Ascletis Pharma Inc.
歌禮製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1672)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

The Board of Directors is pleased to announce the audited condensed consolidated annual results of the Group for the year ended December 31, 2019, together with the comparative figures for the corresponding period in 2018 as follows.

FINANCIAL HIGHLIGHTS

	Year ended December 31,		
	2019	2018	Changes
	RMB'000	*RMB'000*	*%*
Revenue			
Sales of products	**124,419**	72,273	72.2
Promotion service revenue	**47,638**	3,474	1,271.3
Collaboration revenue	**1,386**	90,578	(98.5)
Total	**173,443**	166,325	4.3
Gross profit	**124,283**	153,946	(19.3)
Loss before tax	**(95,969)**	(19,870)	(383.0)
Loss for the year	**(95,969)**	(19,745)	(386.0)
Loss attributable to the owners of the Group	**(95,969)**	(7,258)	(1,222.3)
Net loss margin	**(55.3%)**	(11.9%)	–
Loss per share			
	RMB	RMB	
– Basic and diluted	**(9.10) cents**	(0.84) cents	–

CORPORATE PROFILE

Our mission

Ascletis' mission is to become a world-class innovative R&D driven biotechnology company addressing unmet medical needs in three therapeutic areas: viral, cancer and fatty liver diseases.

Overview

Ascletis is an innovative R&D driven biotechnology company focusing on developing and commercializing innovative first/best-in-class drugs against HCV, HBV, HIV, NASH and liver cancer. Led by a management team with deep expertise and a proven track record, Ascletis has developed a fully integrated platform covering the entire value chain from discovery and development to manufacturing and commercialization. As at the date of this announcement, Ascletis has commercialized two drugs, Ganovo® (Danoprevir), the first direct-acting anti-viral agent for Hepatitis C developed domestically for China, and Pegasys® (Peginterferon alfa-2a), a well-established pegylated interferon for Hepatitis B and C partnered with Shanghai Roche Pharmaceuticals Ltd. ("**Shanghai Roche**"). Another drug candidate of Ascletis, Ravidasvir, is a Hepatitis C virus (HCV) drug at near commercial stage, the NDA of which was accepted by the NMPA in August 2018 and was granted priority review in October 2018. The Center for Food and Drug Inspection of NMPA announced on March 16, 2020 the on-site manufacturing inspection for Ravidasvir NDA. Ascletis has also developed the tablet formulation of Ritonavir and has completed bioequivalence (BE) studies of the tablets on healthy volunteers. ANDA of Ritonavir was accepted by NMPA on August 22, 2019. During Corona Virus Disease 2019 (COVID-19) outbreak, to date there are three investigator-initiated, hospital-ethics committee approved clinical trials with Ganovo® (Danoprevir), Ritonavir and ASC09.

Ganovo® (Danoprevir) has generated sales of approximately RMB124.4 million in 2019. Compared to the year of 2018, Ganovo® (Danoprevir) sales growth is 72.2% in the year of 2019. Pegasys® has generated promotion revenue of approximately RMB47.6 million in 2019. Compared to the year of 2018, promotion revenue growth is 1,271.3% in the year of 2019.

In addition to two commercialized drugs, Ascletis' R&D pipeline consists of first/best-in-class drug candidates from antibody-based immunotherapy, small molecules and siRNA at various preclinical and clinical development stages, addressing unmet medical needs in three therapeutic areas: viral, cancer and fatty liver diseases. 7 out of 12 R&D drug candidates are in-house developed and the other 5 are licensed from Big Pharma and leading biotech.

For anti-viral therapeutic area, ASC22 is a first-in-class, Phase II programmed cell death ligand-1 (PD-L1) monoclonal antibody to treat Hepatitis B and other viral diseases. IND of ASC22 was approved on January 22, 2020 by NMPA to conduct clinical trials in Hepatitis B patients. During Corona Virus Disease 2019 (COVID-19) outbreak, to date there are three investigator-initiated, hospital-ethics committee approved clinical trials: one with Danoprevir/Ritonavir; and two with ASC09/Ritonavir fixed-dose combination (FDC).

For non-alcoholic steatohepatitis (NASH) therapeutic area, ASC40 is a first-in-class, small molecule fatty acid synthase (FASN) inhibitor for NASH and is currently in its Global Phase II Clinical Trial whose data is expected in the third quarter 2020.

Other than Ganovo® (Danoprevir) and Pegasys®, to date, we have not commercialized any products, and we cannot guarantee that we will be able to successfully develop and commercialize our drug candidates.

Our product pipeline is set out below as at the date of this announcement:

HCV

Target	Products/Drug Candidate	Pre-IND	IND Approval	Phase I	Phase II	Phase III	NDA Filed	Marketed	Licensed From/ In-house	Commercial Rights
NS3/4A	Ganovo® (Danoprevir)								Roche	Greater China
NS5A	Ravidasvir								PRESIDIO	Greater China
Dual Targeted FDC	ASC18								In-house	Greater China
NS5B	ASC21								Medivir	Greater China

HBV

Target	Products/Drug Candidate	Pre-IND	IND Approval	Phase I	Phase II	Phase III	NDA Filed	Marketed	Licensed From/ In-house	Commercial Rights
Interferon receptor	Pegasys® (Peginterferon alfa-2a)								Roche	Mainland China
PD-L1	ASC22								康宁杰瑞	Greater China
Undisclosed	Candidate identified								In-house	Global
Undisclosed	Candidate identified								In-house	Global

HIV

Target	Products/Drug Candidate	Pre-IND	IND Approval	Phase I	Phase II	Phase III	NDA Filed	Marketed	Licensed From/ In-house	Commercial Rights
Protease	Ritonavir								In-house	Global
Protease	ASC09/Ritonavir FDC								In-house	Mainland China and Macau

NASH

Target	Products/Drug Candidate	Pre-IND	IND Approval	Phase I	Phase II	Phase III	NDA Filed	Marketed	Licensed From/ In-house	Commercial Rights
FASN	ASC40								SAGIMET	Greater China
THR-beta	ASC41								In-house	Global
Undisclosed	Candidate identified								In-house	Global

Liver Cancer

Target	Products/Drug Candidate	Pre-IND	IND Approval	Phase I	Phase II	Phase III	NDA Filed	Marketed	Licensed From/ In-house	Commercial Rights
VEGF&KSP	ASC06								Alnylam	Greater China

Note: The Group is also developing the tablet formulation of Ritonavir and has completed bioequivalence (BE) studies of the tablets on healthy volunteers. ANDA of Ritonavir was accepted by NMPA on August 22, 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

During the year of 2019, the Group made significant progress with respect to its business.

- **Ganovo® (Danoprevir) sales of RMB124.4 million**

  During the Reporting Period, the Group recorded approximately RMB124.4 million sales of products through the commercialization of Ganovo® (Danoprevir) in Mainland China. Compared to the year of 2018, sales growth is 72.2% in the year of 2019. To date, Ganovo® is covered by the Basic Medical Insurance of Zhejiang Province.

- **Pegasys® promotion income of RMB47.6 million**

  On November 20, 2018, we obtained exclusive promotion right in Mainland China for Pegasys®, a leading pegylated interferon as a first-line treatment for Hepatitis B, from Shanghai Roche. We have been promoting Pegasys® since December 1, 2018. During the Reporting Period, the Group recorded approximately RMB47.6 million promotion income through the commercialization of Pegasys® in Mainland China. Compared to the year of 2018, promotion revenue growth is 1,271.3% in the year of 2019.

- **Ravidasvir, our all-oral interferon-free, NDA-accepted regimen for Hepatitis C**

  Ravidasvir is our next generation and pan-genotypic NS5A inhibitor with a high genetic barrier to resistance. Ravidasvir, when administered in combination with Ganovo® (Danoprevir) and ribavirin, forms an all-oral and interferon-free cure for Hepatitis C (the "RDV/DNV Regimen"). Phase II/III clinical trial has shown that 12-week RDV/DNV Regimen demonstrated a superior cure rate of 99% (SVR12) and a good safety profile. For patients with baseline NS5A resistance mutations, our Phase II/III clinical trial showed that RDV/DNV Regimen demonstrated a cure rate of 100% (SVR12). The NDA acceptance and priority review for Ravidasvir was granted by the NMPA on August 1, 2018 and October 17, 2018, respectively. The Center for Food and Drug Inspection of NMPA announced on March 16, 2020 the on-site manufacturing inspection for Ravidasvir NDA.

