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CanSino Biologics Inc.
康希諾生物股份公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 6185)

INSIDE INFORMATION

**PRELIMINARY PRICE CONSULTATION PERIOD OF PROPOSED
ISSUE OF A SHARES
AND**

SUMMARY OF PRINCIPAL PROVISIONS OF THE A SHARE PROSPECTUS

This announcement is made by CanSino Biologics Inc. (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

References are made to the Company’s announcements dated October 14, 2019, January 22, 2020, February 3, 2020, March 19, 2020, April 14, 2020, April 21, 2020, May 4, 2020, May 8, 2020, May 10, 2020, July 15, 2020, July 16, 2020, circular dated October 14, 2019 and supplemental circular dated November 14, 2019 containing, among other things, related matters of the proposed initial public issue of A Shares (the “**Proposed Issue of A Shares**”) and listing on the Sci-Tech Innovation Board of the Shanghai Stock Exchange.

I. PRELIMINARY PRICE CONSULTATION PERIOD FOR THE PROPOSED ISSUE OF A SHARES

As disclosed in the announcement of the Company dated July 15, 2020, the China Securities Regulatory Commission (the “**CSRC**”) has approved the application for the registration of the Proposed Issue of A Shares of the Company. As required by the applicable PRC laws and regulations, the Company and the sponsor (lead underwriter) will conduct preliminary price consultations among inquiry targets who meet the requirements of the PRC laws and regulations on the preliminary price consultation day, being July 28, 2020 (from 9:30 to 15:00), in the PRC to determine the issue price. The Company will make further announcement(s) once the final offering size and issue price of the Proposed Issue of A Shares are determined.

II. PRINCIPAL PROVISIONS OF THE A SHARE PROSPECTUS

The full text of the prospectus in relation to the Proposed Issue of A Shares (the “**A Share Prospectus**”) and the relevant appendices were published by the Company in Chinese only on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.cansinotech.com) on July 23, 2020.

A summary of the principal provisions of the A Share Prospectus is as follows:

1. Summary of the Proposed Issue of A Shares

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| (i) Type of shares: | RMB ordinary shares (A Shares) |
| (ii) Par value per share: | RMB1.00 |
| (iii) Number of shares to be issued: | 24,800,000 shares, accounting for 10.02% of the Company's total issued share capital after the Proposed Issue of A Shares. The Proposed Issue of A Shares does not involve the transfer of shares by existing shareholders. |
| (iv) Approximate percentage in the Company's total issued share capital after the Proposed Issue of A Shares | 10.02% |
| (v) Issue price per share: | RMB[●] |
| (vi) Subscription by the Company's senior management and employees | The investment amount of the Company's core employees' special asset management plan in its participation in the strategic placement will be no more than RMB59,240,000 (including the brokerage commission in relation to the placement of newly issued A Shares), and the number of A Shares to be subscribed for shall be no more than 10% of the A Shares to be issued in accordance with article 19 of Implementation Measures for the Offering and Underwriting of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange. The restriction period of the A Shares allocated to the asset management plan is 12 months, starting from the date on which the A Shares are listed on the Shanghai Stock Exchange. |
| (vii) Subscription by subsidiaries of the sponsor | CITIC Securities Investment Co., Ltd., a subsidiary of the sponsor, will participate in the strategic placement. The number of A Shares to be subscribed for will be initially 5% of the A Shares to be issued. The final number of A shares to be subscribed for and investment amount will be determined in accordance with article 18 of the Guidelines for the Offering and Underwriting of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange after the offer price is determined on July 29, 2020 (T-2). The restriction period of the A Shares allocated to CITIC Securities Investment Co., Ltd. is 24 months, starting from the date on which the A Shares are listed on the Shanghai Stock Exchange. |
| (viii) Price-to-earning ratio prior to the issue | Not applicable |
| (ix) Price-to-earning ratio after the issue | Not applicable |
| (x) Earnings per share after the issue | Not applicable |

- (xi) Net asset per share prior to the issue RMB6.60, as calculated by dividing equity attributable to owners of the Company as at December 31, 2019, as audited by the accountant in accordance with the PRC Accounting Standards, by total share capital of the Company prior to the issue
- (xii) Net asset per share after the issue RMB[●], as calculated by dividing equity attributable to owners of the Company as at December 31, 2019, as audited by the accountant in accordance with the PRC Accounting Standards, and net proceeds to be raised from the Proposed Issue of A Shares, by total share capital of the Company after the issue
- (xiii) Price-to-book ratio [●] times, as calculated by dividing issue price per share to be determined upon price consultations by net asset per share after the issue
- (xiv) Method of issuance: By a combination of targeted placing to strategic investors, offline price consultation to qualified investors for placing, and online issue at a fixed price to public investors holding the market value of non-restricted A shares and unrestricted depositary receipts in the Shanghai market
- (xv) Target subscribers: The target subscribers of the Proposed Issue of A Shares are qualified individuals, legal persons and other institutional investors (except those prohibited by the PRC laws and regulations).
- (xvi) Underwriting method: Standby underwriting
- (xvii) Estimated issue expenses: Total expenses for the Proposed Issue of A Shares shall be approximately RMB[●], including (i) underwriting and sponsor fees equivalent to 4% of the proceeds from the Proposed Issue of A Shares plus RMB9 million (including value-added tax); (ii) audit and capital verification fees of approximately RMB5,776,900 (excluding value-added tax), (iii) legal fees of approximately RMB4,313,200 (excluding value-added tax), (iv) information disclosure fees of approximately RMB4,584,900 (excluding value-added tax), and (v) expenses including commission fees related to the listing of RMB678,600 (excluding value-added tax). The above commission fees for the Proposed Issue of A Shares do not include stamp duty to be levied for the Proposed Issue of A Shares, which will be calculated at a tax rate of 0.025% on net proceeds to be raised, before stamp duty. Such amount will be calculated based on the final details about the Proposed Issue of A Shares, and will be included in the handling fees for the Proposed Issue of A Shares. Expenses might be subject to adjustment based on the results of the Proposed Issue of A Shares.

