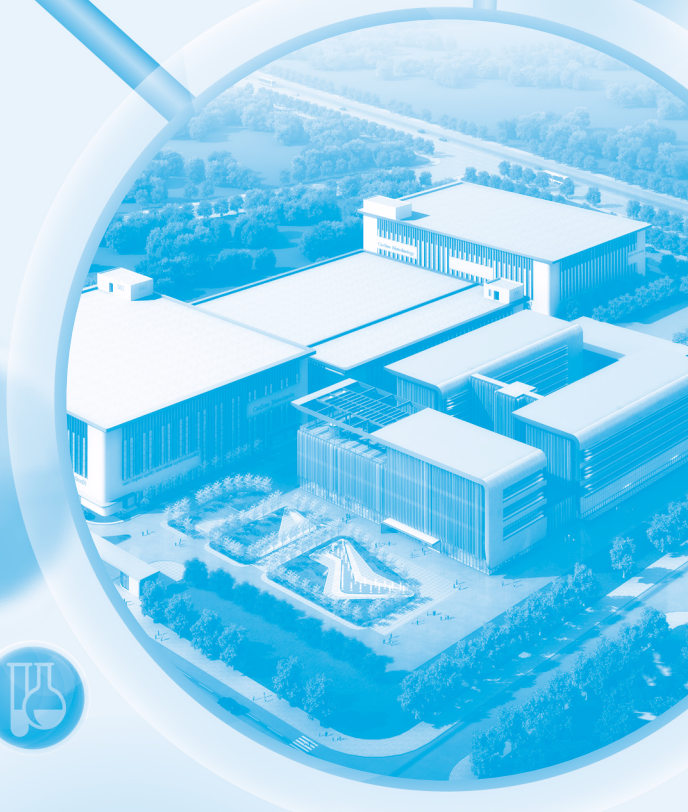
康希诺生物股份公司
CanSino Biologics Inc.

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

Stock Code: 6185

INTERIM REPORT 2020

Contents



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Xuefeng YU
(Chairman, chief executive officer and general manager)
Dr. Shou Bai CHAO
(Chief operating officer and deputy general manager)
Dr. Tao ZHU
(Chief scientific officer and deputy general manager)
Dr. Dongxu QIU
(Senior vice president and deputy general manager)

Non-executive Directors

Mr. Qiang XU
Mr. Liang LIN
Ms. Nisa Bernice Wing-Yu LEUNG
Mr. Zhi XIAO

Independent Non-executive Directors

Mr. Shiu Kwan Danny WAI
Ms. Zhu XIN
Mr. Shuifa GUI
Mr. Jianzhong LIU

AUDIT COMMITTEE

Ms. Zhu XIN *(Chairwoman)*
Mr. Shiu Kwan Danny WAI
Mr. Shuifa GUI (appointed on May 15, 2020)
Mr. Zhi XIAO (ceased on May 15, 2020)

REMUNERATION AND ASSESSMENT COMMITTEE

Mr. Shuifa GUI *(Chairman)*
Ms. Zhu XIN
Mr. Jianzhong LIU
Dr. Shou Bai CHAO
Mr. Liang LIN

NOMINATION COMMITTEE

Mr. Jianzhong LIU *(Chairman)*
Dr. Xuefeng YU
Mr. Shiu Kwan Danny WAI
Mr. Shuifa GUI
Ms. Nisa Bernice Wing-Yu LEUNG

SUPERVISORS

Ms. Jiangfeng LI *(Chairwoman)*
Ms. Jieyu ZOU
Ms. Zhengfang LIAO

AUTHORISED REPRESENTATIVES

Dr. Xuefeng YU
Mr. Ming King CHIU

JOINT COMPANY SECRETARIES

Mr. Jin CUI
Mr. Ming King CHIU *(FCIS FCS (PE))*

HEADQUARTERS AND REGISTERED OFFICE IN THE PRC

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Biomedical Park
185 South Avenue
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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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33 Hysan Avenue
Causeway Bay
Hong Kong

Corporate Information

HONG KONG H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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17th Floor Hopewell Centre
183 Queen's Road East Wanchai
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HONG KONG LEGAL ADVISER

Sidley Austin
39/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

PRC LEGAL ADVISER

Tian Yuan Law Firm
10/F, CPIC Plaza B
28 Fengsheng Lane
Xicheng District, Beijing
PRC

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor
22/F, Prince's Building
Central
Hong Kong

COMPLIANCE ADVISER

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

STOCK CODE

6185

COMPANY WEBSITE

www.cansinotech.com

Financial Summary

	Six months ended June 30, 2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000	Changes RMB'000	%
Operating Results				
Operating loss	**(123,001)**	(88,545)	(34,456)	38.9
Loss before income tax	**(102,201)**	(69,677)	(32,524)	46.7
Loss for the period and total comprehensive loss	**(102,201)**	(69,677)	(32,524)	46.7
Loss per Share				
Basic and diluted loss per share (in RMB)	**(0.46)**	(0.38)	(0.08)	21.1

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000	Changes RMB'000	%
Financial Position				
Non-current assets	**1,060,921**	990,253	70,668	7.1
Current assets	**649,696**	794,245	(144,549)	(18.2)
Total assets	**1,710,617**	1,784,498	(73,881)	(4.1)
Total equity	**1,377,071**	1,470,516	(93,445)	(6.4)
Non-current liabilities	**167,970**	189,687	(21,717)	(11.4)
Current liabilities	**165,576**	124,295	41,281	33.2
Total liabilities	**333,546**	313,982	19,564	6.2
Total equity and liabilities	**1,710,617**	1,784,498	(73,881)	(4.1)