- **Commercial capability**

  With the successful launch of Ganovo®, the Group has demonstrated strong development capability and established a solid commercial presence in China in the area of hepatitis. As of December 31, 2019, the Group has built a commercialization team of approximately 155 members, covering approximately 1,000 hospitals and pharmacies strategically located in regions where Hepatitis C and B are prevalent in China. Our commercial team has identified and educated approximately 6,000 specialists and KOLs in the hepatitis field. We have entered into 20 distribution agreements with different distributors that cover approximately 400 direct-to-patient (DTP) pharmacies, hospital-linked pharmacies and other pharmacies through our distributors, either directly or through their sub-distributors.

- **Advancing our innovative first/best-in-class R&D pipeline**

  The Group has focused on building and advancing our first/best-in-class R&D pipeline after successfully launching Ganovo® (Danoprevir). Besides ASC22 and ASC40 (described below under *Selected drug candidates in the pipeline*), other drug candidates include but not limited to: (1) ASC41: an orally bioavailable, small molecule thyroid hormone receptor ß (THR-ß) agonist whose IND filing was accepted by NMPA on February 13, 2020; (2) ASC18: IND-approved HCV dual-targeted FDC of which the Group has developed one-pill once-a-day FDC as the complete treatment of Hepatitis C; (3) ASC21: IND-approved NS5B polymerase nocleot(s)ide inhibitor; (4) ASC09/Ritonavir FDC: an HIV protease inhibitor whose IND filing was accepted on December 30, 2019.

Commercialized products

- **Ganovo®**

  Hepatitis C is one of the leading causes of chronic liver diseases, including cirrhosis and liver cancer in China. Hepatitis C had a prevalence rate of 1.82% in China in 2017 with 25.2 million estimated HCV-infected patients. Ganovo® is a direct-acting anti-viral agent (DAA) and NS3/4A protease inhibitor, which, when administered in combination with pegylated interferon and ribavirin, demonstrated a far higher cure rate of 97% (SVR12), a shorter treatment duration of 12 weeks and a superior safety and tolerability profile, compared with the current primary regimen of pegylated interferon and ribavirin in China.

  Ganovo® (Danoprevir) is our first commercialized product. We obtained the NDA approval from NMPA on June 8, 2018, and have begun commercialization of Ganovo® in Mainland China since then. The Group recorded approximately RMB124.4 million sales of products through the commercialization of Ganovo® (Danoprevir) in Mainland China during the Reporting Period. Compared to the year of 2018, sales growth is 72.2% in the year of 2019.

- **Pegasys®**

  The Group has exclusive rights to promote Pegasys® in Mainland China pursuant to a partnership agreement entered into with Shanghai Roche.

  Pegasys® is a long-acting modified form of interferon (IFN), a naturally occurring protein produced by the body to fight viruses, approved to treat Hepatitis B and C. Shanghai Roche had sold and promoted Pegasys®, a leading pegylated interferon treatment for more than 15 years in China and is well recognized and accepted by the clinical community. Pegasys® demonstrated strong immune modulation with resultant higher HBeAg and HBsAg seroclearance or even seroconversion, in comparison to Nucleos(t)ide Analogues (NAs). We began our exclusive sales and promotion of Pegasys® in Mainland China from December 1, 2018 and recorded RMB47.6 million income from the marketing promotion of Pegasys® during the Reporting Period. Compared to the year of 2018, promotion revenue growth is 1,271.3% in the year of 2019.

Near Commercial-stage product

- **Ravidasvir**

  We filed the NDA for Ravidasvir on July 31, 2018 and received the acceptance letter from the NMPA on August 1, 2018. In October 2018, Ravidasvir was granted priority review by the NMPA. The Center for Food and Drug Inspection of NMPA announced on March 16, 2020 the on-site manufacturing inspection for Ravidasvir NDA.

  We have developed Ravidasvir to be a best-in-class, pan-genotypic inhibitor targeting the HCV NS5A protein. Ravidasvir offers superior anti-viral activity, a higher genetic barrier to resistance and a better safety profile compared to our competitors' NS5A inhibitors approved in China.

Drug candidates in the pipeline

- **ASC22**

  Phase II PD-L1 antibody for Hepatitis B cure. ASC22, as a PD-L1 single domain antibody fragment crystallizable (Fc) fusion, has the advantages of subcutaneous injection and good stability at room temperature. ASC22 is differentiated from other PD-1 or PD-L1 antibodies since it is the only late-stage monoclonal antibody, against PD-1 or PD-L1, which is subcutaneously administered and room temperature stable with clinical safety data from more than 500 patients of oncology indications. These characteristics would be of great value to improve patients' compliance to treatment and quality of life. ASC22 is a potential global first-in-class immunotherapy to offer clinical cure for chronic Hepatitis B infections. IND of ASC22 was approved by NMPA on January 22, 2020 to conduct clinical trials in Hepatitis B patients.

- **ASC40**

  Phase II NASH drug candidate. ASC40 is an orally bioavailable, first-in-class inhibitor of FASN. FASN is a key enzyme in the DNL pathway and catalyzes the biosynthesis of palmitate, which can then undergo further modifications into other fatty acids and complex lipids. Dysregulation of FASN activity is found in a number of different diseases, including liver diseases and cancer. Non-alcoholic fatty liver disease (NAFLD) and the more advanced disease of NASH can progress to significant liver diseases, including cirrhosis and hepatocellular carcinoma. The first patient was dosed in April 2019 in Global Phase II Clinical Trial whose data is expected in the third quarter 2020.

- **ASC41**

  An orally bioavailable, highly selective small molecule THR-ß agonist for the treatment of NASH is developed in-house by the Group. In mice NASH model, ASC41 can reduce up to 45% NAS score and 25% liver fibrosis score. The IND filling for ASC41 was accepted by NMPA on February 13, 2020. ASC41 is expected to be used in combination with ASC40, another innovative drug of the Company, for treatment of NASH.

- **Pre-clinical development programs**

  We have three wholly-owned, in-house developed pre-clinical programs. Two of them aim to achieve high functional cures for Hepatitis B. One is to develop breakthrough therapies for NASH.

The Group's Facilities

We have one manufacturing facility located in Shaoxing, Zhejiang Province with a total gross floor area of 17,000 square meters. Our manufacturing facility has one production line with a designed annual production capacity of 130 million tablets. As substantially all of our drug candidates are administered in tablet form, we are able to manufacture our drugs using the same production line. We have obtained the drug production license for our manufacturing facility. Our manufacturing facility is equipped with state-of-the-art production equipment with cutting-edge technology capabilities such as hot-melt extrusion and high-speed press to ensure the high quality of our products. Most of our equipment was purchased since 2015 from leading international manufacturers, such as Leistritz and Fette.

As of December 31, 2019, we had 9 subsidiaries, all of which are wholly owned by us. Our business was mainly conducted through 3 of our 5 onshore operating subsidiaries, being Ascletis BioScience Co., Ltd. (歌禮生物科技(杭州)有限公司), Ascletis Pharmaceuticals Co., Ltd. (歌禮藥業(浙江)有限公司), Gannex Pharma Co., Ltd (甘萊製藥有限公司).

Future and Outlook

In 2020 and beyond, we are focused on

(1) Sustainable HCV Franchise to maximize sales, especially after the approval of Ravidasvir/Danoprevir all oral regimen. ASC18 as one-pill once-a-day oral regimen will further support Ascletis as an HCV market leader in China.

(2) In December 2019 Heptitis B Guidance, clinical (functional) cure is set as one of major goals for the management of Hepatitis B patients. Pegasys® is an immunotherapy which can achieve clinical cure, especially in selected Hepatitis B patients. We expect significant promotion revenue growth of Pegasys® as the paradigm of Hepatitis B patients management is pursuing clinical cure.

(3) Building HBV Franchise Leading to Clinical Cure: Since Clinical cure needs combination therapies, marketed Pegasys® and subcutaneously injected PD-L1 antibody ASC22 can be used as Cornerstones. The potential combination therapies might include but not limited to: (i) Pegasys® in combination with in-house developed drug candidates against novel targets; (ii) PD-L1 antibody ASC22 in combination with in-house developed drug candidates against novel targets; (iii) Pegasys® or PD-L1 antibody ASC22 maybe partnered with drug candidates of industrial leaders such as Therapeutic Vaccines, siRNA and HBV Entry inhibitors etc.

