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Dr Jinzi Jason Wu of Ascletis â?? a Chinese biotech success story that has developed rapidly in recent years â?? outlines the companyâ??s journey from its founding in 2013 to now having two products on the market in China, having IPOed in Hong Kong and with a presence across the entire value chain, with R&D, manufacturing and commercial capabilities.

While many of your peers are choosing to work extensively with service providers through collaborations and partnerships, why was it important for Ascletis to be a fully integrated biotech company?

We believe that in order for China to foster the growth of a pharmaceutical company into the Top 20 or 30 rankings globally, there need to be Chinese pharma companies possessing a fully integrated platform covering the entire industry value chain from R&D, manufacturing and commercialization. Otherwise, China will never have a global Top 20 or 30 pharma company. Looking at the US biotech industry, most of the biotech companies never grow big because either their assets or the company itself are acquired during the early clinical phases. Gilead and Amgen may be two of only a few exceptions â?? even Genentech was eventually acquired by Roche.

For Ascletis to become a globally leading pharma company, we must have that integrated platform from R&D to manufacturing to commercialization, especially in a complex and competitive market like China where you need to introduce highly differentiated and innovative products. This was the strategy from our inception.

We started to construct our manufacturing facility in 2014, only one year after our company was established. In February 2016, we were the first innovative biotech company in China to start to build our own commercial team. These were both huge and risky decisions, but we held the firm belief that our drugs would be the first to be approved within China, out of all the biotechs â?? and this has proven to be true.

This was a difficult debate at the beginning because commercial teams can be expensive and takes time to build up. However, at that time, we had very promising Phase II data demonstrating a very high cure rate, and therefore, we were rather confident that Phase III would be successful. From 2016 to now, over three years, we assembled all the pieces of marketing, sales, channel distribution, reimbursement and medical promotion so that today we are a fully commercial biotech company ready to help our products reach patients.

Since June 2018, we have been marketing GANOVOÂ®, our first Hepatitis C virus (HCV) drug. China is the only country besides the US to have developed its own direct-acting anti-viral agent (DAA) for HCV that is competitive with the current brands from Big Pharma companies like Gilead, BMS and MSD. Based on our Phase III studies, our treatment has a 97 percent cure rate, in line with Gileadâ??s. No other country has achieved this.

In August 2018, we have also filed another NDA for our second HCV drug, ravidasvir, which when administered in combination with GANOVOÂ® and ribavirin, forms an all-oral, interferon-free HCV therapy. Phase III data shows that a 12-week treatment produces a 99 percent cure rate, which is incredible. These are successes not only for Ascletis but also for China.

When you established Ascletis in 2013, this was before the positive regulatory and market changes in China. What prompted that decision?

When I returned to China, the environment was completely different. There had been no real regulatory reforms or a biotech investment ecosystem. However, paradoxically, I believe you can find the most opportunities when the environment is complicated or difficult. This is why I decided to start a biotech company in China, not the US. The more challenges there are, the more risks you can take but also the more returns you can see â?? if you survive. This was what I thought when we founded Ascletis. We had to take the risk and work on truly innovative drugs in order to compete successfully.

When I resigned from my VP position at GSK in the US to return to China, I had two motivations. Firstly, I had been working in the US for 20 years during which I accumulated a lot of knowledge and experience, so I thought I could launch a start-up successfully. Secondly, at that time, after a drug was approved in the US, it would be another five to eight years before that same drug would be approved in China. I felt that Chinese patients and doctors deserve state-of-the-art drugs now instead of in five to eight years. During my time at GSK, I had been involved with M&A and BD for HCV assets. Looking at the China market, I noticed no Chinese companies were doing clinical trials in HCV. I saw a great opportunity here.

The commercial landscape for China has changed considerably in the past few years. How has Ascletis managed your commercial strategy for the two HCV products?

Indeed, Chinaâ??s regulatory, pricing and reimbursement landscape has changed significantly. Direct-to-Patient (DTP) is now a significant channel and we are working with over 200 DTP pharmacies to serve the needs of patients in China, in addition to the traditional hospital channel.

We really have to differentiate ourselves in terms of our understanding of the market and patient needs. We were lucky to have recruited what I believe to be the best team within the hepatitis area, who have a lot of Big Pharma experience. In terms of coverage, we not only cover the Tier One cities but all the way to Tier Four. We believe that this widespread coverage is very important for our products simply because not all the patients are in Tier One cities. We are also investing a lot in medical education with doctors and physicians.

You currently have two HCV products on the market. What can we expect from Ascletisâ?? pipeline next?

In the past five years, we have focused on HCV partly as a result of financial constraints. Since our successful IPO in Hong Kong, which raised USD 400 million, we have expanded our R&D efforts into Hepatitis B virus (HBV), oncology and NASH, where we are pursuing either first-in-class or best-in-class therapies. This is how we will position ourselves as a global player with cutting-edge R&D.

We currently have two compounds we are extremely excited about. The first is in HBV where there are currently 300 million infected patients globally. As there is no cure currently available, there is an urgent need to find a functional cure. In the industry at the moment, there are three major approaches: the first is antivirals, the second is gene-editing and the third is immuno-therapy â?? and that is the approach we are taking.

PD-1 and PD-L1 are very common these days within the field of oncology. But we have recently made the announcement that we are the first company globally to investigate the use of a PD-L1 antibody as a functional cure for HBV with our asset, ASC22, which is now moving to Phase II clinical trials.

