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

2020
ANNUAL REPORT

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
(Executive 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 ***(FCG FCS (PE))***

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PRC

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183 Queen's Road East, Wanchai
Hong Kong

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Kirkland & Ellis
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The Landmark
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Hong Kong

PRC LEGAL ADVISER

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28 Fengsheng Lane
Xicheng District, Beijing
PRC

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor
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Central
Hong Kong

COMPLIANCE ADVISER

Somerley Capital Limited
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29 Queen's Road Central
Hong Kong

STOCK CODE

Hong Kong Stock Exchange: 6185
Shanghai Stock Exchange: 688185

COMPANY WEBSITE

www.cansinotech.com

Financial Summary

In this report, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this report have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

A summary of the operating results and of the assets and liabilities of the Group for the last five financial years is set out below:

	For the Year ended December 31,				
	2020	2019	2018	2017	2016
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating Results					
Revenue	**18,544**	–	1,132	–	–
Operating loss	**(400,859)**	(200,245)	(138,578)	(63,796)	(52,686)
Loss before income tax	**(396,638)**	(156,766)	(138,281)	(64,450)	(49,851)
Loss for the year and total comprehensive loss	**(396,638)**	(156,766)	(138,281)	(64,450)	(49,851)
Loss per Share					
Basic and diluted loss per share	**(1.72)**	(0.77)	(0.90)	(0.45)	(0.41)

	As of December 31,				
	2020	2019	2018	2017	2016
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial Position					
Non-current assets	**1,327,430**	990,253	574,871	439,446	179,368
Current assets	**5,420,643**	794,245	221,004	426,918	146,805
Total assets	**6,748,073**	1,784,498	795,875	866,364	326,173
Total equity	**6,070,854**	1,470,516	502,317	607,332	214,473
Non-current liabilities	**264,366**	189,687	186,873	146,105	84,344
Current liabilities	**412,853**	124,295	106,685	112,927	27,356
Total liabilities	**677,219**	313,982	293,558	259,032	111,700
Total equity and liabilities	**6,748,073**	1,784,498	795,875	866,364	326,173

Chairman's Statement

Dear Shareholders and stakeholders,

I couldn't be more grateful and excited to still have this moment to tell a story of us, a company that has been working hard in vaccine area for over 10 years and was positioned under the spotlight of pandemic fight. Flashback to early 2020 when the outbreak was reported days before the Spring Festival. That's the beginning of our journey.

From the day we officially launched the COVID-19 vaccine project to the debut of the Recombinant Novel Coronavirus Vaccine (Adenovirus Type 5 Vector), or the Ad5-nCoV, we created a 55-day miracle with no compromise to the safety and quality. It was the first of its kind made it to the clinical trial stage worldwide as well as the first candidate that published its phase I and II clinical trial results on Lancet.

With the support of those positive data, we move forward to the multi-center phase III clinical trial in five countries. It is the first large-scale clinical study we've ever done. Confronted with numerous unpredictable challenges, we never backed down. We kept the study going while strictly followed the scientific rules to ensure the integrity and objectiveness of the data.

Of course, the interim data of Ad5-nCoV was absolutely a huge reward to our efforts. It is demonstrated that our one-shot COVID-19 vaccine could be the ideal option to achieve mass immune protection in a timely manner by significantly shortening the vaccination cycle and facilitate the work of healthcare workers.

We always have faith in our product, so does the authorities in many countries. Currently, we obtained the emergency use authorization for Ad5-nCoV in Mexico, Pakistan, Hungary and Chile. And it was conditionally approved in China. Meanwhile, we are in ongoing discussions with other potential collaborators worldwide. Mexico is the first country that placed the order of the Ad5-nCoV vaccine.

Living in a year of pandemic, COVID-19 vaccine is not our only achievement. We have successfully partnered with Pfizer to promote our MCV4. We continuously make progress in the NDA review for our MCV4 and MCV2 candidates, and clinical study of our PCV13*i*, PBPV and DTcP vaccine candidates. Last but not the least, we have successfully listed on the Sci-Tech Innovation Board (STAR Market) of the Shanghai Stock Exchange, making CanSinoBIO the first "A+H" dual listing vaccine company.

As we are striding forward to the year of 2021, a year full of challenges and opportunities, we are committed to continuously investing and expanding our capacity to fulfill the manufacturing needs and ensure the equal access to our quality vaccine products and contribute to the development of public health. With an aim to build our brands and reputation in the domestic and overseas market, we will continue to focus on R&D, manufacture and commercialization for our vaccine candidates, and promote collaboration with world-class business partners.

I would like to take this chance to thank our Shareholders and other stakeholders for your continuous support. We look forward to grow and to share with all of you in the upcoming adventure. Together, we can confront the public health challenge posed by the pandemic and help people pursue a better life.

Dr. Xuefeng YU
Chairman and Chief Executive Officer

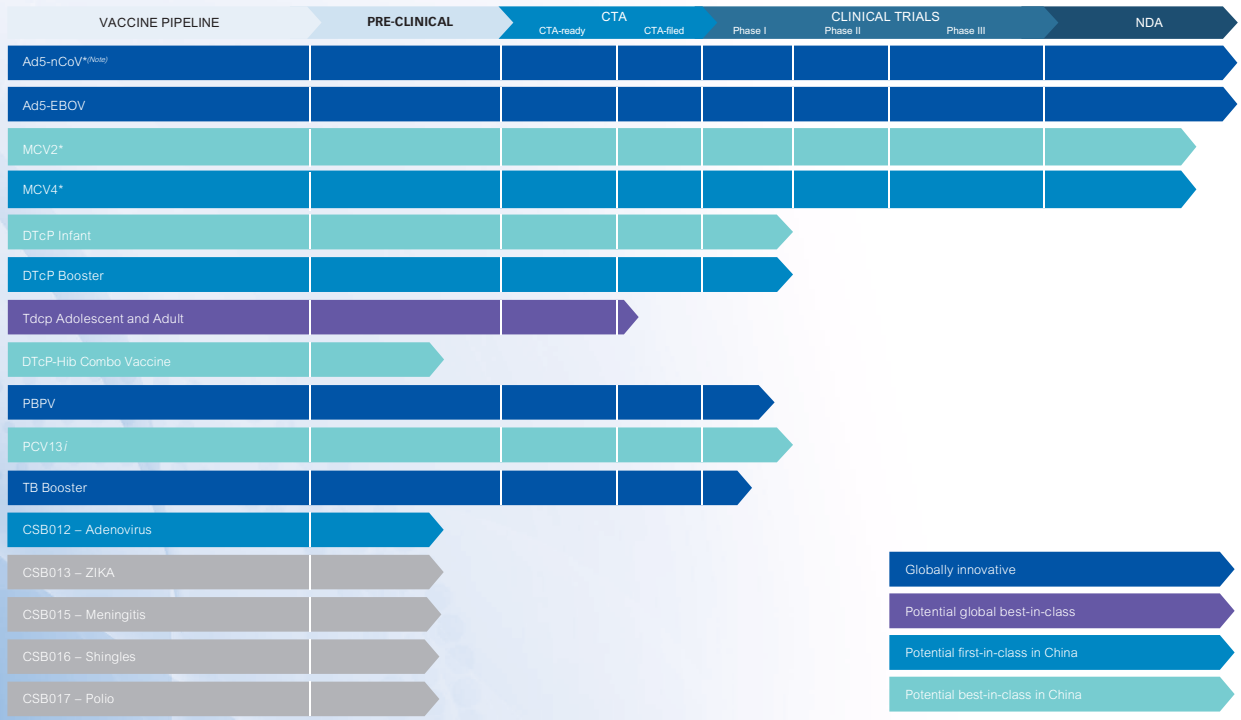
OVERVIEW

CanSinoBIO'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 the vast and underserved market worldwide, can be summarized into three categories: (i) globally innovative vaccines to serve the unmet medical needs worldwide (such as our Ad5-nCoV, Ad5-EBOV, our TB Booster candidate and our PBPV 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 MCV4 candidate and DTcP vaccine candidates); 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 February 2021, our Ad5-nCoV has been granted emergency use authorization by the Federal Commission for Protection against Sanitary Risks of Mexico and the Drug Regulatory Authority of Pakistan, and has been granted the conditional marketing authorization by the NMPA in mainland China. In March 2021, our Ad5-nCoV has been granted emergency use authorization by the Hungarian National Institute of Pharmacy and Nutrition (OGYÉI). In April 2021, our Ad5-nCoV has been granted emergency use authorization by the Instituto de Salud Pública de Chile (ISP). In addition to our Ad5-nCoV and three near-commercial assets covering meningococcal disease and Ebola virus disease, we have six vaccine candidates in clinical trial stage or CTA stage. We also have six pre-clinical vaccine candidates, including one combination vaccine candidate. To date, except for Ad5-nCoV, we have not commercialized any other products, and we cannot guarantee that we will be able to successfully develop and commercialize our drug candidates.

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



* denotes a Core Product

Note: On February 25, 2021, the NMPA has granted the conditional marketing authorization for Ad5-nCoV. The application for conditional marketing authorization is made in accordance with Article 63 under the Provisions for Drug Registration (《藥品註冊管理辦法》) which prescribes that application for conditional approval can be applied for drugs in clinical trial stage, if the drug are, among others, vaccines that are urgently needed in response to major public health emergencies or other vaccines that are urgently needed as determined by the National Health Commission of the PRC (中國國家衛生健康委員會), with benefits evaluated to outweigh the risks.

BUSINESS REVIEW

During the Reporting Period and up to the date of this report, the Group made the following significant progress with respect to its product pipeline:

- ### Clinical trials, Military Specially-needed Drug Approval, emergency use authorization and conditional marketing authorization for Ad5-nCoV

  Ad5-nCoV is a vaccine jointly developed by the Company and the BIB. 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 trial for Ad5-nCoV were published in the Lancet. On July 20, 2020, research findings of phase II clinical trial 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 the BIB 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 volunteers for phase III clinical for Ad5-nCoV in Russia.

  On February 1, 2021, the Company has completed case accrual for the interim analysis of the phase III clinical trial of Ad5-nCoV and has been informed by the Independent Data Monitoring Committee ("**IDMC**") that Ad5-nCoV has successfully met its pre-specified primary safety and efficacy criteria at this interim analysis.

  On February 9, 2021, Ad5-nCoV has been approved by the Federal Commission for Protection against Sanitary Risks of Mexico for emergency use for 18 years of age and older. On February 16, 2021, Ad5-nCoV has been granted emergency use authorization by the Drug Regulatory Authority of Pakistan.

  On February 21, 2021, the Company officially filed an application with the NMPA for conditional marketing authorization of Ad5-nCoV and the NMPA has accepted such application. The NMPA has granted the conditional marketing authorization for Ad5-nCoV in mainland China on February 25, 2021.

  On March 22, 2021, the Ad5-nCoV has been granted emergency use authorization by the Hungarian National Institute of Pharmacy and Nutrition (OGYÉI) and the CTA for the Ad5-nCoV for inhalation has been approved by the NMPA.

  On April 8, 2021, the Ad5-nCoV has been granted emergency use authorization by the Instituto de Salud Pública de Chile (ISP).

- ## Cooperation with Pfizer to promote MCV4 product Menhycia™

In July 2020, the Company entered into a promotional service agreement with Pfizer Investment Co., Ltd. (輝瑞投資有限公司) ("**Pfizer**"), pursuant to which the Company granted Pfizer an exclusive right to promote its MCV4 product Menhycia™ in China. Menhycia™ are expected to be launched after receiving the NDA approval.

- ## 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 and has completed the phase I clinical trial for each of its DTcP Infant, DTcP Booster, PCV13*i* and phase Ia clinical trial for PBPV in 2020.

On June 29, 2020, the CFDI announced the notice of on-site inspection for NDA licensure for MCV2. To date, the Company has passed the on-site inspection.

On September 2, 2020, the CFDI announced the notice of on-site inspection for NDA licensure for MCV4. To date, the Company has passed the on-site inspection.

In April 2021, the Company initiated the enrollment of a phase III clinical trial for PCV13*i*.

- ## Completion of the A Share Offering

The Company submitted the application 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 of the Shanghai Stock Exchange.

On July 13, 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 trading of which has commenced, on the Sci-tech Innovation Board of the Shanghai Stock Exchange.

Commercialized Product

Ad5-nCoV

Ad5-nCoV is a vaccine jointly developed by the Company and the BIB. 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 COVID-19 disease.

Clinical trials

In March 2020, Ad5-nCoV was approved for clinical trial after registration documents review, and the Company conducted phase I clinical trial immediately upon such approval. 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 September 2020, the Company initiated the global multicenter phase III clinical trial for Ad5- nCoV in five countries including Pakistan, Mexico, Russia, Chile and Argentina. In February 2021, the Company has completed case accrual for the interim analysis of the phase III clinical trial of Ad5-nCoV and the data of these cases has been submitted to the IDMC for analysis and recommendation. Ad5-nCoV has successfully met its pre-specified primary safety and efficacy criteria at this interim analysis. There were no vaccine related serious adverse events and therefore the Company could continue to advance the phase III clinical trial of Ad5-nCoV.

As disclosed in the announcement of the Company dated February 24, 2021, the Company has completed the vaccination of more than 40,000 volunteers and the interim data analysis. The interim analysis data of the phase III clinical trial of Ad5-nCoV showed that Ad5-nCoV has an overall efficacy of 65.28% at preventing all symptomatic COVID-19 disease 28 days after single dose vaccination, and 68.83% at preventing all symptomatic COVID-19 disease 14 days after single dose vaccination. Ad5-nCoV has an efficacy of 90.07% at preventing severe disease 28 days after single dose vaccination, and 95.47% at preventing severe disease 14 days after single dose vaccination. The efficacy of Ad5-nCoV has met the relevant technical standards laid out by the World Health Organization and relevant standards and requirements set out in "Guiding Principles for Clinical Evaluation of Novel Coronavirus Preventive Vaccines (Trial Implementation)* (新型冠狀病毒預防用疫苗臨床評價指導原則(試行))" issued by the NMPA.

Authorization and Approval

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).

In February 2021, our Ad5-nCoV was granted emergency use authorization by the Federal Commission for Protection against Sanitary Risks of Mexico and the Drug Regulatory Authority of Pakistan, respectively, and was granted the conditional marketing authorization by the NMPA in mainland China. In March 2021, Ad5-nCoV was granted emergency use authorization by the Hungarian National Institute of Pharmacy and Nutrition (OGYÉI) and the CTA for the Ad5-nCoV for inhalation was approved by the NMPA. In April 2021, our Ad5-nCoV has been granted emergency use authorization by the Instituto de Salud Pública de Chile (ISP).

The Company is preparing to apply for emergency use authorization for our Ad5-nCoV in several foreign countries and aims to commercialize the Ad5-nCoV globally.

