 2024			
				Acne vulgaris	China			Ph II clinical trial completed on Aug 28, 2023			
		AR-PROTAC (GT20029)	AR-PROTAC compound	Androgenetic alopecia	China			Ph II clinical trial reached primary endpoint on Apr 21, 2024			
				Acne vulgaris	China			Completed FPI on June 17, 2024			
				Androgenetic alopecia	US			Positive top-line data released on Feb 10, 2023			
				Acne vulgaris	US			Positive top-line data released on Feb 10, 2023			
	Non-dermatology	GT1708F	Hedgehog/ SMO inhibitor	Idiopathic pulmonary fibrosis (IPF)	China			Ph II clinical trial approved in Oct 2023			
				Blood cancer	China			Ph I clinical trial completed on May 8 2023			
		GT0486	mTOR kinase inhibitor	Metastatic solid tumours	China			Completed patients enrollment on Jul 26, 2023			
		ALK-1 (GT90001)	Angiogenesis inhibitor	Combination therapy with a PD-1 for metastatic HCC (2L)	Taiwan(China)			Last patient last visit completed on Jul 7, 2022			
				Combination therapy with a PD-1 for metastatic HCC (2L)	US & Intl			Completed FPI on May 2, 2022			
				Combination therapy with a PD-1 for metastatic HCC	China			IND was approved on Oct 11, 2021			
Pre-clinical			c-Myc molecular glue	Blood cancer and solid tumors							
			PROTAC compounds	External therapy							
			ALK-1/VEGF bispecific antibody	Solid tumours							

BUSINESS REVIEW

As at the date of this announcement, we had developed six clinical-stage drugs, for which we had obtained approvals to commence clinical trials in the PRC (including Taiwan), the U.S. and other countries and regions. These clinical-stage drug candidates comprise KX-826, AR-PROTAC compound GT20029, Pruxelutamide (GT0918), Hedgehog/SMO inhibitor GT1708F, mTOR kinase inhibitor GT0486 and ALK-1 antibody GT90001, the details of which are set out as follows:

Main Products

- ***KX-826***

  KX-826 is a drug for topical use, which can block the signaling pathway of AR. It acts on the local area of peripheral skin tissue, and can reduce the sensitivity of AR to androgen in the pilosebaceous gland, and the low AR inhibitory activity of its metabolites can reduce systemic side effects.

  We own the patents of KX-826 in many countries around the world, including China. Its core patent is valid until 8 September 2030. We are currently developing KX-826 in tincture and gel as a potential first-in-class topical drug for the treatment of AGA and acne vulgaris.

  i. AGA Indication

  Where AGA occurs, the androgen binds to the AR in the hair follicle cells, and the AR undergoes a complex enzymatic reaction and forms an AR complex. The AR complex enters the nucleus, binds to a specific hormone-responsive element of the gene locus, induces or inhibits the transcription of the target gene, and synthesises specific messenger RNA (mRNA) and corresponding proteins, such as different kinds of cytokines. This regulates cell proliferation and differentiation, which causes the hair to prematurely enter into a resting period and shrinks hair follicles. The hair in the growing period gradually becomes thinner and hair follicles shrink and disappear, resulting in AGA. Abnormal changes in systemic and local androgen metabolism are important factors in the pathogenesis of AGA, and dihydrotestosterone ("**DHT**") catalysed by androgen by 5α-reductase is a contributing molecule of AGA. AR is recognised as an attributing factor for AGA. KX-826 is for topical application to locally block the androgen mediated signaling by competing with androgen to bind to AR in the targeted tissues.

As at the date of this announcement, we have completed the phase III clinical trial for male AGA in China, the phase II clinical trial for female AGA in China, and the phase II clinical trial for male AGA in the U.S.. In respect of the phase III clinical trial for male AGA in China, the topline results showed that the overall safety of the trial was good, with KX-826 demonstrating excellent safety profile and promoting hair growth compared to baseline, with statistical significance (P<0.0001). Compared with placebo, there was TAHC improvement at all visit points in KX-826 0.5% BID group with no statistical significance, but a trend in efficacy was observed. In respect of the phase II clinical trial for female AGA in China, the results have demonstrated clinically meaningful and statistically significant improvement in hair growth as measured by TAHC, and favorable safety profile. In respect of the phase II clinical trial for male AGA in the U.S., the results after 24 weeks compared to baseline were statistically and clinically meaningful, and demonstrated a favorable safety profile.

Meanwhile, we have also initiated in China the long-term safety phase III trial for the treatment of AGA, the phase Ib/III clinical trial of KX-826 in combination with minoxidil for the treatment of AGA, and clinical trial of KX-826 tincture 1.0% for the treatment of male adult AGA.

- On 1 February 2024, the Company announced that the phase Ib/III clinical trial of KX-826 in combination with minoxidil for the treatment of male adults with AGA had been cleared by the NMPA. The trial aims to evaluate the efficacy and safety of KX-826 in combination with minoxidil for the treatment of male adults with AGA in China. The Group believes that through the development of combination therapy, the efficacy of KX-826 for AGA will be further discovered.

- On 24 May 2024, the Company announced that the clinical trial of KX-826 tincture 1.0% for the treatment of male adult AGA in China had received clearance by NMPA. The trial aims to evaluate the efficacy and safety of KX-826 tincture 1.0% for the topical treatment of male adults with AGA in China. Preclinical studies have shown that the KX-826 tincture 1.0% has significantly increased the retention concentration of the tincture on human scalp cells compared to the KX-826 tincture 0.5% used in the previous phase III clinical trial, and is expected to enhance the clinical efficacy.

- On 4 June 2024, the Company announced that KX-826 received the INCI review approval from the International Cosmetic Ingredient Nomenclature Committee. The assigned INCI name is Methylpyridinyl Fluoromethoxybenzonitrile Dimethyloxothiooxoimidazolidine. INCI names are systemic names recognised worldwide for the identification of cosmetic ingredients and are cited by product labeling regulations in many countries. It was expected that the assignation would facilitate the global launch of the Company's cosmetics with KX-826 as the main ingredient.

- On 10 July 2024, the Company announced the official launch of its topical anti-hair loss solution for AGA, which is the new high-end cosmetics brand KOSHINÉ's first cosmetic product with KX-826 as the main ingredient. The Company is of the view that the launch of this new high-end cosmetics brand KOSHINÉ will provide a solid stream of revenue and cash flow to the Group, benefiting the Group as a whole in the long term.

ii. Acne vulgaris indication

Acne vulgaris is the eighth most prevalent disease in the world which affects more than 9.4% of the global population. Acne vulgaris is particularly common among adolescents and young adults as a facial disease. The pathogenesis of acne vulgaris is complicated. The influence of androgen and its receptor signaling pathway on sebaceous glands and sebum secretion is one of the important factors causing acne vulgaris. The U.S. FDA approved the first AR antagonist over the past 40 years for treatment of acne in August 2020, which had paved the way for our ongoing clinical trials in China. To date, there has been significant unmet clinical needs as no effective topical AR antagonist was approved for acne vulgaris treatment in China.

KX-826 is a well-targeted topical AR antagonist, which competitively inhibits the combination of androgen with AR in the skin tissue and is able to topically control the activation of the AR signal pathway caused by the excessive level of androgen without affecting the activity of AR signal pathway in human body. Through topical application, KX-826 is able to inhibit the combination of AR with androgen in hair follicle sebaceous glands for treatment of acne vulgaris.

Previously, we announced the completion of the phase II clinical trial of KX-826 for treatment of acne in China. The phase II clinical trial is a multicenter, randomised, double-blind and placebo-controlled clinical study designed to evaluate the safety, efficacy, tolerance and PK of topical application of KX-826 for the treatment of patients with acne vulgaris. This study included a total of 160 acne patients who met the Pillsbury grading system's grade I-III or IGA grading system's grade 2–3 who were assigned to the 0.25% QD and BID, the 0.5% QD and BID, and placebo QD and BID groups, respectively. The results show:

- At week 12, all patients who achieved treatment success (according to the 5-point IGA scale, IGA score decreasing to 0–1 and a decrease of ≥ 2 levels is defined as success) appeared in the experimental groups.

- Compared with placebo group, post hoc analysis of subgroups with baseline non-inflammatory lesion count ≥ 30 showed that counts of both non-inflammatory and inflammatory lesion in the KX-826 group were significantly improved, and the improvements had persisted until the twelfth week. The improvement effect was initially observed in the second week.

- The safety profile of KX-826 is good. During the research, most adverse events were mild local skin irritation, and the incidence rate in the KX-826 group was similar to that of the placebo group. There were no adverse events that led to withdrawal from the trial or death.

