Ascletis Pharma Inc.
歌禮製藥有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1672)

VOLUNTARY ANNOUNCEMENT

GANNEX AND GALMED EXPAND DEVELOPMENT PROGRAMS FOR NASH THROUGH RESEARCH COLLABORATION OF ARAMCHOL AND ASC41 (THR-BETA AGONIST)

The board of directors (the "**Board**") of Ascletis Pharma Inc. (the "**Company**") is pleased to announce today that Gannex Pharma Co., Ltd. (甘萊製藥有限公司, "**Gannex**"), a wholly-owned subsidiary of the Company, and Galmed Pharmaceuticals Ltd. ("**Galmed**", NASDAQ: GLMD), a clinical stage drug development biopharmaceutical company focusing on liver, metabolic and inflammatory diseases, have entered into a research agreement aiming at combination therapy of ASC41 (THR-beta agonist) and Aramchol (SCD 1 inhibitor) for the treatment of non-alcoholic steatohepatitis (NASH).

ASC41 is an oral thyroid hormone receptor beta (THR-beta) agonist which recently received IND approval from China's National Medical Products Administration (NMPA) to conduct clinical trials for NASH indication. Topline data of Phase I safety, PK and preliminary efficacy (LDL-C) in healthy volunteers with LDL-C > 110 mg/dL is expected to be available by the end of 2020. ASC41's active moiety selectively activates THR-beta resulting in the improvement of steatosis/lipotoxicity, inflammation, ballooning, fibrosis in both direct and indirect manner. In two NASH animal models, ASC41 demonstrated the same improvement in liver steatosis, inflammation and fibrosis at 1/10 dose of Resmetirom (MGL-3196), another THR-beta agonist currently in Phase III clinical trial.

Aramchol is a novel synthetic small molecule, a conjugate of cholic acid and arachidic acid, linked by a stable amide group. Aramchol exerts its anti-steatotic and anti-fibrotic effects via inhibition of SCD 1 expression in hepatocytes and hepatic stellate cells (HSCs). In hepatocytes, reduction of SCD 1 results in elevation of AMPK, FA oxidation and Glutathione ratio. In HSC's inhibition of SCD 1 results in specific up regulation of PPAR γ which blocks collagen production. In Phase II clinical trials for NASH, Aramchol significantly reduced liver fat, improved liver histology (i.e. ballooning and fibrosis, hepatic biochemistry and glycemic parameters) with a favorable safety and tolerability profile. Aramchol is currently in a Phase III registrational study for NASH and fibrosis (ARMOR) and has been granted Fast Track designation status by the FDA for the treatment of NASH.

The Company believes that, as there is a significant medical need and a large potential pharmaceutical market for NASH treatment, combination therapy of the two drug candidates could result in synergistic effect for the treatment of NASH.

Cautionary Statement required by Rule 18A.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited: We cannot guarantee that we will be able to ultimately commercialize ASC41 successfully.

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
September 9, 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. Yizhen WEI, Mr. Jiong GU and Ms. Lin HUA, as independent non-executive Directors.