(4) Building a leading NASH portfolio: As NASH is a complicated metabolic disease which involves multiple targets and mechanisms, combination therapies may lead to better control of NASH. ASC41 is an oral THR-ß agonist, while ASC40 is an oral fatty acid synthase (FASN) inhibitor. Combination of ASC40 and ASC41 is expected to lead better treatment of NASH, compared to single drug treatment. The Group's in-house developed pre-clinical programs against novel targets may offer more combination therapies for NASH.

Financial Review

Revenue

The Group has begun commercialization of Ganovo® (Danoprevir) in China on June 8, 2018 and Pegasys® since December 1, 2018. The revenue generated during the Reporting Period consists of (i) sales of products from Ganovo® (Danoprevir); (ii) Pegasys®'s promotion services; and (iii) collaboration revenue.

The revenue of the Group on sales of products and promotion services increased 127.1% from approximately RMB75.7 million for the year ended December 31, 2018 to approximately RMB172.1 million for the year ended December 31, 2019. The increase was mainly attributed to (i) RMB52.1 million from the sales of products on Ganovo® (Danoprevir) in China during the Reporting Period; and (ii) RMB44.2 million received from Shanghai Roche for the promotion of Pegasys® during the Reporting Period. Despite of the large increase in the revenue from sales of products and promotion services, the overall revenue of the Group increased by 4.3% from approximately RMB166.3 million for the year ended December 31, 2018 to approximately RMB173.4 million for the year ended December 31, 2019, primarily because the last instalment of upfront and milestone payment from Roche in relation to the commercialization of Ganovo® (Danoprevir) has been paid up in July 2018, and therefore no such milestone payment was received by us during the Reporting Period. We expect that our revenue for the next few years will be generated mainly from our sales of Ganovo® (Danoprevir), the promotion services for Pegasys® and sales of Ravidasvir upon its approval.

Cost of Sales

The cost of sales of the Group increased by 297.1% from approximately RMB12.4 million for the year ended December 31, 2018 to approximately RMB49.2 million for the year ended December 31, 2019. The increased cost of sales was attributed to the commercialization of Ganovo® (Danoprevir) in China and the cost of rendering promotion services for Pegasys®.

The cost of sales of the Group consists of direct labor costs, cost of raw materials, overhead, the royalty fee to Roche, the cost of rendering promotion services and the write-down of inventories to net realisable value.

Direct labor costs primarily consist of salaries, bonus and social security costs for the employees.

Cost of raw material primarily consists of costs incurred for the purchase of raw materials, such as APIs for Danoprevir. We have engaged the contracting manufacturing organizations to manufacture APIs for Danoprevir on our behalf, and currently do not contemplate to manufacture APIs in-house in order to maintain continuity in our source of APIs in the production of Ganovo® (Danoprevir). We own the technologies and intellectual properties to manufacture APIs for Danoprevir, and any new intellectual properties developed by the contracting manufacturing organizations.

Overhead primarily consists of depreciation charges of the facility and equipment and other manufacturing expenses.

We have agreed to pay Roche tiered royalties in the mid-single digits based on net sales of Ganovo® (Danoprevir) in any and all regimens in Greater China.

Gross Profit

The gross profit of the Group decreased by 19.3% from approximately RMB153.9 million for the year ended December 31, 2018 to approximately RMB124.3 million for the year ended December 31, 2019. The decrease in the gross profit was mainly because the gross profit of the collaboration revenue decreased by 98.5% from approximately RMB90.6 million for the year ended December 31, 2018 to approximately RMB1.4 million for the year ended December 31, 2019.

Other Income and Gains

The other income and gains of the Group increased by 1.4% from approximately RMB124.8 million for the year ended December 31, 2018 to approximately RMB126.6 million for the year ended December 31, 2019, primarily because (i) bank interest income was RMB72.2 million for the year ended December 31, 2019, compared with RMB25.0 million for the year ended December 31, 2018. The increase was primarily due to the interest earned on the proceeds of the Company's IPO on the Stock Exchange; (ii) the Group recorded RMB49.9 million in government grants for the year ended December 31, 2019 and RMB73.0 million for the year ended December 31, 2018, respectively; and (iii) net foreign exchange gain was RMB4.5 million for the year ended December 31, 2019 and RMB23.6 million for the year ended December 31, 2018.

The government grants mainly represent subsidies received from the local governments for the purpose of compensation for expenses arising from research activities and clinical trials, award for new drug approval and capital expenditure incurred on certain projects.

The following table sets forth the components of our other income and gains for the period indicated:

	Year ended December 31,			
	2019		2018	
	RMB'000	***%***	*RMB'000*	*%*
Bank interest income	**72,239**	**57.1**	25,006	20.0
Dividend income from financial assets at fair value through profit or loss	**–**	**–**	3,191	2.6
Government grants	**49,869**	**39.4**	73,018	58.5
Foreign exchange gain, net	**4,485**	**3.5**	23,598	18.9
Total	**126,593**	**100**	124,813	100

Selling and Distribution Expenses

The selling and distribution expenses of the Group consisted of staff cost for our sales personnel and the expenses for marketing promotion activities.

The selling and distribution expenses of the Group represented 57.9% of the overall revenue of the Group for the year ended December 31, 2019, primarily because of the launch of more marketing activities for the commercialization of our products in the reporting year 2019.

Administrative Expenses

The administrative expenses of the Group decreased significantly by 42.9% from RMB85.8 million for the year ended December 31, 2018 to RMB49.0 million for the year ended December 31, 2019, primarily due to no listing expenses incurred during the Reporting Period.

Our administrative expenses primarily consist of staff salary and welfare costs, utilities, rent and general office expenses and agency and consulting fees.

The following table sets forth the components of our administrative expenses for the period indicated:

	Year ended December 31,			
	2019		2018	
	RMB'000	***%***	*RMB'000*	*%*
Staff salary and welfare	**24,419**	**49.9**	22,745	26.5
Utilities, rent and general office expenses	**19,159**	**39.1**	18,600	21.7
Agency and consulting fee	**4,411**	**9.0**	5,524	6.4
Listing expenses	**–**	**–**	37,027	43.2
Others	**973**	**2.0**	1,893	2.2
Total	**48,962**	**100**	85,789	100

Research and Development Expenses

The Group's research and development expenses primarily consist of clinical trial expenses, staff costs and third-party contracting costs.

The research and development expenses of the Group decreased by 12.2% from approximately RMB143.5 million for the year ended December 31, 2018 to approximately RMB126.0 million for the year ended December 31, 2019, for developing our drug candidates.

The following table sets forth the components of our research and development costs for the period indicated:

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Clinical trial expenses	**62,711**	60,338
Staff costs	**30,559**	49,474
Depreciation and amortization	**15,893**	9,196
Third-party contracting costs	**4,012**	17,433
Others	**12,787**	7,011
Total	**125,962**	143,452

The following table sets forth the components of our research and development costs by product pipeline for the period indicated:

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Ravidasvir	**47,767**	114.569
ASC09	**10,010**	2,881
Danoprevir	**5,218**	8,467
Others[(Note)]	**62,967**	17,535
Total	**125,962**	143,452

Note: "Others for the year ended December 31, 2019" includes research and development costs of ASC22, ASC40, ASC18, ASC21, and pre-clinical programs.

"Others for the year ended December 31, 2018" includes research and development costs of ASC21, and pre-clinical programs.

Finance costs

The Group recorded finance costs to approximately RMB0.2 million for the year ended December 31, 2019, as a result of the interest on the lease liabilities.

The following table sets forth the components of our finance costs for the period indicated:

	Year ended December 31,			
	2019		2018	
	RMB'000	***%***	*RMB'000*	*%*
Interest expense on the lease liabilities	**182**	**100**	–	–
Total	**182**	**100**	–	–

Other Expenses

Other expenses primarily include donations and loss on disposal of items of property, plant and equipment. The other expenses of the Group increased by 455.2% from approximately RMB10.8 million for the year ended December 31, 2018 to approximately RMB59.7 million for the year ended December 31, 2019, mainly due to donations of RMB57.9 million for the year ended December 31, 2019.