2. Use of proceeds

As considered and approved at the 2019 first extraordinary general meeting, the 2019 first class meeting of H shareholders and the 2019 first class meeting of domestic shareholders and unlisted foreign shareholders, the proceeds raised will be used for the following projects, subject to the successful completion of the Proposed Issue of A Shares:

No.	Project name	Total investment amount (RMB)	Proposed investment amount from proceeds raised (RMB)
1	Construction of the phase II production facilities	574,798,400	550,000,000
2	R&D of vaccines	150,000,000	150,000,000
3	Construction of the vaccine traceability, cold chain logistics and information systems	50,000,000	50,000,000
4	Working capital	<u>250,000,000</u>	<u>250,000,000</u>
	Total	<u><u>1,024,798,400</u></u>	<u><u>1,000,000,000</u></u>

After the proceeds raised from the Proposed Issue of A Shares are in place, the Company will invest the proceeds into the above projects according to the actual needs and priorities of the projects. If the net proceeds actually raised (after deducting the issuance expenses) are less than the total amount of proceeds to be invested, the shortfall shall be covered by the Company with its own funds or self-raised funds. If the proceeds raised from this issuance exceeds the capital requirements of the projects, the surplus amount will be used for other purposes relating to the Company's principal business.

Before the proceeds raised from the Proposed Issue of A Shares are in place, the Company may make an initial investment with its own funds or self-raised funds according to the needs of the projects, and after the proceeds raised are in place, the Company can replace the initial investment funds according to the requirements and procedures of the relevant laws, regulations and regulatory documents.

Within the scope of the finally determined investment projects to be funded by proceeds raised from the Proposed Issue of A Shares, the Board of Directors may, according to the actual needs of the project, make appropriate adjustments to the sequence and amount of the proceeds to be invested in the above projects.

3. Share capital before and after the Proposed Issue of A Shares

The total share capital of the Company before the Proposed Issue of A Shares was 222,649,899 shares. No more than 24,800,000 A Shares are proposed to be issued under the Proposed Issue of A Shares. Below is the shareholding structure before and after the Proposed Issue of A Shares, based on the shareholding information of the H shareholders as at April 30, 2020 and assuming there is no change before the Proposed Issue of A Shares:

No.	Name of Shareholders	Before the Issue		After the Issue	
		Number of Shares Held (Shares)	Approximate Percentage (%)	Number of Shares Held (Shares)	Approximate Percentage (%)
1	Xuefeng YU	17,874,200	8.0279%	17,874,200	7.2234%
2	Tao ZHU (朱濤)	17,874,200	8.0279%	17,874,200	7.2234%
3	Dongxu QIU	17,114,200	7.6866%	17,114,200	6.9162%
4	Helen Huihua MAO	16,334,200	7.3363%	16,334,200	6.6010%
5	QM29 LIMITED	13,036,538	5.8552%	13,036,538	5.2684%
6	LAV Spring (Hong Kong) Co., Limited	10,389,200	4.6662%	10,389,200	4.1985%
7	Future Industry Investment Fund (Limited Partnership) (先進製造產業投資基金(有限合夥))	8,855,336	3.9772%	8,855,336	3.5786%
8	LAV Bio III Investment (Hong Kong) Co., Limited	4,917,308	2.2085%	4,917,308	1.9872%
9	Shanghai Li'an Venture Capital Investment Center (Limited Partnership) (上海禮安創業投資中心(有限合夥))	4,600,000	2.0660%	4,600,000	1.8590%
10	Shanghai Nuoqianjin Venture Capital Investment Center (Limited Partnership) (上海諾千金創業投資中心(有限合夥))	3,928,800	1.7646%	3,928,800	1.5877%
11	Jiaxing Huiguang Equity Investment Fund Partnership (Limited Partnership) (嘉興慧光股權投資基金合夥企業(有限合夥))	3,533,333	1.5869%	3,533,333	1.4279%
12	Tianjin Qianyi Enterprise Management Partnership (Limited Partnership) (天津千益企業管理合夥企業(有限合夥))	3,474,600	1.5606%	3,474,600	1.4042%
13	Jianfa LIU (劉建法)	3,336,667	1.4986%	3,336,667	1.3484%
14	Tianjin Qianrui Enterprise Management Partnership (Limited Partnership) (天津千睿企業管理合夥企業(有限合夥))	3,299,475	1.4819%	3,299,475	1.3334%