* *For identification purpose only*

Near Commercial-Stage Products

- ### MCV4

The Company's MCV4 candidate is a potential China first-in-class vaccine preventing meningococcal meningitis, with 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.

The Company 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, CDE 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 and the Company has passed the on-site inspection. For commercialization of MCV4 after obtaining NDA approval, the Company entered into a promotional services agreement with Pfizer in July 2020 to promote the MCV4 (expected to be commercialized under the trade name Menhycia™) in China.

Since the outbreak of COVID-19, the entire society has worked together to confront the public health challenge posed by the pandemic. CanSinoBIO, as an enterprise in vaccine industry, have shouldered the social responsibilities by making response to COVID-19 pandemic as our primary focus and sparing no effort to launch Ad5-nCoV. Thus, the NDA progress for MCV4 was delayed. The Company expects to commercialize its MCV4 within the year of 2021.

- ### MCV2

The Company's 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, the phase III clinical trial showed that the 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.

The Company obtained an umbrella CTA approval for its MCV2 candidate in December 2015, and filed the NDA for our MCV2 candidate on January 31, 2019. On June 29, 2020, the CFDI announced the notice of on-site inspection for NDA licensure for MCV2 and the Company has passed the on-site inspection.

Due to reasons set out above, the NDA progress for MCV2 was delayed. The Company expects to commercialize our MCV2 within the year of 2021.

- Ad5-EBOV

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

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

Drug Candidates in the Pipeline

We made response to COVID-19 pandemic as our primary focus and spared no effort to launch our Ad5-nCoV in 2020, so as to shoulder the social responsibilities to confront the public health challenge posed by the pandemic. We have tried our best to make full use of our remaining capacity to push forward the clinical trial progress of the following drug candidates.

- 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*i* 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 have completed such clinical trial in 2020. In April 2021, we initiated the enrollment of a phase III clinical trial for PCV13*i*. Despite the adverse impact of COVID-19, our PCV13*i* candidate continues to make progress as schedule. We expect to complete phase III clinical trial in 2022.

- 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 have completed such clinical trial in 2020. We expect to initiate a phase Ib or phase II clinical trial in 2021.

- 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 copurification 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 and have completed such clinical trial in 2020. The progress was delayed to a certain degree as most of our resources have been allocated to support our Ad5-nCoV product. We expect to complete phase III clinical trial for our DTcP Infant candidate in 2023.

- 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 have completed such clinical trial in 2020. The progress was delayed to a certain degree as most of our resources have been allocated to support our Ad5-nCoV product. We expect to complete all of the clinical trials for our DTcP Booster candidate by 2022.

- ### 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 tetanus toxoid antigen, and reduced amounts of pertussis antigens (FHA, PT and PRN) and the DT antigen in line with international industry standards.

  We plan to conduct overseas clinical trials for our Tdcp Adolescent and Adult candidate first and then submit clinical trial applications in China. The progress was slower than our expectation due to the impact of COVID-19 pandemic.

- ### TB Booster

  We are developing a globally innovative TB Booster candidate for the Bacillus Calmette- Guerin-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 Bacillus Calmette-Guerin-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 clinical trial progress in Canada was 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 disease-specific vaccine candidates targeting shingles, meningitis, polio, adenovirus and Zika.

The Group's Facilities

To date, our manufacturing activities focus on commercialization and product registration. Our manufacturing facility is equipped with advanced equipment and machinery include fermentation, purification, conjugation, and ultrafiltration, auto-packaging and filling machinery. We own and operate a commercial-scale manufacturing facility for our near-commercial candidates located in Tianjin city currently with a total gross floor area of approximately 38,000 m^2. The facility is designed, constructed and operated to meet international standards. Our manufacturing facility was designed to have an annual bulk production capacity of approximately 70 million to 80 million doses. We believe our current production capacity is fully capable of supporting our commercialization plans for our near-commercial candidates as well as supporting the manufacturing of clinical trial materials.

For commercialization of our Ad5-nCoV, we have built a manufacturing facility located in Tianjin with an annual capacity of approximately 200 million to 300 million doses. We are working with Shanghai Pharmaceuticals Holding Co., Ltd. (上海醫藥集團股份有限公司) (Hong Kong Stock Exchange: 2607; Shanghai Stock Exchange: 601607) to build a manufacturing facility located in Shanghai with an annual capacity of approximately 200 million to 300 million doses. In addition, we will continue to leverage on external business partner(s) to deliver an annual capacity of approximately 100 million doses.

We have completed validation of our manufacturing facilities and processes for our phase I production facilities. The CFDI has announced the notice of on-site inspection for NDA licensure for MCV2 and MCV4, respectively. To date, we have passed the on-site inspection for MCV2 and MCV4, and expect to launch them in 2021.

Intellectual Property

As of December 31, 2020, the Group owned 91 trademarks, including 38 in China, 6 in Hong Kong, 5 in Taiwan, 1 in the European Union, 1 in the United States and 40 in other countries and regions. As of the same date, the Group had filed 61 trademark applications in China, 16 in other countries and regions and also filed trademark applications through Madrid International Trademark System.

As of December 31, 2020, the Group owned 21 patents in China, 3 patents in the United States and 1 patent in the European Union. As of the same date, the Group had filed 6 patent applications in China, 1 patent application in the European Union and the United States.

Future and Outlook

Our mission is to develop, manufacture and commercialize high quality, innovative and affordable vaccines. To accomplish the mission, we will continue to commercialize our Ad5-nCoV domestically and globally, 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 are expanding our marketing and commercialization team to prepare for the launch of our commercialized product and near commercial-stage products.

The pandemic may continue to have an impact on our business operations to varying degrees. On one hand, it may lead to further commercialization of our Ad5-nCoV, and on the other, it may cause delays in the clinical trials, construction of facilities, regulatory approvals, and even commercialization of our other vaccine candidates. It is difficult to estimate the duration of the pandemic and the safety, efficacy and availability of vaccines and treatments for COVID-19 in the upcoming months given the volatile nature of these circumstances. Thus, we are unable to accurately predict the extent of the impact of the pandemic on our business operations. The Company will focus on all aspects of our business operations and will react actively to the impacts.

Cautionary Statement required under Rule 18A.08(3) of the Hong Kong Listing Rules: We cannot guarantee that we will ultimately develop or market our core products (with the meaning ascribed to it under the Hong Kong Listing Rules) successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the Shares.

FINANCIAL REVIEW

Revenue

For the year ended December 31, 2020, we recorded a total revenue of approximately RMB18.5 million (2019: nil), which is mainly contributed by the revenue generated from the sales of our Core Product.

Other Income

Our other income increased significantly from approximately RMB19.0 million for the year ended December 31, 2019 to approximately RMB114.9 million for the year ended December 31, 2020. Our other income primarily consisted of (i) investment income on wealth management products that we purchased from certain reputable commercial banks, (ii) net income from sales of vaccine components, and (iii) government grants.

Selling Expenses

Our selling expenses increased from approximately RMB5.3 million for the year ended December 31, 2019 to approximately RMB16.6 million for the year ended December 31, 2020, primarily because of the preparation for the commercialization of our vaccine candidates.

Administrative Expenses

Our administrative expenses increased by 32.0% from approximately RMB62.8 million for the year ended December 31, 2019 to approximately RMB82.9 million for the year ended December 31, 2020, primarily due to (i) an increase of approximately RMB16.8 million in employee benefits expenses, (ii) an increase of approximately RMB8.4 million in professional service fee (including auditors' remuneration), (iii) an increase of approximately RMB3.4 million in utilities and office expenses, and (iv) an increase of approximately RMB2.0 million in depreciation and amortizing cost. Such expenses were partially offset by a decrease of approximately RMB12.9 million in listing expense.

Research and Development Expenses

Our research and development expenses increased by 182.4% from approximately RMB151.7 million for the year ended December 31, 2019 to approximately RMB428.5 million for the year ended December 31, 2020, primarily due to (i) an increase of approximately RMB33.5 million in employee benefits expenses, (ii) an increase of approximately RMB5.8 million in depreciation and amortization, and (iii) an increase of approximately RMB187.5 million in clinical trial and testing fee for the research and development of our vaccine candidates.

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

	Year ended December 31,			
	2020		2019	
	RMB'000	%	RMB'000	%
Employee Benefits expenses	**120,911**	28.2	87,458	57.6
Raw materials and consumables used	**69,656**	16.3	26,557	17.5
Depreciation and amortization	**23,951**	5.6	18,150	12.0
Clinical trial and testing fee	**198,167**	46.2	10,628	7.0
Others	**15,800**	3.7	8,954	5.9
Total	**428,485**	100	151,747	100.0

Finance Income – Net

Our net finance income decreased significantly from approximately RMB43.5 million for the year ended December 31, 2019 to approximately RMB4.2 million for the year ended December 31, 2020, primarily due to a decrease of approximately RMB49.1 million in exchange gains on foreign currency, and an increase of approximately RMB9.9 million in interest income. We have an exchange loss of approximately RMB27.4 million for the year ended December 31, 2020, compared to an exchange gain of approximately RMB21.7 million for the year ended December 31, 2019.

Income Tax Expense

Our income tax expense for the year ended December 31, 2020 was nil (2019: nil).

Intangible Assets

Our intangible assets were approximately RMB36.8 million as of December 31, 2020 which primarily represented the capitalized clinical trial expenses (December 31, 2019: approximately RMB38.7 million).

Inventories

Our inventories comprised finished goods, work in progress, raw materials outsourced for processing, raw materials and consumable materials purchased for production and research and development activities. Our inventories increased significantly from approximately RMB16.3 million as of December 31, 2019 to approximately RMB170.5 million as of December 31, 2020, primarily due to the increase in procurement of raw materials and consumable materials, which is commensurate to our increased research and development activities and our preparation for manufacturing and commercialization.

Other Receivables and Prepayments

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

	As of December 31, 2020 RMB'000	As of December 31, 2019 RMB'000
Value added tax recoverable	**72,427**	25,682
Prepayments to suppliers of intangible assets and property, plant and equipment	**35,262**	10,734
Prepayments to suppliers of raw materials	**114,067**	17,884
Prepayments of listing expenses	**–**	5,215
Others	**845**	75
	222,601	59,590
Less: non-current portion	**(107,778)**	(36,476)
Current portion	**114,823**	23,114

Our other receivables and prepayments increased from approximately RMB59.6 million as of December 31, 2019 to approximately RMB222.6 million as of December 31, 2020, which was primarily due to (i) an increase of approximately RMB46.7 million in value added tax recoverable; (ii) an increase of approximately RMB24.5 million in prepayments to suppliers of property, plant and equipment; and (iii) an increase of approximately RMB96.2 million in prepayments to suppliers of raw materials. Such increase was partially offset by a decrease of approximately RMB5.2 million in prepayments of listing expenses.

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 of the dates indicated:

	As of December 31, 2020 RMB'000	As of December 31, 2019 RMB'000
Within 1 year	**60,420**	6,028
Between 1 year and 2 years	**10**	31
Between 2 year and 3 years	**31**	–
More than 3 years	**112**	112
	60,573	6,171

Our trade payables increased significantly from approximately RMB6.2 million as of December 31, 2019 to approximately RMB60.6 million as of December 31, 2020. We did not have any material defaults in payment of trade payables for the year ended December 31, 2020.

Other Payables and Accruals

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

	As of December 31, 2020 RMB'000	As of December 31, 2019 RMB'000
Other payables to suppliers of property, plant and equipment	**135,722**	49,187
Payroll and welfare payable	**71,862**	19,006
Clinical trial and testing fee	**78,677**	1,011
Accrued listing expenses	**–**	2,173
Deposits from suppliers	**35**	1,800
Consulting fees	**1,731**	730
Accrued taxes other than income tax	**1,159**	490
Others	**10,542**	6,241
	299,728	80,638

Our other payables and accruals increased by 271.7% from approximately RMB80.6 million as of December 31, 2019 to approximately RMB299.7 million as of December 31, 2020, primarily due to (i) an increase of approximately RMB86.5 million in other payables to suppliers of property, plant and equipment, (ii) an increase of approximately RMB77.7 million in clinical trial and testing fee, and (iii) an increase of approximately RMB52.9 million in payroll and welfare payable.

Financial Resources, Liquidity and Capital Structure

Our net current assets increased significantly from approximately RMB670.0 million as of December 31, 2019 to approximately RMB5,007.8 million as of December 31, 2020, which is primarily attributable to the proceeds raised from the A Share Offering. We are of the view that our financial resources are sufficient for our daily operations.

The capital of the Company comprises H Shares and A Shares. Total equity attributable to owners of the Company amounted to approximately RMB6,070.9 million as of December 31, 2020, representing an increase of 312.8% as compared with that of approximately RMB1,470.5 million as of December 31, 2019, which was primarily attributable to the funds raised from the A Share Offering.

Investment in Financial Assets

With regard to capital management, based on the principles of prudence and soundness, the Company generally chooses principal-protected wealth management products with interest rates higher than those of bank deposit for the same period to maximize our capital gains. As of December 31, 2020, the Company held structural deposits of RMB640 million issued by Binhai Branch, China CITIC Bank. The annual interest rate of structural deposits purchased during the year ended December 31, 2020 varied from 1.10% to 3.85%. Such structural deposits have a maturity period ranging from 7 days to 357 days and are non-cancellable before maturity.

Significant Investments, Material Acquisitions and Disposals

During the year ended December 31, 2020, save as disclosed above, we did not make any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures (2019: nil).

Future Plans for Material Investments or Capital Assets

As of the date of this report, we plan to apply approximately RMB550.0 million from the proceeds from the A Share Offering to construct phase II production facilities to meet the Company's production and operation needs.

Saved as disclosed above, the Group had no other material capital expenditure plan as of the date of this report.

Contingent Liabilities

As of December 31, 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 of December 31, 2020 were approximately RMB180.5 million, representing an increase of 585.7% as compared with that of approximately RMB26.3 million as of 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 of December 31, 2020, certain of the Group's property, plant and equipment have been pledged as collateral under the Group's borrowing arrangements with banks. The carrying amount of property, plant and equipment pledged as collateral were approximately RMB275.5 million as of December 31, 2020 (December 31, 2019: approximately RMB261.3 million).

As of December 31, 2020, certain of the Group's land use rights have been pledged as collateral under the Group's borrowing arrangements with banks. The carrying amount of land use rights pledged as collateral were approximately RMB10.4 million as of December 31, 2020 (December 31, 2019: approximately RMB10.6 million).

Saved as disclosed above, there were no other charges on the Group's assets as of December 31, 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. During the Reporting Period, the Group did not have a foreign currency hedging policy as our foreign exchange risk exposure was minimal. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange of the Group exposure should the need arise.

