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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2020

The Board of Directors is pleased to announce the unaudited condensed consolidated interim results of the Group for the Reporting Period, together with the comparative figures for the corresponding period in 2019. The unaudited condensed consolidated financial statements of the Group for the Reporting Period have been reviewed by the Audit Committee of the Company and the Company's auditor, PricewaterhouseCoopers. Unless specified, figures in this announcement are prepared under the Hong Kong Financial Reporting Standards. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

FINANCIAL SUMMARY

	For the six month ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Operating Results		
Operating loss	**(123,001)**	(88,545)
Loss before income tax	**(102,201)**	(69,677)
Loss for the period and total comprehensive loss	**(102,201)**	(69,677)
Loss per Share		
Basic and diluted loss per share (in RMB)	**(0.46)**	(0.38)

	As at June 30,	As at December 31,
	2020	2019
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Financial Position		
Non-current assets	**1,060,921**	990,253
Current assets	**649,696**	794,245
Total assets	**1,710,617**	1,784,498
Total equity	**1,377,071**	1,470,516
Non-current liabilities	**167,970**	189,687
Current liabilities	**165,576**	124,295
Total liabilities	**333,546**	313,982
Total equity and liabilities	**1,710,617**	1,784,498

MANAGEMENT DISCUSSION AND ANALYSIS

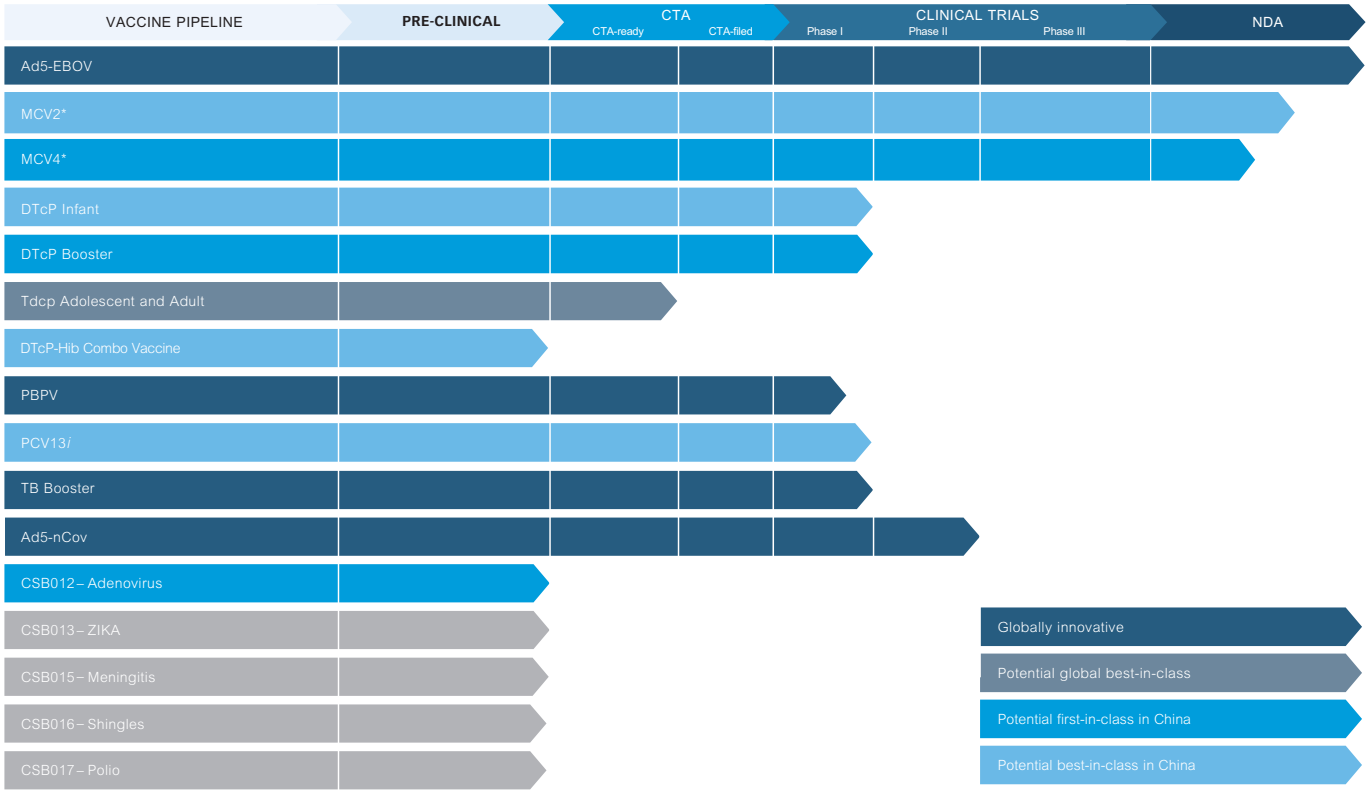
Overview

CanSino's mission is to develop, manufacture and commercialize high quality, innovative and affordable vaccines. Our mission is being fulfilled by an accomplished team of founders and senior management – world-class scientists with a record of leading the development of innovative international vaccines at global pharmaceutical companies. Other management members are also vaccine industry veterans from leading multi-national and domestic biologics companies.