Management Discussion and Analysis

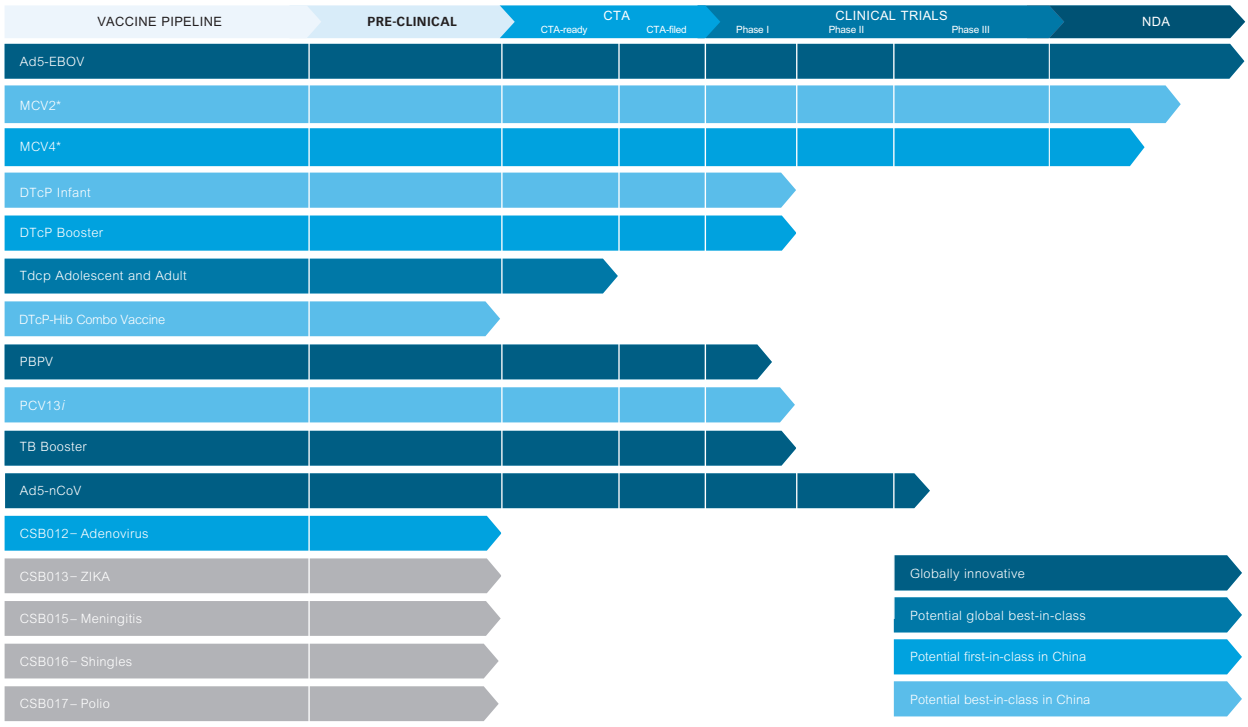
OVERVIEW

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 vaccine candidates.

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



* denotes a Core Product.

Management Discussion and Analysis

BUSINESS REVIEW

During the Reporting Period and up to the date of this interim report, 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.

In September 2020, the Company initiated the phase III clinical trial for Ad5-nCoV. The Company has entered into an agreement with NPO Petrovax Pharm, LLC ("Petrovax"), pursuant to which the Company and Petrovax will cooperate to conduct the phase III clinical for Ad5-nCoV in Russia. The Company and Petrovax have received the clinical trial application approval for Ad5-nCoV from the Ministry of Health of the Russian Federation and initiated enrollment of phase III clinical for Ad5-nCoV in Russia. In addition, the Company is currently driving the international multi-center phase III clinical trial for Ad5-nCoV and plans to conduct the phase III clinical trial for Ad5-nCoV in several countries.

• 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 ("**CFDI**") of NMPA announced the notice of on-site inspection for NDA licensure for MCV2.

On September 2, 2020, the CFDI announced the notice of on-site inspection for NDA licensure for MCV4.

- ### Completion of the 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 September 2, 2020, the CFDI announced 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 CFDI announced the notice of on-site inspection for NDA licensure for MCV2.

Management Discussion and Analysis

- ## 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.

VACCINE 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.

- ## PCV13*i*

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.

Management Discussion and Analysis

• 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.

In September 2020, the Company initiated the phase III clinical trial for Ad5-nCoV. The Company has entered into an agreement with NPO Petrovax Pharm, LLC ("Petrovax"), pursuant to which the Company and Petrovax will cooperate to conduct the phase III clinical for Ad5-nCoV in Russia. The Company and Petrovax have received the clinical trial application approval for Ad5-nCoV from the Ministry of Health of the Russian Federation and initiated enrollment of phase III clinical for Ad5-nCoV in Russia. In addition, the Company is currently driving the international multi-center phase III clinical trial for Ad5-nCoV and plans to conduct the phase III clinical trial for Ad5-nCoV in several countries.

• 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.

EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2020, the Company had a total of 516 employees, including 451 research and development personnel, and approximately 78% of the employees held a bachelor's or higher degree. The Company has developed a remuneration and welfare management system that provides employees with competitive remuneration and five types of social insurances and housing fund for employees in strict compliance with the relevant laws and regulations.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

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

Management Discussion and Analysis

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. We will continue to evaluate possible global collaborations and acquisitions of high-potential assets related to vaccines and biological products. In addition, we're expanding our marketing and commercialization team to prepare for the launch of our near commercial-stage 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. Shareholders 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 of 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[Note]	
	RMB' 000 (Unaudited)	**%**	RMB' 000 (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.

Management Discussion and Analysis

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.

Future Plans for Material Investment or Capital Assets

The Company plans to use proceeds from the A Share Offering to construct additional production facilities to meet the Company's production and operation needs. Save as disclosed above, the Company does not have other plans for material investments and capital assets.

Management Discussion and Analysis

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. The Group currently does not have a foreign currency hedging policy as its foreign exchange risk exposure is minimal.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 of the Board 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.

Other Information

CHANGES IN DIRECTORS' AND SUPERVISORS' INFORMATION

At the 2019 annual general meeting on May 15, 2020 (the "AGM"), Dr. Xuefeng YU, Dr. Shou Bai CHAO, Dr. Tao ZHU (朱濤) and Dr. Dongxu QIU were elected as executive Directors of the second session of the Board of Directors; Mr. Qiang XU (許強), Mr. Liang LIN (林亮), Ms. Nisa Bernice Wing-Yu LEUNG (梁穎宇) and Mr. Zhi XIAO (肖治) were elected as non-executive Directors of the second session of the Board of Directors; Mr. Shiu Kwan Danny WAI (韋少琨), Ms. Zhu XIN (辛珠), Mr. Shuifa GUI (桂水發), and Mr. Jianzhong LIU (劉建忠) were elected as independent non-executive Directors of the second session of the Board of Directors; Ms. Jiangfeng LI (李江峰) and Ms. Jieyu ZOU (鄒潔羽) were elected as Supervisors of the second session of the Board of Supervisors.