- ***AR-PROTAC Compound (GT20029)***

GT20029 has the potential to become a new generation of treatment for AGA and acne vulgaris. GT20029 is a topical AR-PROTAC compound developed by the Group's in-house PROTAC platform. It is also the first topical PROTAC compound in the world which has entered phase II clinical stage. GT20029 has a topical curative effect and can avoid systemic exposure by limiting skin penetration, and thus achieving good safety profile. The repeated PD studies in DHT-induced mouse model showed that GT20029 significantly promoted hair growth with statistical difference. The PD study of testosterone propionate-induced skin hamster flank organ acne model showed that GT20029 significantly inhibited the enlargement of the flank organ, with statistical difference.

Previously, we announced the top-line results of the phase I clinical trial of GT20029 for the treatment of AGA and acne vulgaris in both China and the U.S..

The phase I clinical trial in China is a randomised, double-blind, placebo-controlled study to evaluate the safety and PK of topical use of GT20029 (gel/tincture). The study enrolled 92 healthy subjects receiving single and multiple ascending dose administration (topical) of GT20029. The results showed that GT20029 demonstrated good safety, tolerability and PK in healthy subjects with limited system exposure. Following a single dose administration, all subjects had no detectable drug concentrations (below LLOQ, 0.001ng/mL) at all time points. Following 14-day multiple-doses topical administration, the mean maximum drug concentrations of all cohorts were lower than 0.05ng/mL. All TRAE were grade 1, and no TRAE above grade 1 was reported.

The phase I clinical trial in U.S. is a randomized, double-blind, placebo-controlled, parallel group, dose escalation study to evaluate the safety, tolerability and PK of GT20029 following topical single ascending dose administration ("**SAD**") in healthy subjects and multiple ascending dose administration ("**MAD**") in subjects with AGA or acne. The study enrolled 123 subjects, and its results showed that GT20029

demonstrated good safety, tolerability and PK following topical SAD administration in healthy subjects and MAD administration in subjects with AGA or acne vulgaris. In the SAD stage, subjects had no systemic exposure at all dose levels, and all sample concentrations were below the LLOQ (0.003 ng/mL). In the MAD stage, after 14 days of continuous administration in subjects with AGA or acne vulgaris, the systemic exposure was limited and the mean maximum observed concentration (Cmax) of all dose levels fluctuated near the LLOQ, with the highest not exceeding 0.015 ng/mL. No TEAE relating to GT20029 was reported in the SAD stage. The most common TEAEs in the MAD stage were mild, including dryness, itching, burning and pain at application sites. No SAE, severe (Grade ≥3) TEAE, and subject withdrawal or death caused by TEAE were reported.

As at the date of this announcement, the China phase II clinical trial of AR-PROTAC compound GT20029 tincture for the treatment of AGA has reached the primary endpoint, and the first subject enrollment in the China phase II clinical trial of AR-PROTAC compound GT20029 for the treatment of acne has been completed.

- On 21 April 2024, we announced the China phase II clinical trial of AR-PROTAC compound GT20029 tincture for the treatment of AGA has reached the primary endpoint, with statistically significant and clinically meaningful results, as well as good safety and tolerability. The phase II clinical trial is a multi-center, randomised, double-blind, placebo-controlled study designed to evaluate the efficacy and safety of GT20029 for treating male AGA, and to determine the recommended dosage for phase III clinical trial. This trial involves a total of 12 clinical research centers in China, and Professor Yang Qinping (楊勤萍) from Fudan University Huashan Hospital (復旦大學附屬華山醫院) is the leading principal investigator. The primary endpoint of this trial is the average change from baseline in non-vellus TAHC after 12 weeks of treatment in comparison to placebo. Safety assessments included adverse events, laboratory tests, subjective evaluations of the topical medication and dermatological assessments. The trial enrolled 180 male AGA patients, divided into QD and BIW dosing cohorts, each with control groups (dosing placebo) and experiment groups (dosing GT20029 tincture), receiving either 0.5% or 1% doses. The results showed:

  — In terms of efficacy, GT20029 tincture demonstrated statistically significant therapeutic efficacy and clinical significance compared to placebo in both the QD and BIW dosing cohorts. After 12 weeks of treatment, the 0.5% QD GT20029 group showed an increase of 16.80 hairs/cm^2 from baseline, which was 6.69 hairs/cm^2 more than the placebo group, with statistically significant results (P<0.05). The TAHC of GT20029 1.0% BIW group showed an increase of 11.94 hairs/cm^2 from baseline, which was 7.36

hairs/cm^2 more than the placebo, also yielding statistically significant results (P<0.05). For the BIW cohort, the study indicated a dose-response relationship among different doses of GT20029.

— Regarding safety, GT20029 tincture demonstrated good safety and tolerability, with the incidence of adverse events during treatment comparable to that of placebo. In addition, no adverse sexual events were observed during the trial.

— The 1% BIW dosage of GT20029 was identified as the optimal dosing level in the phase II clinical trial and has been recommended for the phase III clinical trial for male AGA in China.

- On 17 June 2024, we announced the completion of the first subject enrollment in China phase II clinical trial of AR-PROTAC compound GT20029 for the treatment of acne. The phase II clinical trial was designed to evaluate the efficacy, safety and PK of GT20029 for the treatment of acne through the adoption of GT20029 0.5% QD and 1% QD as the drug-related dosage.

- ***Pruxelutamide (GT0918)***

Pruxelutamide is a second-generation AR antagonist as well as an ACE2 and TMPRSS2 degrader with the potential to be a best-in-class drug, whose patent is valid until 8 March 2032. Pruxelutamide has a novel chemical structure and constitutes a dual-action mechanism which not only inhibits androgen from binding to AR, but also reduces AR expression. The Company has developed Pruxelutamide for the treatment of mCRPC and mBC, and has completed multiple phase III clinical trials. As at the date of this announcement, the Company is actively pursuing commercialisation of Pruxelutamide and cooperation opportunities, including continuing to license-out for mCRPC indication in various countries. At the same time, the value of Pruxelutamide in breast cancer has also been recognised, and its phase Ic clinical research results were disclosed at the 46th St. Antonio Breast Cancer Symposium, the largest and most influential international conference in the field of breast cancer, in December 2023, and was selected as a highlight poster presentation. The study demonstrated a manageable safety profile and encouraging antitumor efficacy with Pruxelutamide plus fulvestrant in patients with AR+/HR+/HER2- mBC who failed first-line treatment, and may be more effective in patients with low AR/ER. Previously, the results of the trial were also published in a poster at the 2023 European Society for Medical Oncology.

- ***GT1708F (Hedgehog/SMO Inhibitor)***

GT1708F is an inhibitor of the hedgehog signal transduction pathway. We are currently developing GT1708F primarily for treatment of IPF and blood cancer.

i. IPF Indication

IPF is a chronic, progressive fibrosing interstitial pneumonia and one of the most fatal interstitial pneumonias. The incidence of IPF is high, but due to the relatively unnoticeable onset and progression, most patients are diagnosed in the moderate and advanced stages, and the median survival time of patients from the time of diagnosis is only 3–5 years. The global incidence rate of IPF reaches 14 to 43 per 100,000 people. The incidence rate in China reaches 2 to 29 per 100,000 people. It has large market potential as a rare disease. GT1708F affects the activity of Hh pathway and expression of the relevant downstream proteins by inhibiting the activity of SMO protein. Reactivation of the Hh signaling pathway is a feature of fibrotic lung tissue in IPF which affects in fibroblast migration and proliferation. Many nonclinical studies have shown that the Hh signaling pathway played a crucial role in IPF. According to reports, in IPF tissue, the expression of genes or proteins such as SMO and Gli1 is higher than that in normal lung tissue, and after stimulating Hh in pulmonary fibrosis cells isolated from lung tissue of patients suffering from IPF, the expression of SMO and Gli1 proteins and genes is increased. In-vitro study showed that GT1708F could significantly decrease the expression of Gli1, Gli2 and pulmonary fibrosis related α-SMA protein.

The results of the bleomycin-induced pulmonary fibrosis model on Sprague-Dawley rats showed that after GT1708F treatment, the damage of the terminal bronchial wall and pulmonary arteriole wall and inflammatory cell infiltration (in the lesion and on the edge of the lesion) were effectively improved. Compared with the active comparator nintedanib, different doses of GT1708F have similar improvement effects on lung damage and inflammatory cell infiltration. In addition, GT1708F can significantly improve the degree of pulmonary fibrosis (P<0.001).

On 11 October 2023, we announced GT1708F had obtained conditional approval to conduct phase II clinical trial in China by NMPA for treatment of new indication of IPF.

ii. Blood Cancer Indication

On 8 May 2023, we announced the successful completion of phase I clinical trial of GT1708F (Hedgehog/SMO Inhibitor) for treatment of hematologic malignancies in China.