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 of December 31, 2020, the Company was in a net cash position and thus, gearing ratio is not applicable.

EXECUTIVE DIRECTORS

Xuefeng YU, aged 57, is a co-founder of our Company. Dr. Yu was appointed as an executive Director in January 2009. He has also served as chief executive officer since January 2009. He is also currently a member of Nomination Committee. He is primarily responsible for overseeing strategic development, overall operations and management and major decision-making of our Group. In addition, Dr. Yu is also responsible for managing the commercial operation center of our Company. Dr. Yu obtained a bachelor's degree in Biology and a master's degree in Microbiology from Nankai University in July 1985 and June 1988, respectively. He obtained a Ph.D in Microbiology from McGill University in June 1998. He has more than 30 years' experience in biotech research and development. Prior to founding our Company, Dr. Yu worked for Sanofi Pasteur Limited., one of the world's leading vaccine companies since May 1998 as a product development scientist, director of the Canadian division of bacterial vaccine development and global director of bacterial vaccine development. Before joining Sanofi Pasteur Limited., Dr. Yu worked for IBEX Biotechnologies Inc. (a company listed on Toronto Stock Exchange Venture Exchange, ticker symbol: IBT) as a scientist responsible for development of therapeutic enzymes from 1996 to 1998. Dr. Yu has extensive experience in the development of biological products, enterprise operation and management. He led the introduction of a new recombinant TB vaccine candidate from McMaster University in Canada, which has been supported by Aeras Global TB Vaccine Foundation and the Ministry of Science and Technology of China. He also led the introduction of adenovirus vector cell lines and related production technologies from the National Research Council of Canada, which laid the foundation for the development of vaccines such as Ad5-EBOV and Ad5-nCoV. For more than 10 years, Dr. Yu has attracted senior talents from the vaccine industry in China and abroad to assemble a team of cutting-edge experts for the Company. Under his leadership, the Company has developed a rich pipeline for 16 vaccines covering 13 infectious diseases, of which Ad5-EBOV was approved in 2017, making it the world's first approved Ebola virus vaccine. Dr. Yu also plays a critical role in the development of COVID-19 vaccine. NMPA has granted the conditional marketing authorization for Recombinant Novel Coronavirus Vaccine (Adenovirus Type 5 Vector) (Ad5-nCoV) on February 25, 2021, making Ad5-nCoV the first approved adenovirus vector COVID-19 vaccine in China. As the Chairman and CEO of the Company, Dr. Yu has strategically positioned the Company to become a China and Hong Kong dually listed company from the perspective of corporate development, raising significant amount of proceeds to support Company's development. He is well respected by investment community. At the same time, Dr. Yu also led the construction of the Company's first vaccine production facility with nearly 100 million doses production capacity. Its design, construction and operation is in line with domestic and international GMP standards.

Shou Bai CHAO, aged 58, was appointed as an executive Director in June 2018 and chief operating officer in May 2018. He is also currently a member of Remuneration and Assessment Committee. He is primarily responsible for the management of daily operations and strategy development of our Group. In addition, Dr. Chao also oversees production management, quality control, supply chain management and engineering project management. In July 1982, Dr. Chao received a bachelor's degree in inorganic chemical engineering from Jiangxi Institute of Technology (currently known as Nanchang University), a master's degree in chemical metallurgy from the Chinese Academy of Sciences in July 1985, and a Ph.D in biochemical engineering from the University of Waterloo, Canada in October 1992. With over 30 years' experience in the biotechnology industry, prior to joining the Company, he worked for Sanofi Pasteur, Pfizer, AstraZeneta and other world-renowned multinational pharmaceutical companies, serving as technical and senior management positions. He has extensive experience in research and development, production, supply chain, quality assurance and commercialization in the field of vaccines and biopharmaceuticals, especially in large-scale industrial production management and global commercial operations. Dr. Chao has presided over the production and launch of the world's first pneumococcal conjugate vaccine (Prevnar, with global sales of $6.2 billion in 2017), the first H1N1 influenza vaccine and other important biopharmaceutical vaccine products. He has a deep understanding of global GMP regulations. He established a global biopharmaceutical large-scale commercial production system and facilities for AstraZeneca during the time when he served as senior vice president of global biopharmaceuticals of AstraZeneca, which successfully obtained approval from the FDA and the EMA. The system and facilities were named the best production facilities by International Society for Pharmaceutical Engineering (ISPE) in 2011. With Dr. Chao's leadership, our Company has built a strong operation team. Since joining the Company, Dr. Chao has made outstanding contributions to the Company's IPO and financing, development and production of the COVID-19 vaccine and meningococcal combined vaccines, and the establishment of a talent system. In the COVID-19 vaccine project,

Dr. Chao led the commercial scale manufacturing, quality system management, talent system establishment and team expansion, to ensure that the company launched a safe and effective, high quality COVID-19 vaccine efficiently. In addition, Dr. Chao also led in the large scale production of COVID-19 vaccines to ensure its supply.

Tao ZHU (朱濤), aged 48, is a co-founder of our Company. Dr. Zhu was appointed as executive Director in January 2009 and has served as the chief scientific officer since January 2009. He is primarily responsible for leading vaccine research and development of our Group. In addition, Dr. Zhu is also responsible for domestic registration and clinical affairs. Dr. Zhu received a bachelor's degree in biological sciences and technology from Tsinghua University in July 1995, a master's degree in chemical engineering in June 1998. A Ph.D in chemical engineering from the University of Pittsburgh in April 2003, and then he conducted a postdoctoral study at Carnegie Mellon University in the United States before October 2004. Dr. Zhu has more than 20 years of experience in vaccine research and development and production. Prior to founding the Company, Dr. Zhu worked as a scientist at Integrated Genomics Inc. from December 2004 to December 2005, and joined Sanofi Pasteur in January 2006, where he served as a senior scientist when he left the company in November 2008. After the Company was founded, Dr. Zhu led the establishment of the world-class level four major research and development technology platforms. And he established a pipeline composed of more than ten new vaccines relying on the technology platforms, covering pneumonia, tuberculosis, Ebola virus disease, meningitis, DPT and a series of diseases. Together with experts from the BIB, Dr. Zhu led the team in developing the Ebola virus disease vaccine Ad5-EBOV, which has obtained the registration certificate of class I new biological products and is an innovative recombinant vaccine product independently developed in China with fully independent intellectual property rights. After the outbreak of COVID-19, Dr. Zhu once again worked with experts from the BIB to develop the Recombinant Novel Coronavirus Vaccine (Adenovirus Type 5 Vector), and make the vaccine globally leading in development speed and clinical trial results. In addition, Dr. Zhu led the development of two new meningococcal binding vaccine, which has entered into the new drug registration review stage and will soon be launched to fill the vacancy in the domestic market. In addition, the Company also has recombined pneumonia protein vaccine, 13-price pneumococcal binding vaccine, the component DPT vaccine, recombined tuberculosis vaccine and other innovative vaccines that are in clinical trial stage. Dr. Zhu has 10 patents of inventions in China and abroad.

Dongxu QIU, aged 61, is a co-founder of our Company. He was appointed as the executive Director in January 2009, and served as senior vice president from January 2009. He has been the executive vice president of the Company since January 2021. He is primarily responsible for advising on the business and strategic development of our Group. Dr. Qiu graduated from Shenyang Institute of Medicine (now known as Shenyang Pharmaceutical University) in July 1982, obtained a bachelor's degree in pharmacy, and obtained a PhD in pharmacy from Beijing Medical University (now known as Peking University Health Science Center) in December 1987. And from November 1989 to April 1991, he continued his postdoctoral study in chemical engineering in the University of Konstanz in Germany and continued the study at the University of Montreal in Canada from May 1992 to January 1993. Dr. Qiu also received the MBA degree from the University of Western Ontario in Canada in October 2000. Dr. Qiu has nearly 30 years' experience in the biotechnology industry. Before founding our Company, from January 1993 to April 1998, he was a research scientist at Biomira. Inc. From 1999 to 2000, he served as associate director of product operations at Altarex Inc., responsible for analytical development and product formulation. Dr. Qiu became head of scientific operations at ARIUS Research Inc. from 2000 to 2002, president of Asia at MDS Capital from May 2003 to September 2005, advisor at Shanghai Jima Pharmaceutical Technology Co., Ltd. from 2006 to 2009, and general manager at ChinaBio LLC from March 2007 to April 2011. Dr. Qiu is currently a director of Suzhou GenePharma Co., Ltd. (蘇州吉瑪基因股份有限公司). After the founding of the Company, Dr. Qiu has led several rounds of corporate financing as well as the technology transfers of PCV13 and PPV23. He also promoted the successful completion of the listing of the A Shares and H Shares of the Company. At the same time, with the COVID-19 vaccine project moving forward, Dr. Qiu comprehensively promoted the overseas clinical work of the COVID-19 vaccine, and personally went to countries such as Pakistan and Mexico to carry out international multi-center phase III clinical trials, ensuring the smooth progress of overseas clinical trials.

NON-EXECUTIVE DIRECTORS

Qiang XU (許強), aged 52, was appointed as a non-executive Director in December 2011. Mr. Xu is primarily responsible for participating in formulating the Company's corporate and business strategies. From April 1998 to April 2003, Mr. Xu served as a manager of the department of investment banking at Suzhou Industrial Park State-owned Asset Management Co., Ltd. (蘇州工業園區國有資產管理有限公司). From March 2005 to March 2007, he worked at Suzhou Industrial Park Real Estate Management Co., Ltd. (蘇州工業園區地產經營管理有限公司) as a general manager of the department of investment. Mr. Xu serves as the chairman of board at Suzhou Industrial Park Asset Management Co., Ltd. (蘇州工業園區資產管理有限公司). Mr. Xu received his master's degree in business administration from the University of Hong Kong in December 2004.

Liang LIN (林亮), aged 46, was appointed as a non-executive Director in August 2013. He is also currently a member of Remuneration and Assessment Committee. Mr. Lin is primarily responsible for participating in formulating the Company's corporate and business strategies. Prior to studying in China Europe International Business School (中歐國際工商學院), Mr. Lin served as assistant product manager at Beijing Merek Pharmaceutical Consulting., Ltd. till June 2007. He served as business development manager at GlaxoSmithKline (China) Investment Co., Ltd from April 2009 to April 2010. Mr. Lin served as investment director from February 2011 to March 2017 and has been a partner since March 2017 at Lilly Asia Ventures (禮來亞洲基金). He is currently a director at Sansure Biotechnology Co., Ltd. (聖湘生物科技股份有限公司), Shanghai Wei Nuo Pharmaceutical Technology Co., Ltd. (上海緯諾醫藥科技有限公司), Shenzhen Ionova Life Science Co., Ltd. (深圳市原力生命科學有限公司), Eluminex Biosciences Technology (Shanghai) Co. Limited (典晶生物醫藥科技(上海)有限公司), Youling Medical Technology (Shanghai) Co. Limited (優領醫藥科技(上海)有限公司), Jiangxi Caishi Medical Technology Co. Limited (江西彩石醫藥科技有限公司) and Dizal (Jiangsu) Pharmaceutical Co. Limited (迪哲(江蘇)醫藥有限公司). Mr. Lin received a bachelor's degree in chemical and pharmaceutical technology in July 1996 and a master's degree in medicinal chemistry in June 1999 from China Pharmaceutical University (中國藥科大學). Mr. Lin obtained his master degree in business administration from China Europe International Business School in March 2009.

Nisa Bernice Wing-Yu LEUNG (梁穎宇), aged 50, was appointed as a non-executive Director in September 2015. She is also currently a member of Nomination Committee. Ms. Leung is primarily responsible for participating in formulating the Company's corporate and business strategies. Ms. Leung joined Qiming Venture Partners, a venture capital firm in China, in December 2007, and currently serves as a managing partner where she leads its health care investments. Ms. Leung also co-founded Biomedic Holdings Limited, which has operations and investments in medical devices, pharmaceuticals and health care services in China, in February 2004. Ms. Leung was a venture partner at PacRim Venture Partners from July 2001 to June 2003. Ms. Leung served as a director at Gan & Lee Pharmaceutical Holdings Ltd. (甘李藥業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603087), from March 2010 to March 2021. Ms. Leung served as a director since August 2014 and an independent director since July 2020 of Zai Lab Limited (再鼎醫藥有限公司), a company listed on Nasdaq Stock Market (ticker symbol: ZLAB) and the Hong Kong Stock Exchange (stock code: 9688); as vice-chairwoman to the board since June 2013 and a non-executive director since July 2019 of Venus Medtech (Hangzhou) Inc. (杭州啟明醫療器械股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2500); and a director of New Horizon Health Limited (諾輝健康), a company listed on the Hong Kong Stock Exchange (stock code: 6606) since June 2017. Ms. Leung was appointed as a Justice of the Peace in July 2016 by the Government of Hong Kong. Ms. Leung received a bachelor's degree in management from Cornell University in the United States in May 1992 and a master's degree in business administration from Stanford University in the United States in June 2001.

Zhi XIAO (肖治), aged 42, was appointed as a non-executive Director in June 2019. Mr. Xiao is primarily responsible for participating in formulating the Company's corporate and business strategies. Mr. Xiao has been the managing director of SDIC Fund Management Co., Ltd. (國投創新投資管理有限公司) since 2016. Mr. Xiao has been serving as a director of Zhejiang Novus Pharmaceuticals Co., Ltd. (浙江創新生物有限公司), a director of Dizal (Jiangsu) Pharmaceutical Co., Ltd. (迪哲(江蘇)醫藥有限公司), a director of TINAVI Medical Technologies Co.,Ltd. (北京天智航醫療科技股份有限公司) (a company delisted from the National Equities Exchange and Quotations on April 1, 2019), and an independent non-executive director of Guangdong Great River Smarter Logistics Co., Ltd. (廣東宏川智慧物流股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002930). Mr. Xiao received his bachelor's degree in veterinary medicine from China Agricultural University and his master of business administration degree from Tsinghua University.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Shiu Kwan Danny WAI (韋少琨), aged 57, was appointed as an independent non-executive Director in June 2018, with the appointment to take effect upon Listing. He is also currently a member of Audit Committee and Nomination Committee. Mr. Wai is primarily responsible for supervising and providing independent judgement to the Board. Mr. Wai served as analyst at The MAC Group, Inc. (Hong Kong) (currently part of the Capgemini Group) from July 1987 to September 1990 and financial analyst at Postal Buddy Corporation in the U.S. from 1992 to 1994. He was assistant manager, manager, assistant director and director of the Corporate Finance Department at Jardine Fleming Holdings Limited (Hong Kong) (currently part of JPMorgan Chase & Co.) and vice president in the Mergers & Acquisitions Department at JPMorgan Securities (Asia Pacific) Limited from September 1994 to May 2002. He served as executive director, managing director and head of Asia in the Global Healthcare Group at the Investment Banking Department of UBS AG (Hong Kong) from May 2004 to October 2015. He served as adviser at UBS AG Hong Kong Branch from February 2018 to January 2020 and was an independent non-executive director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600196, and the Hong Kong Stock Exchange, stock code: 2196), from June 2016 to June 2019. Mr. Wai received his bachelor's degree in social sciences in November 1987 from the University of Hong Kong and a master's degree in business administration in June 1992 from the John E. Anderson Graduate School of Management at the University of California, Los Angeles.