At the first meeting of the second session of the Board of Directors, Dr. Xuefeng YU was elected as the chairman of the second session of the Board of Directors; Ms. Zhu XIN, Mr. Shiu Kwan Danny WAI and Mr. Shuifa GUI were elected as members of Audit Committee, and Ms. Zhu XIN was elected as the chairwoman of the committee; Mr. Shuifa GUI, Ms. Zhu XIN, Mr. Jianzhong LIU, Dr. Shou Bai CHAO and Mr. Liang LIN were elected as members of Remuneration and Assessment Committee, and Mr. Shuifa GUI was elected as the chairman of the committee; Mr. Jianzhong LIU, Mr. Shiu Kwan Danny WAI, Mr. Shuifa GUI, Dr. Xuefeng YU and Ms. Nisa Bernice Wing-Yu LEUNG were elected as members of Nomination Committee, and Mr. Jianzhong LIU was elected as the chairman of the committee.

The Company has held an employee's representatives meeting to elect Ms. Zhengfang LIAO (廖正芳) as employee representative Supervisor, together with Ms. Jiangfeng LI and Ms. Jieyu ZOU forming the second session of the Board of Supervisors. At the first meeting of the second session of the Board of Supervisors, Ms. Jiangfeng LI was elected as the chairwoman of the second session of the Board of Supervisors.

The annual remuneration of each of Dr. Yu, Dr. Chao and Dr. Zhu was increased to RMB1,765,500 (excluding any discretionary bonus), and the annual remuneration of Dr. Qiu was increased to RMB1,059,300 (excluding any discretionary bonus). According to the remuneration plan as approved at the AGM, executive Directors will receive remuneration in accordance with the remuneration standards of senior management determined by the Board and/or their employment contracts signed with the Company, and will not receive additional directors' fee.

Save as disclosed above, up to the date of this report, there were no changes to information which are required to be disclosed by Directors and Supervisors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

Other Information

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors and Supervisors.

Having made specific enquiry of all Directors and Supervisors, all of them have confirmed that they have complied with the Model Code for the six months ended June 30, 2020. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

REVIEW OF INTERIM REPORT

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).

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at June 30, 2020, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Other Information

Interests in shares or underlying shares of the Company

Name of Director	Capacity/Nature of interest	Number and class of Shares	Approximate % of interest in our Company[1]	Approximate % of the relevant class of Shares[1]
Dr. Yu	Beneficial owner, Interest of a party to an agreement regarding interest in the Company[2]	34,598,400 H Shares (L)	15.54%	26.08%
		16,724,200 Unlisted Foreign Shares (L)	7.51%	18.59%
		17,874,200 Domestic Shares (L)	8.03%	19.86%
Dr. Zhu	Beneficial owner, Interest of a party to an agreement regarding interest in the Company[2], Interest in a controlled corporation[3]	34,598,400 H Shares (L)	15.54%	26.08%
		16,724,200 Unlisted Foreign Shares (L)	7.51%	18.59%
		25,855,425 Domestic Shares (L)	11.61%	28.73%
Dr. Qiu	Beneficial owner, Interest of a party to an agreement regarding interest in the Company[2]	34,598,400 H Shares (L)	15.54%	26.08%
		16,724,200 Unlisted Foreign Shares (L)	7.51%	18.59%
		17,874,200 Domestic Shares (L)	8.03%	19.86%
Dr. Chao	Interest of spouse[4]	11,924,700 H Shares (L)	5.36%	8.99%
		4,409,500 Unlisted Foreign Shares (L)	1.98%	4.90%
Ms. Nisa Bernice Wing-Yu	Interest in a controlled corporation	13,036,538 H Shares (L)	5.86%	9.83%

Notes:

(1) The percentage is calculated based on the number of relevant class of Shares in issue as at June 30, 2020. Following the completion of the A Share Offering on August 13, 2020, Domestic Shares and Unlisted Foreign Shares were converted into A Shares.

(2) Pursuant to the Concert Party Agreement.

(3) Dr. Zhu is the sole general partner of Tianjin Qianyi Enterprise Management Partnership (Limited Partnership) (天津千益企業管理合夥企業(有限合夥)) ("Tianjin Qianyi"), Tianjin Qianrui Enterprise Management Partnership (Limited Partnership) (天津千睿企業管理合夥企業(有限合夥)) ("Tianjin Qianrui") and Tianjin Qianzhi Enterprise Management Partnership (Limited Partnership) (天津千智企業管理合夥企業(有限合夥)) ("Tianjin Qianzhi"), which hold 1.56%, 1.48% and 0.54% of the issued share capital of our Company, respectively. Therefore, Dr. Zhu is deemed to be interested in the Shares held by Tianjin Qianyi, Tianjin Qianrui and Tianjin Qianzhi, all of which are Domestic Shares.

(4) Dr. Chao is the spouse of Dr. Mao, one of our Controlling Shareholders. Therefore, Dr. Chao is deemed to be interested in the Shares in which Dr. Mao is interested in as a beneficial owner under the SFO.

(5) (L) – Long position.