Our vaccine pipeline, which is strategically designed to address China's vast and underserved market, can be summarized into three categories: (i) globally innovative vaccines to serve the world's unmet medical needs (such as Ad5-EBOV, our TB Booster candidate, our PBPV candidate and our Ad5-nCoV candidate); (ii) potential first-in-class vaccines in China developed to replace the current primary vaccines with higher-quality world-class vaccines (such as our DTcP vaccine candidates and MCV4 candidate); and (iii) potential best-in-class vaccines in China developed to compete with the imported products in the PRC market (such as our PCV13*i* candidate).

We are developing 16 vaccine candidates for 13 disease areas. In addition to our three near-commercial assets covering meningococcal diseases and Ebola virus disease, we have seven vaccine candidates in clinical trial stage or CTA stage. We also have six pre-clinical vaccine candidates, including one combination vaccine candidate. To date, we have not commercialized any products, and we cannot guarantee that we will be able to successfully develop and commercialize our drug candidates.

Our product pipeline is set out below as at the date of this announcement:



* *denotes a Core Product.*

Business Review

Significant Progress

During the Reporting Period and up to the date of this announcement, the Company made the following significant progress:

- *Clinical trials and Military Specially-needed Drug Approval for Ad5-nCoV*

  The Recombinant Novel Coronavirus Vaccine (Adenovirus Type 5 Vector) (the "**Ad5-nCoV**") is a vaccine jointly developed by the Company and Beijing Institute of Biotechnology, Academy of Military Medical Sciences. In March 2020, Ad5-nCoV was approved for clinical trial after registration documents review. On April 12, 2020, based on the preliminary safety data of the phase I clinical trial for the Ad5-nCoV, phase II clinical trial for Ad5-nCoV was initiated. On May 22, 2020, research findings of phase I clinical trials for Ad5-nCoV were published in *the Lancet*. On July 20, 2020, research findings of phase II clinical trials for Ad5-nCoV were published in *the Lancet*.

  On June 25, 2020, the Company received Military Specially-needed Drug Approval (軍隊特需藥品批件) with a valid period for one year from Health Bureau of the Logistics Support Department of the Central Military Commission (中央軍委後勤保障部衛生局).

  On August 11, 2020, the Company received the notification letter about granting of the patent "a recombinant novel coronavirus vaccine using human replication-deficient adenovirus as a carrier" (一種以人複製缺陷腺病毒為載體的重組新型冠狀病毒疫苗). The patent application was jointly filed by Beijing Institute of Biotechnology, Academy of Military Medical Sciences and the Company.

  The Company is currently liaising with several countries and plan to drive the international multi-center phase III clinical trial for Ad5-nCoV as soon as possible.

- *Cooperation with Pfizer Investment Co., Ltd. to promote MCV4 product Menhycia™*

  In July 2020, the Company entered into a promotional services agreement with Pfizer Investment Co., Ltd. (輝瑞投資有限公司), pursuant to which the Company authorized Pfizer Investment Co., Ltd. to exclusively promote its MCV4 product Menhycia™. The Company plans to launch Menhycia™ after receiving the NDA approval for MCV4.

- *Progress of other vaccine candidates*

  The Company completed the enrollment of phase I clinical trial for its DTcP Infant, DTcP Booster, PCV13*i* and phase Ia clinical trial for PBPV in the first half of 2020.

  On June 29, 2020, the Center for Food and Drug Inspection of NMPA announced the notice of on-site inspection for NDA licensure for MCV2.

  On July 24, 2020, the Company received the notice of on-site inspection for NDA licensure for MCV4.

- *Completion of A Share Offering*

  The Company submitted the application materials in respect of the A Share Offering to the Shanghai Stock Exchange, and received a letter of acceptance issued by the Shanghai Stock Exchange on January 22, 2020. On April 30, 2020, the application for the A Share Offering was approved by the Listing Committee for Sci-tech Innovation Board. On July 15, 2020, the China Securities Regulatory Commission announced its approval of the Company's application for the registration of the A Share Offering. On August 13, 2020, the A Shares of the Company were listed and commenced trading on the Sci-Tech Innovation Board of the Shanghai Stock Exchange.

Near Commercial-Stage Products

- *MCV4*

  Our MCV4 candidate is a potential China first-in-class vaccine preventing meningococcal meningitis, and the first NDA for MCV4 being accepted in China. The Company's MCV4 candidate was found to be safe and well-tolerated, and showed good immunogenicity and efficacy in all age groups in the clinical trials.

  We obtained an umbrella CTA approval for the MCV4 candidate in December 2015. The Company has completed clinical trials and has submitted the NDA application. The NMPA accepted the Company's NDA in November 2019. Later in December 2019, the Center for Drug Evaluation under the NMPA granted priority review status to the Company's NDA for MCV4.

  On July 24, 2020, the Company received the notice of on-site inspection for NDA licensure for MCV4.

  We signed a promotional services agreement with Pfizer Investment Co., Ltd. in July 2020 to promote our MCV4 product Menhycia™. We expect to go through pre-approval inspection in 2020 for licensure and plan to launch Menhycia™ after receiving the NDA approval for MCV4.