Zhu XIN (辛珠), aged 52, was appointed as an independent non-executive Director in June 2018, with the appointment to take effect upon Listing. She is also currently the chairwoman of the Audit Committee and a member of Remuneration and Assessment Committee. Ms. Xin is primarily responsible for supervising and providing independent judgement to the Board. From 2006 to 2014, Ms. Xin held senior management positions at several companies, including vice-president at Hopson Development Holdings Limited (合生創展集團有限公司)(a company listed on the Hong Kong Stock Exchange, stock code: 754), executive director and executive vice president of China Aoyuan Property Group Limited (中國奧園地產集團) (a company listed on the Hong Kong Stock Exchange, stock code: 3883), where she was primarily responsible for financing, accounting and auditing, and chief financial officer at Logan Property Holdings Company Limited (龍光地產控股有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 3380). From May 2015 to March 2017, she served as the executive vice president of YIHE Real Estate Holdings Limited (頤和地產集團). Ms. Xin has been an independent non-executive director of Central China New Life Limited (a company listed on the Hong Kong Stock Exchange, stock code 9983) and Datang Group Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2117) since April and November 2020, respectively. Ms. Xin has abundant experience in accounting, auditing and corporate finance management. She has been a member of CPA Australia since October 2010. Ms. Xin received a bachelor's degree in accounting from Renmin University of China in July 1990 and a master's degree in business administration in international management from International College of Auckland Institute of Studies in December 1999.

Shuifa GUI (桂水發), aged 56, was appointed as an independent non-executive Director in November 2019. He is also currently the chairman of Remuneration and Assessment Committee and a member of Nomination Committee and Audit Committee. Mr. Gui is primarily responsible for supervising and providing independent judgement to the Board. Mr. Gui has been serving as chief financial officer at Ucloud Technology Co., Ltd. (優刻得科技股份有限公司) (a company listed on Shanghai Stock Exchange, stock code: 688158) since June 2018, and as director, chief financial officer and secretary of the board at Ucloud Technology Co., Ltd. since July 2018. Mr. Gui has been director of several companies, including executive director of Shanghai Shiniu Asset Management Co., Ltd. (上海師牛資產管理有限公司) since February 2013, director of Shanghai Tunnel Engineering Co., Ltd. (上海隧道工程股份有限公司) (a company listed on Shanghai Stock Exchange, stock code: 600820) since December 2018, independent non-executive director of Shanghai Mechanical & Electrical Industry Co., Ltd. (上海機電股份有限公司) (a company listed on Shanghai Stock exchange, stock code: 600835) since May 2018, director of Shanghai Zhengshi Intelligent Technology Co., Ltd. (上海證識智能科技有限公司) since June 2018, director of Wuhan Yintai Technology Power Co., Ltd. (武漢銀泰科技電源股份有限公司) since December 2014, and independent non-executive director of Linkage Software Co., Ltd. (蘇州工業園區凌志軟件股份有限公司) since April 2019. Mr. Gui worked at Shanghai University of Finance and Economics (上海財經大學) and served

as a teaching associate from July 1989 to December 1993. He served as business manager of Listing Department at Shanghai Stock Exchange from January 1994 to December 1997 and served as deputy director and director of Marketing Development Department from January 1998 to September 2001. From October 2001 to December 2011, he served as deputy general manager, chief financial officer and secretary of the board at Orient Securities Co., Ltd. (東方證券股份有限公司) (a company listed on Hong Kong Stock Exchange (stock code: 03958) and Shanghai Stock Exchange (stock code: 600958)). He served as chairman of the board at China Universal Asset Management Co., Ltd. (匯添富基金管理有限公司) from October 2004 to April 2012. From April 2012 to August 2017, he served as president at Landgent Group Co., Ltd. (樂成集團有限公司). From September 2017 to May 2018, he served as deputy general manager at E-Capital Transfer Co., Ltd. (證通股份有限公司). Mr. Gui obtained his bachelor's degree in accounting from Shanghai University of Finance and Economics in June 1989. He received his master's degree in business management from the University of Hong Kong in September 2004. He has been a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since April 1998.

Jianzhong LIU (劉建忠), aged 57, was appointed as an independent non-executive Director in November 2019. He is also currently the chairman of Nomination Committee and a member of Remuneration and Assessment Committee. Mr. Liu is primarily responsible for supervising and providing independent judgement to the Board. Mr. Liu has been serving as vice president at Yingu Holdings Group Co., Ltd. (銀谷控股集團有限公司) since January 2012, as dean of Zhongyi (Beijing) Vaccine and Health Institute (中義(北京)健康研究院) since July 2016, as general manager and executive director at Zhongyi (Taizhou) Pharmaceutical Technology Co., Ltd. (中義(泰州)醫藥科技有限公司) since February 2018 and as general manager and executive director at Mianzhu Yingu Rose Trading Co., Ltd. (綿竹銀谷玫瑰商貿有限公司) since November 2015. Mr. Liu served as chief of Disease Control Division of the General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局) from July 1989 to June 2003. From July 2003 to December 2011, he served as director of Scientific Affairs Department at Sanofi Pasteur, the vaccines division of the pharmaceutical company Sanofi S.A. Mr. Liu obtained his bachelor's degree in medicine from Peking University Health Science Center (北京大學醫學部) in June 1989. He received his master's degree in health sciences from Curtin University in Australia in March 1998.

SUPERVISORS

Ms. Jiangfeng LI (李江峰), aged 44, was appointed as a Supervisor and the chairwoman of the Board of Supervisors in November 2019. Ms. Li has been serving as managing director of medical health investment department at Fortune Venture Capital Co., Ltd. (深圳市達晨財智創業投資管理有限公司) since March 2011. Ms. Li has been director of several companies, including Pharmapack Technologies Corporation (廣州珐瑪珈智能設備股份有限公司) since December 2011, Raybiotech, Inc. (瑞博奧(廣州)生物科技股份有限公司) since July 2020, Guangdong Launca Medical Device Technology Co., Ltd. (廣東朗呈醫療器械科技有限公司) since September 2015, Shanghai Akmpath Biotechnology Co., Ltd. (上海菲爾紹阿克曼生物科技有限公司) since August 2018 and Shanghai Akmpath Medical Laboratory Co., Ltd. (上海阿克曼醫學檢驗所有限公司) since October 2018. She has also been supervisor of Shenzhen Kairuikang Information Technology Co., Ltd. (深圳市凱瑞康信息技術有限公司), Guangdong OptoMedic Technologies Inc. (廣東歐譜曼迪科技有限公司) and Shanghai OPM Biosciences Co., Ltd. (上海奧浦邁生物科技股份有限公司) since January 2016, August 2016 and August 2020, respectively. Ms. Li served as investment manager at Guangzhou Technology Venture Capital Co., Ltd. (廣州科技創業投資有限公司) from February 2004 to August 2007. She served as investment director at Guangzhou Hiway Capital Co., Ltd. (廣州海匯投資管理有限公司) from August 2007 to March 2011. Ms. Li obtained her bachelor's degree in biochemistry and molecular biology from Nankai University (南開大學) in July 1999. She received her master's degree in biochemistry and molecular biology from Nankai University in July 2002.

Jieyu ZOU (鄒潔羽), aged 31, was appointed as a Supervisor in June 2016. Ms. Zou joined Lilly Asia Ventures (禮來亞洲基金) in June 2015, where she served as an investment manager, a senior investment manager, a vice president and has been an executive director since September 2019. From February 2014 to April 2015, Ms. Zou served as an investment manager at Fosun Hightech Group Co., Ltd. (復星高科技集團有限公司) and was responsible for investment project management. From 2012 to 2014, Ms. Zou served as a research associate at Michael Allen Company, where she was primarily responsible for providing consulting services. Ms. Zou graduated from Peking University with a bachelor's degree in biology in July 2010. She received a master of public health degree from Yale University in May 2012.

Zhengfang LIAO (廖正芳), aged 36, was appointed as an employee Supervisor in December 2016. She joined our Company in June 2010 as an administrative assistant and was appointed as a project manager in June 2013 and the manager of project department in March 2014. Ms. Liao was appointed as senior manager of executive office in October 2018. Prior to joining our Company, Ms. Liao served as a project executive at China Foundation for Poverty Alleviation (中國扶貧基金會) from July 2008 to May 2010. Ms. Liao graduated from Minzu University of China (中央民族大學) with a bachelor's degree in biotechnology in July 2008.

SENIOR MANAGEMENT

Helen Huihua MAO, aged 59, is a co-founder of our Company. She served as the executive Director of the Company from January 2009 to May 2018 and senior vice president of the Company from January 2009 to December 2020. She has been serving as the executive vice president of the Company from January 2021. Dr. Mao used to be in charge of the construction and operation of the quality center of the Company, and participated in the construction and management of the Company. She is currently responsible for international regulatory affairs, and participates in the management of our Group. Dr. Mao graduated from Jiangxi Institute of Technology (now known as Nanchang University) with a bachelor's degree in chemical engineering in July 1982. In October 1984 and August 1988, she obtained a master's degree and a PhD degree in chemical engineering from the Chinese Academy of Sciences. From December 1988 to September 1990, Dr. Mao conducted postdoctoral research in the University of Waterloo in Canada. Dr. Mao also holds a Canadian Professional Engineer Certificate and received her MBA degree from Villanova University in US in 2009. Dr. Mao has more than 30 years of experiences in pharmaceutical and biopharmaceutical research and development, technology transfer, product registration, quality and regulatory compliance including 20 years of experiences in multinational companies (MNCs) in North America. Prior to founding the Company, Dr. Mao was a senior engineer at Albright & Wilson Americas from October 1990 to July 1999, and facility and equipment qualification expert at Apotex from May 2000 to May 2001. From July 2001 to April 2005, she was project manager and quality director of Wyeth Pharmaceuticals, Inc. and quality director of Endo Pharmaceuticals plc from June 2006 to May 2011. After founding of the Company, Dr. Mao served as senior vice president of quality operations of the Company. She established quality management systems for vaccine research and development, clinical trial materials production and commercialization, so as to ensure that the Company complies with the regulations of the NMPA, World Health Organization (WHO), U.S. Food and Drug Administration and European Union GMP. She is the founder of quality management and GMP compliance systems of CanSinoBIO. In 2017, the new vaccine manufacturing campus which meets the current GMP standards of China and the requirements of EU and WHO was successfully built with Dr. Mao's guidance and participation from the design stage to the successful commissioning and validation. After putting into full production, it will realize the commercialization of multiple vaccines including multivalent meningococcal conjugate vaccine, component DPT vaccine and other products. Since 2012 to May 2018, under the strong leadership of Dr. Mao, the Company successfully passed the GMP on-site audits from the European Qualified Persons (QPs) and many regulatory on-site GMP inspections from NMPA. At present, Dr. Mao is responsible for international regulatory affairs, leading the international registration of the Company's vaccine products overseas, and promoting the implementation of several international collaboration projects. Meanwhile, with the development of the COVID-19 vaccine project, Dr. Mao and our team have obtained clinical trial permits of the phase III clinical trials in multiple countries including Pakistan, Mexico, Russia, Chile, and Argentina. Under Dr. Mao's leadership, the Company has received multiple Emergency Use Authorization (EUA) approvals of Ad5-nCoV vaccine including EUA approval from an European country. This enables the Company's vaccine products entering into broad international markets. Dr. Mao is the spouse of Dr. Chao, an executive Director, chief operating officer and deputy general manager of our Company.

Jing WANG (王靖), aged 40, was appointed as chief financial officer of the Company in March 2020, and has been the secretary of the Board since February 2017. She is mainly responsible for corporate financing and financial management, including listed companies compliance governance, shareholder and investor relations. Ms. Wang holds a bachelor degree in Economics and a master degree in engineering of Peking University. Ms. Wang has nearly 20 years of experience in the pharmaceutical industry. She is good at capital market operation, strategic financing, financial management, domestic and foreign marketing, corporate management, etc. After joining the Company in June 2012, Ms. Wang has led the establishment of our financing, financial operations, human resource and administration systems as well as completing the pre-IPO fundraising of approximately RMB743 million. Ms. Wang successfully led the Company's IPO on Main Board of Hong Kong Stock Exchange in 2019 and on the Sci-tech Innovation Board of the Shanghai Stock Exchange in August 2020, making the Company the first "A+H" dual listing vaccine company.

JOINT COMPANY SECRETARIES

Jin CUI (崔進), aged 34, was appointed as the joint company secretary of our Company in March 2019. He joined our Company in May 2016 as the executive manager of corporate strategy department, primarily responsible for strategic research, business development and financial management. He has also been the assistant to the chief executive officer of our Company and was responsible for assisting the president of our Company in the daily operation of business strategy from March 2017 to October 2018. Mr. Cui was appointed as head of securities affairs department in October 2018, responsible for capital operations, information disclosure and assisting the secretary of the Board in investor relations. Mr. Cui served as an executive director of investment banking at Tianjin Branch of JZ Securities Co., Ltd. (九州證券股份有限公司) from August 2015 to April 2016. From June 2012 to July 2015, Mr. Cui worked at Tianjin Equity Exchange (天津股權交易所), where he was responsible for trading management and project management. Mr. Cui graduated from Tianjin University of Finance and Economics (天津財經大學) with a bachelor's degree in actuarial and risk management in June 2009. He obtained his master's degree in international financial analysis from University of Glasgow in December 2011.

Ming King CHIU (趙明璟), aged 44, was appointed as the joint company secretary of our Company in March 2019. Mr. Chiu currently serves as an executive director of corporate services of Vistra Corporate Services (HK) Limited. He has over 10 years of experience in the company secretarial field. Mr. Chiu has been an associate member of the Institute of Chartered Secretaries and Administrators (now known as The Chartered Governance Institute) in the United Kingdom and the Hong Kong Institute of Chartered Secretaries ("**HKICS**") since 2003 and became a fellow member of the HKICS since September 2015. He is also a holder of the Practitioner's Endorsement Certificate issued by HKICS. He has been a vice chairman of the Membership Committee, a chairman of the Professional Services Panel and a council member of HKICS. Mr. Chiu obtained a bachelor of arts from University of Toronto in Canada in June 1999 and received a master of arts degree in professional accounting and information systems from City University of Hong Kong in November 2003.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company has adopted all the applicable provisions of the CG Code as set out in Appendix 14 to the Hong Kong Listing Rules.