Save as disclosed above, as at June 30, 2020, to the best knowledge of the Directors, Supervisors or chief executive of the Company, none of the Directors, Supervisors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at June 30, 2020, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

Interests in shares or underlying shares of the Company

Name of Substantial Shareholder	Capacity/Nature of interest	Number and class of Shares	Approximate % of interest in our Company[1]	Approximate % of the relevant class of Shares[1]
Dr. Mao	Beneficial owner, Interest of a party to an agreement regarding interest in the Company	34,598,400 H Shares (L) 16,724,200 Unlisted Foreign Shares (L) 17,874,200 Domestic Shares (L)	15.54% 7.51% 8.03%	26.08% 18.59% 19.86%
The Capital Group Companies, Inc.	Interest in a controlled corporation	21,257,500 H Shares (L)	9.55%	16.02%
Shi Yi	Interest in a controlled corporation	20,585,562 H Shares (L)	9.25%	15.52%
LAV Management Company, Limited	Investment Manager	17,765,162 H Shares (L)	7.98%	13.39%
Kuang Duane Ziping	Interest in a controlled corporation	13,036,538 H Shares (L)	5.86%	9.83%
Rieschel Gary Edward	Interest in a controlled corporation	13,036,538 H Shares (L)	5.86%	9.83%
Qiming Corporate GP IV, Ltd.	Interest in a controlled corporation	13,036,538 H Shares (L)	5.86%	9.83%
Qiming GP IV, L.P.	Interest in a controlled corporation	13,036,538 H Shares (L)	5.86%	9.83%
Qiming Venture Partners IV, L.P.	Interest in a controlled corporation	13,036,538 H Shares (L)	5.86%	9.83%
QM29 Limited	Beneficial owner	13,036,538 H Shares (L)	5.86%	9.83%
Lilly Asia Ventures Fund II, L.P.	Interest in a controlled corporation	10,389,200 H Shares (L)	4.67%	7.83%

Other Information

Name of Substantial Shareholder	Capacity/Nature of interest	Number and class of Shares	Approximate % of interest in our Company[1]	Approximate % of the relevant class of Shares[1]
LAV Spring (Hong Kong) Co., Limited	Beneficial owner	10,389,200 H Shares (L)	4.67%	7.83%
SDIC Fund Management Company Ltd. (國投創新投資管理有限公司)	Investment Manager	8,855,336 Domestic Shares (L)	3.98%	9.84%
Future Industry Investment Fund (Limited Partnership) (先進製造產業投資基金（有限合夥))	Beneficial owner	8,855,336 Domestic Shares (L)	3.98%	9.84%
Chen Fei	Interest in a controlled corporation	7,709,454 Domestic Shares (L)	3.46%	8.57%
Shanghai Li Yi Investment Management Partnership (Limited Partnership) 上海禮頤投資管理合夥企業（有限合夥)	Investment manager	7,709,454 Domestic Shares (L)	3.46%	8.57%
Shanghai Liyao Investment Management Co., Ltd (上海禮曜投資管理有限公司)	Investment manager	7,709,454 Domestic Shares (L)	3.46%	8.57%
Shanghai Li'an Venture Capital Investment Center (Limited Partnership) (上海禮安創業投資中心（有限合夥))	Beneficial owner	4,600,000 Domestic Shares (L)	2.07%	5.11%

Notes:

(1) The percentage is calculated based on the number of relevant class of Shares in issue as at June 30, 2020. Following the completion of the A Share Offering on August 13, 2020, Domestic Shares and Unlisted Foreign Shares were converted into A Shares.

(2) (L) – Long position.

Save as disclosed above, as at June 30, 2020, to the best knowledge of the Directors, Supervisors or chief executive of the Company, none of the substantial Shareholders of the Company had interests or short positions in the Shares and underlying Shares of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 336 of the SFO.

Other Information

USE OF PROCEEDS FROM LISTING

The Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the IPO and the exercise of over-allotment option of approximately HK$1,309.8 million, equivalent to approximately RMB1,122.3 million (the "IPO Proceeds").

It was disclosed under the section headed "Future Plans and Use of Proceeds" in the Prospectus that the Company intended to use the IPO Proceeds (adjusted on a pro-rata basis according to the net proceeds) for the following purposes:

(i) approximately RMB505.1 million (representing 45% of the net proceeds) is expected to be used for the research and development and commercialization of MCV candidates;

(ii) approximately RMB224.5 million (representing 20% of the net proceeds) is expected to be used for research and development of DTcP candidates;

(iii) approximately RMB168.3 million (representing 15% of the net proceeds) is expected to be used for research and development of other key products;

(iv) approximately RMB112.2 million (representing 10% of the net proceeds) is expected to be used for continued research and development of our pre-clinical vaccine candidates; and

(v) approximately RMB112.2 million (representing 10% of the net proceeds) is expected to be used for working capital and other general corporate purposes.

The Company completed the A Share Offering on August 13, 2020. Taking into account the net proceeds received from the A Share Offering, together with the market collaboration with Pfizer and the Company's operation needs, in order to strengthen the Company's capital efficiency, the Board proposed to reallocate part of the unutilized IPO proceeds originally allocated for the commercialization of its MCV candidates. The reallocated unutilized IPO proceeds will be used for (i) cooperation, licensing and introduction of advanced technologies, vaccine candidates and biological products; (ii) development of vaccine candidates; and (iii) acquisition of high-quality assets related to vaccines and biological products. The commercialization of the Company's MCV candidates will be funded by the over-raised proceeds received from the A Share Offering.

Other Information

As at June 30, 2020, approximately RMB682.8 million of the IPO Proceeds remain unutilized. The details of the proposed change of allocation of unutilized IPO Proceeds are summarized as follows:

	Proposed use of IPO Proceeds as disclosed in the Prospectus (RMB million)	Utilized IPO Proceeds as at June 30, 2020 (RMB million)	Unutilized IPO Proceeds as at June 30, 2020 (RMB million)	Proposed change of allocation of unutilized IPO Proceeds (RMB million)	Revised allocation of unutilized IPO Proceeds (RMB million)	Expected time of full utilisation of remaining balance
Research and development and commercialization of MCV candidates	505.1	46.9	458.2	(420.0)	38.2	By the end of 2021
Research and development of DTcP candidates	224.5	57.9	166.6	–	166.6	By the end of 2023
Research and development of other key products	168.3	126.5	41.8	–	41.8	By the end of 2021
Continued research and development of our pre-clinical vaccine candidates	112.2	101.5	10.7	–	10.7	By the end of 2020
Working capital and other general corporate purposes	112.2	106.7	5.5	–	5.5	By the end of 2020
(i) cooperation, licensing and introduction of advanced technologies, vaccine candidates and biological products; (ii) development of vaccine candidates; and (iii) acquisition of high-quality assets related to vaccines and biological products	–	–	–	420.0	420.0	By the end of 2023

The proposed change in use of proceeds shall be subject to the approval by way of ordinary resolution of the Shareholders at the extraordinary general meeting of the Company to be convened on October 9, 2020.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

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

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the Directors, Supervisors or any of their respective associates was granted by the Company or its subsidiaries any right to acquire shares in, or debentures of, the Company or its subsidiary, or had exercised any such right during the Reporting Period.

