Ascletis Pharma Inc.
歌禮製藥有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code：1672)

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to (i) the section headed "Future Plans and Use of Proceeds" in the prospectus issued by Ascletis Pharma Inc. (the "**Company**") dated July 20, 2018 (the "**Prospectus**"); and (ii) the paragraph headed "Other Information – Use of Proceeds from Listing" in the 2020 interim report published by the Company on September 24, 2020 (the "**2020 Interim Report**"). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Prospectus.

As stated in the 2020 Interim Report, the net proceeds raised from the Global Offering, after deduction of underwriting fees and commissions and expenses payable by the Company in connection with the Global Offering, amounted to approximately HK$2,975.3 million (the "**Net Proceeds**"), and were utilized in accordance with the applications as set out in the Prospectus since the completion of the Global Offering and till the date of this announcement. As at June 30, 2020, approximately HK$2,282.3 million of the Net Proceeds remain unutilized.

CHANGE IN USE OF NET PROCEEDS

On November 18, 2020, the board of directors of the Company (the "**Board**") resolved to change the use of the remaining Net Proceeds. Set out below is a summary of the proposed changes in the use of the remaining Net Proceeds.

Planned usage as disclosed in the Prospectus	Allocation of the Net Proceeds as disclosed in the Prospectus *(HK$ million)*	% of total Net Proceeds before the re-allocation *(%)*	Proposed new usage of the Net Proceeds	The unutilized amount before the re-allocation as at June 30, 2020 *(HK$ million)*	The unutilized amount after the re-allocation *(HK$ million)*	% of total Net Proceeds after the re-allocation *(%)*	Expected timeframe for use of proceeds
For the continued research and development of the Core Product pipeline, consisting of approximately (i) 4% for initiating and conducting a number of phase IV clinical trials for Ganovo® and Ravidasvir; (ii) 6.0% for initiating and conducting bridging studies, a phase IIb clinical trial and a phase III clinical trial (if needed), for ASC09; (iii) 6.0% for initiating and conducting bridging studies, a phase II clinical trial and a phase III clinical trial for ASC06; (iv) 10.0% for other research and development costs, including long-term toxicology studies, pharmacology studies, large-scale API synthesis and optimization and large-scale formulation development, and to supplement funding for the research and development of the Core Product as necessary; and (v) 4.0% for staff compensation	892.6	30.0	For continued research and development of the Core Product pipeline in viral hepatitis, non-alcoholic steatohepatitis (NASH), HIV/ AIDS	695.3	1,218.3	50.4	The remaining amount is expected to be utilized in around three years from June 30, 2020
For commercialization of Ganovo® and Ravidasvir, consisting of approximately (i) 12.0% for hiring additional commercialization personnel and providing in-house and external training and (ii) 13.0% for marketing activities	743.9	25.0	For continued enhancement of current commercialization capability of marketed Core Products and future products	456.6	248.3	18.0	The remaining amount is expected to be utilized in around three years from June 30, 2020
For pursuing in-licensing of new drug candidates	446.3	15.0	For upfront and milestone payments of in-licensing new drug candidates	410.6	438.3	15.0	The remaining amount is expected to be utilized in around three years from June 30, 2020

Planned usage as disclosed in the Prospectus	Allocation of the Net Proceeds as disclosed in the Prospectus *(HK$ million)*	% of total Net Proceeds before the re-allocation *(%)*	Proposed new usage of the Net Proceeds	The unutilized amount before the re-allocation as at June 30, 2020 *(HK$ million)*	The unutilized amount after the re-allocation *(HK$ million)*	% of total Net Proceeds after the re-allocation *(%)*	Expected timeframe for use of proceeds
For research and development of ASC21 by initiating and conducting clinical trials	297.5	10.0	–	284.4	–	–	
For supporting the research and development infrastructure and the early development of the two in-house drug programs at discovery stage for HBV and NASH	297.5	10.0	For supporting the research and development of new pipeline drug candidates	233.3	264.5	9.6	The remaining amount is expected to be utilized in around three years from June 30, 2020
For the working capital and other general corporate purposes	297.5	10.0	For the working capital and other general corporate purposes	202.1	112.9	7.0	The remaining amount is expected to be utilized in around three years from June 30, 2020
Total	**2,975.3**	**100.0**		**2,282.3**	**2,282.3**	**100.0**	

REASONS FOR CHANGE IN USE OF NET PROCEEDS

The reasons for the above changes in the proposed applications of the Net Proceeds and re-allocation of the unutilized amount of the Net Proceeds are as follows:

(a) The proportion of the Net Proceeds to be used in continued research and development of the Company's pipeline products has been raised from approximately 65% to 75% in total, primarily for the purpose of expansion of R&D portfolio into two new disease areas: hepatitis B clinical cure and NASH.

(b) The Prospectus stipulates that approximately 10.0% of the Net Proceeds is originally intended to be used for the Group's research and development of ASC21, which is an IND-approved NS5B polymerase nocleot(s)ide inhibitor licensed from Medivir AB under the exclusive licensing agreement executed in June 2017. Upon arm's-length negotiation, the Company and Medivir AB agreed to cease the cooperation on November 17, 2020. The Company also ceased utilization the Company's resources for the research and development of ASC21, and ASC21 is no longer a pipeline product of the Company. The Company currently has

another IND-approved HCV dual-targeted fixed-dose combination (FDC) candidate in its pipeline, ASC18, which is in-house developed, one-pill once-a-day FDC as the complete treatment of hepatitis C. ASC18 FDC consists of two DAAs: Ravidasvir, an NS5A inhibitor and Sofosbuvir, an NS5B polymerase nocleot(s)ide inhibitor. Since ASC21 is also an NS5B polymerase nocleot(s)ide inhibitor, which intended to be combined with Ravidavir as FDC, ceasing cooperation with Medivir AB does not have material impact on the Company's HCV pipeline.

(c) The Prospectus stipulates that approximately 25.0% of the Net Proceeds is originally intended to be used for the Group's commercialization of Ganovo® and Ravidasvir. However, since all oral regimens have become standard for HCV treatment in 2020, Ganovo® (Danoprevir) in combination with injectable peginterferon is no longer an option for many HCV patients, the Company intends to reduce from approximately 25% to 18% of this portion of the Net Proceeds and re-allocate mainly to continued research and development of the Core Product pipeline in viral hepatitis, NASH, HIV/AIDS.

The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus, and considers that the above changes in the use of the Net Proceeds will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its shareholders as a whole.

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
November 18, 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.