The Board is of the view that throughout the Reporting Period, the Company has complied with all the applicable principles and code provisions as set out in the CG Code, except for code provision A.2.1, details will be set out below.

DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Hong Kong Listing Rules. The Company has confirmed that, having made specific enquiry of all the Directors and Supervisors, all the Directors and Supervisors have complied with the Model Code during the Reporting Period.

The Company has also established written guidelines (the "**Employees Written Guidelines**") on terms no less stringent than the Model Code for securities transactions by relevant employees who are likely to possess inside information of the Company in respect of their dealings in the Company's securities. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company during the Reporting Period.

BOARD OF DIRECTORS

Board Composition

As of the date of this annual report, the Board comprises four executive Directors, four non-executive Directors and four independent non-executive Directors, namely:

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 *(Executive 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

The biographical information of the Directors and the relationships between the members of the Board are disclosed under the section headed "Directors, Supervisors and Senior Management" on pages 20 to 26 of this annual report.

Chairman and Chief Executive

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Yu acts as the chairman of the Board and continues to act as the chief executive officer and general manager of the Company since the Listing of H Shares on the Hong Kong Stock Exchange. Dr. Yu has assumed the role of chief executive officer and general manager of the Company since our commencement of business, and the Board considers it beneficial to the business prospect and operational efficiency of the Company.

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 the Board requires approval by at least a majority of the 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 the Company and will make decisions for the 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 the 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 the Company in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

Therefore, the Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstances and the existing arrangements are beneficial and in the interests of the Company and its Shareholders as a whole.

Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Hong Kong Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment, Re-election and Removal of Directors

Each of the executive Directors, non-executive Directors and independent non-executive Directors of the Company has entered into a service contract with the Company for a specific term. The non-executive Directors and independent non-executive Directors have been appointed till the expiration of the term of the current Board (3 years) and unless it is terminated by either the Company or such Director. The term of appointment of each Director is subject to retirement by rotation and re-election at general meeting in accordance with the Articles of Association and the Hong Kong Listing Rules.

The Company may, in accordance with the Articles of Association, by ordinary resolution remove any Director before the expiration of his/her term of office notwithstanding anything to the contrary in the Articles of Association or in any agreement between the Company and such Director.

Where vacancies on the Board exist, the Nomination Committee evaluates skills, knowledge and experience required by the Board, and identifies if there are any special requirements for the vacancy. The Nomination Committee identifies appropriate candidates and convenes Nomination Committee meeting to discuss and vote in respect of the nominated Directors and recommends candidates for Directors to the Board.

The Nomination Committee considers candidates with individual skills, experience and professional knowledge that can best assist and facilitate the effectiveness of the Board.

The Nomination Committee takes the policy on Board diversity of the Company into consideration when it considers the balance of composition of the Board as a whole.

The Company has a director nomination policy. When evaluating and determining the candidates of Directors, the Nomination Committee and the Board of Directors shall consider the following factors: personal characters; professional qualifications, skills, knowledge, and experience related to the Group's business and strategy; willing to devote sufficient time to fulfill the duties of the Directors and members of the special committees of the Board of Directors; whether their appointment is in compliance with the requirements of the Hong Kong Listing Rules (including the independence requirements of independent non-executive Directors); whether their appointment is in compliance with the Company's Board diversity policy and any measurable targets adopted by the Nomination Committee to diversify the members of the Board.

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances for discharging their duties to the Company.

The Board reserves for its decision on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against Directors and officers of the Company arising out of corporate activities.

Continuous Professional Development of Directors

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

Every newly appointed Director should receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Hong Kong Listing Rules and relevant statutory requirements.

During the Reporting Period, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, each of the Directors, namely Dr. Xuefeng YU, Dr. Shou Bai CHAO, Dr. Tao ZHU, Dr. Dongxu QIU, Mr. Qiang XU, Mr. Liang LIN, Ms. Nisa Bernice Wing-Yu LEUNG, Mr. Zhi XIAO, Mr. Shiu Kwan Danny WAI, Ms. Zhu XIN, Mr. Shuifa GUI and Mr. Jianzhong LIU, have attended the training course conducted by the former legal adviser of the Company. The content of such training was related to the duties of directors and on-going obligations of listed companies.

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Remuneration and Assessment Committee and the Nomination Committee. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authorities and duties. The terms of reference of the Board committees are posted on the Company's website and the Hong Kong Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Hong Kong Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules. The Audit Committee consists of three members, namely Ms. Zhu XIN, Mr. Shiu Kwan Danny WAI and Mr. Shuifa GUI (since May 15, 2020, in replace of Mr. Zhi XIAO), each being an independent non-executive Director. Ms. Zhu XIN has been appointed as the chairwoman of the Audit Committee, and is the independent non-executive Director holding the appropriate professional qualifications.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company, oversee the audit process, review and oversee the existing and potential risks of the Company and perform other duties and responsibilities as assigned by the Board. The Audit Committee has met all the applicable responsibilities and duties as described under the Hong Kong Listing Rules.

The Audit Committee held three meetings during the Reporting Period, the attendance record of the committee members is set out in the section entitled "Board Meetings and Directors' Attendance Records" in this chapter. The following is a summary of work performed by the Audit Committee during the Reporting Period:

- reviewed the quarterly, interim and annual results and/or report (if applicable), the Group's financial and accounting policies and practices and the scope of audit and appointment of auditors;
- reviewed the financial control system and engagement of non-audit services; and
- reviewed the risk management and internal control systems and the effectiveness of internal audit function and discussed with the management and internal audit on their findings

The Audit Committee also met twice the external auditors of the Company during the Reporting Period.

Remuneration and Assessment Committee

The Company established the Remuneration and Assessment Committee with written terms of reference in compliance with Rule 3.25 of the Hong Kong Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules. The Remuneration and Assessment Committee consists of five members, namely Dr. Shou Bai CHAO, an executive Director, Mr. Liang LIN, a non-executive Director, Ms. Zhu XIN, Mr. Shuifa GUI and Mr. Jianzhong LIU, each being an independent non-executive Director. Mr. Shuifa GUI has been appointed as the chairman of the Remuneration and Assessment Committee. The primary duties of the Remuneration and Assessment Committee are to establish and review the remuneration policy and structure for the Directors and senior management and make recommendations on employee benefit arrangement. The Remuneration and Assessment Committee has met all the applicable responsibilities and duties as prescribed under the Hong Kong Listing Rules.

The Remuneration and Assessment Committee held a meeting during the Reporting Period, the attendance record of the committee members is set out in the section entitled "Board Meetings and Directors' Attendance Records" in this chapter. The following is a summary of work performed by the Remuneration and Assessment Committee during the Reporting Period:

- made recommendations to the Board on the remuneration package of the individual executive Directors and senior management
- made recommendations to the Board on the terms of the service contracts of the executive Directors
- reviewed and made recommendations to the Board on the remuneration of the non-executive Directors, independent non-executive Directors and Supervisors
- reviewed and made recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management
- reviewed the performance of duties of Directors and senior management of the Company and conduct annual performance appraisals on them

Details of the Directors' remuneration are set out in Note 36(a) to the consolidated financial statements.

The remuneration of the senior management (other than Directors) of the Group by band for the year ended December 31, 2020 is set out below:

Remuneration bands	Number of senior management
HK$2,500,001 – HK$3,000,000	–
HK$3,000,001 – HK$3,500,000	–
HK$3,500,001 – HK$4,000,000	–
HK$6,000,001 – HK$6,500,000	–
HK$7,500,001 – HK$8,000,000	1
HK$9,000,001 – HK$9,500,000	1

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules. The Nomination Committee consists of five members, namely Dr. Xuefeng YU, an executive Director, Ms. Nisa Bernice Wing-Yu LEUNG, a non-executive Director, Mr. Shiu Kwan Danny WAI, Mr. Shuifa GUI and Mr. Jianzhong LIU, each being an independent non-executive Director. Mr. Jianzhong LIU has been appointed as the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors of our Company. The Nomination Committee has met all the applicable responsibilities and duties as prescribed under the Hong Kong Listing Rules.

The Nomination Committee held two meetings during the Reporting Period, the attendance record of the committee members is set out in the section entitled "Board Meetings and Directors' Attendance Records" in this chapter. The following is a summary of work performed by the Nomination Committee during the Reporting Period:

- assess the independence of the independent non-executive Directors
- considered and/or made recommendations to the Board on the re-election of directors, select and recommend candidates for directorship
- reviewed the structure, size and composition of the Board

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence (for appointment of independent non-executive Directors), and Board diversity aspects, where appropriate, before making recommendation to the Board.

Corporate Governance Function

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board had reviewed and determined the following issues during the Reporting Period:

- the Company's policies and practices on corporate governance, compliance with legal & regulatory requirements
- training and continuous professional development of Directors and senior management
- code of conduct and compliance manual (if any) applicable to employees and Directors
- the Company's compliance with the CG Code and disclosure in the Corporate Governance Report

Board Meetings and Directors' Attendance Records

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of the Directors.

Apart from regular Board meetings, the Chairman also held meetings with the independent non-executive Directors without the presence of other Directors during the Reporting Period.

During the Reporting Period, the Board held seven meetings and the attendance record of the Directors at the Board and Board committee meetings and the general meetings of the Company held during the year ended December 31, 2020 is set out in the table below:

	ATTENDANCE RECORDS OF MEETINGS					
	Number of Meetings Attended/Eligible to attend					
Name of Director	Board	Audit Committee	Remuneration and Assessment Committee	Nomination Committee	Annual General Meeting	Other General Meeting
Dr. Xuefeng YU	7/7	N/A	N/A	2/2	1/1	1/1
Dr. Shou Bai CHAO	7/7	N/A	1/1	N/A	1/1	1/1
Dr. Tao ZHU	7/7	N/A	N/A	N/A	1/1	1/1
Dr. Dongxu QIU	7/7	N/A	N/A	N/A	1/1	1/1
Mr. Qiang XU	7/7	N/A	N/A	N/A	1/1	1/1
Mr. Liang LIN	7/7	N/A	1/1	N/A	1/1	1/1
Ms. Nisa Bernice Wing-Yu LEUNG	7/7	N/A	N/A	2/2	1/1	1/1
Mr. Zhi XIAO[1]	7/7	1/1	N/A	N/A	1/1	1/1
Mr. Shiu Kwan Danny WAI	7/7	3/3	N/A	2/2	1/1	1/1
Ms. Zhu XIN	7/7	3/3	1/1	N/A	1/1	1/1
Mr. Shuifa GUI[1]	7/7	2/2	1/1	2/2	1/1	1/1
Mr. Jianzhong LIU	7/7	N/A	1/1	2/2	1/1	1/1

Note:

1. Mr. Shuifa GUI was appointed as a member of the Audit Committee on May 15, 2020, and Mr. Zhi XIAO ceased to be a member of the Audit Committee on the same day.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions. All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security.

The management, in coordination with department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems. The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the Reporting Period.

The Board, as supported by the Audit Committee as well as the management, annually reviewed the effectiveness of the risk management and internal control systems, including the financial, operational and compliance controls, for the Reporting Period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2020.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 82 to 86 of this annual report.

AUDITOR'S REMUNERATION

During the Reporting Period, the remuneration paid or payable to the Company's auditors, in respect of their audit and non-audit services was as follows:

	RMB'000
Audit services and other assurance services	3,938
Non-audit services	1,519
Including: Consulting fees[1]	1,400
Environmental, social and governance services	119
Total	5,457

Note:

1. The consulting fees are incurred in improving the financial management systems of the Company.

COMPANY SECRETARY

The Company has appointed, externally, Mr. Ming King CHIU as the joint company secretary of the Company. Mr. Chiu's primary contact with the Company is Dr. Yu, the executive Director and the Chairman of the Board. Mr. Jin CUI, another joint company secretary of the Company, is also the head of the securities affairs department of the Company.

During the year ended December 31, 2020, both Mr. Chiu and Mr. Cui undertook not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Hong Kong Listing Rules.

SHAREHOLDERS' RIGHTS

Rights to convene Extraordinary General Meeting

As one of the measures to safeguard Shareholders' interests and rights, the Shareholders are encouraged to participate at the general meetings of the Company and to vote thereat. An annual general meeting of the Company shall be held each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

The annual general meeting of the Company will provide a forum for the Board and the Shareholders to communicate. The Board will answer questions raised by Shareholders at the annual general meeting.

Pursuant to Article 74 of the Articles of Association, Shareholders who, individually or jointly, hold not less than 10% of the shares of the Company shall have the right to request the Board to convene an extraordinary general meeting or class meeting for shareholders, and shall submit the request in writing to the Board. The Board shall provide a reply in writing within 10 days after receipt of the request to express consent or objection to the convening of an extraordinary general meeting or class meeting in accordance with the requirements of the laws, administrative regulations and these Articles of Association.

If the Board consents to hold an extraordinary general meeting or class meeting of shareholders, it should issue a notice of general meeting within 5 days after the resolution is approved by the Board, and any change to the original request in the notice shall be subject to consent from the relevant shareholders.

If the Board disagrees to hold an extraordinary general meeting or class meeting for shareholders, or fails to give a reply within 10 days after receiving the request, shareholders who, individually or jointly, hold not less than 10% of the shares of the Company shall have the right to propose to the Board of Supervisors to convene an extraordinary general meeting or a class meeting of shareholders, and the request shall be submitted to the Board of Supervisors in writing.

If the Board of Supervisors consents to hold an extraordinary general meeting or class meeting of shareholders, it should issue a notice of general meeting within 5 days after receiving the request, and any change to the original request in the notice shall be subject to consent from the relevant shareholders.

If the Board of Supervisors fails to issue a notice of general meeting within the prescribed period, the Board of Supervisors is deemed to refuse to convene and preside over the general meeting, and shareholders who, individually or jointly, hold not less than 10% shares of the Company for not less than 90 consecutive days may convene and preside over a general meeting.

Procedures for Putting Forward a Proposal at the General Meeting

Pursuant to Article 77 of the Articles of Association, when a general meeting is held by the Company, the Board, Board of Supervisors or shareholders who individually or together hold not less than 3% of the shares of the Company may propose resolutions to the Company.

Shareholders who individually or together hold not less than 3% of the shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting 10 working days before the holding of the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days upon receipt of the proposals and announce the contents of the ad hoc proposals.

The contact information of the convener is set out in the section entitled "Right to Put Enquiries to the Board" in this chapter.

Procedures for a Shareholder of the Company to propose a person for election as a Director

Subject to the Articles of Association and the Company Law, the Directors shall be elected by the general meeting.