The phase I clinical trial is a study to evaluate the safety, tolerability, PK and preliminary efficacy of GT1708F for treatment of patients with hematological malignancies. A total of 18 patients were enrolled in the trial, including 15 patients with acute myeloid leukemia ("**AML**") and 3 patients with myelodysplastic syndrome ("**MDS**"). The doses and enrollment were 20mg QD (1 case), 40mg QD (1 case), 80mg QD (4 cases), 120mg QD (3 cases), 180mg QD (3 cases), 240mg QD (3 cases) and 320mg QD (3 cases), respectively. The results showed that all patients experienced no dose-limiting or drug-related SAE. The overall safety of each dose group was good, most TEAE were mild, and no TEAE resulted in death. Preliminary efficacy was observed starting from 180mg dose level in dose escalation stage for patients with the AML who failed multi-line therapies, and the myeloid blasts decreased by up to 62% compared to the baseline in AML patients.

The results of the trial were disclosed at the 65th Annual Meeting of the American Society of Hematology ("**ASH 2023**"), the largest and most comprehensive international event covering malignant and non-malignant tumor hematology in the field of hematology, demonstrating that GT1708F has a good safety and tolerability in patients with myeloid malignancies, and paves the way for further exploration of combination therapy.

- ***ALK-1 Antibody (GT90001)***

ALK-1 antibody is a fully human IgG2 neutralising monoclonal antibody that inhibits ALK-1/TGF-ß signal transduction and tumor angiogenesis and a potential first-in-class antibody for which the Company obtained an exclusive global license of ALK-1 for all the oncological areas from Pfizer in February 2018. ALK-1 antibody has the potential to become the first fully human monoclonal antibody therapeutic drug for ALK-1 target, which can potentially be used in combination with PD-1 inhibitors or VEGF inhibitors for treatment of a variety of solid tumours.

In Taiwan, China, our phase II clinical trial of ALK-1 antibody and Nivolumab combination therapy for treatment of advanced HCC has completed last patient last visit on 7 July 2022. Previously, the preliminary data showed that among the 20 evaluable patients, partial remission was observed in 8 patients (40.0%). In the U.S., we obtained IND approval for the combination therapy of ALK-1 antibody and Nivolumab for a global multi-center phase II clinical trial for the second-line treatment of advanced HCC and completed the first patient dosing. In China, we also obtained approval for the clinical trial of combination therapy of ALK-1 antibody and Nivolumab for treatment of advanced HCC.

On 28 October 2023, we announced that the results of the phase Ib/II clinical trial of ALK-1 antibody combined with PD-1 antibody Nivolumab in the treatment of HCC were published online by the well-known journal BMC Medicine (impact factor: 11.806). This study confirmed that the combination of GT90001 (7.0 mg/kg, every 2 weeks) and Nivolumab had a good safety profile and promising anti-tumor activity in patients with advanced HCC, and demonstrated durable remissions and objective responses in this population, which might be a potential treatment option for advanced HCC.

Other Clinical and Pre-Clinical Stage Products

- ***GT0486***

  GT0486 is an inhibitor of the PI3K/mTOR signaling pathway and a second generation mTOR inhibitor. We are currently developing GT0486 primarily for the treatment of metastatic solid tumours such as breast cancer, prostate cancer and HCC. We have received the IND approval from NMPA for GT0486 and completed phase I clinical trial.

- ***C-Myc Molecular Glue***

  Developing drugs that directly target the Myc protein is extremely difficult, so there are currently no Myc-target drugs globally, and only few drugs have entered the clinical stage. Our c-Myc molecular glue has significant R&D potential and related research results have been published in many core journals/conferences. On 13 March 2024, we announced that the research has been published in a subsidiary journal of Nature– Nature Communications (impact factor: 16.6). This article analyzes the mechanism of MYC that induces CDK4/6 inhibitors resistance and introduces A80.2HCl, a promising c-Myc molecular glue compound in-house developed by the Company, to enhance the therapeutic efficacy of CDK4/6 inhibitors. In ASH 2023 and the 64th Annual Meeting of the American Society of Hematology, studies of c-Myc molecular glue were published twice, demonstrating its excellent potential in the treatment of tumors.

In addition to the drug candidates described above, we are also at the discovery stage for the development of other potential drug candidates, including compound of other targets out of PROTAC platform and ALK-1/VEGF bispecific antibody for the treatment of multiple indications such as blood cancer and solid tumors, respectively.

WARNING UNDER RULE 18A.08(3) OF THE LISTING RULES: SAVE FOR THE KX-826 TOPICAL ANTI-HAIR LOSS SOLUTION FOR AGA, WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR DRUG CANDIDATES (INCLUDING OUR CORE PRODUCTS) SUCCESSFULLY.

RESEARCH AND DEVELOPMENT

We have established an integrated R&D platform to support our drug development programmes from discovery to clinical stage. We conduct proprietary laboratory research to identify and select new compounds as our potential drug candidates, and we manage our drug development process primarily using our internal R&D resources to ensure that the quality standards we have set internally will be met.

Through the development of AR inhibitors, we have accumulated significant expertise in AR-related know-how and have developed a leading AR technology platform. We believe that we have accumulated industry-leading expertise in the field of AR signaling pathway, molecule design and PK/PD modelling. Leveraging our AR technology platform, we have developed KX-826 in China and the U.S. for the topical treatment of AGA and acne, and results of clinical trials have proved that the drug has a good safety profile. For AGA patients, continuous use of KX-826 for 6 months can increase the mean non-vellus TAHC by up to 22.7 per cm^2 from baseline with a remarkable therapeutic effect. For acne patients, previous clinical trials of KX-826 have also demonstrated its preliminary efficacy.

PROTAC is a novel drug discovery technology for targeting and/or degrading target protein. The molecular weight of PROTAC compound is relatively large, resulting in low oral bioavailability, which limits their oral druggability, so we are currently giving priority to the development of topical compounds. Based on PROTAC platform, we are currently developing GT20029 for AGA and acne vulgaris. GT20029 is the first topical PROTAC compound globally that has entered phase II clinical stage for the treatment of AGA. We are also conducting phase II clinical trial for the treatment of acne in China and has completed its first subject enrollment. We possess molecule glue technology for targeting and/or degrading undruggable and oncogene mutant drivers that drive the resistance to the targeted therapies.

In addition to the two Core Products for dermatology above, we also have another four products in the clinical stage through years of R&D accumulation. Previous clinical trials have verified that such products have good safety profile and demonstrate efficacy, and a number of research results have been published in large conferences and/or important journals, showing their excellent value and providing further guidance for drug development in related fields (such as liver cancer, multiple solid tumors, etc.). Our products can be enhanced through combination, so we are further exploring their value through co-development or licensing-out to provide patients with more options.

Our R&D work is led by Dr. TONG and several experienced scientists who have accumulated decades of pharmaceutical R&D and entrepreneurship experience in reputable pharma and biotech companies in the world and together provide us with integrated expertise covering small molecule, biologics, and compound design.

MANUFACTURING AND COMMERCIALISATION

After receiving the INCI designation for its in-house developed KX-826 during the Reporting Period, the Group has recently introduced to the international market a topical anti-hair loss solution for AGA, which contains KX-826 as the main ingredient, as the first product of the Group's high-end cosmetics brand KOSHINÉ. The launch of this new cosmetic product is the first commercialisation attempt of KX-826 in the field of dermatology, representing the Group's transition from R&D stage to commercialisation stage. The launch of the new high-end cosmetics brand KOSHINÉ will provide a solid stream of revenue and cash flow to the Group, benefiting the Group as a whole in the long term.

Going forward, the Group will continue to focus on the field of dermatology, strengthen the marketing efforts of its existing cosmetic product, expand the usage scenarios of its products, and expedite the launch of new cosmetic products including but not limited to acne cream with KX-826 as the main ingredient and whitening essence and lotion with KT-939 as the main ingredient. The Group expects to have seven cosmetic product types covering anti-hair loss, acne treatment, and 939 products suitable for skin whitening, freckle removal and chloasma elimination within 2024 and plans to allocate more resources to enhance the Group's commercialisation capabilities to boost brand awareness, capture market dynamics and increase the penetration rate of its products.

FINANCIAL REVIEW

Overview

We currently have no drugs approved for commercial sale and have not generated any revenue from drugs sales for the six months ended 30 June 2024. We have never generated any profit since our inception. Our loss and total comprehensive loss were RMB71.5 million and RMB212.1 million for the six months ended 30 June 2024 and the six months ended 30 June 2023, respectively. Our adjusted loss and total comprehensive loss for the same periods after adding back share-based compensation expenses for the Employee Incentive Scheme were RMB66.9 million and RMB170.3 million, respectively. Our operating losses mainly resulted from R&D costs (primarily consisting of employee benefit expenses) and administrative expenses.

Revenue

We did not generate any revenue for the six months ended 30 June 2024 and the six months ended 30 June 2023.

Cost of Sales

We recorded a negative cost of sales of RMB1.1 million for the six months ended 30 June 2024, mainly from reversal of impairment of land use rights due to the repurchase by the government of the land use right in respect of certain land parcel in Pinghu, Zhejiang, PRC. We did not record any cost of sales for the six months ended 30 June 2023.