- *MCV2*

  Our MCV2 candidate is a potential China best-in-class bi-valent meningococcal vaccine. It is expected to compete with domestic MCV2 products marketed by well-known manufacturers in China. Compared with the primary MCV2 products currently approved in China, our phase III clinical trial showed that our MCV2 candidate demonstrated a superior safety profile in the age group of 3 months and superior immunogenicity in the age groups of 6 to 23 months.

  We obtained an umbrella CTA approval for our MCV2 candidate in December 2015, and filed the NDA for our MCV2 candidate on January 31, 2019. We expect to go through pre-approval inspection in 2020 for licensure and launch our MCV2 candidate afterwards.

  On June 29, 2020, the Center for Food and Drug Inspection of NMPA announced the notice of on-site inspection for NDA licensure for MCV2.

- *Ad5-EBOV*

  Ad5-EBOV is jointly developed by the Beijing Institute of Biotechnology, Academy of Military Medical Sciences and us. It uses adenovirus vector technology to induce the immune response. Ad5-EBOV is the first approved Ebola virus vaccine in China for emergency use and national stockpile. There is no other approved Ebola virus vaccine in China.

  Compared with the current vaccine and vaccine candidates, Ad5-EBOV has advantages including (i) it has a better stability profile attributable to its freeze-dried dosage form and is approved to be stored between 2°C to 8°C for 12 months; (ii) it is an inactive non-replicating viral vector vaccine with less safety concerns; and (iii) it is a potential broad spectrum protection vaccine against the Zaire Ebola virus.

  Ad5-EBOV received NDA approval in China in October 2017 only for emergency use and national stockpile. According to the NDA approval, the approved Ad5-EBOV contains 8.0×10^{10} viral particles per dose, and one dose (2 vials) is recommended for primary vaccination. The shelf life of Ad5-EBOV is 12 months. We have obtained the GMP certificate for Ad5-EBOV.

  We currently do not expect Ad5-EBOV to contribute significantly to our business commercially in the future.

Drug Candidates in the Pipeline

- *DTcP Infant*

  We are developing a potential best-in-class DTcP vaccine for infants, or DTcP Infant candidate, for primary vaccination. The manufacturing process of DTaP vaccines involves co-purification of the pertussis antigens, which results in the quantities of each pertussis antigen varying from batch to batch. In contrast, each pertussis antigen of DTcP vaccines is purified individually and are subsequently combined in a defined ratio, hence ensuring a fixed and consistent composition. Compared with Pentaxim, the only DTcP vaccine in China, our DTcP Infant candidate contains three pertussis antigens as compared to two pertussis antigens, which translates to better protection.

  We received the CTA approval for our DTcP Infant candidate in January 2018. We have commenced a phase I clinical trial in China. We expect to complete Phase I clinical trial in 2020 and complete Phase III clinical trial in 2022.

- *DTcP Booster*

  There are no DTP booster vaccines for children in China. Our DTcP Booster candidate is a potential China first-in-class DTcP booster vaccine for children, which is designed to have the same composition as our DTcP Infant candidate and therefore has the same safety, immunogenicity and manufacturing productivity profiles.

  We received CTA approval for our DTcP Booster candidate in January 2018. We have commenced a phase I clinical trial in China and expect to complete all of the clinical trials for our DTcP Booster candidate by 2021.

- *Tdcp Adolescent and Adult*

  Tdcp vaccines for adolescents and adults are in the routine vaccination schedule of developed countries. However, there are no approved Tdcp vaccines for adolescents and adults in China. Our Tdcp Adolescent and Adult candidate is a potential global best-in-class vaccine developed to compete against world-class vaccines such as Boostrix and Adacel. As compared with the composition of our DTcP Infant candidate, our Tdcp Adolescent and Adult candidate contains a slightly higher amount of the TT antigen, and reduced amounts of pertussis antigens (FHA, PT and PRN) and the DT antigen in line with international industry standards.

  In view of the recommendations of the Advisory Committee on Immunization Practices (ACIP) on the use of DTP booster vaccines in 2019, the Company believes that conducting clinical trials in North America is more in line with the company's development strategy and changed the original plan of conducting clinical trials in the European Union. We plan to conduct overseas clinical trails for our Tdcp Adolescent and Adult candidate first and request a pre-CTA meeting with Health Canada for our Tdcp Adolescent and Adult candidate by the end of 2020.

- *PBPV*

  PBPV is a globally innovative pneumococcal vaccine candidate. Currently, PPV23 products and PCV13 products are all serotype-based and therefore are effective against only up to 23 pneumococcal serotypes but not able to protect against all of the 90 plus serotypes. Our PBPV candidate is not serotype-dependent. Our PBPV candidate adopts antigens that are based on the pneumococcal surface protein A, or PspA, a highly-conserved protein which is expressed by virtually all pneumococci. The results from a large global study showed that over 99% of the clinical isolates from seven different countries are classified as PspA family 1 or family 2 strains. Our in-house study also demonstrated that approximately 98% of the strains isolated in the city of Nanjing belong to PspA families 1 or 2. Therefore, our PBPV candidate has the potential to have a much broader coverage in the elderly than that offered by the current PPV23 and PCV13 products.