Article 136 of the Articles of Association provides that written notice concerning proposed nomination of a director candidate and indication of the candidate's intention to accept the nomination shall be sent to the Company seven (7) days before the shareholders' general meeting is convened. When calculating the time limit of the notice, the date of the meeting and the day on which the notice is given shall be excluded.

Right to Put Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company by mail to Headquarters: 401-420, 4th Floor, Biomedical Park, 185 South Avenue, TEDA West District, Tianjin, PRC, or; Hong Kong: Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay Hong Kong or by email to ir@cansinotech.com.

COMMUNICATION WITH SHAREHOLDERS

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include (i) the publication of quarterly, interim and annual reports (if applicable) and/or dispatching circulars, notices, and other announcements; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the Company's website and the Hong Kong Stock Exchange's website; (iv) the Company's website offering communication channel between the Company and its stakeholders; and (v) the Company's H share registrar in Hong Kong serving the Shareholders in respect of all share registration matters.

Change in Constitutional Documents

On October 11, 2019, the Board considered and approved the proposed amendment to the Articles of Association for the purpose of the listing on the Sci-tech Innovation Board of the Shanghai Stock Exchange. The proposed amendment was approved by the Shareholders by way of a special resolution at the extraordinary general meeting and the class meetings on November 29, 2019 and the revised Articles of Association took effect on August 13, 2020 upon completion of the A Share Offering. Save as the above mentioned, there were no significant changes in the constitutional documents of the Company for the year ended December 31, 2020.

Policies relating to Shareholders

The Company has in place a shareholders' communication policy to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Company has adopted a policy on payment of dividends pursuant to code provision E.1.5 of the CG Code, such details has also set out in its Articles of Association and summarized as follows:

The Company may distribute dividends in one of the following forms (or in both forms):

(1) cash;

(2) shares;

(3) a combination of cash and shares;

(4) other forms as permitted by laws, administrative regulations, departmental rules and regulatory rules of the place of listing.

As for cash dividends and other payments to domestic shareholders, the Company shall pay in RMB, and such payments to holders of foreign shares will be denominated and declared in Renminbi and paid in foreign currency. Foreign currency required by the Company to pay cash dividends and other monies to holders of foreign shares shall be obtained in accordance with the relevant provisions on foreign exchange administration of the state.

Subject to the applicable laws and the Articles of Association, any future determination to pay dividends will be based on a number of factors, including the Company's future operations, capital requirements, general financial condition and other factors that the Board may deem relevant.

The Shareholders have approved the "Three-year Dividend Distribution Plan for Shareholders after the Initial Public Offering of A Shares and the Listing on the SSE STAR Market《首次公開發行人民幣普通股(A股)並上市後三年股東分紅回報規劃》" at the extraordinary general meeting held on November 29, 2019. When formulating the Shareholders' dividend plan, the Company focuses on its long-term and sustainable development, took into consideration a range of factors, including its actual operation, future profitability, business development plans, cash flow, shareholders' return, costs of social capital and external financing conditions, and made specific institutional arrangements for its profit distribution to achieve a balance between shareholders' reasonable investment returns and the Company's sustainable development to ensure the continuity and sustainability of the profit distribution policy and the lasting, sustainable, healthy business operational capabilities of the Company.

Details of the Shareholders' dividend plan of the Company for the next three years is as follows:

(1) Provided that the conditions of profit distribution are satisfied, the Company may distribute dividends in cash, shares, a combination of both cash and shares or by other ways permitted under laws and regulations, and shall give priority to cash dividends over share dividends. The Company shall determine specific distribution proportions in accordance with the distributable profit and the amount of capital surplus that can be utilized under the Company's consolidated financial statements or the financial statements of the parent company, whichever is lower.

(2) The following conditions shall also be satisfied when the Company implements cash dividend:

(i) The distributable profit (i.e. after-tax net profit after the Company has made up for losses and withdrawn from the statutory reserve fund) for the year is positive;

(ii) Cash dividend shall not exceed the accumulated distributable profit of the Company;

(iii) The audit institution has issued a standard audit report with unqualified opinion on the financial report for the financial year;

(iv) The Company has no such events as major investment plan or significant cash expenditure (excluding projects from raised proceeds);

Significant investment plan or significant cash expenditure refers to: the proposed external investment, acquisition of assets or purchase of equipment by the Company in the upcoming twelve months with accumulated expenses amounting to or exceeding 30% of the latest audited total assets of the Company, and exceeding RMB50 million.

(3) In the case that profits are distributed by way of shares, true and reasonable reasons such as the Company's growth, dilution of net asset value per share shall be taken into consideration. Share distribution may be implemented singly or in combination with cash dividend distribution.

The Board of Directors of the Company shall take into consideration various factors, including its industry features, development stages, its own business model and profitability as well as whether the Company has any substantial capital expenditure arrangement, and differentiate the following circumstances and propose differentiated cash dividend policies in accordance with the procedures under the Articles of Association:

(i) Where the Company is in a developed stage with no substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution when profits are distributed;

(ii) Where the Company is in a developed stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution when profits are distributed;

(iii) Where the Company is in a developing stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution when profits are distributed. Where the Company's stage of development is difficult to distinguish but there is substantial capital expenditure arrangement, the profit distribution may be dealt with pursuant to this rule.

The profit distribution proposal shall be proposed by the Board of Directors and implemented upon consideration and approval at the general meeting.

(4) Provided that the conditions of profit distribution are satisfied, the Company shall distribute cash dividends once a year in principle, and determine whether interim cash dividends shall be distributed after considering profits and capital requirements.

I. ABOUT THE REPORT

(I) Basis of Preparation

The Report aims to reflect the performance of the CanSino Biologics Inc. (hereinafter referred to as "**CansinoBIO**", "**the Company**", "**Company**" or "**We**") on Environmental, Social and Governance ("**ESG**") for 2020 on an objective and fair basis. It is recommended to read the part on governance in conjunction with the Corporate Governance Report in the Annual Report. The Report is prepared in compliance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") set out in Appendix 27 to the Listing Rules of The Stock Exchange of Hong Kong Limited ("**HKEX**"), which is also referred to the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange (Revised in December 2020).

The Report comprehensively considers the main focus of interest for the Company's stakeholders and business features of the Company. It aims to help stakeholders and other readers understand the Company's ESG policies, initiatives, and performance, and enhance adequate communication between all stakeholders and the Company.

The Report abides by the "comply or explain" provisions set out in the ESG Reporting Guide.

(II) Scope of Report

Unless otherwise specified, the Report covers the period from 1 January 2020 to 31 December 2020 ("**the Reporting Period**"). The scope disclosed in the Report includes the Company's primary locations for R&D, production and office operation, namely the office buildings and plants located in Tianjin, China.

(III) Source of Information

The information and cases in the Report mainly come from the Company's statistical reports, relevant documents and internal communication documents. The Company undertakes that no false record or misleading statement in the Report, and assumes liabilities for the authenticity, accuracy and completeness of its contents.

II. ESG MANAGEMENT

(I) ESG Management Concept

Committing to our original aspiration of bringing "health, hope and promises" to the world, CansinoBIO adheres to the mission of "develop, manufacture and commercialize high quality, innovative and affordable vaccines". We specialize in the development, manufacturing and commercialization of high-quality vaccines for human use. Taking providing solutions for the prevention of communicable diseases and infectious diseases worldwide as our responsibility, we are committed to contributing to the cause of global public health.

We understand that effective ESG management is critical to meeting stakeholders' expectations and improving the performance of the Company. The Company's Board of Directors is responsible for reviewing its ESG strategies and reporting, overseeing ESG work and important ESG-related issues, and ensuring the Company's core values are reflected in these strategies, so that ESG-related risk management and internal control systems are operated appropriately and effectively.

During the Reporting Period, based on our business features, we continued to optimize the organizational system and the management system for social responsibility and environmental protection issues, and further clarified the responsibilities of each department, which enhanced the Company's overall ESG management. We actively improved our ESG performance through continuous inspection and system optimization. We vigorously promoted a culture of environmental protection and fulfilling social responsibility among all employees and intensified the integration of ESG concepts into the Company's operations, thus facilitated the sustainable development of the Company.

(II) Communication with Stakeholders and Identification of Material Issues

We believe that understanding the demands of stakeholders helps the Company determine its direction of long-term development and move towards a more sustainable future. The Company has built communication channels for proactive and honest communications with stakeholders.

The main stakeholders, their issues concerned and communication channels we have identified are listed in the table below:

Main stakeholders	Key ESG issues concerned	Major communication channels
Government and regulatory authorities	Employment, supply chain management, product responsibility, anti-corruption and community investment	Policy consultations, incident reporting, information disclosure and participation in government agencies' meetings
Shareholders and investors	Employment, product responsibility and anti-corruption	General meetings, regular announcements, official websites, email and hotline for enquiries
Employees	Employment, health and safety, development, training and labor standards	Quarterly meetings, employee activities, One-on-one interviews, opinion collection boxes and mid-year/ year-end summary conference
Customers and users	Product responsibility and anti-corruption	Information disclosure, official public accounts and service hotline
Suppliers	Supply chain management and anti-corruption	Supplier inspection and supplier meetings
Media and NGOs (Non-Governmental Organizations)	Emissions, use of resources, environmental and natural resources, employment, supply chain management and product responsibility	Social media, official websites, press conferences and exchanges
Community	Emissions, use of resources, environmental and natural resources, and community investment	Community interaction, public welfare programs, poverty alleviation activities and social media

During the Reporting Period, based on various communication channels and in conjunction with the Company's operations, we identified "product responsibility" and "employment" to be the most concerned ESG issues for stakeholders; more essential issues included "environmental management", "development and training", "health and safety" and "supply chain management", and relevant issues were "labor standards", "anti-corruption" and "community investment".

(III) Social Recognition and Honors

The Company has obtained various honors and awards since its establishment. The various recognitions and awards attained during the Reporting Period are listed in the table below:

Awards Attained
Tianjin Gazelle Enterprise Excellence Innovation Award
Technology Leading Enterprise of Tianjin
China's Top 50 Most Innovative Biopharmaceutical Enterprises 2020
Benevolent Enterprises Fighting COVID-19 with Outstanding Performance

III. ENVIRONMENT

(I) Environment management

We comply with relevant environmental laws and regulations including the Environmental Protection Law of the People's Republic of China《中華人民共和國環境保護法》, the Law of the People's Republic of China on Prevention and Control of Water Pollution《中華人民共和國水污染防治法》, the Law of the People's Republic of China on Solid Waste Pollution Prevention《中華人民共和國固體廢物污染環境防治法》, the Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution《中華人民共和國環境噪聲污染防治法》, and the Law of the People's Republic of China on the Prevention and Control of Air Pollution《中華人民共和國大氣污染防治法》to strictly fulfill our environmental responsibilities.

Based on the Company's characteristics for R&D, production and office operation, we have established an environmental management system, including the usage and management of chemicals, the treatment and management of wastes and the treatment of laboratory wastes and waste liquid. We have a specified Environmental, Health and Safety (EHS) Department, which leads the Company's overall environmental management and system implementation to enhance employees' awareness of environmental protection.

Our impacts on environmental and natural resources mainly come from resource consumption and emissions from R&D, production and office operation. We have taken appropriate measures to regulate the use of resources and the treatment processes of emissions, promote energy conservation and emission reduction, apply technical re-engineering, and focus on environmental performance in R&D, production and office operation, living in harmony with the environment.

During the Reporting Period, we had no material violation against any Chinese environmental law or regulation.

(II) Use of Resources

The main resources we consume include power, natural gas and running water for our R&D, production and office operation. In order to fully utilize the resources and mitigate impacts on the natural environment, we promote lean management, advocate the concept of green office, carry out technical optimization and improve the efficiency of the usage of the resource.

In terms of the use of power, we continue to carry out the replacement of high energy-intensive equipment. We are replacing incandescent lights with LED luminaries, and the temperature of air-conditioners in the office is set at 26 degrees Celsius in summer. According to production needs, the Company optimizes the use of pure steam generators, air conditioners and other equipment in the workshop to improve energy efficiency.

In terms of natural gas use, we adjusted the power of gas boilers during the idle period, reduce gas consumption, reform the pipeline network of outdoor steam to minimize heat loss, and improve the usage efficiency of gas.

In terms of water usage, we optimized the operational parameters of water purification facilities to reduce water loss. We strengthened the daily maintenance of water facilities and pipelines to prevent any leakage, and enhanced employees' awareness of water conservation and advocate the recycling of water resources.

Key Performance Indicators for Use of Resources[1]

Indicator	2020 KPI
Total energy consumption[2] (MWh)	41,106.78
Direct energy consumption, including:	
Natural gas (MWh)	23,087.82
Diesel (MWh)	2.97
Indirect energy consumption, including:	
Electricity (MWh)	18,015.99
Energy consumption per floor area (MWh per square meter)	8.06
Total water consumption[3] (Tonne)	245,291.00
Water consumption per floor area (Tonne per square meter)	48.10

Notes:

(1) During the Reporting Period, we have not yet commercialized any products. Packaging material is not applicable for the Company.

(2) Total energy consumption is calculated based on the total power and natural gas consumption and the conversion factors in the National Standards of People's Republic of China General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2008).

(3) Water resources used by the Company come from the municipal water supply, and we do not encounter problem in sourcing suitable water resources for our operations.

(III) Emissions

The major emissions of the Company include Greenhouse Gases ("**GHG**") and oxynitrides (NOx). GHG mainly comes from the use of purchased power and the burning of natural gas during the process of R&D, production and office operation. NOx are produced by the combustion of natural gas during the production process. We reduce the gas emissions by improving the usage efficiency of natural gas.

The wastewater mainly includes industrial and domestic wastewater treated by the wastewater treatment plant affiliated to the production plants. It is discharged into the municipal pipe network after meeting the local discharge standards. We have installed wastewater monitors to monitor the key indicators in wastewater and to ensure that the discharge concentration of the key indicators meets national and regional discharge standards.

Non-hazardous wastes mainly come from domestic wastes relating to office activities. We have entered into an agreement with the environmental protection department of the development zone for collecting our domestic wastes and other non-hazardous wastes for disposal. In addition, we advocate the reuse of office paper to reduce non-hazardous wastes.

Hazardous wastes mainly include non-organic and organic waste liquid, heavy metal liquid, general chemical reagents, empty reagent bottles, fluorescent tubes, used activated carbon, waste raw materials, waste drugs, carcasses, animal's beddings, contaminated wastes in labs, microbial organisms, cellular debris, engine oil, contaminated wastes by engine oil and ion exchange resin. We have established a hazardous waste disposal procedure as the basis of hazardous waste management. We have a specific temporary warehouse in adjacent to the production plants for central collection, classification, pre-treatment and storage of the wastes. In the process of hazardous waste pre-treatment, we dismantle the paper packaging materials of waste pharmaceutical products to reduce hazardous waste generation. We enter into an agreement with a licensed hazardous wastes disposal contractor, who is qualified for collection, storage and treatment of hazardous wastes. The contractor processes various our produced hazardous wastes regularly.