Gross Profit

We recorded a gross profit of RMB1.1 million for the six months ended 30 June 2024, mainly from reversal of impairment of land use rights due to the repurchase by the government of the land use right in respect of certain land parcel in Pinghu, Zhejiang, PRC. We did not record any gross profit for the six months ended 30 June 2023.

Other Income

Our other income primarily consisted of government grants and interest income from bank balances and time deposits. Our other income decreased by RMB10.6 million or 63.5% from RMB16.7 million for the six months ended 30 June 2023 to RMB6.1 million for the six months ended 30 June 2024, which was mainly attributable to (i) a RMB5.4 million decrease in government grants which we have received to compensate for the expenses of our Group's research and development; and (ii) a RMB3.6 million decrease and RMB1.7 million decrease in interest income from bank balances and time deposits respectively as a result of the decrease in large-amount deposits and seven-day notice deposits purchased during the Reporting Period.

Marketing Costs

Our marketing costs primarily consisted of (i) salaries and other benefits of our sales and marketing team; and (ii) administrative expenses including business trip expenses and other business development expenses. Our marketing costs decreased by RMB6.9 million from RMB8.6 million for the six months ended 30 June 2023 to RMB1.7 million for the six months ended 30 June 2024, which was mainly attributable to (i) a decrease of RMB5.6 million in marketing staff costs (including share-based compensation expenses); and (ii) a decrease of RMB1.3 million of administrative costs which includes business development expenses, traveling expenses, office expenses and other expenses incurred by marketing staff for marketing and business development purposes.

Administrative Expenses

Our administrative expenses during the Reporting Period primarily consisted of (i) employee benefit expenses, which primarily comprised compensation for management and executives (including share-based compensation expenses relating to the Employee Incentive Scheme); (ii) utilities and office expenses; (iii) depreciation and amortisation, which primarily comprised depreciation of right-of-use assets and property, plant and equipment in relation to properties for administrative use; (iv) reversal of impairment losses of property, plant and equipment; and (v) other miscellaneous administrative expenses such as repair and maintenance expenses, professional advisory expenses, and materials and consumables expenses.

The following table sets forth a breakdown of our administrative expenses, by amount and as a percentage of our total administrative expenses, for the periods indicated:

	For the six months ended 30 June			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
	(unaudited)		(unaudited)	
Employee benefit expenses	**18,650**	**55.0**	21,406	41.8
Add: share-based compensation expenses	**214**	**0.6**	13,760	26.9
Employee benefit expenses (including share-based compensation expenses)	**18,864**	**55.6**	35,166	68.7
Utilities and office expenses *(Note)*	**6,901**	**20.4**	7,221	14.1
Depreciation and amortisation	**4,340**	**12.8**	4,672	9.1
Reversal of impairment losses of property, plant and equipment	**(6)**	**(0.0)**	0	0.0
Others	**3,809**	**11.2**	4,143	8.1
Total	**33,908**	**100.0**	51,202	100.0

Note: The line item "utilities and office expenses" included short-term and low-value lease rental expenses incurred by the Group.

Our administrative expenses decreased by RMB17.3 million or 33.8% from RMB51.2 million for the six months ended 30 June 2023 to RMB33.9 million for the six months ended 30 June 2024, which was mainly attributable to (i) a RMB16.3 million decrease in employee benefit expenses (including share-based compensation expenses) primarily resulting from the decrease in the number of our staff; (ii) a RMB0.3 million decrease in utilities and office expenses; and (iii) a RMB0.3 million decrease in depreciation and amortisation.

R&D Costs

Our R&D costs during the Reporting Period primarily consisted of (i) clinical research expenses, which primarily consisted of fees paid to CROs for clinical trials and the hospitals in which we conducted our clinical trials; (ii) materials and consumables expenses in connection with our R&D; (iii) employee benefit expenses, which primarily consisted of compensation to R&D personnel (including the share-based compensation expenses for the Employee Incentive Scheme); (iv) third-party contracting fees, which primarily consisted of fees paid to CROs and CMOs for purposes of preclinical trials; and (v) others which primarily consisted of reversal of write-down of inventories in connection with our R&D, reversal of impairment losses of property, plant and equipment with respect to our R&D, utilities and office expenses in relation to R&D use, depreciation of right-of-use assets in relation to our leased properties for R&D use and depreciation of our laboratory equipment. The following table sets forth a breakdown of our R&D costs, by amount and as a percentage of our total R&D costs, for the periods indicated:

	For the six months ended 30 June			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
	(unaudited)		(unaudited)	
Clinical research expenses	**(1,777)**	**(4.5)**	64,969	39.5
Materials and consumables used	**(332)**	**(0.8)**	2,297	1.4
Employee benefit expenses	**24,988**	**63.5**	56,501	34.3
Add: share-based compensation expenses	**4,347**	**11.1**	27,319	16.6
Employee benefit expenses (including share-based compensation expenses)	**29,335**	**74.6**	83,820	50.9
Third party contracting fees	**5,033**	**12.8**	5,563	3.4
Reversal of write-down of inventories to net realisable value	**(956)**	**(2.4)**	–	–
Reversal of impairment losses of property, plant and equipment	**(2)**	**(0.0)**	–	–
Others	**8,031**	**20.4**	7,975	4.8
Total	**39,332**	**100.0**	164,624	100.0

Our R&D costs decreased by RMB125.3 million or 76.1% from RMB164.6 million for the six months ended 30 June 2023 to RMB39.3 million for the six months ended 30 June 2024, which was mainly attributable to (i) a decrease of RMB66.7 million in clinical research expenses due to the write-off expense as a result of suspension of clinical trails related to ALK-1 and Pruxelutamide; (ii) a decrease of RMB31.5 million in R&D employee benefit expenses mainly due to the reduction of our R&D staff; (iii) a decrease of RMB23.0 million in RSU expenses; (iv) a decrease of RMB2.6 million in materials and consumables expenses; and (v) an increase of RMB1.0 million in reversal of write-down of inventories to net realisable value.

Other Gains — Net

We had other gains of RMB1.5 millon for the six months ended 30 June 2024 primarily as a result of net foreign exchange gains due to exchange rates movement. We had other gains of RMB1.3 million for the six months ended 30 June 2023.

Finance Costs

As at the date of this announcement, our finance costs primarily consisted of interest expense from bank borrowings. Our finance costs during the Reporting Period primarily decreased by RMB0.9 million from RMB6.1 million for the six months ended 30 June 2023 to RMB5.2 million for the six months ended 30 June 2024, which was mainly attributable to the decrease in loan amount.

Income Tax (Expense)/Credit

We had under-provision of income tax of RMB0.018 million for the six months ended 30 June 2024 primarily due to the service fee received by Kintor Pharmaceutical Inc., a wholly-owned subsidiary of the Company, from the Company for the purpose of general R&D activities in the US which was recognised as revenue. We had over-provision of income tax of RMB0.5 million for the six months ended 30 June 2023 primarily due to the tax refund of the pre-paid income tax of our subsidiary, Kintor Pharmaceutical (Zhejiang) Co. Ltd in 2022.

Net Loss for the Reporting Period

Our net loss decreased by RMB140.6 million or 66.3% from RMB212.1 million for the six months ended 30 June 2023 to RMB71.5 million for the six months ended 30 June 2024.

Non-IFRS Measure

To supplement the Group's consolidated financial statements, which are presented in accordance with the IFRS, the Company also uses adjusted loss and total comprehensive loss for the Reporting Period and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that these adjusted measures provide useful information to Shareholders and potential investors in understanding and evaluating the Group's consolidated results of operations in the same manner as they help the Company's management.

Adjusted loss and total comprehensive loss for the Reporting Period represents the loss and total comprehensive loss for the Reporting Period excluding the effect of certain non-cash items, namely the share-based compensation expenses. The term adjusted loss and total comprehensive loss for the Reporting Period is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and it should not be considered in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under the IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this and other non-IFRS measures reflect the Group's normal operating results by eliminating impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus facilitate comparison of operating performance from period to period and company to company to the extent applicable.

The table below sets forth a reconciliation of the loss and total comprehensive loss for the period to adjusted loss and total comprehensive loss for the period during the periods indicated:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss and total comprehensive loss for the period	**(71,493)**	(212,111)
Added:		
Share-based compensation expenses [(Note)]	**4,600**	41,789
Adjusted loss and total comprehensive loss for the period	**(66,893)**	(170,322)

Note: This expense represents the grant of restricted share units to selected executives and employees, which is a non-cash item and is not directly related to the underlying performance of the Company's business operations.

Employees and Remuneration Policies

The following table sets forth a breakdown of our employees by function:

	As at 30 June 2024	
	Number of employees	**As a percentage of total**
Core management	**7**	**4.0%**
Clinical	**35**	**20.0%**
R&D	**52**	**29.7%**
Manufacturing	**26**	**14.8%**
Commercial	**12**	**6.9%**
Project management	**12**	**6.9%**
Others	**31**	**17.7%**
Total	**175**	**100.0%**

As at 30 June 2024, the Group had a total of 175 full time employees, among whom, the total staff with clinical and R&D roles accounted for nearly 50%**.** We generally formulate our employees' remuneration package to include basic salary, position-specific salary, performance-based bonus, project-based bonus and various allowances. We conduct periodic performance reviews for our employees. We have also adopted the Employee Incentive Scheme to retain and incentivise our key management and staff.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2023 and 2024.