The following table sets forth the components of other expenses for the period indicated:

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Donation	**57,871**	9,227
Loss on disposal of items of property, plant and equipment	**1,388**	–
Impairment of trade receivables	**88**	–
Write-off of items of property, plant and equipment	**–**	551
Changes in fair value of financial assets at fair value through profit or loss	**–**	831
Others	**369**	146
Total	**59,716**	10,755

Income Tax

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 operated.

The Group calculates the income tax expense by using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the annual condensed consolidated statement of profit or loss are:

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Current tax:		
Charge for the year	**–**	–
Deferred tax	**–**	(125)
Total tax credit for the year	**–**	(125)

For the year ended December 31, 2018 and 2019, the Group did not incur any income tax expense as the Group did not generate taxable income in both periods. We recorded loss before tax of RMB19.9 million for the year ended December 31, 2018, and loss before tax of RMB96.0 million for the year ended December 31, 2019, respectively.

We have tax losses arising in the PRC of RMB388.7 million and RMB563.6 million for the year ended December 31, 2018 and 2019, respectively, which are expected to expire in one to five years for offsetting our future taxable profits.

Inventories

The inventories of the Group consist of raw materials used in the manufacturing of Ganovo® (Danoprevir), work in progress, finished goods and research materials. The inventories increased by 2.6% from approximately RMB83.9 million as at December 31, 2018 to approximately RMB86.0 million as at December 31, 2019, primarily as a result of the increased starting material reserves for Ganovo® (Danoprevir) and the Ravidasvir upcoming commercialization.

The following table sets forth the inventory balances as of the dates indicated:

	December 31, 2019	December 31, 2018
	RMB'000	*RMB'000*
Raw material	**60,468**	47,889
Work in progress	**20,408**	32,138
Finished goods	**5,163**	3,850
Total	**86,039**	83,877

Trade Receivables

The Group had RMB56.1 million trade receivables as at December 31, 2018 and RMB68.4 million as at December 31, 2019.

	December 31, 2019	December 31, 2018
	RMB'000	*RMB'000*
Trade receivables	**68,485**	56,123
Less: Impairment of trade receivables	**88**	–
Total	**68,397**	56,123

The Group's trading terms with its customers are mainly on credit. The credit period is generally from 30 days to 180 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are regularly reviewed by senior management. In view of the before mentioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the dates indicated, based on the invoice date and net of loss allowance, is as follows:

	December 31, 2019	December 31, 2018
	RMB'000	*RMB'000*
Less than 3 months	**68,397**	56,123

Prepayments, Other Receivables and Other Assets

The following table sets forth the components of prepayment, other receivables and other assets as at the dates indicated:

	December 31, 2019	December 31, 2018
	RMB'000	*RMB'000*
Interest receivable	**18,899**	10,418
Value-added tax recoverable	**13,225**	18,160
Prepayments	**7,686**	13,721
Deposits and other receivables	**4,788**	1,664
Prepaid expenses	**1,885**	3,261
Prepaid income tax	**1,363**	1,363
Total	**47,846**	48,587

We had RMB10.4 million and RMB18.9 million interest receivable as of December 31, 2018 and December 31, 2019, respectively, which represent the expected interest to be received on time deposits.

Our value-added tax recoverable represented value-added taxes paid with respect to our procurement that can be credited against future value-added tax payables. Our value-added tax recoverable decreased from RMB18.2 million as of December 31, 2018 to RMB13.2 million as of December 31, 2019, as a result of the sales growth during the Reporting Period.

Our prepayments represented the amounts mainly relating to our purchase of inventory. Our prepayments decreased by 44.0% from RMB13.7 million as of December 31, 2018 to RMB7.7 million as of December 31, 2019. Prepayments to supplier as at the end of December 31, 2019 are due within one year. None of the above assets is past due or impaired.

Other receivables and prepaid expenses are miscellaneous expenses including other administrative related expenses.

Fair Value and Fair Value Hierarchy of Financial Instruments

We did not have financial instruments other than those with carrying amounts that reasonably approximate to fair values, as at December 31, 2018 and December 31, 2019.

Cash and Cash Equivalents

The following table sets forth the components of the Group's cash and cash equivalents and time deposits as of the dates indicated:

	December 31, 2019	December 31, 2018
	RMB'000	*RMB'000*
Cash and bank balances	**167,982**	1,301,468
Time deposits	**2,821,182**	1,871,781
Total	**2,989,164**	3,173,249

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods between one day and twelve months depending on our immediate cash requirements, and earn interest at the respective time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

Trade and Other Payables

Trade and bills payables of the Group primarily consist of payments to raw materials suppliers. The following table sets forth the components of trade payables as at the dates indicated:

	December 31, 2019	December 31, 2018
	RMB'000	*RMB'000*
Trade payables	**3,961**	7,635
Bills payable	**2,682**	6,556
Total	**6,643**	14,191

An aging analysis of the trade and bills payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	December 31, 2019	December 31, 2018
	RMB'000	*RMB'000*
– Within 1 month	**3,933**	6,913
– 1 to 3 months	**28**	3,984
– 3 to 6 months	**2,682**	3,294
	6,643	14,191

The following table sets forth the components of other payables and accruals outstanding as at the dates indicated:

	December 31, 2019	December 31, 2018
	RMB'000	*RMB'000*
Other payables	**33,276**	40,071
Payroll payable	**23,387**	15,030
Accrued expenses	**14,347**	17,354
Refund liabilities	**4,432**	–
Taxes other than income tax	**1,617**	371
Contract liabilities	**–**	230
Total	**77,059**	73,056

Our other payables decreased by 17.0% from RMB40.1 million as of December 31, 2018 to RMB33.3 million as of December 31, 2019 as payment term in contract.

The payroll payable are the bonus of 2019 accrued and December 2019 salary accrued, which are due within one year.

The accrued expenses as at December 31, 2019 mainly represented the accrued R&D expenses actually incurred but not yet invoiced, which are non-interest-bearing and due within one year.

Deferred Income

The deferred income of the Group represents government grants which have been awarded, but we have yet to meet the conditions of the grants as of the relevant dates. The following table sets forth the deferred income as of the dates indicated:

	December 31, 2019 *RMB'000*	December 31, 2018 *RMB'000*
Government grants		
– Current	**1,724**	6,158
– Non-current	**12,931**	6,786
Total	**14,655**	12,944

Other Intangible Assets

The intangible assets acquisition cost of the Group increased by 11.0% from approximately RMB88.9 million as at December 31, 2018 to approximately RMB98.7 million for as at December 31, 2019, due to new acquisition IP payment.

Our intangible assets primarily represent a patent that was transferred from Presidio to us in relation to the Presidio Licensing Agreement, under which we made upfront and/or milestone payments to Presidio. The useful economic lives of these intangible assets are 10 to 17 years, which we consider to be reasonable considering that the duration of the patent right is shorter than the anticipated duration of sales of product. The amortization of intangible assets begins on the transfer date of patent because it is the date from which the intangible assets are available for use by us.

We did not recognize any impairment loss despite the losses incurred throughout the Reporting Period, because our intangible assets primarily represent a patent transferred to us from Presidio, which related to the development, manufacture and commercialization of Ravidasvir in Greater China. We have filed the NDA for Ravidasvir in the third quarter of 2018. Therefore, we did not foresee any indicators of impairment for intangible assets.

Liquidity and Capital Resources

The primary uses of cash of the Group are to fund research and development, clinical trials, purchase of equipment and raw materials and other recurring expenses. During the Reporting Period, the Group funded its working capital and other capital expenditure requirements through capital injections from Shareholders. In connection with the Company's initial public offering, 224,137,000 ordinary shares of US$0.0001 each were issued at a price of HK$14.00 per share for a total cash consideration, before expenses, of approximately HK$3,137,918,000 (equivalent to RMB2,730,284,000). Dealings in these shares on the Stock Exchange commenced on August 1, 2018.