  The CTA for our PBPV candidate was approved in October 2018. We have commenced a phase Ia clinical trial and expect to complete the phase Ia clinical trial in 2020. We will initiate a phase Ib clinical trial and/or a phase II clinical trial according to the results of the phase Ia clinical trial.

- *PCV13i*

  We are developing a potential best-in-class improved PCV13 candidate, or PCV13*i*, which is designed to compete with a world-class PCV13 product for children under 2 years old. We have made improvements in the conjugate design and manufacturing processes of our PCV13 candidate based on our proprietary conjugate vaccine manufacturing know-how.

  We received the CTA approval for the PCV13*i* from the NMPA in April 2019. We have commenced a phase I clinical trial and expect to complete phase III clinical trial in 2022.

- *Ad5-nCoV*

  The Recombinant Novel Coronavirus Disease Vaccine (Adenovirus Type 5 Vector), or Ad5-nCoV, is jointly developed by our Company and the Beijing Institute of Biotechnology, Academy of Military Medical Sciences. Ad5-nCoV is a genetic engineered vaccine candidate with the replication-defective adenovirus type 5 as the vector to express SARS-CoV-2 spike protein, which intends to be used to prevent the disease caused by the novel coronavirus infection.

  In March 2020, Ad5-nCoV was approved for clinical trial after registration documents review. In April 2020, based on the preliminary safety data of the phase I clinical trial for the Ad5-nCoV, phase II clinical trial for Ad5-nCoV was initiated. Research findings of phase I and phase II clinical trials for Ad5-nCoV were published in May 2020 and July 2020, respectively.

  In June 2020, the Company received Military Specially-needed Drug Approval (軍隊特需藥品批件) with a valid period for one year from Health Bureau of the Logistics Support Department of the Central Military Commission (中央軍委後勤保障部衛生局).

  On August 11, 2020, the Company received the notification letter about granting of the patent "a recombinant novel coronavirus vaccine using human replication-deficient adenovirus as a carrier" (一種以人複製缺陷腺病毒為載體的重組新型冠狀病毒疫苗). The patent application was jointly filed by Beijing Institute of Biotechnology, Academy of Military Medical Sciences and the Company.

  The Company is currently liaising with several countries and plan to drive the international multi-center phase III clinical trial for Ad5-nCoV as soon as possible.

- *TB Booster*

  We are developing a globally innovative TB Booster candidate for the BCG-vaccinated population. The phase Ia clinical trial showed the Ad5Ag85A TB candidate to be safe and well tolerated, and able to boost the immunity in the BCG-vaccinated population. We obtained a world-wide exclusive license from McMaster University to develop and commercialize products in the tuberculosis field based on technology information rights owned by McMaster University related to TB Booster and its phase I clinical trial, as well as a non-exclusive sub-license to relevant adenovirus patent rights licensed to McMaster University.

  Our phase Ib clinical trial is being conducted in Canada to evaluate the safety and immune responses stimulated by the TB Booster candidate in the blood and lungs, however the progress is slower than our expectation due to the impact of COVID-19 pandemic.

Pre-Clinical Programs with Proof of Concept

We have six vaccine candidates in pre-clinical programs, including one combination vaccine candidate and five other disease-specific vaccine candidates targeting shingles, meningitis, polio, adenovirus and Zika. In particular:

- *DTcP-Hib Vaccine*

  We expect to file the CTA of DTcP-Hib combo vaccine in 2020.

- *Adenovirus Vaccine*

  We expect to file the CTA of Adenovirus Vaccine in 2020.

- *Shingles Vaccine*

  Shingles, also known as herpes zoster, has a high incidence rate among the elderly. It causes significant pain in patients, and therefore leads to high healthcare expenditure. We will seek to leverage our viral vector platform technology to develop a new type of shingles vaccine. We plan to request a pre-CTA meeting with the NMPA for our Shingles vaccine candidate in 2020.

- *Meningitis B Vaccine*

  Current conjugate vaccines protect against serogroups A, C, W135 and Y, which are the most frequent causes of the disease in China, but not serogroup B. Serogroup B Neisseria meningitis has become a major emerging cause of meningitis since the development of conjugate vaccines. We will seek to leverage our strengths in protein structure design to develop a meningitis B vaccine to address this emerging unmet medical need.

- *Inactivated Polio Vaccine ("**IPV**")*

  The global effort to eradicate polio has contributed to a high demand for IPV, for which there is currently also a supply shortage. The development of IPV will enable us to leverage our DTcP vaccine portfolio to form a combination vaccine, and compete with global blockbuster vaccines.

Important Events after the End of the Reporting Period

Save as disclosed under the section "Business Review" in this announcement, the Company is not aware of other important events occurred after the end of Reporting Period and up to the date of this announcement.

Future and Outlook

According to China Insights Consultancy Limited, in terms of sales revenue, the total size of China's vaccine market increased from RMB23.3 billion in 2014 to RMB42.5 billion in 2019, and is expected to reach RMB132.0 billion in 2030. Our mission is to develop, manufacture and commercialize high quality, innovative and affordable vaccines.