Liquidity and Capital Resources

Our cash and cash equivalents and time deposits consisted of deposits with banks and cash on hand. As at 30 June 2024, cash and cash equivalents and time deposits decreased by RMB122.6 million from RMB456.3 million as at 31 December 2023 to RMB333.7 million. The change in our cash and cash equivalents for the Reporting Period was mainly attributable to (i) R&D and administrative expenditures; and (ii) repayment of borrowings.

The current ratio (total current assets as a percentage of total current liabilities) of the Group decreased from 210.3% as at 31 December 2023 to 155.9% as at 30 June 2024, mainly due to the decrease in cash and cash equivalents during the Reporting Period, partially offset by an increase in assets held-for-sale.

As at 30 June 2024, we had utilised bank facilities of RMB234.3 million and unutilised bank facilities of RMB80.0 million.

Significant Investments, Material Acquisitions or Disposals

As at 30 June 2024, there was no significant investments held by the Company nor any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, we do not have any future plans for material investments or capital assets as at the date of this announcement.

Cash Flow

The following table sets forth a summary of our consolidated statements of cash flows for the periods indicated:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cash used in operations	**(106,646)**	(214,814)
Net interest received	**(4,015)**	1,017
Net cash used in operating activities	**(110,661)**	(213,797)
Net cash (used in)/generated from investing activities	**(680)**	238
Net cash (used in)/generated from financing activities	**(14,881)**	36,638
Net decrease in cash and cash equivalents	**(126,222)**	(176,921)
Cash and cash equivalents at the beginning of the period	**444,027**	864,470
Exchange gains on cash and cash equivalents	**1,376**	3,158
Cash and cash equivalents at the end of the period	**319,181**	690,707

Net Cash Used in Operating Activities

During the Reporting Period, we derived our cash inflows from operating activities primarily from government grants and bank interest income. Our net cash used in operating activities mainly consisted of R&D costs and administrative expenses.

During the six months ended 30 June 2024, our net cash used in operating activities was RMB110.7 million, mainly consisting of RMB106.7 million of cash used in operations, interest paid on borrowings of RMB5.3 million, interest received on bank balances of RMB1.3 million.

During the six months ended 30 June 2023, our net cash used in operating activities was RMB213.8 million, mainly consisting of RMB214.8 million of cash used in operations, interest paid on borrowings of RMB5.9 million, interest received on bank balances of RMB6.9 million.

Net Cash (Used in)/Generated from Investing Activities

During the Reporting Period, our cash flows relating to investing activities primarily reflected purchases of property, plant and equipment, intangible assets.

During the six months ended 30 June 2024, our net cash used in investing activities was RMB0.7 million, which primarily consisted of (i) purchase of property, plant and equipment of RMB0.5 million; (ii) purchase of intangible assets of RMB0.1 million; and (iii) purchases of financial assets at fair value through profit or loss of RMB0.1 million.

During the six months ended 30 June 2023, our net cash generated from investing activities was RMB0.2 million, which primarily consisted of (i) proceeds received upon maturity of certain time deposits with maturities of over three months of RMB87.7 million; (ii) proceeds from disposal of financial assets at fair value through profit or loss of RMB48.6 million; and (iii) interests received upon maturity of certain time deposits with maturities of over three months of RMB1.4 million, partially offset by (i) purchase of time deposits with maturities of over three months of RMB89.0 million; and (ii) purchase of financial assets at fair value through profit or loss of RMB48.1 million.

Net Cash (Used in)/Generated from Financing Activities

During the Reporting Period, our cash flows relating to financing activities primarily reflected repayments of borrowings.

During the six months ended 30 June 2024, our net cash used in financing activities was RMB14.9 million, primarily consisted of (i) repayments of borrowings of RMB12.8 million; and (ii) payment of lease liabilities of RMB2.4 million, partially offset by proceeds from shares vested under the Employee Incentive Scheme and transferred to the grantees of RMB0.3 million.

During the six months ended 30 June 2023, our net cash generated from financing activities was RMB36.6 million, primarily consisted of proceeds from borrowings of RMB50.0 million, partially offset by (i) repayments of borrowings of RMB11.6 million; and (ii) payment of lease liabilities of RMB2.4 million.

Financial Position

Our net current assets decreased from RMB247.8 million as at 31 December 2023 to RMB133.1 million as at 30 June 2024, which was mainly attributable to the decrease of current assets due to the decrease of cash and cash equivalents. Current assets decreased from RMB472.6 million as at 31 December 2023 to RMB371.4 million as at 30 June 2024.

Significant Change in Accounting Policy

There was no significant change in accounting policy during the Reporting Period.

Indebtedness

As at 30 June 2024, the balance of our bank borrowings consisted of long-term bank borrowings of RMB77.5 million which were secured by certain land use right, buildings and construction in progress, unsecured long-term bank borrowings of RMB136.8 million, and short-term unsecured bank borrowings of RMB20.0 million. In the balance of our bank borrowings (including long-term and short-term borrowings), RMB175.1 million is repayable within one year or on demand.

As at 30 June 2024, cash and cash equivalents are more than total borrowings of the Group, therefore, the gearing ratio is not applicable.

Financial Risks

The Group is exposed to various types of financial risks: market risks (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. There have been no changes in the financial risk management policies of our Group since 31 December 2023.

Foreign Exchange Risk

The Group mainly operates in the PRC with most of the transactions settled in RMB. The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group is not exposed to foreign exchange risk as there are no significant financial assets or liabilities of the Group denominated in the currencies other than the functional currency, except for cash and cash equivalents, restricted cash and time deposits at bank in USD and HKD which were primarily received from the investors as capital contributions.

Cash Flow and Fair Value Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates. We have no significant interest-bearing assets and liabilities, except for lease liabilities, cash and cash equivalents, restricted cash, time deposits, financial assets at fair value through profit or loss and borrowings. Those carried at floating rates expose us to cash flow interest rate risk whereas those carried at fixed rates expose us to fair value interest rate risk.

Our interest rate risk mainly arises from borrowings. Borrowings obtained at fixed rates expose us to fair value interest rate risk. As at 30 June 2024 and 31 December 2023, our borrowings were carried at fixed rates, which exposed the Group to fair value interest rate risk.

Our management does not anticipate significant impact on interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

Credit Risk

The Group is exposed to credit risk in relation to receivables, cash and cash equivalents, restricted cash, time deposits and wealth management products. The carrying amounts of receivables, cash and cash equivalents, restricted cash, time deposits and wealth management products represent our maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash and cash equivalents, restricted cash, time deposits, and wealth management products since they are substantially deposited at or purchased from state-owned banks and other medium or large-sized foreign banks. The management does not expect that there will be any significant losses from non-performance by these counterparties and the loss allowance provision is considered immaterial.

The management has assessed that during the Reporting Period, other receivables have not had a significant increase in credit risk since their initial recognition. Therefore, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. As at 30 June 2024 and 31 December 2023, other receivables mainly comprise deposits to lessors in respect of the Group's leased properties and refunds receivable from suppliers.

The management expects that there is no significant credit risk associated with other receivables since the counterparties have no history of default. Accordingly, the expected credit loss of other receivables is considered immaterial.

Liquidity Risk

The Group finances its working capital requirements through the issue of new shares, borrowings and government grants. The management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents and the ability to apply for credit facilities if necessary. We had net current assets of RMB133.1 million as at 30 June 2024. We are able to meet our financial obligations and fund our operation through our cash on hand and consecutive capital raising activities.