The following table sets forth a condensed summary of the Group's consolidated statement of cash flows for the periods indicated and analysis of balances of cash and cash equivalents for the periods indicated:

	December 31, 2019	December 31, 2018
	RMB'000	*RMB'000*
Net cash used in operating activities	**(74,341)**	(96,590)
Net cash from/(used in) in investing activities	**602,269**	(817,471)
Net cash (used in)/from financing activities	**(48,217)**	2,560,142
Net increase in cash and cash equivalents	**479,711**	1,646,081
Cash and cash equivalents at the beginning of year	**1,781,892**	123,697
Effect of foreign exchange rate changes, net	**33,441**	12,114
Cash and cash equivalents at the end of year	**2,295,044**	1,781,892

As at December 31, 2019, cash and cash equivalents were mainly denominated in Renminbi, United States dollars and Hong Kong dollars.

Operating Activities

Our cash inflows from operating activities mainly consisted of trade and bills receivables from customers, government grants and bank interests. Our cash outflow from operating activities mainly consisted of selling and distribution expenses, research and development costs, and administrative expenses.

For the year ended December 31, 2019, we had net cash flows used in operating activities of RMB74.3 million, primarily as a result of operating loss before changes in working capital of RMB129.7 million. The negative changes in working capital are mainly due to (i) an increase in bank interest received of RMB63.8 million; (ii) an increase of RMB11.9 million in trade and bills receivables in relation to our product sales; and (iii) a decrease in trade and bills payables of RMB7.5 million.

Investing Activities

Our cash used in investing activities mainly consisted of our cash in time deposits with original maturity of over three months, investment in an associate, purchase of property, equipment and construction in progress and purchase of intangible assets.

For the year ended December 31, 2019, our net cash from investing activities was RMB602.3 million, primarily attributable to: (i) a decrease in time deposits with original maturity of over three months of RMB697.2 million; and (ii) investment in an associate of RMB67.4 million.

Financing Activities

Our cash inflow from financing activities primarily related to our corporate financings during the Reporting Period.

For the year ended December 31, 2019, our net cash flows used in financing activities was RMB48.2 million, primarily attributable to repurchase of shares of RMB46.3 million.

Capital Expenditures

The principal capital expenditures of the Group primarily consisted of plant and machinery, expenditures for construction in progress, leasehold improvements and the purchase of office equipment. The following table sets forth our net capital expenditures as at the dates indicated:

	December 31, 2019	December 31, 2018
	RMB'000	*RMB'000*
Plant and machinery	**4,348**	6,854
Motor vehicles	**121**	2,146
Office equipment	**2,383**	951
Leasehold improvements	**1,284**	–
Construction in progress	**11,006**	5,912
Total	**19,142**	15,863

Significant Investments, Material Acquisitions and Disposals

On January 30, 2019, AP11 Limited, a wholly-owned subsidiary of the Company, entered into a capital increase agreement with 3-V Biosciences (currently known as Sagimet Biosciences Inc.), pursuant to which AP11 Limited agreed to invest US$8,100,000.00 in cash at the initial closing and US$1,899,999.95 in cash at the second closing into Sagimet Biosciences Inc.. As at the date of this announcement, AP11 Limited holds approximately 15.16% of the equity interest in Sagimet Biosciences Inc.. The Group recognizes such investment as an investment in an associate to which the equity method is applied.

Indebtedness

Borrowings

As of December 31, 2019, the Group did not have any indebtedness, and the undrawn bank facilities was RMB200.0 million as of the same date.

As of December 31, 2019, the Group did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, any guarantees or other material contingent liabilities.

Contingent Liabilities, Charges of Assets and Guarantees

As of December 31, 2019, the Group was not involved in any material legal, arbitration or administrative proceedings, or any contingent liabilities or charges of assets and guarantees, that, if adversely determined, would materially adversely affect our business, financial position or results of operations.

Contractual Commitments

We lease certain of our properties and warehouse under operating lease arrangements. Leases for properties and warehouse are negotiated for terms ranging mainly from one to five years.

The Group had nil operating lease commitments as at December 31,2019 and RMB7.1 million as at December 31, 2018, respectively.

The Group had the capital commitments in the amount of approximately RMB3.5 million and RMB11.5 million as at December 31, 2019 and December 31, 2018, respectively.

Gearing Ratio

Gearing ratio is calculated using total liabilities divided total assets and multiplied by 100%. As at December 31, 2019, the gearing ratio of the Group was 3.0% (as at December 31, 2018: 2.8%).

The following table sets forth our key financial ratios as of the dates indicated.

	December 31, 2019	December 31, 2018
Current ratio[(1)]	**36.4**	36.0
Quick ratio[(2)]	**35.4**	35.1

(1) Current ratio represents current assets divided by current liabilities as of the same date.

(2) Quick ratio represents current assets less inventories and divided by current liabilities as of the same date.

Our current ratio increased from 36.0 as of December 31, 2018 to 36.4 as of December 31, 2019, and our quick ratio increased from 35.1 as of December 31, 2018 to 35.4 as of December 31, 2019, primarily due to a decrease in current liabilities.

Foreign Exchange

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between Renminbi and other currencies in which our Group conducts business may affect our financial condition and results of operation.

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from recognized assets and liabilities in foreign operations. The conversion of Renminbi from foreign currencies, including the USD, has been based on rates set by the People's Bank of China. The Group seeks to limit our exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. During the Reporting Period, the Group did not enter into any currency hedging transactions. The revenue denominated in USD represented 54.5% and 0.8% of the total revenue of the Company for the year ended December 31, 2018 and 2019, respectively.

Employees and Remuneration Policies

As at December 31, 2019, the Group had a total of 327 employees, 325 of which were located in the PRC and 2 consultants were located abroad, and over 65% of our employees obtained a bachelor's degree or higher. The table below sets forth the Group's employees by function as disclosed:

	Numbers of employees	**% of total**
Management	5	2
Research and development	58	18
Commercialization	155	47
Manufacturing	61	19
Operations	48	14
Total	327	100

The Group's total staff costs for the year ended December 31, 2019 was RMB115.1 million, compared to RMB101.6 million for the year ended December 31, 2018.

The Group recruits employees through recruitment websites, recruiters, internal referral and job fairs. The Group conducts new employee training, as well as professional and compliance training programs for employees of the commercialization team.

The Group enters into employment contracts with employees to cover matters such as wages, benefits and grounds for termination. The remuneration package of our employees includes salary and bonus, which are generally determined by the qualifications, industry experience, position and performance. The Group makes contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

The Group also has adopted a Restricted Stock Unit Scheme and a Restricted Stock Unit Option Incentive Scheme.

Consolidated Statement of Profit or Loss
Year ended 31 December 2019

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
REVENUE	*4*	**173,443**	166,325
Cost of sales		**(49,160)**	(12,379)
including royalties		**(4,966)**	(3,156)
Gross profit		**124,283**	153,946
Other income and gains	*4*	**126,593**	124,813
Selling and distribution expenses		**(100,500)**	(58,633)
Research and development costs		**(125,962)**	(143,452)
Administrative expenses		**(48,962)**	(85,789)
Other expenses		**(59,716)**	(10,755)
Finance costs		**(182)**	–
Share of loss of an associate		**(11,523)**	–
LOSS BEFORE TAX	*5*	**(95,969)**	(19,870)
Income tax credit	*6*	**–**	125
LOSS FOR THE YEAR		**(95,969)**	(19,745)
Attributable to:			
Owners of the parent		**(95,969)**	(7,258)
Non-controlling interests		**–**	(12,487)
		(95,969)	(19,745)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
		RMB	RMB
Basic and diluted	*8*	**(9.10) cents**	(0.84) cents

Consolidated Statement of Comprehensive Income
Year ended 31 December 2019

	2019	2018
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(95,969)**	(19,745)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**2,305**	–
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements into presentation currency	**33,614**	12,918
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**35,919**	12,918
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(60,050)**	(6,827)
Attributable to:		
Owners of the parent	**(60,050)**	5,660
Non-controlling interests	**–**	(12,487)
	(60,050)	(6,827)

Consolidated Statement of Financial Position
31 December 2019

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**94,494**	88,333
Right-of-use assets		**4,233**	–
Other intangible assets		**75,614**	75,402
Investment in an associate		**58,109**	–
Advance payments for property, plant and equipment		**–**	257
Long-term deferred expenditure		**1,363**	275
Total non-current assets		**233,813**	164,267
CURRENT ASSETS			
Inventories	*9*	**86,039**	83,877
Trade and bills receivables	*10*	**69,525**	57,623
Prepayments, other receivables and other assets	*11*	**47,846**	48,587
Cash and cash equivalents		**2,989,164**	3,173,249
Total current assets		**3,192,574**	3,363,336
CURRENT LIABILITIES			
Trade and bills payables	*12*	**6,643**	14,191
Other payables and accruals	*13*	**77,059**	73,056
Lease liabilities		**2,226**	–
Deferred income	*14*	**1,724**	6,158
Total current liabilities		**87,652**	93,405
NET CURRENT ASSETS		**3,104,922**	3,269,931
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,338,735**	3,434,198

continued/…

	Notes	2019 *RMB'000*	2018 *RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**1,587**	–
Deferred income	*14*	**12,931**	6,786
Total non-current liabilities		**14,518**	6,786
Net assets		**3,324,217**	3,427,412
EQUITY			
Equity attributable to owners of the parent			
Share capital *(note a)*		**754**	764
Reserves		**3,323,463**	3,426,648
Total equity		**3,324,217**	3,427,412

Note:

(a) The Company repurchased a total of 14,349,000 Shares on the Stock Exchange during the year ended December 31, 2019.