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

Hong Kong, August 21, 2020

Report on Review of Interim Financial Information

To the Board of Directors of CanSino Biologics Inc.
(incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 26 to 49, which comprises the interim condensed consolidated balance sheet of CanSino Biologics Inc. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2020 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 August 2020

Condensed Consolidated Statements of Comprehensive Income

For the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Selling expenses	8	**(4,472)**	(1,674)
Administrative expenses	8	**(30,556)**	(34,710)
Research and development expenses	8	**(107,923)**	(57,515)
Other income	9	**19,857**	5,210
Other gains-net		**93**	144
Operating loss		**(123,001)**	(88,545)
Finance income	10	**20,849**	19,413
Finance costs	10	**(49)**	(545)
Finance income-net	10	**20,800**	18,868
Loss before income tax		**(102,201)**	(69,677)
Income tax expense	11	**–**	–
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)	12	**(0.46)**	(0.38)

The notes on pages 31 to 49 form an integral part of this interim consolidated financial information.

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	14	**656,979**	575,504
Right-of-use assets	15	**29,699**	32,716
Intangible assets	16	**36,726**	38,689
Other receivables and prepayments	17	**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	17	**34,220**	23,114
Financial assets at fair value through profit or loss	18	**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

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)
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	19	**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	21	**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	22	**12,828**	6,171
Contract liabilities		**180**	578
Other payables and accruals	23	**104,625**	80,638
Borrowings	21	**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

Approved and authorised for issue by the board of directors on 21 August 2020.

Director：Xuefeng YU

Director：Shou Bai CHAO

The notes on pages 31 to 49 form an integral part of this interim consolidated financial information.

Condensed Consolidated Statements of Changes in Equity

For the six months ended 30 June 2020

	Note	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 January 2020		**222,650**	**1,570,283**	**45,637**	**(368,054)**	**1,470,516**
Comprehensive loss						
– Loss for the period		**–**	**–**	**–**	**(102,201)**	**(102,201)**
Transaction with owners						
– Share-based payments	20(b)	**–**	**–**	**8,756**	**–**	**8,756**
Balance at 30 June 2020 (Unaudited)		**222,650**	**1,570,283**	**54,393**	**(470,255)**	**1,377,071**
Balance at 1 January 2019		160,951	528,535	24,119	(211,288)	502,317
Comprehensive loss						
– Loss for the period		–	–	–	(69,677)	(69,677)
Transaction with owners						
– Issuance of shares	19	61,699	1,054,813	–	–	1,116,512
– Share-based payments	20(b)	–	–	11,588	–	11,588
Balance at 30 June 2019 (Unaudited)		222,650	1,583,348	35,707	(280,965)	1,560,740

The notes on pages 31 to 49 form an integral part of this interim consolidated financial information.

Condensed Consolidated Statements of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash used in operations	**(115,547)**	(87,676)
Interests received	**1,791**	2,060
Net cash used in operating activities	**(113,756)**	(85,616)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(74,596)**	(58,236)
Purchase of wealth management products	**(225,000)**	(395,000)
Addition of term deposits with initial term of over three months	**–**	(653,534)
Proceeds from term deposits with initial term of over three months	**468,942**	–
Proceeds from disposal of wealth management products	**293,000**	435,000
Proceeds from disposal of property, plant and equipment	**–**	10
Purchase of intangible assets	**(5,414)**	(1,717)
Receipt of asset related government grants	**1,600**	15,150
Receipt of investment income on wealth management products and term deposits	**8,957**	3,967
Net cash generated from/(used in) investing activities	**467,489**	(654,360)
Cash flows from financing activities		
Interest paid	**(3,924)**	(3,963)
Net proceeds from share issued	**–**	1,134,496
Payment of borrowings	**(10,000)**	–
Principal elements of lease payments	**(2,620)**	(1,706)
Payment of listing expenses	**(3,039)**	(6,315)
Net cash (used in)/generated from financing activities	**(19,583)**	1,122,512
Net increase in cash and cash equivalents	**334,150**	382,536
Cash and cash equivalents at the beginning of the period	**201,973**	57,381
Exchange gains on cash and cash equivalents	**8,993**	13,004
Cash and cash equivalents at the end of the period	**545,116**	452,921

The notes on pages 31 to 49 form an integral part of this interim consolidated financial information.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

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.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

3. ACCOUNTING POLICIES (CONTINUED)

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. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Condensed Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Condensed Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

6. FINANCIAL RISK MANAGEMENT

6.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

This Condensed Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2019.

There have been no changes in the risk management policies since year end.

6.2 Fair value estimation

The carrying amounts of the Group's financial assets and liabilities, including cash and cash equivalents, financial assets at fair value through profit or loss, term deposits with initial term of over three months, other receivables, trade and other payables approximate their fair values. The fair value of financial liabilities for disclosure purpose is estimated by discounting the future contractual cash flows at the market interest rate available to the Group for similar financial instruments.

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2020 and 31 December 2019 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Fair value estimation (Continued)

The following table presents the Group's assets that are measured at fair value at 30 June 2020 and 31 December 2019.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2020 (Unaudited)				
Financial assets at fair value through profit or loss				
– Structured deposits	**–**	**–**	**43,223**	**43,223**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2019 (Audited)				
Financial assets at fair value through profit or loss				
– Wealth management products with floating rates	–	–	111,526	111,526

There were no transfers between levels 1, 2 and 3 during the periods.

(a) Financial instruments in Level 3

The following table presents the changes in level 3 instruments for the six months ended 30 June 2020 and 2019, respectively.

