

Chinese biotech firm Ascleitis first to apply for Hong Kong IPO

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The Hangzhou-based company is close to commercializing a new drug for hepatitis C in China.



Ascleitis Pharma is the first biotech Chinese firm to apply to hold an initial public offering (IPO) in Hong Kong after recent reforms. Hong Kong regulators approved a rule change that permits companies to hold an IPO prior to generating revenue or profit, earlier this year.

The Hangzhou-based company is close to commercializing a new drug for hepatitis C in China. It said in a preliminary listing prospectus published on bourse operator Hong Kong Exchanges and Clearing's website that it expects to launch "Danoprevir", the first Hepatitis C cure developed by a mainland Chinese firm by September 30.

It has "demonstrated a far higher cure rate of 97 per cent, a shorter treatment duration of 12 weeks and a superior safety and tolerability profile", the document said, adding that current drugs such as pegylated interferon and ribavirin have a success rate of about 60 per cent that takes between 48 and 72 weeks to treat.

Ascleitis has completed phase three clinical trials and applied to regulators for the drug to be launched.

When combined with Ravidasvir, another drug that is also close to commercialisation by the firm, the cure rate rises to 99 per cent, it added.

Hepatitis C is one of the leading causes of chronic liver disease such as cirrhosis and liver cancer in China where some 1.82 per cent of the population was infected in 2017.

Some 350,000 new infections were recorded last year, but "as a result of the lack of breakthrough therapies", only about 74,000 patients were treated, Ascleitis said.

According to media reports, Ascleitis exclusively licensed Swiss pharmaceutical giant Roche's know-how five years ago to develop, produce and commercialise Danoprevir in the mainland, Hong Kong and Taiwan.

Ascleitis has so far received US\$26.5 million – of up to US\$31 million in total potential payment – from Roche after reaching certain development milestones as agreed under the deal.

In return, Ascleitis will pay Roche tiered royalties “in the mid-single digits” based on net sales of the drug.

Ascleitis has also exclusively licensed San Francisco-based Presidio Pharmaceuticals' Ravidasvir, on which the latter is entitled to receive US\$17 million, of which US\$6.5 has been paid by Ascleitis.

Founded in 2011, Ascleitis raised US\$100 million last year through a private share sale led by C-Bridge, a mainland-focused health care fund backed by mainland pharmaceutical firms and other institutional investors.

Morgan Stanley, Goldman and China Merchants Securities are the joint sponsors of Ascleitis' planned initial public offering.