Consolidated Statement of Changes in Equity
Year ended 31 December 2019

	Attributable to owners of the parent							
	Share capital *RMB'000*	Share premium account* *RMB'000*	Capital reserve* *RMB'000*	Exchange fluctuation reserve* *RMB'000*	Accumulated losses* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2018	9	92,234	635,109	15,154	(145,545)	596,961	272,870	869,831
Loss for the year	–	–	–	–	(7,258)	(7,258)	(12,487)	(19,745)
Other comprehensive income for the year:								
Exchange differences	–	–	–	12,918	–	12,918	–	12,918
Total comprehensive income/ (loss) for the year	–	–	–	12,918	(7,258)	5,660	(12,487)	(6,827)
Issue of shares	158	2,970,624	–	–	–	2,970,782	–	2,970,782
Capitalisation issue	597	(597)	–	–	–	–	–	–
Share issue expenses	–	(102,871)	–	–	–	(102,871)	–	(102,871)
Purchase of shares from non-controlling shareholders *(note a)*	–	–	10,559	–	–	10,559	(260,513)	(249,954)
Equity-settled share award and option arrangements	–	–	4,136	–	–	4,136	130	4,266
Dividend declared and paid	–	–	–	–	(57,815)	(57,815)	–	(57,815)
At 31 December 2018	764	2,959,390	649,804	28,072	(210,618)	3,427,412	–	3,427,412

Note:

(a) On 28 February 2018 and 8 April 2018, PowerTree Investment (BVI) Ltd. ("**PowerTree**") purchased 7.24% and 26.15% interests in Ascletis BioScience Co., Ltd. ("**Ascletis BioScience**") from non-controlling shareholders at cash considerations of US$1,492,223 (equivalent to RMB9,383,000) and US$38,218,989 (equivalent to RMB240,571,000), respectively.

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	Attributable to owners of the parent						
	Share capital *RMB'000*	Treasury shares* *RMB'000*	Share premium account* *RMB'000*	Capital reserve* *RMB'000*	Exchange fluctuation reserve* *RMB'000*	Accumulated losses* *RMB'000*	Total equity *RMB'000*
At 1 January 2019	**764**	**–**	**2,959,390**	**649,804**	**28,072**	**(210,618)**	**3,427,412**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(95,969)**	**(95,969)**
Other comprehensive income for the year:							
Exchange differences	**–**	**–**	**–**	**–**	**35,919**	**–**	**35,919**
Total comprehensive income/ (loss) for the year	**–**	**–**	**–**	**–**	**35,919**	**(95,969)**	**(60,050)**
Shares repurchased	**–**	**(46,269)**	**–**	**–**	**–**	**–**	**(46,269)**
Shares cancelled	**(10)**	**46,269**	**(46,259)**	**–**	**–**	**–**	**–**
Equity-settled share award and option arrangements	**–**	**–**	**–**	**3,124**	**–**	**–**	**3,124**
At 31 December 2019	**754**	**–**	**2,913,131**	**652,928**	**63,991**	**(306,587)**	**3,324,217**

* These reserve accounts comprise the consolidated reserves of RMB3,323,463,000 (2018: RMB3,426,648,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows
Year ended 31 December 2019

	Notes	2019 ***RMB'000***	2018 *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(95,969)**	(19,870)
Adjustments for:			
Finance costs		**182**	–
Share of loss of an associate		**11,523**	–
Bank interest income	*4*	**(72,239)**	(25,006)
Dividend income from financial assets at fair value through profit or loss	*4*	**–**	(3,191)
Changes in fair value of financial assets at fair value through profit or loss		**–**	831
Loss on disposal of items of property, plant and equipment	*5*	**1,388**	–
Write-off of items of property, plant and equipment	*5*	**–**	551
Depreciation of items of property, plant and equipment	*5*	**10,928**	5,794
Depreciation of right-of-use assets	*5*	**1,838**	–
Amortisation of intangible assets	*5*	**9,382**	6,186
Amortisation of long-term deferred expenditure		**162**	6
Equity-settled share award and option expense	*5*	**3,124**	4,266
		(129,681)	(30,433)
Increase in inventories		**(2,162)**	(21,666)
Increase in long-term deferred expenditure		**(1,250)**	(281)
Increase in trade and bills receivables		**(11,902)**	(57,623)
Decrease in prepayments, other receivables and other assets		**8,730**	15,297
(Decrease)/increase in trade and bills payables		**(7,548)**	1,224
Increase/(decrease) in other payables and accruals		**4,003**	(3,205)
Increase/(decrease) in deferred income		**1,711**	(19,126)
Interest received		**63,758**	19,223
Net cash flows used in operating activities		**(74,341)**	(96,590)

continued/···

	Note	2019 *RMB'000*	2018 *RMB'000*
Net cash flows used in operating activities		**(74,341)**	(96,590)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment and construction in progress		**(18,885)**	(15,816)
Proceeds from disposal of items of property, plant and equipment		**665**	–
Purchases of intangible assets		**(9,348)**	(44,267)
Purchases of financial assets at fair value through profit or loss		**–**	(229,000)
Purchase of a shareholding in an associate		**(67,400)**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**–**	372,000
Dividend income from financial assets at fair value through profit or loss		**–**	3,191
Decrease/(increase) in time deposits with original maturity of over three months		**697,237**	(903,579)
Net cash flows from/(used in) investing activities		**602,269**	(817,471)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**–**	2,970,782
Share issue expenses		**–**	(102,871)
Purchase of shares from non-controlling shareholders		**–**	(249,954)
Principal portion of lease payments		**(1,948)**	–
Share repurchased		**(46,269)**	–
Dividend paid		**–**	(57,815)
Net cash flows (used in)/from financing activities		**(48,217)**	2,560,142

continued/···

	Note	2019 *RMB'000*	2018 *RMB'000*
NET INCREASE IN CASH AND CASH EQUIVALENTS		**479,711**	1,646,081
Cash and cash equivalents at beginning of year		**1,781,892**	123,697
Effect of foreign exchange rate changes, net		**33,441**	12,114
CASH AND CASH EQUIVALENTS AT END OF YEAR		**2,295,044**	1,781,892
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position		**2,989,164**	3,173,249
Non-pledged time deposits with original maturity of over three months when acquired		**(694,120)**	(1,391,357)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**2,295,044**	1,781,892

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 25 February 2014. The registered office of the Company is located at c/o Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands. The principal place of business in Hong Kong of the Company is located at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the research and development, production, marketing and sale of pharmaceutical products.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 1 August 2018.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Definition of a Business*[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 No mandatory effective date yet determined but available for adoption

3. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	2019	2018
	RMB'000	*RMB'000*
Mainland China	**172,057**	75,747
Switzerland	**–**	90,578
Other country	**1,386**	–
Total	**173,443**	166,325

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2019	2018
	RMB'000	*RMB'000*
Mainland China	**161,123**	147,966
British Virgin Islands	**58,109**	–
Cayman Islands	**14,581**	16,301
Total	**233,813**	164,267

The non-current asset information above is based on the locations of assets.