	Financial assets at fair value through profit or loss	
	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Opening balance	**111,526**	–
Additions	**225,000**	140,000
Settlements	**(295,036)**	(100,260)
Gain and losses recognised in profit or loss	**1,733**	318
Closing balance	**43,223**	40,058
Total gains or losses for the period included in "other income"	**1,510**	260
Changes in unrealised gains or losses for the period included in "other gains" at the end of the period	**223**	58

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.2 Fair value estimation (Continued)

(b) Valuation process, inputs and relationship to fair value

The finance department of the Group performs the valuation of level 3 financial instruments for financial reporting purposes. It manages the valuation exercise of the investments on a case by case basis. At least once a year, the finance department would use valuation techniques to determine the fair value of the Group's level 3 instruments.

The valuation of the level 3 instruments mainly include financial assets at fair value through profit or loss. The following table summarises the quantitative information about the significant unobservable inputs used in the recurring level 3 fair value measurements.

Description	Fair value as at		Unobservable Inputs	Range as at		Relationship of unobservable input to fair value
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)		**30 June 2020**	31 December 2019	
Financial assets at fair value through profit or loss	**43,223**	111,526	Expected rate of return	**3.45%**	3.75%-3.85%	The higher the expected rate of return, the higher the fair value

If the unobservable inputs, the expected return, is 50 basis points higher/lower, the loss before income tax for six months ended 30 June 2020 would approximately decrease/increase by RMB247,000 (six months ended 30 June 2019: 49,000).

7. 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.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

8. EXPENSES BY NATURE

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Changes in finished goods	**229**	–
Employee benefits expenses	**60,379**	46,943
Listing expenses	**1,472**	13,978
Depreciation and amortisation	**14,483**	9,846
Raw materials and consumables used	**28,306**	9,696
Utilities and office expenses	**5,951**	4,203
Consulting fee	**4,588**	2,502
Travelling and transportation expenses	**1,893**	2,213
Business tax and other transaction taxes	**1,666**	1,444
Testing fee	**20,097**	1,281
Auditors' remuneration		
– Audit services	**1,357**	101
– Other services	**–**	135
Others	**2,530**	1,557
	142,951	93,899

Note:

For the six months ended 30 June 2020, expense relating to short-term leases of RMB180,000, primarily the rentals for employee apartments, was included in employee benefits expenses (six months ended 30 June 2019: RMB305,000).

9. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Investment income on wealth management products	**1,510**	2,061
Government grants (a)	**14,146**	1,354
Net income from vaccine components	**3,687**	1,779
Gates foundation	**514**	–
Others	**–**	16
	19,857	5,210

Note:

(a) Government grants mainly represented subsidy income received from various government organisations to support the operation of the Group.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

10. FINANCE INCOME – NET

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income		
Interest income on bank deposits	**11,857**	6,409
Exchange gains on foreign currency deposits	**8,992**	13,004
	20,849	19,413
Finance costs		
Interest expenses on bank borrowings	**(3,811)**	(3,941)
Interest paid/payable for lease liabilities	**(345)**	(504)
Less: borrowing costs capitalised in qualifying assets (Note 14)	**4,156**	3,941
	–	(504)
Bank charges	**(49)**	(41)
	(49)	(545)
Finance income – net	**20,800**	18,868

11. INCOME TAX EXPENSE

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

11. INCOME TAX EXPENSE (CONTINUED)

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%).

12. 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.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

13. DIVIDENDS

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

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Equipment and instruments RMB'000	Motor vehicles RMB'000	Office equipment and furniture RMB'000	Construction in progress RMB'000	Total RMB'000
As at 1 January 2020							
Cost	37,193	29,174	74,093	639	6,749	479,038	626,886
Accumulated depreciation	(2,381)	(14,368)	(31,166)	(394)	(3,073)	–	(51,382)
Net book value	34,812	14,806	42,927	245	3,676	479,038	575,504
Six months ended 30 June 2020 (Unaudited)							
Opening net book value	**34,812**	**14,806**	**42,927**	**245**	**3,676**	**479,038**	**575,504**
Additions	**–**	**385**	**18,771**	**199**	**1,263**	**72,121**	**92,739**
Disposals	**–**	**–**	**(89)**	**–**	**(3)**	**–**	**(92)**
Transfer upon completion	**–**	**–**	**241**	**–**	**–**	**(241)**	**–**
Depreciation	**(889)**	**(3,281)**	**(6,165)**	**(65)**	**(772)**	**–**	**(11,172)**
Closing net book value	**33,923**	**11,910**	**55,685**	**379**	**4,164**	**550,918**	**656,979**
As at 30 June 2020 (Unaudited)							
Cost	**37,193**	**29,559**	**91,765**	**838**	**7,936**	**550,918**	**718,209**
Accumulated depreciation	**(3,270)**	**(17,649)**	**(36,080)**	**(459)**	**(3,772)**	**–**	**(61,230)**
Net book value	**33,923**	**11,910**	**55,685**	**379**	**4,164**	**550,918**	**656,979**

During the six months ended 30 June 2020, the Group has capitalised borrowing costs amounting to RMB4,156,000 on qualifying assets (six months ended 30 June 2019: RMB3,941,000). Borrowing costs were capitalised at the weighted average of its borrowings rate of 5.212%-5.229% during the period (six months ended 30 June 2019: 5.225%).

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 RMB269,531,000 as at 30 June 2020 (31 December 2019: RMB261,292,000).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

15. RIGHT-OF-USE ASSETS

	Land use rights RMB'000	Office rental RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Total RMB'000
As at 1 January 2020					
Cost	20,508	17,918	1,283	503	40,212
Accumulated depreciation	(1,982)	(5,154)	(279)	(81)	(7,496)
Net book value	18,526	12,764	1,004	422	32,716
Six months ended 30 June 2020 (Unaudited)					
Opening net book value	**18,526**	**12,764**	**1,004**	**422**	**32,716**
Additions	**–**	**–**	**–**	**31**	**31**
Depreciation	**(206)**	**(2,577)**	**(208)**	**(57)**	**(3,048)**
Closing net book value	**18,320**	**10,187**	**796**	**396**	**29,699**
As at 30 June 2020 (Unaudited)					
Cost	**20,508**	**17,918**	**1,283**	**534**	**40,243**
Accumulated depreciation	**(2,188)**	**(7,731)**	**(487)**	**(138)**	**(10,544)**
Net book value	**18,320**	**10,187**	**796**	**396**	**29,699**

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 RMB10,474,000 as at 30 June 2020 (31 December 2019: RMB10,592,000).