To accomplish that mission, we will continue to advance our near-commercial candidates towards the NDA approval and develop our clinical trial stage assets through our in-house research and development and medical/clinical teams. Also, we will continue to discover and develop new vaccine candidates through both in-house research and development and external collaborations. In order to support our continuous growth, we plan to strengthen our commercialization infrastructure and expand our marketing and commercialization team. We will continue to evaluate possible global collaborations and acquisitions of high-potential assets related to vaccines and biological products.

Cautionary Statement required under Rule 18A.08(3) of the Listing Rules: We cannot guarantee that we will ultimately develop or market our Core Products successfully. Shares and potential investors of the Company are advised to exercise due care when dealing in the Shares.

Financial Review

Revenue

For the six months ended June 30, 2019 and 2020, we had not commercialized any products and therefore did not record any revenue.

Other Income

Our other income increased by 281.1% from RMB5.2 million for the six months ended June 30, 2019 to RMB19.9 million for the six months ended June 30, 2020, primarily due to an increase of RMB12.8 million in government grants. Our other income primarily consisted of (i) government grants to support our research and development activities and manufacturing facility construction, (ii) investment income on wealth management products that we purchased from certain reputable commercial banks, and (iii) net income from sales of vaccine components.

Selling Expenses

Our selling expenses increased by 167.1% from RMB1.7 million for the six months ended June 30, 2019 to RMB4.5 million for the six months ended June 30, 2020, primarily because we initiated preparation for commercialization of MCV candidates.

Administrative Expenses

Our administrative expenses decreased by 12.0% from RMB34.7 million for the six months ended June 30, 2019 to RMB30.6 million for the six months ended June 30, 2020, primarily due to a decrease of RMB14.0 million in listing expenses in relation to the Company's listing in Hong Kong, partially offset by (i) an increase of RMB4.9 million in employee compensation expenses and (ii) an increase of RMB3.1 million in professional service fees.

Research and Development Expenses

Our research and development expenses increased by 87.6% from RMB57.5 million for the six months ended June 30, 2019 to RMB107.9 million for the six months ended June 30, 2020, primarily due to the development of our vaccine candidates during the Report Period.

The following table sets forth the components of our research and development expenses for the period indicated.

	Six months ended June 30,			
	2020		2019[(1)]	
	RMB' 000	***%***	*RMB' 000*	*%*
	(Unaudited)		(Unaudited)	
Employee Benefits expenses	**42,497**	**39.4%**	35,719	62.1%
Raw materials and consumables used	**28,247**	**26.1%**	9,636	16.7%
Depreciation and amortization	**11,833**	**11.0%**	7,739	13.5%
Testing fee	**20,097**	**18.6%**	1,281	2.2%
Others	**5,249**	**4.9%**	3,140	5.5%
Total	**107,923**	**100.0%**	57,515	100.0%

Note: Reclassifications have been made on some of the comparative amounts to ensure the comparability. The cost of RMB0.1 million has been reclassified from research and development expenses to other income.

Finance Income – Net

Our finance income increased from RMB18.9 million for the six months ended June 30, 2019 to RMB20.8 million for the six months ended June 30, 2020, primarily due to a RMB5.4 million increase in interest income on bank deposits, partially offset by a RMB4.0 million decrease in exchange gains on foreign currency deposits.

Income Tax Expenses

Our income tax expenses for the six months ended June 30, 2019 and 2020 were nil.

Other Receivables and Prepayments

The following table sets forth the components of our other receivables and prepayments as at the dates indicated:

	As at June 30, 2020 ***RMB'000*** **(Unaudited)**	As at December 31, 2019 *RMB'000* (Audited)
Value added tax recoverable	**27,903**	25,682
Prepayments to suppliers of intangible assets and property, plant and equipment	**28,172**	10,734
Prepayments to other suppliers	**23,157**	17,884
Deposits as guarantee	**328**	75
Prepayments of listing expenses	**10,812**	5,215
	90,372	59,590
Less: non-current portion	**(56,152)**	(36,476)
Current portion	**34,220**	23,114

The increase in our other receivables and prepayments from RMB59.6 million as at December 31, 2019 to RMB90.4 million as at June 30, 2020 was primarily due to (i) an increase of RMB17.4 million in prepayments to suppliers of intangible assets and property, plant and equipment; (ii) an increase of RMB5.6 million in prepayments of listing expenses; and (iii) an increase of RMB5.3 million in prepayments to other suppliers.

Trade Payables

Our trade payables mainly included payments to be paid to raw material suppliers. The following table sets forth the aging analysis of our trade payables based on invoice date as at the dates indicated:

	As at June 30, 2020 ***RMB'000*** **(Unaudited)**	As at December 31, 2019 *RMB'000* (Audited)
Within 1 year	**12,673**	6,028
Between 1 year and 2 years	**43**	31
More than 3 years	**112**	112
	12,828	6,171

Our trade payables increased by 107.9% from RMB6.2 million as at December 31, 2019 to RMB12.8 million as at June 30, 2020, mainly because of procurement of raw materials for further development of vaccine candidates. We did not have any material defaults in payment of trade payables for the six months ended June 30, 2020.