FINANCIAL INFORMATION

The Board announces the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2024, with comparative figures for the corresponding period in the previous year as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Six months ended 30 June 2024** ***RMB'000*** **(Unaudited)**	Six months ended 30 June 2023 *RMB'000* (Unaudited)
Revenue		**–**	–
Cost of sales		**1,128**	–
Gross profit		**1,128**	–
Other income		**6,106**	16,713
Marketing costs		**(1,764)**	(8,640)
Administrative expenses		**(33,908)**	(51,202)
Research and development costs		**(39,332)**	(164,624)
Other gains — net	*6*	**1,510**	1,316
Operating loss	*5*	**(66,260)**	(206,437)
Finance costs		**(5,215)**	(6,050)
Share of losses of an associate and a joint venture		**–**	(131)
Loss before income tax		**(71,475)**	(212,618)
Income tax (expense)/credit	*7*	**(18)**	507
Loss and total comprehensive loss for the period attributable to the equity holders of the Company		**(71,493)**	(212,111)
Basic and diluted loss per share for loss attributable to the equity holders of the Company *(in RMB)*	*9*	**(0.17)**	(0.50)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2024** ***RMB'000*** **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Assets			
Non-current assets			
Property, plant and equipment	*10*	**178,708**	184,366
Intangible assets	*10*	**149,003**	148,940
Investment in an associate		**17,484**	17,484
Investment in a joint venture		**513**	513
Right-of-use assets	*10*	**12,699**	37,477
Other non-current assets		**9,784**	7,895
		368,191	396,675
Current assets			
Inventories	*11*	**200**	–
Other receivables, deposits and prepayments		**13,572**	15,798
Assets held-for-sale		**23,384**	–
Time deposits		**11,010**	10,835
Financial assets at fair value through profit or loss		**100**	–
Restricted cash		**428**	425
Cash and cash equivalents		**322,656**	445,499
		371,350	472,557
Total assets		**739,541**	869,232
Liabilities			
Non-current liabilities			
Borrowings	*12*	**59,200**	133,400
Lease liabilities		**707**	2,290
Deferred income tax liabilities		**31,043**	31,043
Deferred income		**18,760**	19,657
		109,710	186,390

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Current liabilities			
Trade and other payables	*13*	**59,365**	104,500
Borrowings	*12*	**175,100**	113,700
Lease liabilities		**3,791**	4,530
Amounts due to related parties		**–**	2,000
		238,256	224,730
Total liabilities		**347,966**	411,120
Equity			
Equity attributable to the equity holders of the Company			
Share capital		**315**	315
Shares held for the Employee Incentive Scheme		**(12)**	(13)
Reserves		**391,272**	457,810
Total equity		**391,575**	458,112
Total equity and liabilities		**739,541**	869,232

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Kintor Pharmaceutical Limited (the "**Company**") was incorporated on 16 May 2018 in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, "**the Group**") are principally engaged in research and development of innovative medicine products.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 22 May 2020.

This condensed consolidated interim financial information is presented in Renminbi ("**RMB**") thousands, unless otherwise stated. This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("**IFRS Accounting Standards**").

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standard as set out below.

(a) New standards and interpretations adopted by the Group

The following new standards and interpretations have been adopted by the Group for the first time for the financial period beginning on or after 1 January 2024:

Standards	Key requirements
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendment to IFRS 16	Leases on Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

These new standards and interpretations did not have material impact on the financial performance and position of the Group and did not require retrospective adjustments.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to existing standards and interpretations that are relevant to the Group have been issued but are not yet effective for the financial year beginning on 1 January 2024 and have not been early adopted by the Group. These new standards and amendments are set out below:

Standards	Key requirements	Effective for accounting periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

5. OPERATING LOSS

Operating loss is stated after charging the following:

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee benefit expenses	**49,465**	125,850
Utilities and office expenses	**9,607**	11,687
Depreciation of property, plant and equipment *(Note 10)*	**6,138**	7,076
Outsourced research and development expenses	**5,033**	5,563
Depreciation of right-of-use assets *(Note 10)*	**2,522**	2,525
Less: amounts capitalised in property, plant and equipment	**(34)**	–
	2,488	2,525
Materials and consumables used	**187**	3,027
Amortisation of intangible assets *(Note 10)*	**80**	62
Clinical research expenses	**(1,777)**	64,969

6. OTHER GAINS — NET

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange gains	**1,480**	827
Gains on disposal of financial assets at fair value through profit or loss	**–**	491
Gains/(losses) on disposal of property, plant and equipment	**35**	(2)
Others	**(5)**	–
	1,510	1,316

7. INCOME TAX EXPENSE

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax expense		
— (Overprovision)/underprovision in prior period	**18**	(507)
Deferred income tax expense	**–**	–
	18	(507)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Group is not subject to tax on income or capital gains.

Hong Kong

Kintor Science Limited, Koshine Pharmaceuticals Limited and Kintor Pharmaceuticals Hong Kong Limited were incorporated in Hong Kong in 2018 and are subject to Hong Kong profits tax at the rate of 16.5% (2023: 16.5%). Since these companies did not have assessable profits during the six months ended 30 June 2024 and 2023, no Hong Kong profits tax has been provided.

United States of America

Kintor Pharmaceuticals Inc. was incorporated in the United States of America in 2018 and is subject to federal and state income tax rate of 23.5% (2023: 23.5%).

Ireland

Kintor Pharmaceutical Ireland Limited was incorporated in the Ireland in 2021 and deregistered on 12 June 2023. It is subject to corporate income tax rate of 12.5% in 2023. Since Kintor Pharmaceutical Ireland Limited did not have assessable profit during the six months ended 30 June 2024 and 2023, no corporate income tax has been provided.

The Mainland of China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in the Mainland of China are subject to corporate income tax at a rate of 25% (2023: 25%) on the taxable income. Since the Group's PRC entities did not have assessable profits during the six months ended 30 June 2024 and 2023, no corporate income tax has been provided.

8. DIVIDEND

No dividend has been paid or declared by the Company or companies comprising the Group during the six months ended 30 June 2024 and 2023.

9. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the six months ended 30 June 2024 and 2023, excluding 16,498,528 shares (2023: 17,650,704 shares) held for the Employee Incentive Scheme (including 14,848,675 shares (2023: 15,885,634 shares) arising from the relevant capitalisation issue of initial public offering).

	For the six months ended 30 June 2024 ***RMB'000*** **(Unaudited)**	For the six months ended 30 June 2023 *RMB'000* (Unaudited)
Loss for the period	**(71,493)**	(212,111)
Weighted average number of ordinary shares in issue *(in thousand)*	**430,425**	428,452
Basic loss per share *(in RMB)*	**(0.17)**	(0.50)

Diluted loss per share

Diluted loss per share is same as basic loss per share as there is no dilutive potential ordinary share during the six months ended 30 June 2024 and 2023.

10. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

	Property, plant and equipment *RMB'000*	**Intangible assets** *RMB'000*	**Right-of-use assets** *RMB'000*	**Total** *RMB'000*
(Unaudited)				
At 1 January 2024				
Cost	**271,377**	**236,125**	**55,958**	**563,460**
Accumulated depreciation/ amortisation and impairment	**(87,011)**	**(87,185)**	**(18,481)**	**(192,677)**
Net book amount	**184,366**	**148,940**	**37,477**	**370,783**

	Property, plant and equipment *RMB'000*	Intangible assets *RMB'000*	Right-of-use assets *RMB'000*	Total *RMB'000*
For the six months ended 30 June 2024				
Opening net book amount	**184,366**	**148,940**	**37,477**	**370,783**
Additions	**492**	**143**	**–**	**635**
Disposal	**(20)**	**–**	**–**	**(20)**
Transfer to assets held-for-sale	**–**	**–**	**(23,384)**	**(23,384)**
Depreciation/amortisation charge *(Note 5)*	**(6,138)**	**(80)**	**(2,522)**	**(8,740)**
Reversal of impairment	**8**	**–**	**1,128**	**1,136**
Closing net book amount	**178,708**	**149,003**	**12,699**	**340,410**
At 30 June 2024				
Cost	**271,849**	**236,268**	**32,574**	**540,691**
Accumulated depreciation/ amortisation and impairment	**(93,141)**	**(87,265)**	**(19,875)**	**(200,281)**
Net book amount	**178,708**	**149,003**	**12,699**	**340,410**
(Unaudited)				
At 1 January 2023				
Cost	267,052	236,125	54,532	557,709
Accumulated depreciation/ amortisation	(26,802)	(477)	(12,305)	(39,584)
Net book amount	240,250	235,648	42,227	518,125
For the six months ended 30 June 2023				
Opening net book amount	240,250	235,648	42,227	518,125
Additions	325	–	–	325
Disposal	(198)	–	–	(198)
Depreciation/amortisation charge *(Note 5)*	(7,076)	(62)	(2,525)	(9,663)
Closing net book amount	233,301	235,586	39,702	508,589
At 30 June 2023				
Cost	267,179	236,125	54,532	557,836
Accumulated depreciation/ amortisation	(33,878)	(539)	(14,830)	(49,247)
Net book amount	233,301	235,586	39,702	508,589

Land use right represents the land use right granted by the PRC government authority on the use of land within the pre-approved lease period. The original lease terms of the land use rights of the Group held in the PRC are 50 years. As at 30 June 2024, certain land use right, buildings and construction in progress were pledged for the Group's borrowings amounting to RMB77,500,000 (31 December 2023: RMB83,000,000) (Note 12).