Information about a major customer

Revenue of RMB47,638,000 was derived from rendering of promotion services to a single customer during the year, while revenue of RMB90,578,000 was derived from collaboration arrangement with a single collaboration partner in 2018.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers	**173,443**	166,325

Revenue from contracts with customers

(i) Disaggregation of revenue information

	2019	2018
	RMB'000	*RMB'000*
Type of goods or services		
– Sale of products	**124,419**	72,273
– Rendering of promotion services	**47,638**	3,474
– Collaboration revenue	**1,386**	90,578
Total revenue from contracts with customers	**173,443**	166,325

	2019	2018
	RMB'000	*RMB'000*
Timing of revenue recognition		
Over time		
– Collaboration revenue	**–**	40,956
At a point in time		
– Sale of products	**124,419**	72,273
– Rendering of promotion services	**47,638**	3,474
– Collaboration revenue	**1,386**	49,622
Total revenue from contracts with customers	**173,443**	166,325

	2019	2018
	RMB'000	*RMB'000*
Geographical markets		
Mainland China		
– Sale of products	**124,419**	72,273
– Rendering of promotion services	**47,638**	3,474
Switzerland		
– Collaboration revenue	**–**	90,578
Other country		
– Collaboration revenue	**1,386**	–
Total revenue from contracts with customers	**173,443**	166,325

The following table shows the amount of revenue recognised during the reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2019	2018
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Collaboration revenue	**–**	40,956
Sale of products	**230**	–
	230	40,956

The Group received non-refundable upfront fees and milestone payments for development and regulatory application as agreed in the collaboration agreements from the collaboration partner.

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 180 days from delivery.

Promotion services

The performance obligation is satisfied at a point in time when the customer's sales occur and payment is generally due within 60 days from the date of billing.

Collaboration revenue

The performance obligation is satisfied over time or at a point in time as output generated from the development activities is supplied to the collaboration partner or upon completion of services, and payment is generally due within 30 to 60 days from the date of billing.

	2019	2018
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**72,239**	25,006
Dividend income from financial assets at fair value through profit or loss	**–**	3,191
Government grants*	**49,869**	73,018
Foreign exchange gain, net	**4,485**	23,598
	126,593	124,813

* The government grants mainly represent subsidies received from the local governments for the purpose of compensation for expenses arising from research activities and clinical trials, award for new drug development and capital expenditure incurred on certain projects.

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2019	2018
	RMB'000	*RMB'000*
Cost of inventories sold	**18,802**	12,379
Cost of services provided	**30,358**	–
Depreciation of items of property, plant and equipment	**10,928**	5,794
Depreciation of right-of-use assets	**1,838**	–
Amortisation of intangible assets*	**9,382**	6,186
Write-down of inventories to net realisable value**	**5,153**	3,739
Minimum lease payments under operating leases	**–**	2,509
Lease payments not included in the measurement of lease liabilities	**235**	–
Auditor's remuneration	**2,180**	1,830
Research and development costs	**125,962**	143,452
Foreign exchange gain, net	**(4,485)**	(23,598)
Government grants	**(49,869)**	(73,018)
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	**78,352**	55,363
Pension scheme contributions	**16,018**	13,074
Staff welfare expenses	**4,361**	2,070
Equity-settled share award and option expense	**3,124**	4,266
	101,855	74,773
Other expenses:		
Donation	**57,871**	9,227
Loss on disposal of items of property, plant and equipment	**1,388**	–
Impairment of trade receivables	**88**	–
Changes in fair value of financial assets at fair value through profit or loss	**–**	831
Write-off of items of property, plant and equipment	**–**	551
Others	**369**	146
	59,716	10,755

* The amortisation of intangible assets is included in "Administrative expenses" and "Research and development costs" in the consolidated statement of profit or loss.

** The write-down of inventories to net realisable value of RMB5,153,000 for the year ended 31 December 2019 (2018: RMB3,739,000) is included in "Cost of sales" in the consolidated statement of profit or loss.

6. INCOME TAX

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 Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

British Virgin Islands

Under the current laws of the British Virgin Islands ("**BVI**"), PowerTree is not subject to tax on income or capital gains. In addition, upon payments of dividends by PowerTree to its shareholder, no BVI withholding tax is imposed.

Hong Kong

Under the current laws of the Hong Kong, the subsidiary in Hong Kong is subject to profit tax at a rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong. During the year, no provision for profit tax has been made as the subsidiary did not generate any assessable profits in Hong Kong.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% (2018: 25%) on the taxable income. Preferential tax treatment is available to Ascletis Pharmaceuticals, since it was recognised as High and New Technology Enterprises, and were entitled to a preferential tax rate of 15% during the year (2018: 15%).

The income tax credit of the Group for the year is analysed as follows:

	2019	2018
	RMB'000	*RMB'000*
Current tax:		
Charge for the year	**–**	–
Deferred tax *(note 15)*	**–**	(125)
Total tax credit for the year	**–**	(125)

A reconciliation of the tax credit applicable to loss before tax at the statutory rate in Mainland China to the tax credit at the effective tax rate is as follows:

	2019	2018
	RMB'000	*RMB'000*
Loss before tax	**(95,969)**	(19,870)
At the PRC's statutory income tax rate of 25%	**(23,992)**	(4,968)
Effect of tax rate differences in other countries	**(1,877)**	(15,031)
Preferential income tax rates enacted by local authority	**7,529**	8,484
Effect of tax concessions and allowances	**(17,054)**	(15,463)
Tax losses not recognised	**34,297**	22,385
Expenses not deductible for tax	**1,097**	4,468
Tax credit at the Group's effective rate	**–**	(125)

7. DIVIDENDS

In February 2018, the Company declared a dividend of US$9,120,051 (equivalent to RMB57,815,000) to its shareholders.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent of RMB95,969,000 (2018: RMB 7,258,000), and the weighted average number of ordinary shares of 1,054,545,974 (2018: 869,047,787) in issue during the year. The number of shares for the current period has been arrived at 1,106,336,000 after eliminating the shares repurchased.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2018 and 2019 in respect of a dilution as the impact of the share award had an anti-dilutive effect on the basic loss per share amount presented.

The calculation of basic loss per share is based on:

	2019	2018
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent	**(95,969)**	(7,258)

	Number of shares	
	2019	2018
Shares		
Weighted average number of shares in issue during the year	**1,054,545,974**	869,047,787

9. INVENTORIES

	2019	2018
	RMB'000	*RMB'000*
Raw materials	**60,468**	47,889
Work in progress	**20,408**	32,138
Finished goods	**5,163**	3,850
	86,039	83,877

10. TRADE AND BILLS RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**68,485**	56,123
Bills receivable	**1,128**	1,500
	69,613	57,623
Impairment	**(88)**	–
	69,525	57,623

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 days to 180 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the before mentioned and the fact that the Group's trade receivables relate to large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Less than 3 months	**68,397**	56,123

The Group's bills receivable was aged within six months and was neither past due nor impaired.

The movement in the loss allowance for impairment of trade receivables is as follows:

	2019	2018
	RMB'000	*RMB'000*
At beginning of year	**–**	–
Impairment losses recognised *(note 5)*	**88**	–
At end of year	**88**	–

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2019

		Past due			
	Current	**Less than 3 month**	**3 to 6 months**	**over 6 months**	**Total**
Expected credit loss rate	0.13%	–	–	–	0.13%
Gross carrying amount *(RMB'000)*	68,485	–	–	–	68,485
Expected credit losses *(RMB'000)*	88	–	–	–	88

As at 31 December 2018, the Group estimated the expected credit loss rate on the trade receivables aged less than 3 months was close to zero.

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2019	2018
	RMB'000	*RMB'000*
Interest receivable	**18,899**	10,418
Value-added tax recoverable	**13,225**	18,160
Prepayments	**7,686**	13,721
Deposits and other receivables	**4,788**	1,664
Prepaid expenses	**1,885**	3,261
Prepaid income tax	**1,363**	1,363
	47,846	48,587

Other receivables mainly represent rental and other deposits. An impairment analysis is performed at each reporting date by applying an expected credit loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions. As at 31 December 2019 and 2018, the expected credit loss rate was close to zero.

The financial assets included in the above balances are non-interest-bearing, unsecured and repayable on demand and relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2019 and 2018, the loss allowance was assessed to be minimal.