Other Payables and Accruals

The following table sets forth the components of our other payables and accruals as at the dates indicated:

	As at June 30, 2020 ***RMB'000*** **(Unaudited)**	As at December 31, 2019 *RMB'000* (Audited)
Other payables to suppliers of property, plant and equipment	**78,853**	49,187
Payroll and welfare payable	**8,425**	19,006
Testing expenses	**3,064**	1,011
Accrued listing expenses	**5,232**	2,173
Deposits from suppliers	**–**	1,800
Disability benefit payable	**1,661**	1,086
Utilities	**955**	895
Consulting fees	**1,690**	730
Accrued taxes other than income tax	**628**	490
Others	**4,117**	4,260
	104,625	80,638

Our other payables and accruals increased by 29.7% from RMB80.6 million as at December 31, 2019 to RMB104.6 million as at June 30, 2020, primarily due to an increase of RMB29.7 million in other payables to suppliers of property, plant and equipment, partially offset by a decrease of RMB10.6 million in payroll and welfare payable.

Financial Resources, Liquidity and Capital Structure

Our net current assets decreased by 27.7% from RMB670.0 million as at December 31, 2019 to RMB484.1 million as at June 30, 2020, primarily due to the decrease in structure deposits and term deposits. The management is confident that the Company's financial resources is sufficient for its daily operations.

As at June 30, 2020, the capital of the Company comprised Domestic Shares, Unlisted Foreign Shares and H Shares. Total equity attributable to owners of the Company amounted to RMB1,377.1 million as at June 30, 2020, representing an decrease of 6.4% as compared with that of RMB1,470.5 million as at December 31, 2019. Following the completion of the A Share Offering on August 13, 2020, Domestic Shares and Unlisted Foreign Shares were converted into A Shares.

Significant Investments, Material Acquisitions and Disposals

During the Reporting Period, we did not make any significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures.

Contingent Liabilities

As at June 30, 2020, the Group was not involved in any material legal, arbitration or administrative proceedings that, if adversely determined, and did not have any contingent liabilities, that, we expected would materially adversely affect our business, financial position or results of operations.

Capital Commitments

The capital commitments of the Group as at June 30, 2020 were RMB74.1 million, representing an increase of 181.3% as compared with that of RMB26.3 million as at December 31, 2019, primarily because we initiated the construction of production facilities to meet the Company's production and operation needs.

Charge on Assets

As at June 30, 2020, certain of the Group's property, plant and equipment have been pledged as collateral under the Group's borrowing arrangements. The carrying amount of property, plant and equipment pledged as collateral were RMB269.5 million as at June 30, 2020.

As at June 30, 2020, certain of the Group's land use rights have been pledged as collateral under the Group's borrowing arrangements. The carrying amount of land use rights pledged as collateral were RMB10.5 million as at June 30, 2020.

Saved as disclosed above, there were no other charges on the Group's assets as at June 30, 2020.

Exchange Rate Risk

The Group mainly operates in the PRC with most of the transactions settled in RMB. The Group is not exposed to foreign exchange risk as there are no significant financial assets or liabilities of the Group denominated in the currencies other than the functional currency, except for the cash and term deposits at bank in USD and HKD which were primarily received from the investors as capital contributions.

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents and term deposits with initial term of over three months, divided by total equity and multiplied by 100%. As at June 30, 2020, the Group was in a net cash position and thus, gearing ratio is not applicable.

OTHER INFORMATION

Purchase, Sale or Redemption of the Listed Securities

The Group had not purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Corporate Governance

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the code provisions of the CG Code as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the Reporting Period, except for the following deviation:

In respect of code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer of the Company are not separate and are both performed by Dr. Yu. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors; (ii) Dr. Yu and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Company accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Company are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Company in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

Review of Interim Financial Results

The independent auditor of the Group, namely, PricewaterhouseCoopers, has carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has jointly reviewed with the management and the independent auditor of the Group the accounting principles and policies adopted by the Group and financial reporting matters (including the review of the unaudited condensed consolidated interim results for the six months ended June 30, 2020) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Group has made appropriate disclosures thereof.

Interim Dividend

The Board does not recommend any payment of an interim dividend for the Reporting Period (2019: nil).