11. INVENTORIES

	As at 30 June 2024 ***RMB'000*** **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Raw materials	**200**	–

12. BORROWINGS

	As at 30 June 2024 ***RMB'000*** **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Non-current		
Long-term bank borrowings *(Note (a))*	**59,200**	133,400
Current		
Short-term bank borrowings *(Note (b))*	**20,000**	20,000
Long-term bank borrowings *(Note (a))*	**155,100**	93,700
	175,100	113,700
Total	**234,300**	247,100

Notes:

(a) As at 30 June 2024, the Group had long-term bank borrowings of RMB77,500,000 which were secured by certain land use right, buildings and construction in progress and unsecured long-term bank borrowings of RMB136,800,000. Borrowings of RMB40,000,000 bore a fixed interest rate at 4.90% per annum, borrowings of RMB37,500,000 bore a fixed interest rate at 4.75% per annum, borrowings of RMB44,000,000 bore a fixed interest rate at 4.05% per annum, borrowings of RMB35,000,000 bore a fixed interest rate at 4.00% per annum, borrowings of RMB8,800,000 bore a fixed interest rate at 3.95% per annum and borrowings of RMB49,000,000 bore a fixed interest rate at 3.90% per annum. RMB155,100,000 of these loans should be repaid by 30 June 2025, while the remaining should be repaid by instalments during the period from 29 August 2025 to 23 March 2026.

As at 31 December 2023, the Group had long-term bank borrowings of RMB83,000,000 which were secured by certain land use right, buildings and construction in progress and unsecured long-term bank borrowings of RMB144,100,000. Borrowings of RMB43,000,000 bore a fixed interest rate at 4.90% per annum, borrowings of RMB40,000,000 bore a fixed interest rate at 4.75% per annum, borrowings of RMB9,200,000 bore a fixed interest rate at 3.95% per annum, borrowings of RMB45,400,000 bore a fixed interest rate at 4.05% per annum, borrowings of RMB40,000,000 bore a fixed interest rate at 4.00% per annum and borrowings of RMB49,500,000 bore a fixed interest rate at 3.90% per annum. RMB93,700,000 of these loans should be repaid by 31 December 2024, while the remaining should be repaid by instalments during the period from 28 February 2025 to 23 March 2026.

(b) As at 30 June 2024 and 31 December 2023, Suzhou Kintor had unsecured short-term bank borrowings totalling RMB20,000,000. Borrowings of RMB10,000,000 bore a fixed interest rate at 3.65% per annum and borrowings of RMB10,000,000 bore a fixed interest rate at 3.55% per annum. The unsecured short-term bank borrowings were due for repayment in 2024.

The maturity date is as follows:

	As at 30 June 2024 ***RMB'000*** **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Less than 1 year or repayment on demand	**175,100**	113,700
1–2 years	**59,200**	113,400
2–5 years	**–**	20,000
	234,300	247,100

The carrying amounts of borrowings were denominated in RMB.

13. TRADE AND OTHER PAYABLES

	As at 30 June 2024 ***RMB'000*** **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Payables for service suppliers *(Note (a))*	**46,994**	68,288
Salary and staff welfare payables	**4,524**	14,211
Payables for materials and consumables *(Note (a))*	**4,054**	13,313
Payables for audit services	**505**	2,800
Payables for individual income tax and other taxes	**501**	432
Payables for property, plant and equipment	**431**	1,666
Payables for interest expenses	**234**	309
Others	**2,122**	3,481
	59,365	104,500

As at 30 June 2024 and 31 December 2023, all trade and other payables of the Group were non-interest bearing, and their fair value approximated their carrying amounts due to their short maturities.

Note:

(a) As at 30 June 2024 and 31 December 2023, the ageing analysis of payables for materials and consumables and payables for service suppliers based on invoice date are as follows:

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
— Within 1 year	**44,027**	61,062
— More than 1 year	**7,021**	20,539

14. COMMITMENTS

(i) Lease commitments (exclude the right-of-use assets and lease liabilities)

As at 30 June 2024 and 31 December 2023, the Group leases some offices and equipment under irrevocable lease contracts with lease term less than one year and leases of low value that have been exempted from recognition of right-of-use assets permitted under IFRS16. The future aggregate minimum lease payment under irrevocable lease contracts for these exempted contracts are as follows:

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
No later than 1 year	**35**	167

(ii) Capital commitments

Capital expenditure contracted for as at 30 June 2024 and 31 December 2023 but not yet incurred by the Group are as follows:

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**1,848**	1,948
Investment in an associate and a joint venture	**42,513**	42,513
	44,361	44,461

FUTURE AND OUTLOOK

In the first half of 2024, facing an environment where opportunities and challenges coexist, the company consolidated its strength to reshape the pipeline focused on dermatology and concurrently promoted in the oncology field. The Company's unique and leading advantages in the dermatology field have been used to steadily advance the clinical development process around the world and the R&D of cosmetic products and achieved several milestones including the introduction of the Group's new high-end cosmetics brand KOSHINÉ as the first commercialization attempt in the field of dermatology, representing the Group's transition from R&D stage to commercialization stage.

Based on over 10 years of experience in the AR field, we continued to explore the treatment of AGA and acne with KX-826 and GT20029, our two Core Products in the field of dermatology, in the first half of 2024. We are also in the process of advancing a number of clinical trials of KX-826 and GT20029 in China and/or the United States, continuing to explore their value in the field of dermatology.

For KX-286, we have validated the safety and efficacy of KX-826 in over 1,000 subjects, who benefited from our drug and the mean non-vellus TAHC increased by up to 22.7 per cm^2 from baseline. On the one hand, we will continue to conduct more clinical trials, such as trying higher dose levels or using combination therapies to maximize the efficacy of the drug. On the other hand, we have launched KOSHINÉ's first anti-hair loss cosmetic product with KX-826 as the main ingredient and will continue to enrich and diversify our product portfolio.

For GT20029, the first PROTAC drug introduced by the Company, it has remained in a leading position since its development and is the world's first topical PROTAC compound that has entered phase II clinical trial. We are formulating future clinical strategies for GT20029 for the treatment of AGA, such as initiating a phase III clinical trial in China and a phase II clinical trial in the U.S. for male AGA. In addition, we will actively advance the China phase II clinical trial of GT20029 for the treatment of acne. We will continue to push forward the development of GT20029 and further expand our first-mover advantage in topical PROTAC.

In non-dermatology field, we also have developed small molecule drugs such as Pruxelutamide and GT1708F and developed biological drugs such as ALK-1 for the treatment of various tumors and multiple indications. We have a new institute of R&D to cooperate with other research departments such as biology, chemistry, and formulation, so that drugs can be fully verified in both mechanism and clinical practice, and we can leverage the knowledge of our professionals to enhance our R&D capabilities. In addition, we have built an employee incentive plan to retain our talents.

In addition to in-house development, we also plan to seek cooperation opportunities in all aspects of the drug development process, including pre-clinical technology, clinical combination therapy, and licensing cooperation, to use superior resources to realize the potential of drugs and bring more drugs to commercialisation as soon as possible.

Given that we have only just begun commercializing cosmetic products, we are still in the process of transitioning from R&D stage to commercialization stage and plan to allocate more resources to explore different approaches including but not limited to introducing new cosmetic products and advancing the marketing in China and overseas to further promote the commercialization of the Company's cosmetic products worldwide to boost brand awareness, capture market dynamics and increase the penetration rate of our products, with the expectation of having seven cosmetic product types covering anti-hair loss, acne treatment, and 939 products suitable for skin whitening, freckle removal and chloasma elimination within 2024.

COMPLIANCE WITH THE CG CODE

The Company has applied the principles and code provisions as set out in the CG Code. During the six months ended 30 June 2024, the Board is of the opinion that the Company has complied with all the applicable code provisions under the CG Code apart from the deviation stated below.

Under code provision C.2.1 of the CG Code, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Dr. TONG currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in Dr. TONG has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors and that our Board comprises three independent non-executive Directors out of seven Directors, and we believe there is sufficient check and balance in our Board; (ii) Dr. TONG and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of our Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial and operational policies of our Group are made collectively after thorough discussion at both our Board and senior management levels. Finally, our Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for and communication within our Group. Our Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Group has adopted the Model Code for securities transactions by Directors as its own code of conduct.

Specific enquiries have been made of all the Directors and they have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2024 and up to the date of this announcement.

The Group's employees, who are likely to be in possession of inside information of the Group, are subject to the Model Code. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company throughout the six months ended 30 June 2024 and up to the date of this announcement.

USE OF PROCEEDS

Top-up Placing in 2022

The Top-up Placing 2022 was conducted by the Company for the purpose of supplementing the Group's long-term funding of its expansion plan and growth strategies, as well as providing an opportunity to raise further capital for the Company whilst broadening the Shareholder base and the capital base of the Company.