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We embarked on this journey because our team recognized that in both cancer and chronic Hepatitis B, the immune system was compromised in very similar ways. This is why we believe that this approach could be successful. Within the industry, there has been some proof of concept with a small Phase I study by BMS with OPDIVOÂ®. One out of the ten patients was functionally cured after a single dose, but for whatever reason, BMS did not move forward with this trial.

Of course, we have also considered the fact that many companies may try to follow our approach since there are over 100 companies developing PD-1 and PD-L1 antibodies in China! This is why we have ensured that our PD-L1 is very unique because it is the only PD-1/PD-L1 antibody in late-stage clinical trials globally that is subcutaneously administered! In oncology, intravenous administration is fine but in a chronic disease like Hepatitis B, it will be extremely inconvenient for patients to have to go to the hospital for each treatment. This is definitely a competitive edge of our product.

Our second potentially first-in-class drug, ASC40, is for Non-alcoholic steatohepatitis (NASH), which, as you know, is also a huge global burden with no effective treatment at the moment. Our drug has been approved in the US for Phase II studies, which have now started. ASC06 has been designed to silence two genes critical for growth of liver cancer cells â?? vascular endothelial growth factor (VEGF) and kinesin spindle protein (KSP).

These two R&D projects could not have been advanced prior to our IPO, which raised one of the largest amounts out of all the biotechs listed on HKEX. With the USD 400 million we raised, we are now pushing into innovative areas representing significant unmet medical needs in China â?? with HBV â?? and globally â?? with NASH. This will take Ascletis to the next level to compete on the global stage.

China today has a much more competitive and innovative industry environment. As a company, if we do not challenge ourselves to work on first-in-class and best-in-class compounds, we will not be able to compete, whether in China or globally. It is by conquering challenges that we will reach the leading position globally.

You were also the first pre-revenue biotech company to list on the Hong Kong Stock Exchange biotech chapter. But now that you have products on the market and are generating revenues, do investors understand the nature of the industry and have the right expectations for an innovative biotech company like Ascletis?

My challenge as a biotech CEO, like many other biotech CEOs, is to educate the investors that we must balance revenues with innovation. Today, Ascletis is generating revenues because we have two products on the market but as an R&D-driven company focused on developing first-in-class and best-in-class therapies, we must also focus on R&D investment. We are not just a commercial sales engine. This is especially important when a clinical-stage biotech has recently transitioned into a commercial biotech.

I remember that Gilead made an announcement a decade or so ago that because they wanted to invest more into cutting-edge R&D, they may delay the companyâ??s profitability by several years. That was hugely controversial with investors but without that kind of decision, Gilead would not be what it is today. To become a global player in innovation, we must have the right balance of revenues and R&D.

We also need to understand that innovation can come from many different avenues. Ascletis does not really differentiate between in-licensed compounds and in-house assets, as long as it is first-in-class or best-in-class innovation. We rely on both and we will pursue any method to allow us to develop quality innovations quickly. Looking at Big Pharma companies, a lot of their pipelines are also built through acquisitions. Gileadâ??s SovaldiÂ® was itself bought from Pharmacia, but without Gilead, that product would not have reached patients.

Ascletis has managed to recruit a number of top people with extensive industry experience. What has attracted them to join Ascletis?

This is a key topic, both for biotechs and Big Pharma affiliates in China. We have attracted a large number of very experienced and talented industry executives like our Chief Medical Officer and President of R&D Greater China â??Dr. Zhengqing Li, who was the Global VP and GM of MSD Chinaâ??s R&D centre, where he led the successful approvals of over 20 different products for HPV, HCV and HIV; and our National Medical Director Yiwei Lu, who was the national medical affairs director for Gilead China. We do not only have a top R&D team but also a top commercial team to compete with the Big Pharma affiliates in China.

The main reason is that we are doing first-in-class therapies. If we were just focusing on â??me toosâ?? or â??me bettersâ??, these people would not join us. Of course, these executives are coming from Big Pharma that are also working on first-in-class research, so the second reason is that productivity and efficiency at Ascletis, as a biotech, is higher than at a Big Pharma company, in my experience. There is a lot of bureaucracy within large pharma organizations so there is a communication cost.

On the contrary, our organization operates on the principle of executional efficiency to move quickly. This is fundamental for us because even if you have a great strategy, if you do not execute, you will not see results. At Ascletis, we pay equal attention to both strategy and execution.

Ascletis has our own unique corporate culture and we are committed to instilling it in our employees. Through all our recruitment processes, we look for the right cultural fit as well. We have turned down very qualified Big Pharma executives because of a lack of cultural fit.

Ascletis is a company of many â??firstsâ?? for China. What are the next â??firstsâ?? we can expect from Ascletis in the next few years?

In the past six years, we have indeed achieved many â??firstsâ??. We were the first homegrown biotech to launch our own product on the Chinese market. We built our sales and commercial teams first. We received reimbursement for our products first. We IPOed on HKEX first.

In the next five years, we want to be the first homegrown Chinese biotech company to deliver an innovative first-in-class medicine globally. We have two shots at the moment with our HBV product and our NASH product but we will have more very soon.

Ascletis is an innovative, R&D-driven company and we want to serve patients and doctors globally. When you have innovations, you need to benefit patients globally, not just in one country. Biotech is all about innovation. We want to embody that innovation.

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