12. TRADE AND BILLS PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**3,961**	7,635
Bills payable	**2,682**	6,556
	6,643	14,191

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 1 month	**3,933**	6,913
1 to 3 months	**28**	3,984
3 to 6 months	**2,682**	3,294
	6,643	14,191

The trade payables are non-interest-bearing and are normally settled within three months.

The maturity of the bills payable is within six months.

13. OTHER PAYABLES AND ACCRUALS

		2019	2018
	Notes	***RMB'000***	*RMB'000*
Other payables	*(a)*	**33,276**	40,071
Payroll payable		**23,387**	15,030
Accrued expenses		**14,347**	17,354
Refund liabilities		**4,432**	–
Taxes other than income tax		**1,617**	371
Contract liabilities	*(b)*	**–**	230
		77,059	73,056

Notes:

(a) Other payables are non-interest-bearing.

(b) Detail of contract liabilities is as follows:

	2019	2018
	RMB'000	*RMB'000*
Sale of products	**–**	230

Contract liabilities included short-term advances received to deliver products. The decrease in contract liabilities in 2019 was mainly due to the Group traded mainly on credit with its customers in the current year.

14. DEFERRED INCOME

	2019	2018
	RMB'000	*RMB'000*
Government grants		
Current	**1,724**	6,158
Non-current	**12,931**	6,786
	14,655	12,944

The movements in government grants during the year are as follows:

	2019	2018
	RMB'000	*RMB'000*
At beginning of year	**12,944**	32,070
Grants received during the year	**12,020**	10,314
Amount released	**(10,309)**	(29,440)
At end of year	**14,655**	12,944
Current	**1,724**	6,158
Non-current	**12,931**	6,786
	14,655	12,944

The grants are related to the subsidies received from the government for the purpose of compensation for expenses arising from research activities and clinical trials, award for new drug development and capital expenditure incurred on certain projects.

15. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

2019

Deferred tax liabilities

	Right-of-use assets	**Total**
	RMB'000	*RMB'000*
At 31 December 2018	**–**	–
Effect of adoption of HKFRS 16	**231**	231
At 1 January 2019 (restated)	**231**	231
Deferred tax charged to the statement of profit or loss during the year	**554**	554
Gross deferred tax liabilities at 31 December 2019	**785**	785

Deferred tax assets

	Lease liabilities ***RMB'000***	**Total** *RMB'000*
At 31 December 2018	**–**	–
Effect of adoption of HKFRS 16	**231**	231
At 1 January 2019 (restated)	**231**	231
Deferred tax credited to the statement of profit or loss during the year	**554**	554
Gross deferred tax assets at 31 December 2019	**785**	785

2018

Deferred tax liabilities

	Fair value adjustments arising from financial assets at fair value through profit or loss ***RMB'000***	Total *RMB'000*
At 1 January 2018	**125**	125
Deferred tax credited to the statement of profit or loss during the year	**(125)**	(125)
At 31 December 2018	**–**	–

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2019 ***RMB'000***	2018 *RMB'000*
Net deferred tax recognised in consolidated statement of financial position	**–**	–

The Group has tax losses arising in Mainland China of RMB563,635,000 (2018: RMB388,706,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

16. COMMITMENTS

(a) The Group had the following capital commitments at the end of the Reporting Period:

	2019	2018
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Plant and machinery	**3,520**	11,517

(b) Operating lease commitments as at 31 December 2018

The Group leased certain of its office premises and staff dormitory under operating lease arrangements. Leases for office premises and staff dormitory were negotiated for terms ranging from two to three years.

As at 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018
	RMB'000
Within one year	2,979
In the second to third years, inclusive	4,111
	7,090

17. EVENT AFTER THE REPORTING PERIOD

There has been an outbreak of the Corona Virus Disease 2019 ("**COVID-19**") around the world. The Group expects the COVID-19 outbreak to have limited impact on its business. However, it is difficult to estimate the full impact in the coming months given the dynamic nature of these circumstances. The Group will keep continuous attention on the situation of the COVID-19, assess and react actively to its impacts.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the Reporting Period, except for a deviation from the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer of the Company are not separate and are both performed by Dr. Jinzi Jason WU. The Company is an investment holding company with a professional management team to monitor the operations of the subsidiaries. The Board considers that vesting the roles of chairman and chief executive officer in the same person is more efficient in the direction and management of the Company and does not impair the balance of power and authority of the Board and the management of the business of the Company. The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Written Guidelines on no less exacting terms than the Model Code as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code and the Written Guidelines throughout the Reporting Period and to the date of this announcement. No incident of non-compliance of the Written Guidelines by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

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

As of December 31, 2019, the Company had a total of 1,106,336,000 Shares in issue. The Company repurchased a total of 14,349,000 Shares on the Stock Exchange during the year ended December 31, 2019 pursuant to the repurchase mandate approved by the Shareholders at the annual general meeting held on June 6, 2019. Such repurchased shares have already been cancelled and the total number of Shares in issue has been reduced accordingly.

Save for the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed interest in any of the Company's listed Shares for the year ended December 31, 2019.

REVIEW OF ANNUAL RESULTS

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Jiong GU, Dr. Yizhen WEI, and Ms. Lin HUA. The chairman of the Audit Committee is Mr. Jiong GU. The Audit Committee has reviewed the annual results of the Group for the year ended December 31, 2019 and has recommended for the Board's approval thereof.

The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended December 31, 2019. The Audit Committee considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

ANNUAL DIVIDEND

The Board does not recommend any payment of an annual dividend for the year ended December 31, 2019.

EVENTS AFTER THE REPORTING PERIOD

There has been an outbreak of the Corona Virus Disease 2019 ("**COVID-19**") around the world. The Group expects the COVID-19 outbreak to have limited impact on its business. However, it is difficult to estimate the full impact in the coming months given the dynamic nature of these circumstances. The Group will keep continuous attention on the situation of the COVID-19, assess and react actively to its impacts.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.ascletis.com). The annual report for the year ended December 31, 2019 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 due course.

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 support and contribution to the Group.

"ANDA"	Abbreviated New Drug Application
"Ascletis", "Company", "the Company" or "We"	Ascletis Pharma Inc. (歌禮製藥有限公司) (an exempted company incorporated in the Cayman Islands with limited liability on February 25, 2014
"AGM"	annual general meeting of the Company
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chairman"	the Chairman of the Board
"China", "Mainland China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Dr. Wu, Mrs. Wu, JJW12 Limited, Lakemont Holding LLC and the Lakemont 2018 GRAT, as a group, or any member of them
"Director(s)"	the director(s) of the Company
"Dr. Wu"	Dr. Jinzi Jason WU (吳勁梓), chairman of the Board, chief executive officer, an executive Director of the Company, one of our Controlling Shareholders
"Group" or "the Group"	the Company and its subsidiaries
"Greater China"	Mainland China, Hong Kong, Macau and Taiwan
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	the Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards

"IND"	investigational new drug, an experimental drug for which a pharmaceutical company obtains permission to ship across jurisdictions (usually to clinical investigators) before a marketing application for the drug has been approved
"KOL(s)"	Key opinion leader(s)
"Listing" or "IPO"	the listing of the Shares on the Main Board of the Stock Exchange on August 1, 2018
"Listing Date"	August 1, 2018, being the date on which the Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"NMPA"	National Medical Products Administration (國家藥品監督管理局)
"R&D"	research and development
"Reporting Period"	the one-year period from January 1, 2019 to December 31, 2019
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Shareholder(s)"	holder(s) of Shares
"Share(s)"	ordinary shares in the share capital of our Company of US$0.0001 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S. dollar(s)", "USD" or "US$"	United States dollars, the lawful currency of the United States of America
"Written Guidelines"	the Guidelines for Securities Transactions by Directors adopted by the Company

In this announcement, the terms "associate", "connected person", "controlling shareholder" and "subsidiary" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

By order of the Board
Ascletis Pharma Inc.
歌禮製藥有限公司
Jinzi Jason WU
Chairman

Hangzhou, the People's Republic of China,
March 24, 2020

As at the date of this announcement, the Board of Directors of the Company comprises Dr. Jinzi Jason WU and Mrs. Judy Hejingdao WU, as executive Directors; and Dr. Ru Rong JI, Dr. Yizhen WEI, Mr. Jiong GU and Ms. Lin HUA, as independent non-executive Directors.