Key Performance Indicators for Emissions[1]

Indicator	2020 KPI
Total GHG emissions[2] (Scope 1 and 2) (tCO_{2e})	17,340.87
Direct GHG emissions (Scope 1), including:	
Natural gas (tCO_{2e})	4,514.50
Diesel (tCO_{2e})	0.78
Indirect GHG emissions (Scope 2), including:	
Power (tCO_{2e})	12,825.58
GHG emissions per floor area (tCO_{2e} per square meter)	3.40
Total oxynitride emissions (Tonne)	3.30
Total hazardous waste (Tonne)	79.29
Total non-hazardous waste[3] (Tonne)	56.81
Total hazardous waste per floor area (Tonne per square meter)	0.016
Total non-hazardous waste per floor area (Tonne per square meter)	0.011
Wastewater (Tonne)	196,232.80
Chemical oxygen demand (Tonne)	14.72
Ammonia nitrogen (Tonne)	1.08

Notes:

(1) The increase of emission during the Reporting Period is due to the increase in the number of employees, the scale of process verification and equipment verification compared with the previous year.

(2) GHG inventories include carbon dioxide, methane and nitrous oxide, mainly produced from the purchased power and fuels. GHG emissions are presented in carbon dioxide equivalents and are calculated based on the 2019 Baseline Emission Factors for Regional Power Grids in China for CDM and CCER projects issued by the Ministry of Ecology and Environment and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (IPCC).

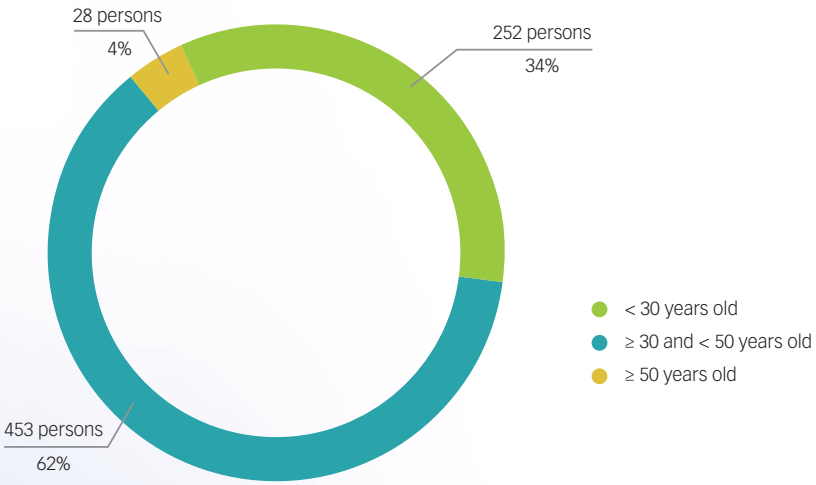
(3) The non-hazardous wastes mainly come from the domestic wastes in office activities and such wastes are treated by the environmental protection department of the development zone. As the non-hazardous wastes cannot be measured separately, we estimate the wastes in accordance with the First National Census on Pollution Sources – Manual for Waste Generation and Discharge Coefficients in Urban Households.

IV. EMPLOYMENT AND LABOR STANDARDS

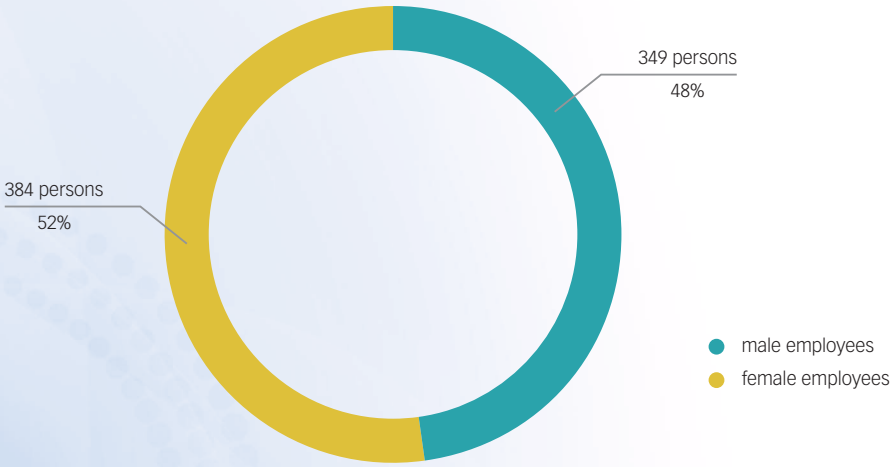
We consider that the growth of our employees is equally crucial to the success of the Company. We strive to create a comfortable and harmonious workplace and vigorously promote employees' development by safeguarding their rights and interests, caring for their health and safety and conducting employee training.

As of the end of the Reporting Period, we have 733 employees, including 7 consultants and part-time employees.

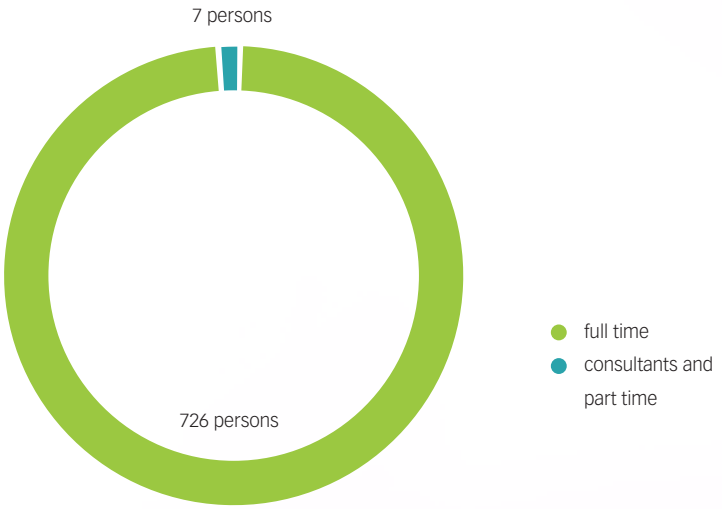
We have a diverse and dynamic team:



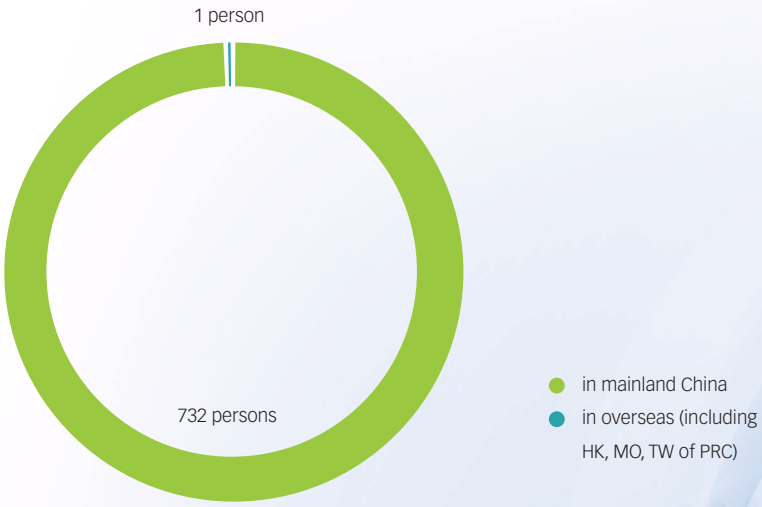
TOTAL WORKFORCE BY AGE



TOTAL WORKFORCE BY GENDER



TOTAL WORKFORCE BY TYPE OF EMPLOYMENT



TOTAL WORKFORCE BY REGION

(I) Employment and Labor Standards

In strict accordance with relevant laws and regulations such as the Labor Law of the People's Republic of China《中華人民共和國勞動法》, the Labor Contract Law of the People's Republic of China《中華人民共和國勞動合同法》, the Provisions on Prohibition of Child Labor《禁止使用童工規定》, the Regulation on Work-Related Injury Insurance《工傷保險條例》and the Special Rules on the Labor Protection of Female Employees《女職工勞動保護特別規定》, we insist upon legal employment. We strictly forbid using child labor and forced labor. During the Reporting Period, the Company did not identify any cases of child labor and forced labor.

We have a corresponding internal management system to manage employees in terms of recruitment, dismissal, remuneration, welfare, performance and promotion as follows.

1. Recruitment and Dismissal

We have set up the "Personnel Recruitment Management System" to standardize the recruitment process and prepare recruitment plans based on the Company's annual business plan and development strategy. We recruit talent who meet the Company's development demands through on-line social recruitment, campus recruitment, job fairs, internal referral and self-recommendation. We are committed to creating a diverse and equal working environment and avoiding sexual, ethnic, religious or any other aspects of discrimination during our recruitment process.

During the Reporting Period, we have conducted graduate recruitment "mutual selection" event in more than 40 colleges and universities in 12 provinces, cities and districts over China and newly established partnership with 9 colleges and universities. Meanwhile, we have conducted 3 live broadcasts of our "Air Talks", which have been viewed by more than 6,000 persons in total.

We are devoted to building employer brand and creating a respectful, fair and caring working environment for each employee while providing personalized talent development program for employees. We have expanded several talent attraction platforms to further promote the introduction of talents, established internship bases with relevant universities to promote school-enterprise cooperation, and laid a positive foundation for long-term talent attraction and development.

We won the BEST EMPLOYER AWARD 2020 for the first time from Zhaopin.com.

BEST EMPLOYER AWARD 2020

We strictly comply with relevant laws and regulations and sign standard employment contract with employees on a voluntary basis. Both parties are fully aware of their rights and obligations. We have developed a standard process for handling employees' resignation. Instructions for termination of employment are addressed in detail in the employment contract and the Employee Handbook. In this regard, we optimize the process of resignation interviews to improve our recruitment and talent development management system.

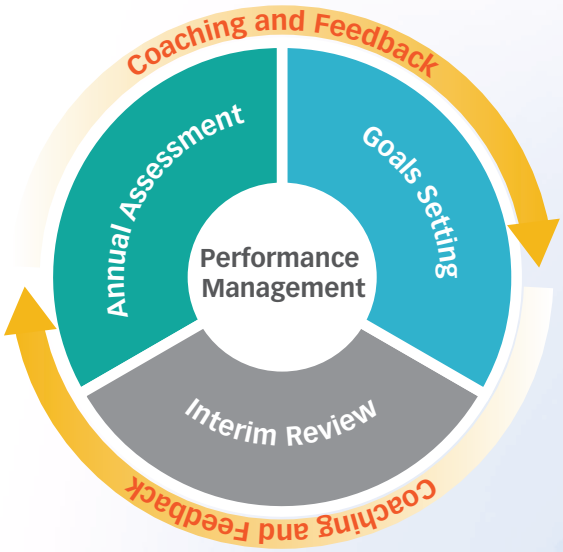
2. Remuneration and Welfare

We have developed a remuneration and welfare management system that ensure providing employees with competitive remuneration and paying social and housing fund for employees in compliance with relevant laws. We have provided a diverse welfare system benefiting employees, including year-end bonus, meal and shuttle bus, heatstroke prevention subsidy, winter heating allowance, "monthly star" bonus and annual leave and etc. In addition, we provide health and accident insurance for interns who are not entitled to statutory work-related injury insurance. We provide birthday benefits and festival benefits to employees, and give priority to poverty alleviation products.

We are committed to protecting the rights and interests of female employees, for example, in order to provide healthy, quiet and comfortable working environment for nursing employees, we have built a baby care room, in which the interior is designed as a separate compartment with sofas and shades.

3. Appraisal and Promotion

We have a performance management system which sets performance goals at the beginning of each year, followed by a mid-year interim performance review and a year-end overall performance evaluation. To conduct an objective and fair comprehensive assessment of employees' work results and abilities, this appraisal system helps employees summarize their personal work performance, clarify future work goals, and make targeted improvement and enhancement.



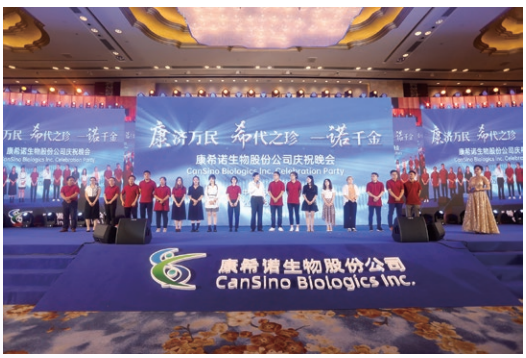
4. Communication

We have established a variety of internal communication channels to strengthen connections between management and employees and among employees. At the Company level, we hold quarterly, mid-year and year-end review meetings to communicate company development trends with employees. We have designated complaint box and mailbox to receive employees' complaints and suggestions online and offline. At the department level, we have provided regular meetings, performance discussions, one-on-one meetings and new employee orientations as employee communication channels.

5. Work-Life Balance

We promote efficient work and encourage employees to complete their tasks within working hours. We have developed an attendance management system to manage employees' working hours, specify the principles of overtime compensation and assure employees' off work hours. We have implemented a more reasonable working hours system with the nature of the jobs in some positions after registrating with the government, in order to make the working hours of employees better match the nature of their jobs.

We optimized our shuttle bus route and bus stations in order to facilitate more employees to arrive at home more convenient and time efficient. We have added the Eco-city line (6 additional stations) and the downtown 7 line (1 additional station) based on of the existing employee shuttle bus stations and route settings after comprehensive research and communication with employees. We basically can enable all employees walk back after getting off at bus stations. We held our annual meeting at the beginning of 2020 and organized all staff to take a commemorative group photo and attend a celebration party in the middle of the year, to appreciate employees' hard work and dedication.



(II) Health and safety

We strive to provide a healthy and safe working environment for employees, in strict accordance with relevant laws and regulations including the Labor Law of the People's Republic of China《中華人民共和國勞動法》, the Fire Control Law of the People's Republic of China《中華人民共和國消防法》, and the Regulation on Work-Related Injury Insurance《工傷保險條例》and industrial norms.

We have developed a systematic safety management system, including potential risk identification and management, production management, fire control, education and training, emergency response and accident management. We have designated EHS Department to manage and control risks relating to occupational health and safety and taken effective measures to ensure the operation of the system. We have established standard operating procedures at all critical safety locations (such as labs, switching rooms, and warehouses) and for all critical factors of safety (such as gas cylinders, chemicals and wastes and waste liquid in labs), and critical safety positions (such as position in early R&D, fermentation, and cell culture). All our equipment and facilities have obtained relevant registration, and the operators have obtained relevant operating qualifications.