Completion of the subscription under the Top-up Placing 2022 took place on 16 December 2022. The proceeds received by the Company was approximately HK$509.1 million, net of professional fees and out-of-pocket expenses. On 28 March 2023, the Board resolved to reallocate the use of the net proceeds to optimise the utilisation of such net proceeds (the "**Revised Allocation**"). The following table sets forth a breakdown of the use of the net proceeds up to 30 June 2024:

	Approximate % of total net proceeds	**Revised Allocation of net proceeds**	**Unutilised net proceeds up to 1 January 2024**	**Utilised net proceeds during the Reporting Period**	**Unutilised net proceeds as at 30 June 2024**	**Expected timeline for utilizing the remaining balance of net proceeds from the top-up placing**
	%	*HKD (million)*	*HKD (million)*	*HKD (million)*	*HKD (million)*	
Clinical development of KX-826 for the treatment of AGA and acne vulgaris	49.0	249.5	164.2	27.6	136.6	Expected to be fully utilised by 31 December 2025
Clinical development of GT20029 for the treatment of AGA and acne vulgaris	27.0	137.5	93.8	9.6	84.2	Expected to be fully utilised by 31 December 2025
Clinical development and preparation for the commercialisation of pruxelutamide for the treatment of COVID-19	15.0	76.4	—	—	—	
General working capital	9.0	45.8	—	—	—	
Total	100.0	509.1	258.0	37.2	220.8	

Note:

Totals may not add up due to rounding.

The Revised Allocation was due to the calm down of COVID-19 pandemic and intense competition in the COVID-19 oral small molecule drug market, as a result of which the Company decided to reduce the expenditure on pruxelutamide's COVID-19 clinical trials and reallocate the use of the unutilised proceeds on the R&D of KX-826 and GT20029. In addition, given the setback on the KX-826 phase III clinical trial carried out in 2023 for the treatment of male AGA in China, the Company had reviewed the entire trial process and, analysed the reasons and lessons learned. Since then, the Company has delayed subsequent clinical trials, introduced further improvements on measures, in order to enhance the clinical quality control standard. As a result of the foregoing, the expected timeline for the utilisation of the unutilised proceeds was postponed until the end of 2025.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at 30 June 2024, the Company did not hold any treasury shares.

CHARGE ON GROUP'S ASSETS

As at 30 June 2024, certain land use right, buildings and construction in progress were pledged for the Group's borrowings amounting to RMB77,500,000 (31 December 2023: RMB83,000,000).

SUBSEQUENT EVENTS

Save as disclosed in this announcement, there are no important events affecting the Group which have occurred since the end of the Reporting Period.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Wallace Wai Yim YEUNG, Dr. Michael Min XU and Prof. Liang TONG. The chairman of the Audit Committee is Mr. Wallace Wai Yim YEUNG. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024. The Audit Committee has also discussed with the management and the independent auditors of the Company of the accounting principles and policies adopted by the Company and discussed financial reporting matters (including the unaudited interim results for the six months ended 30 June 2024) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

INTERIM DIVIDEND

The Board resolved not to pay any interim dividend for the six months ended 30 June 2024 (for the six month ended 30 June 2023: Nil).

PUBLICATION OF THE 2024 CONDENSED CONSOLIDATED INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (**www.hkexnews.hk**) and the Company's website (**www.kintor.com.cn**). The interim report for the six months ended 30 June 2024 containing all the information in accordance with the requirements under the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in September 2024.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their continuous support and contribution to the Group.

DEFINITIONS

In this announcement, unless the context otherwise require, the following expressions shall have the following meaning:

"ACE2"	angiotensin converting enzyme-2, a protein on the surface of many cell types, which has been identified as the receptor for the SARS-CoV-2 viral entry
"AGA"	androgenetic alopecia
"ALK-1"	activin receptor-like kinase-1, an antagonistic mediator of lateral transforming growth factor-beta/ALK-5 signaling, also known as GT90001
"AR"	androgen receptor
"AR+"	androgen receptor positive
"Audit Committee"	the audit committee of the Board
"BID"	twice a day
"BIW"	twice weekly

"Board" or "Board of Directors"	the board of directors of the Company
"c-Myc"	MYC proto-oncogene, bHLH transcription factor, a protein that codes for transcription factors
"CDMO(s)"	a contract development manufacture organisation that offers manufacturing services, with volume capabilities ranging from small amounts for preclinical R&D to larger volumes necessary for clinical trials purposes and commercialisation
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"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 with stock code 9939
"Core Products"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this announcement, our Core Products consist of KX-826, AR-PROTAC Compound (GT20029) and Pruxelutamide (GT0918)
"COVID-19"	coronavirus disease 2019
"CRO(s)"	contract research organisation(s), a company hired by another company or research center to take over certain parts of running a clinical trial. The company may design, manage, and monitor the trial, and analyse the results
"Detorsertib" or "GT0486"	an inhibitor of the PI3K/mTOR signaling pathway and a second generation mTOR inhibitor under development by our Group primarily for the treatment of metastatic solid tumours such as breast cancer, prostate cancer and liver cancer
"Director(s)"	director(s) of the Company

"Dr. TONG"	Dr. Youzhi TONG, one of the co-founders, an executive Director, the chairman and chief executive officer of the Company
"Employee Incentive Scheme"	the employee incentive scheme of our Company approved and adopted by our Board on 31 March 2020
"Group"	the Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"HCC"	hepatocellular carcinoma, a common type of liver cancer
"Hh"	one of the anticancer targets, when hedgehog is not turned off during adulthood, it promotes the growth of cancer cells
"HKD" or "HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards as issued by the International Accounting Standards Board
"INCI"	International Nomenclature Cosmetic Ingredient
"IND"	investigational new drug
"IPF"	idiopathic pulmonary fibrosis
"KX-826"	formerly known as "Pyrilutamide", an AR antagonist under development by our Group as a topical drug for the treatment of AGA and acne vulgaris
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"LLOQ"	lower limit of quantification
"mCRPC"	metastatic castration-resistant prostate cancer
"Model Code"	the Model Code for Securities Transactions by Directors of Listed issuers as set out in Appendix C3 to the Listing Rules

"mTOR"	mammalian target of rapamycin, a critical effector in cell-signaling pathways commonly deregulated in human cancers
"NDA"	new drug application
"Nivolumab"	a human immunoglobulin G4 (IgG4) monoclonal antibody, which targets the negative immunoregulatory human cell surface receptor programmed death-1 (PD-1, PCD-1) with immune checkpoint inhibitory and antineoplastic activities
"NMPA"	the National Medical Products Administration of the PRC, successor to the China Food and Drug Administration according to the Institutional Reform Plan of the State Council
"PD"	Pharmacodynamics
"PD-1" or "PCD-1"	programmed cell death protein 1, a protein in humans is encoded by the programmed cell death 1 (PDCD1) gene
"Pfizer"	Pfizer, Inc., a corporation organised and existing under the laws of the State of Delaware, U.S., and a research-based global biopharmaceutical company
"PI3K"	the acronym of Phosphoinositide 3-kinase, a family of enzymes involved in cellular functions such as cell growth, proliferation, differentiation, motility, survival, and intracellular trafficking, which in turn are involved in cancer
"PK"	Pharmacokinetics
"PROTAC"	proteolysis targeting chimera, a small molecule composed of (i) a recruiting element for a protein of interest; (ii) an E3 ubiquitin ligase recruiting element; and (iii) a linker bounding (i) and (ii)
"Pruxelutamide" or "GT0918"	formerly known as "Proxalutamide", a small molecule second generation AR antagonist under development by our Group for the treatment of mCRPC and AR+ metastatic breast cancer
"QD"	once a day
"R&D"	research and development

"Reporting Period"	the six months ended 30 June 2024
"RMB"	Renminbi yuan, the lawful currency of the PRC
"RSU"	a restricted share unit award granted to a participant under the Employee Incentive Scheme that is subject to such terms and conditions as set forth in the rules of the Employee Incentive Scheme, and each restricted share unit represents one underlying Share
"SAE"	serious adverse events
"SARS-CoV-2"	severe acute respiratory syndrome coronavirus 2
"Share(s)"	ordinary share(s) in the share capital of the Company, currently of nominal value USD0.0001 each
"Shareholder(s)"	holder(s) of the Shares
"SMO"	smoothened, a Class Frizzled G protein-coupled receptor that is a component of the hedgehog signaling pathway
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TAHC"	target area hair counts
"TEAE"	treatment-emergent adverse events
"TGF–ß"	a regulatory cytokine that has multifunctional properties that can enhance or inhibit many cellular functions, including interfering with the production of other cytokines and enhancing collagen deposition
"TMPRSS2"	transmembrane serine protease 2, a membrane anchored protease primarily expressed by epithelial cells of respiratory and gastrointestinal systems and has been linked to multiple pathological processes in humans including tumor growth, metastasis and viral infections

"Top-up Placing 2022"	the top-up placing conducted by the Company pursuant to a placing and subscription agreement dated 9 December 2022. Please refer to the announcements of the Company dated 11 December 2022 and 16 December 2022 for further information
"TRAE"	treatment related adverse events
"U.S." or "US" or "United States"	the United States of America
"USD"	U.S. dollars, the lawful currency of the U.S.
"U.S. FDA"	Food and Drug Administration of the U.S.
"VEGF"	vasoactive endothelial growth factor, a potent angiogenic factor and was first described as an essential growth factor for vascular endothelial cells
"we", "us", "Kintor" or "our"	the Company and, unless the context indicates otherwise, its subsidiaries

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

Hong Kong, 26 August 2024

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

* *For identification purpose only*