No.	Name of Shareholders	Before the Issue		After the Issue	
		Number of Shares Held (Shares)	Approximate Percentage (%)	Number of Shares Held (Shares)	Approximate Percentage (%)
15	Tianjin Heyue Guyu Equity Investment Fund Partnership (Limited Partnership) (天津和悅谷雨股權投資基金合夥企業(有限合夥))	3,213,778	1.4434%	3,213,778	1.2988%
16	Suzhou Litai Venture Capital Investment Center (Limited Partnership) (蘇州禮泰創業投資中心(有限合夥))	3,109,454	1.3966%	3,109,454	1.2566%
17	Suzhou Huyanglin Venture Capital Center (Limited Partnership) (蘇州胡楊林創業投資中心(有限合夥))	2,610,000	1.1722%	2,610,000	1.0548%
18	Shenzhen Dachen Chuanglian Equity Investment Fund Partnership (Limited Partnership) (深圳市達晨創聯股權投資基金合夥企業(有限合夥))	2,550,337	1.1454%	2,550,337	1.0306%
19	Lilly Asia Ventures III Investment (Hong Kong) Co., Limited	2,458,654	1.1043%	2,458,654	0.9936%
20	Shanghai Huiqiu Investment Co., Ltd. (上海慧秋投資有限公司)	1,827,756	0.8209%	1,827,756	0.7386%
21	Xuan LIU (劉宣)	1,550,000	0.6962%	1,550,000	0.6264%
22	Tianjin Qianzhi Enterprise Management Partnership (Limited Partnership) (天津千智企業管理合夥企業(有限合夥))	1,207,150	0.5422%	1,207,150	0.4878%
23	Suzhou Qiming Rongxin Equity Investment Partnership (Limited Partnership) (蘇州啟明融信股權投資合夥企業(有限合夥))	1,195,470	0.5369%	1,195,470	0.4831%
24	CITIC Securities Investment Co., Ltd. (中信證券投資有限公司)	1,180,712	0.5303%	1,180,712	0.4772%
25	Shanghai Gopher Yaoren Investment Center (Limited Partnership) (上海歌斐鑰韜投資中心(有限合夥))	1,180,712	0.5303%	1,180,712	0.4772%

No.	Name of Shareholders	Before the Issue		After the Issue	
		Number of Shares Held (Shares)	Approximate Percentage (%)	Number of Shares Held (Shares)	Approximate Percentage (%)
26	Jinshi Yikang Equity Investment (Hangzhou) Partnership (Limited Partnership) (金石翊康股權投資(杭州)合夥企業(有限合夥))	1,180,711	0.5303%	1,180,711	0.4772%
27	Shanghai Gopher Hongben Investment Center (Limited Partnership) (上海歌斐鴻本投資中心(有限合夥))	1,180,711	0.5303%	1,180,711	0.4772%
28	Shanghai Licheng Investment Development Co., Ltd. (上海勵誠投資發展有限公司)	1,000,000	0.4491%	1,000,000	0.4041%
29	Zhongqi SHAO	868,600	0.3901%	868,600	0.3510%
30	Jianxi DU (杜建喜)	790,000	0.3548%	790,000	0.3193%
31	Suzhou Industrial Park Zhongxin Hengxiang Investment Center (Limited Partnership) (蘇州工業園區中鑫恒祥投資中心(有限合夥))	295,178	0.1326%	295,178	0.1193%
32	Suzhou Industrial Park Qiming Rongchuang Equity Investment Partnership (Limited Partnership) (蘇州工業園區啟明融創股權投資合夥企業(有限合夥))	280,419	0.1259%	280,419	0.1133%
33	Shareholders of H Shares	66,402,200	29.8236%	66,402,200	26.8346%
	A Shares to be issued	–	–	24,800,000	10.0222%
Total		222,649,899	100.0000%	247,449,899	100.0000%

The above English version of the summary of the principal provisions of the A Share Prospectus is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.

Further announcement(s) regarding the details and developments of the Proposed Issue of A Shares will be made by the Company as and when appropriate. This announcement appears for information purposes only and does not constitute an invitation or an offer to acquire, purchase or subscribe for the securities of the Company.

By Order of the Board
CanSino Biologics Inc.
Xuefeng YU
Chairman

Hong Kong, July 23, 2020

As at the date of this announcement, the Board of Directors comprises Dr. Xuefeng YU, Dr. Shou Bai CHAO, Dr. Tao ZHU and Dr. Dongxu QIU as executive Directors, Mr. Qiang XU, Mr. Liang LIN, Ms. Nisa Bernice Wing-Yu LEUNG and Mr. Zhi XIAO as non-executive Directors, and Mr. Shiu Kwan Danny WAI, Ms. Zhu XIN, Mr. Shuifa GUI and Mr. Jianzhong LIU as independent non-executive Directors.