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	Six months ended 30 June	
		2020	2019
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Selling expenses		**(4,472)**	(1,674)
Administrative expenses		**(30,556)**	(34,710)
Research and development expenses		**(107,923)**	(57,515)
Other income		**19,857**	5,210
Other gains-net		**93**	144
Operating loss		**(123,001)**	(88,545)
Finance income		**20,849**	19,413
Finance costs		**(49)**	(545)
Finance income-net		**20,800**	18,868
Loss before income tax		**(102,201)**	(69,677)
Income tax expense	*6*	**–**	–
Loss for the period and total comprehensive loss		**(102,201)**	(69,677)
Loss attributable to owners of the Company		**(102,201)**	(69,677)
Loss per share			
– Basic and diluted loss per share (in RMB)	*7*	**(0.46)**	(0.38)

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2020

	Notes	**As at 30 June 2020 *RMB'000* (Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**656,979**	575,504
Right-of-use assets		**29,699**	32,716
Intangible assets		**36,726**	38,689
Other receivables and prepayments	*9*	**56,152**	36,476
Term deposits with initial term of over three months		**281,365**	306,868
Total non-current assets		**1,060,921**	990,253
Current assets			
Inventories		**26,015**	16,338
Other receivables and prepayments		**34,220**	23,114
Financial assets at fair value through profit or loss		**43,223**	111,526
Term deposits with initial term of over three months		**–**	440,817
Cash and cash equivalents		**546,238**	202,450
Total current assets		**649,696**	794,245
Total assets		**1,710,617**	1,784,498

	Notes	As at 30 June 2020 *RMB'000* (Unaudited)	As at 31 December 2019 *RMB'000* (Audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium		**1,792,933**	1,792,933
Capital reserves		**54,393**	45,637
Accumulated losses		**(470,255)**	(368,054)
Total equity		**1,377,071**	1,470,516
LIABILITIES			
Non-current liabilities			
Borrowings	*10*	**110,000**	130,000
Lease liabilities		**5,113**	7,758
Deferred income		**52,857**	51,929
Total non-current liabilities		**167,970**	189,687
Current liabilities			
Trade payables	*11*	**12,828**	6,171
Contract liabilities		**180**	578
Other payables and accruals		**104,625**	80,638
Borrowings	*10*	**30,199**	20,239
Lease liabilities		**9,238**	8,802
Deferred income		**8,506**	7,867
Total current liabilities		**165,576**	124,295
Total liabilities		**333,546**	313,982
Total equity and liabilities		**1,710,617**	1,784,498

1. GENERAL INFORMATION

CanSino Biologics Inc. (the "Company") was incorporated in Tianjin of the People's Republic of China (the "PRC") on 13 January 2009 as a limited liability company by Xuefeng Yu, Tao Zhu, Dongxu Qiu, Xuan Liu and Helen Huihua Mao. The address of the Company's registered office is 401-420, 4th Floor, Biomedical Park, 185 South Avenue, TEDA West District, Tianjin, the PRC. Upon approval by the shareholders' general meeting held on 10 February 2017, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC and changed its registered name from "Tianjin CanSino Biotechnology Inc. (天津康希諾生物技術有限公司)" to "CanSino Biologics Inc. (康希諾生物股份公司)" on 13 February 2017. The Company and its subsidiaries (collectively referred to as the "Group"), are principally engaged in the research and development, manufacturing and commercialisation of vaccine products for human use.

The Company's H shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 28 March 2019 (the "Listing").

This condensed consolidated interim financial information ("Condensed Financial Information") is presented in Renminbi ("RMB"). This Condensed Financial Information has not been audited.

2. BASIS OF PREPARATION

This Condensed Financial Information has been prepared in accordance with Hong Kong Accounting Standard 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This Condensed Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except in relation to the following amendments which became effective for the first time for the financial year beginning on or after 1 January 2020 and the change of accounting policy for the capitalisation of development costs (Note 4).

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Revised Conceptual Framework for Financial Reporting	
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Adoption of the above amendments does not have a significant impact on the Condensed Financial Information.

The following new standards, amendments and interpretations to existing standards which have been issued but not yet effective on 1 January 2020 are applicable to the Group and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

4. CHANGES IN ACCOUNTING POLICIES

In 2020, 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 six 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 six capitalisation criteria are met.

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.

5. SEGMENT

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Group.

The Group is principally engaged in the research and development of vaccine products for human use. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC. Accordingly, the Group's results were primarily derived in the PRC.

As at 30 June 2020 and 31 December 2019, the Group's assets were mainly located in the PRC.

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax expense	**–**	–
Deferred income tax expense	**–**	–
	–	–

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss before income tax	**(102,201)**	(69,677)
Tax expense calculated at statutory tax rate of 25%	**(25,550)**	(17,419)
Impact of applying preferential tax rate	**10,220**	6,968
Expenses not deductible for taxation purposes	**63**	64
Previously unrecognised tax loss recognised as deferred tax assets	**(33)**	(9)
Temporary differences not recognised as deferred tax assets	**(2,334)**	(298)
Tax loss not recognised as deferred tax assets	**26,740**	15,558
Extra deduction of research and development expenses	**(9,106)**	(4,864)
Income tax expense	**–**	–

On 24 November 2016, the "Certificate of New Hi-tech Enterprise" was granted to the Company and renewed on 28 November 2019. The Company is eligible for a corporate income tax rate of 15% for six months ended 30 June 2020 (six months ended 30 June 2019: 15%).

7. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding.

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(102,201)**	(69,677)
Weighted average number of ordinary shares in issue (in thousand)	**222,650**	185,609
Basic loss per share (in RMB)	**(0.46)**	(0.38)

(b) Diluted loss per share

Diluted loss per share for the six months ended 30 June 2020 is same with basic loss per share, since there are no share options or other equity securities of the Company in issue which if exercised would have a dilutive effect on the issued ordinary share capital as at 30 June 2020.

