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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)**

## **CHANGE IN ACCOUNTING POLICY**

CanSino Biologics Inc. (the “**Company**”, together with its subsidiary, the “**Group**”) held a meeting of the board (the “**Board**”) of directors (the “**Directors**”), at which the proposed change in accounting policy was considered and approved. The change in accounting policy is not subject to consideration and approval by shareholders at the general meeting of the Company. Details are as follows:

### **CHANGE IN ACCOUNTING POLICY AND IMPACT ON THE GROUP**

The Group decided to change voluntarily the determination of non-class I biological products’ development stage, to provide more reliable and relevant accounting information.

The previous accounting policy is that non-class I biological products’ development stage begins after clinical trials are conducted substantially, and development costs at this stage are recognised as assets when the capitalisation criteria are met, which is changed to that the non-class I biological products’ development stage begins after Phase III clinical trials are conducted substantially, and development costs at Phase III are recognised as assets when the capitalisation criteria are met (the “**Change in Accounting Policy**”).

Considering the overall impact on financial information is insignificant, the Group released the cost of Phase I development of approximately RMB2,113,000 from capitalised intangible assets into research and development expenses for the six months ended 30 June 2020.

### **EXPLANATION ON THE REASONABLENESS OF THE CHANGE IN ACCOUNTING POLICY**

According to requirements of relevant accounting standards, a change in accounting policy may be made if such change can provide more reliable and relevant accounting information.

After re-examination of the Group’s accounting treatment of the capitalization of research and development expenses with references to the accounting treatments of other listed companies in the biomedical industry and taking into account the current situation of the Group’s research and development activities, the Board is of the view that, upon implementation of the change, the accounting policies of the Group can objectively and fairly reflect the financial position and operating results of the Group.

## **CONCLUSIVE OPINIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS AND BOARD OF SUPERVISORS**

The independent non-executive Directors are of the view that the Change in Accounting Policy will not have a significant impact on the Company's financial statements, and there is no prejudice to the interests of the Company and the legitimate rights of shareholders of the Company. The review and voting procedures of the Board comply with relevant laws, regulations, and the articles of association of the Company. The independent non-executive Directors agree to the implementation of the Change in Accounting Policy.

The Company's board of supervisors is of the view that the company's decision-making procedures for the Change in Accounting Policy comply with the relevant laws, regulations and the articles of association of the Company, and the Change in Accounting Policy will not have a significant impact on the Company's financial statements. The board of supervisors agrees to the implementation of the Change in Accounting Policy.

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

Hong Kong, August 21, 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.*