16. INTANGIBLE ASSETS

	Capitalised product development costs RMB'000	Computer software RMB'000	Non-proprietary technologies RMB'000	Total RMB'000
As at 1 January 2020				
Cost	37,409	618	7,946	45,973
Accumulated amortisation	–	(236)	(7,048)	(7,284)
Net book value	37,409	382	898	38,689
Six months ended 30 June 2020 (Unaudited)				
Opening net book value	**37,409**	**382**	**898**	**38,689**
Additions	**106**	**307**	**–**	**413**
Disposals (Note 4)	**(2,113)**	**–**	**–**	**(2,113)**
Amortisation	**–**	**(138)**	**(125)**	**(263)**
Closing net book value	**35,402**	**551**	**773**	**36,726**
As at 30 June 2020 (Unaudited)				
Cost	**35,402**	**925**	**7,946**	**44,273**
Accumulated amortisation	**–**	**(374)**	**(7,173)**	**(7,547)**
Net book value	**35,402**	**551**	**773**	**36,726**

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

17. 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.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Structured deposits	**43,223**	111,526

Notes to the Condensed Consolidated Interim Financial Information

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19. SHARE CAPITAL AND SHARE PREMIUM

	Numbers of shares	Nominal value of shares RMB'000
Authorised and issued		
As at 1 January 2020	222,649,899	222,650
As at 30 June 2020 (Unaudited)	**222,649,899**	**222,650**
As at 1 January 2019	160,950,899	160,951
Issuance of shares upon global offering (note)	61,699,000	61,699
As at 30 June 2019 (Unaudited)	222,649,899	222,650

	Numbers of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
As at 1 January 2020	222,649,899	222,650	1,570,283	1,792,933
As at 30 June 2020 (Unaudited)	**222,649,899**	**222,650**	**1,570,283**	**1,792,933**
As at 1 January 2019	160,950,899	160,951	528,535	689,486
Issuance of shares upon global offering (note)	61,699,000	61,699	1,054,813	1,116,512
As at 30 June 2019 (Unaudited)	222,649,899	222,650	1,583,348	1,805,998

Note:

On 28 March 2019, the Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong by issuing 57,248,600 ordinary shares at a price of HKD22.00 per share for cash, before related issuance expenses, of approximately HKD1,259,469,000 (equivalent to approximately RMB1,079,239,000).

On 9 April 2019, the Company issued additional 4,450,400 new shares for the exercise of over-allotment of the global offering at a price of HKD22.00 per share for cash, before related issuance expenses, of approximately HKD97,909,000 (equivalent to approximately RMB83,895,000).

Accordingly, 61,699,000 ordinary shares with par value of RMB1.00 each are issued and RMB61,699,000 are credited to share capital, and remaining amounts, after netting of listing expenses, are credited to share premium.

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20. SHARE-BASED PAYMENT

Tianjin Qianyi Enterprise Management Partnership (Limited Partnership) (天津千益企業管理合夥企業(有限合夥)) ("Tianjin Qianyi") was incorporated in Tianjin of the PRC under the Law of the People's Republic of China on Partnerships on 31 July 2015 as a vehicle to hold the ordinary shares for the Company's employees under the equity-settled share-based compensation plan of 2015 (the "2015 Employee Share Plan").

Tianjin Qianrui Enterprise Management Partnership (Limited Partnership) (天津千睿企業管理合夥企業(有限合夥)) ("Tianjin Qianrui") and Tianjin Qianzhi Enterprise Management Partnership (Limited Partnership) (天津千智企業管理合夥企業(有限合夥)) ("Tianjin Qianzhi") were incorporated in Tianjin of the PRC under the Law of the People's Republic of China on Partnerships on 28 May 2018 as vehicles to hold the ordinary shares for the Company's employees under the equity-settled share-based compensation plan of 2018 (the "2018 Employee Share Plan"). Detailed information of the 2015 Employee Share Plan and 2018 Employee Share Plan (together referred to as the "Employee Share Plans") are disclosed as follows.

(a) Share award schemes

2015 Employee Share Plan

On 21 December 2015, shares of the Company were granted to 33 eligible employees (the "Grantees") under the 2015 Employee Share Plan. Under this plan, 3,474,600 shares of RMB1.00 each (equivalent to RMB3,474,600 paid-in capital before the conversion into a joint stock company) will be vested when the Company's shares get listed on the stock exchange or the Company is acquired by other parties. The Grantees paid approximately RMB440,000 in total at an exercise price of RMB0.1265 each to Tianjin Qianyi on the grant date. If an employee ceases to be employed by the Company within this period, the awarded shares will be forfeited.

The 2015 Employee Share Plan is administered by Tianjin Qianyi. 3,474,600 shares of RMB1.00 each were acquired by Tianjin Qianyi from Xuefeng Yu, Tao Zhu (the General Partner, "GP"), Dongxu Qiu and Helen Huihua Mao in total at a price of RMB0.1265 per share on 27 August 2015, and are held under the 2015 Employee Share Plan until such time as they are vested. Forfeited shares are purchased back by GP at the price that the employees initially purchased.

2,931,941 awarded shares under the 2015 Employee Share Plan were unlocked and vested on 28 March 2019 when the Company's shares were listed on The Main Board of the Stock Exchange of Hong Kong Limited. Thus, 2015 Employee Share Plan has been fulfilled completely.