8. DIVIDENDS

No dividend has been declared by the Company for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

9. OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2020 *RMB'000* (Unaudited)	As at 31 December 2019 *RMB'000* (Audited)
Value added tax recoverable	**27,903**	25,682
Prepayments to suppliers of intangible assets and property, plant and equipment	**28,172**	10,734
Prepayments to other suppliers	**23,157**	17,884
Deposits as guarantee	**328**	75
Prepayments of listing expenses	**10,812**	5,215
	90,372	59,590
Less: non-current portion (a)	**(56,152)**	(36,476)
Current portion	**34,220**	23,114

Note:

(a) The non-current portion of other receivables and prepayments mainly includes value added tax recoverable that could not be utilised in the coming 12 months and prepayments to suppliers of intangible assets and property, plant and equipment.

10. BORROWINGS

	As at 30 June 2020 *RMB'000* (Unaudited)	As at 31 December 2019 *RMB'000* (Audited)
Borrowings from banks – secured	**140,000**	150,000
Accrued interest	**199**	239
	140,199	150,239
Less: current portion	**(30,199)**	(20,239)
Non-current portion	**110,000**	130,000

	As at 30 June 2020 *RMB'000* (Unaudited)	As at 31 December 2019 *RMB'000* (Audited)
Maturity of borrowings		
Less than 1 year	**30,199**	20,239
Between 1 and 2 years	**65,000**	40,000
Between 2 and 5 years	**45,000**	90,000
	140,199	150,239

As at 31 December 2019, bank borrowings were denominated in RMB, bearing interest at rates equivalent to 105%-120% of rates announced by the People's Bank of China, and were secured against certain of the Group's property, plant and equipment and right-of-use assets. On 30 June 2020, the interest rate was revised to the Loan Prime Rate published by the National Interbank Funding Center authorized by the People's Bank of China one day before the contract signing date subtracting 65BPs.

The fair value of borrowings approximated their carrying amounts as at 30 June 2020 and 31 December 2019 as the borrowings carried interests which were benchmarked against rates announced by the People's Bank of China from time to time.

11. TRADE PAYABLES

The aging analysis of trade payables is as follows:

	As at 30 June 2020 ***RMB'000*** **(Unaudited)**	As at 31 December 2019 *RMB'000* (Audited)
Within 1 year	**12,673**	6,028
Between 1 and 2 years	**43**	31
More than 3 years	**112**	112
	12,828	6,171

The carrying amounts of trade payables are denominated in RMB, and approximate their fair values due to short-term maturities.

12. COMPARATIVE AMOUNTS

Reclassifications have been made on some of the comparative amounts to ensure the comparability.

PUBLICATION OF THE 2020 CONDENSED CONSOLIDATED INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.cansinotech.com). The interim report of the Company for the six months ended June 30, 2020 containing all the information in accordance with the requirements under the Listing Rules, will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS

"A Shares"	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each and listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange and traded in RMB
"A Share Offering"	the Company's initial public offering of 24,800,000 A Shares and listing on the Sci-Tech Innovation Board of Shanghai Stock Exchange on August 13, 2020
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"CanSino", "our Company" or "Company"; "the Company" or "We"	CanSino Biologics Inc. (康希諾生物股份公司), a joint stock company incorporated in the PRC with limited liability on February 13, 2017, or, where the context requires (as the case may be), its predecessor, Tianjin CanSino Biotechnology Inc. (天津康希諾生物技術有限公司), a company incorporated in the PRC with limited liability on January 13, 2009
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purposes of this report, our Core Products include our MCV2 candidate and MCV4 candidate
"CTA"	clinical trial application, the PRC equivalent of investigational new vaccine application
"Director(s)"	the director(s) of the Company

"Domestic Shares"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which were subscribed for and paid up in Renminbi by domestic investors, and were converted into A Shares upon completion of the A Share Offering
"Dr. Yu"	Dr. Xuefeng YU, chairman of the Board, executive Director, chief executive officer and general manager of the Company, our co-founder and a controlling Shareholder
"GMP"	Good Manufacturing Practice, guidelines and regulations from time to time issued pursuant to the PRC Drug Administration Law (《中華人民共和國藥品管理法》) as part of quality assurance which aims to minimize the risks of contamination, cross contamination, confusion and errors during the manufacture process of pharmaceutical products and to ensure that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled in conformity to quality and standards appropriate for their intended use
"Group", "our Group", "the Group", "we", "us", "our" or "CanSino"	the Company and its subsidiary
"H Shares"	overseas listed shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	the Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	the Main Board of the Stock Exchange
"NMPA"	the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA
"NDA"	new drug application
"Reporting Period"	the six-month period from January 1, 2020 to June 30, 2020
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China

"Shareholder(s)"	holder(s) of the Shares
"Share(s)"	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our A Shares and H Shares as at the date of this announcement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Unlisted Foreign Shares"	ordinary shares issued by our company with a nominal value of RMB1.00 each, which were held foreign investors and were not listed on any stock exchange, and were converted into A Shares upon completion of the A Share Offering

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.