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For the six months ended 30 June 2020

20. SHARE-BASED PAYMENT (CONTINUED)

(a) Share award schemes (Continued)

2018 Employee Share Plan

On 28 May 2018, the Company issued 3,299,475 and 1,207,150 shares of RMB1.00 each to Tianjin Qianrui and Tianjin Qianzhi, respectively, at a price of RMB3.88 per share under the 2018 Employee Share Plan. Under the plan, 42 eligible employees were granted 3,299,475 shares issued to Tianjin Qianrui, of which 52,590 shares were granted to GP and could be vested immediately and the rest 3,246,885 shares were granted to the other 41 eligible employees and could be vested when such eligible employees complete a five-year service period. 3 eligible employees were granted 1,207,150 shares issued to Tianjin Qianzhi, of which 19 shares were granted to GP and could be vested immediately and the remaining 1,207,131 shares were granted to the rest 2 employees. 60% of these 1,207,131 shares could be vested when such eligible employees complete a three-year service period, and the remaining 40% could be vested when such eligible employees complete a five-year service period. Approximately RMB17,486,000 were paid by those employees to Tianjin Qianrui and Tianjin Qianzhi in total on the grant date. If an eligible employee ceases the employment by the Company within this period, the awarded shares will be forfeited.

Forfeited shares are purchased back by GP, or a person designated by GP, at the price that the employees initially purchased, and if applicable, plus 7% per annum interest.

Two eligible employee left the Company in July and December 2019 respectively, 50,000 and 12,000 shares awarded to these 2 employees were granted to GP and vested immediately based on the 2018 Employee Share Plan. The fair value of these shares were measured by the closing price of the Company on The Stock Exchange of Hong Kong on the completion of business registration of change date with 80% discount.

The Company has power to govern the relevant activities of Tianjin Qianyi, Tianjin Qianrui and Tianjin Qianzhi and can derive benefits from the contributions of the eligible employees who are awarded with the shares under the Employee Share Plans. Therefore Tianjin Qianyi was consolidated until 2015 Employee Share Plan was fulfilled completely in the first half of 2019. Tianjin Qianrui and Tianjin Qianzhi were consolidated until GP obtained the control of these two special purpose vehicles and partner agreements were further revised accordingly in the second half of 2019.

Set out below are the movement in the number of awarded shares under the Employee Share Plans:

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
At the beginning of the period	**4,392,016**	7,385,957
Vested	**–**	(2,931,941)
At the end of the period	**4,392,016**	4,454,016

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For the six months ended 30 June 2020

20. SHARE-BASED PAYMENT (CONTINUED)

(b) Expenses arising from share-based payment transactions

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Share award schemes issued under the Employee Share Plans	**8,756**	11,588

As at 30 June 2020, the accumulated expenses arising from share-based payment transactions amounting to RMB36,481,000 are recognised in capital reserves (31 December 2019: RMB27,725,000).

21. BORROWINGS

	As at 30 June 2020	As at 31 December 2019
	RMB'000	RMB'000
	(Unaudited)	(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	As at 31 December 2019
	RMB'000	RMB'000
	(Unaudited)	(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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

21. BORROWINGS (CONTINUED)

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 (Note 14) and right-of-use assets (Note 15). 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.

22. 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.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

23. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 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

24. CAPITAL COMMITMENTS

The following is the details of capital expenditure contracted for but not provided in the Condensed Financial Information.

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Contracted but not provided for		
– Property, plant and equipment	**74,069**	26,328

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

25. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

(a) The following companies and persons are related parties of the Group during the six months ended 30 June 2020 and 2019:

Names of the related parties	Nature of relationship
Tianjin Kun Jian Biopharmaceutical Co., Ltd. 天津坤健生物製藥有限公司("Tianjin Kun Jian")	Under common control of Xuefeng Yu, Helen Huihua Mao, Dongxu Qiu and Tao Zhu

On 25 November 2019, Tianjin Kun Jian completed the cancellation of registration.

During the six months ended 30 June 2020, the Group did not have any significant transactions with related parties (six months ended 30 June 2019: nil).

(b) Key management compensation

Key management includes directors, supervisors and senior management. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries	**4,653**	3,243
Discretionary bonuses	**1,625**	–
Share-based compensation expenses (Note 20)	**1,122**	972
Others	**243**	152
	7,643	4,367

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2020

26. SUBSEQUENT EVENTS

On 15 July 2020, the China Securities Regulatory Commission approved the application for registration of the initial public offering of RMB ordinary Shares to the Shanghai Stock Exchange("the SSE") and listing on the STAR Market of the Company (Zheng Jian Xu Ke [2020] No. 1448).

On 6 August 2020, the Company issued 24,800,000 ordinary shares with par value of RMB1.00 each at a price of RMB209.71 per share, raising approximately RMB5,200,808,000 with net proceeds RMB4,979,465,000 after deducting related issuance expenses (excluding VAT). On 13 August 2020, the Company's shares were listed on the SSE STAR Market.

27. COMPARATIVE AMOUNTS

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

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
"Board of Supervisors"	the board of Supervisors 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 interim report, Hong Kong, Macau Special Administrative Region and Taiwan
"Concert Party Agreement"	the agreement entered into between Dr. Yu, Dr. Zhu, Dr. Qiu and Dr. Mao on February 13, 2017 pursuant to which Dr. Yu, Dr. Zhu, Dr. Qiu and Dr. Mao have undertaken to, among other things, vote unanimously for any resolutions proposed at any Shareholders' meeting of our Company
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Dr. Yu, Dr. Zhu, Dr. Qiu and Dr. Mao
"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. Chao"	Dr. Shou Bai CHAO, executive Director, chief operating officer and deputy general manager of the Company and spouse of Dr. Mao

Definitions

"Dr. Mao"	Dr. Helen Huihua MAO, senior vice president and deputy general manager of the Company, our co-founder and a Controlling Shareholder and spouse of Dr. Chao
"Dr. Qiu"	Dr. Dongxu QIU, executive Director, senior vice president and deputy general manager of the Company, our co-founder and a Controlling Shareholder
"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
"Dr. Zhu"	Dr. Tao ZHU, executive Director, chief scientific officer and deputy 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" or "IPO"	the listing of the H Shares on the Main Board of the Stock Exchange on March 28, 2019
"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

Definitions

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"NDA"	new drug application
"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
"Nomination Committee"	the nomination committee of the Board
"Prospectus"	the prospectus issued by the Company dated March 18, 2019
"Remuneration and Assessment Committee"	the remuneration and assessment committee of the Board
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Reporting Period"	the six-month period from January 1, 2020 to June 30, 2020
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"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 interim report
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	supervisor(s) of our Company
"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

康希诺生物股份公司
CanSino Biologics Inc.