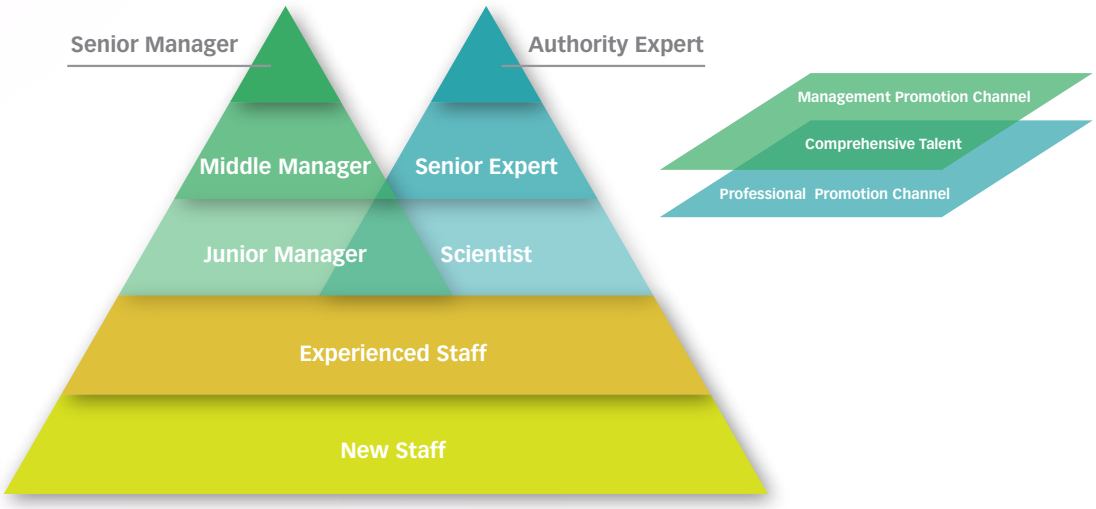
We have taken various measures to mitigate safety risks, such as (1) ensuring all fire-fighting devices are configured according to the latest national fire codes, (2) assigning special personnel and installing CCTV for uninterrupted monitoring and management, response and treatment in the case of any emergency, (3) equipping each building with emergency medical kits and escape route maps, (4) conducting safety training and organizing emergency drills for all employees on an annual basis to help them acquire safe manufacturing skills and improve their safety awareness and abilities to respond to emergencies, and (5) equipping ourselves with professional anti-terrorism equipment, carrying out counter-terrorism training and emergency drills for security vendors, comprehensively improving their anti-terrorism capabilities and emergency response capabilities.

Based on the requirements of Regulation on the Bio-safety Management of Pathogenic Microbe Labs《病原微生物實驗室生物安全管理條例》and considering the nature of our business, the Biosafety Level of the Company falls at Level 2. We have developed and implemented relevant guidelines on work safety in accordance with relevant Chinese laws and regulations concerning storage, management, disposal and the use of viruses and bacteria, such as the Regulation on the Bio-safety Management of Pathogenic Microbe Labs. These guidelines include those relating to the recording and inspection of batches of viruses and bacteria, a multi-departmental approval process to obtain viruses and bacteria from our inventory, as well as the safe disposal of viruses and bacteria. We possess qualified bio-labs, workshops and production plants in safety level 2 and conduct safety inspections on a regular basis. All operations concerning biosafety in daily business are conducted in qualified labs with bio-safety cabinets. The bio-active wastes and solutions produced in the tests and production are inactivated by steam at high temperatures and are handed over to the EHS department for disposal (in compliance with relevant regulations) as hazardous wastes. Employees in equipment operation and animal research are all equipped with relevant qualifications and are required to wear appropriate safety equipment to ensure their safety during operation. In addition, we provide pre-employment physical examinations and regular in-service physical examinations for employees to help them learn about their physical health.

During the Reporting Period, we did not have reported cases of work-related injuries or fatalities.

(III) Development and Training

The Company provides employees with dual development channel for both management development and professional development, and insists on that philosophy to design everyone's career growth path. We carry out the process of employee career development management, including the establishment of channels, the matching of development resources, and the design of the development interaction process between managers and employees. After comprehensively considering the Company's strategic needs, to better improve employees' ability and career planning, we divide both management and professional development channels into different ranks according to the Company's management requirements, and build a qualification system according to the rank model. We provide a fair, competitive and open promotion mechanism to realize the joint development of individuals and enterprises.



Career development channel

We encourage our employees to improve their comprehensive capabilities and achieve self-worth in their development. To this end, we are committed to creating an atmosphere of "continuous learning" and "continuous sharing". We provide employees with professional development resources through comprehensive training courses with an aim to promote diversified development.

We have established a training management system to build a training system focusing the training principles of "systematic, institutionalized, initiative, diversified, and applicable".

- Systematic: Employee training is a full-featured, all-encompassing systematic work throughout employees' career.
- Institutionalized: The training management system is established and refined to routinize and institutionalize the trainings, as well as ensure the effective implementation of such trainings.
- Initiative: Emphasize employee engagement and interaction; leverage employee initiative.
- Diversified: Employee trainings take into account the level and type of the trainee, providing diversified training content and form.
- Applicable: We take practical condition into consideration, closely combine training with different job characteristics based on the development of the enterprise and the circumstances of employees.

Through various training channels, including internal training, expatriate training and online training, we strive to meet the training needs of our employees during their onboarding phase and employment, encourage employees to embark on continuous learning and self-training, and continuously improve the knowledge and business capabilities of employees at all levels.

In order to help new employees blend in the Company rapidly, we offer new employees under probation period induction training and on-the-job training. Such training courses include introducing profiles, company regulations, product knowledge, safety awareness, quality awareness, IT operations, department training, and job-specific training.

We believe that undertaking posts duties is the best opportunity for employees to improve themselves. During the employees' employment, we provide a series of training courses tailored to different positions to enhance employees' professionalism and competence, including business knowledge build-up, Good Manufacture Practice of Medical Products (GMP) awareness enhancement, office skills training, and comprehensive quality improvement. We attach importance to the development of manager competency. By implementing the "Outstanding talent plan", we have formulated comprehensive learning and development programs to help managers at all levels to improve their management capabilities to professional excellence.

New Joiner Training

Internal English Corner - Feiying Plan

Internal Training - English Corner

V. SUPPLY CHAIN MANAGEMENT

Our main suppliers included equipment suppliers, raw material suppliers and service providers. Adhering to the procurement principle of "fair, just and open", we have implemented standardized supplier management and maintained a stable business relationship with them.

(I) Supplier selection and access

We have established operating procedures such as Supplier Management Regulations《供應商管理規程》, Procurement Management Regulations《採購管理規程》and Inquiry and Bidding Processes《詢價和競標流程》to regulate the bidding and procurement processes. In each quarter, the purchasing planner summarizes the procurement requirements of each department and formulates a procurement plan. The plan shall be reviewed level by level by the plan maker, the head of the Procurement Department, the director of the Supply Chain Department, the head of the Finance Department, the chief operating officer and the chief executive officer.

Our selection of suppliers is mainly made through tendering, inquiry and single-source procurement. We promoted the "fair and honest procurement". We usually select or invite 3 or more potential suppliers with relevant capabilities for comparison or bidding in the sourcing stage and select the most qualified supplier. All bulk purchases are made through a tender process. Any single-source purchase application will be reviewed by the department head, the head of the Procurement Department, the director of the Supply Chain Department, the COO or the CEO depending based on the amount of procurement.

During the supplier acceptance process, we investigate and evaluate suppliers, reviewing their background, relevant qualifications and compliance status to ensure that they are equipped with relevant capabilities and sound credit records.

During the year, we had 744 suppliers in mainland China, including 273 suppliers located in Tianjin. We did not cooperate with overseas suppliers.

(II) Supplier management

We have maintained a list of qualified suppliers and established Supplier Management Procedures for managing and evaluating suppliers on a regular basis. In the first quarter of each year, we conduct rating on suppliers' basic strength, product quality, cooperation performance and after-sales service, and rank the suppliers based on their scores. According to the scoring results, different cooperation modes will be adopted, and unqualified suppliers will be removed from the list in a timely manner.

We focus on ESG risk management of our suppliers. For raw material suppliers, we conducted on-site audit work to assess their management in product and manufacturing safety, health and environmental protection, as well as on-site control of manufacturing materials. For construction projects, we entered into safe construction management agreements, civilized construction management agreements and finished products protection agreements with suppliers to specify the responsibilities and obligations for safety and environment of both parties.

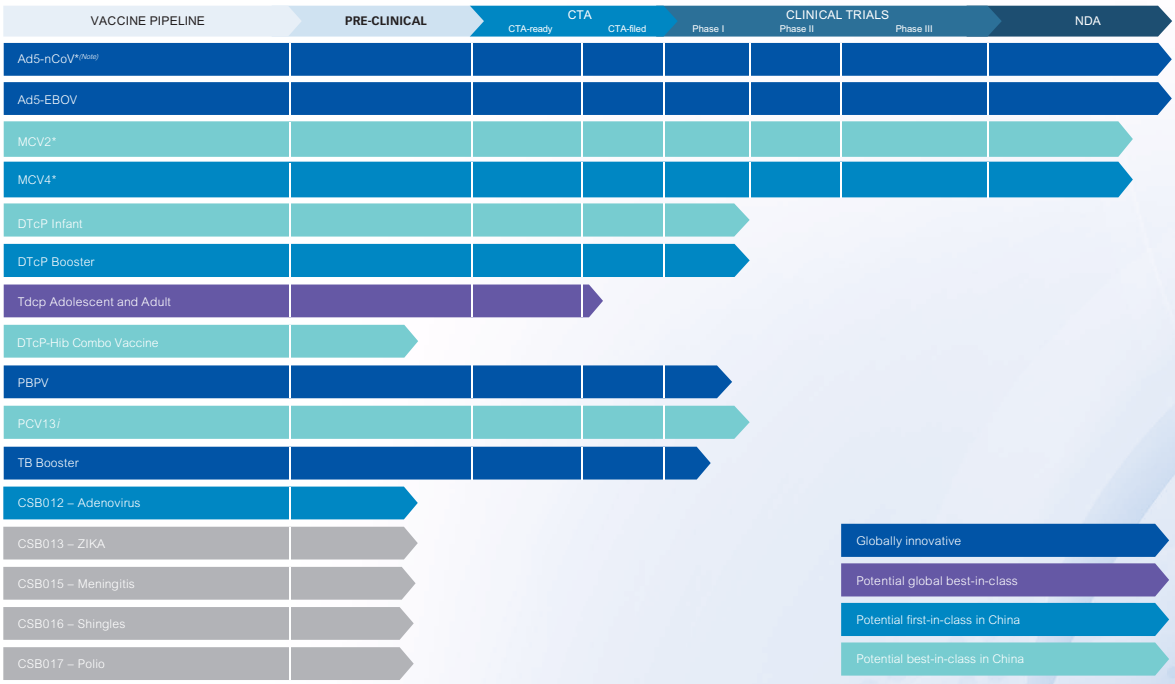
(III) Clinical trial partner management

We choose to cooperate with third-party pharmaceutical R&D contract outsourcing service organizations (CROs) which possess extensive experience, proven reputation in the field of vaccine clinical research and good cooperative relations with many research institutions. We closely monitor and manage the cooperative CROs, including but not limited to: (1) requiring them to strictly abide by the Good Clinical Practice for Drug Trials (GCP) 《藥物臨床試驗質量管理規範》, Guidelines for Quality Control of Vaccine Clinical Trials (Trial) 《疫苗臨床試驗質量管理指導原則(試行)》 and other related regulations, (2) requiring them to operate in strict accordance with the requirements of the clinical trial program, (3) conducting due diligence, and (4) conducting timely and strict review on the quality certificates and work documents provided.

VI. PRODUCT RESPONSIBILITY

Our vaccine pipeline can be summarized into three categories: (1) globally innovative vaccines (such as Ad5-nCoV and Ad5-EBOV, our TB Booster candidate, our PBPV candidate), (2) potential first-in-class vaccines in China (such as our MCV4 candidate and DTcP vaccine candidates), and (3) potential best-in-class vaccines in China developed to compete with the imported products in the PRC market (such as our PCV13*i* candidate).

As of the date of this report, we are developing 16 vaccine candidates for 13 disease areas. In February 2021, we received emergency use authorization for Ad5-nCoV from the Mexican Federal Commission for Health Risk Protection and the Pakistan Drug Administration, respectively, and conditional marketing approval from the National Medical Products Administration of China. We received emergency use authorization for Ad5-nCoV from Hungarian National Institute of Pharmacy and Nutrition (OGYÉI) in March 2021 and from the Instituto de Salud Pública de Chile (ISP) in April 2021. In addition to our Ad5-nCoV and three near-commercial assets covering meningococcal diseases and Ebola virus disease, we have six vaccine candidates in the clinical trial stage or CTA stage. We also have six pre-clinical vaccine candidates, including one combination vaccine candidate. The following table summarizes our vaccine product line:



* denotes a Core Product

Note: On February 25, 2021, the NMPA has granted the conditional marketing authorization for Ad5-nCoV. The application for conditional marketing authorization is made in accordance with Article 63 under the Provisions for Drug Registration (《藥品註冊管理辦法》) which prescribes that application for conditional approval can be applied for drugs in clinical trial stage, if the drug are, among others, vaccines that are urgently needed in response to major public health emergencies or other vaccines that are urgently needed as determined by the National Health Commission of the PRC (中國國家衛生健康委員會), with benefits evaluated to outweigh the risks.

(I) Quality Control

The production of our vaccine products for commercial sales complies with relevant laws and regulations including Drug Administration Law of the People's Republic of China《中華人民共和國藥品管理法》, Regulations for the Implementation of the Drug Administration Law of the People's Republic of China《中華人民共和國藥品管理法實施條例》, Vaccine Administration Law of the People's Republic of China《中華人民共和國疫苗管理法》, Pharmacopoeia of the People's Republic of China《中華人民共和國藥典》, Measures for Supervision and Administration of Drug Manufacturing《藥品生產監督管理辦法》, Measures for the Administration of Lot Release of Biological Products《生物製品批簽發管理辦法》, Regulation of Vaccine Storage and Transportation《疫苗儲存和運輸管理規範》, Regulation on the Administration of Circulation and Vaccination of Vaccines《疫苗流通和預防接種管理條例》, Regulation on the Management of On-site Verification for Drug Registration《藥品註冊現場核查管理規定》, Administrative Measures for Drug Recalls《藥品召回管理辦法》, Principles of Risk Assessment for On-site Inspection of Pharmaceutical Manufacturers《藥品生產企業現場檢查風險評定原則》, and GMP《藥品生產質量管理規範》and its appendices.

To ensure compliance with GMP, Pharmacopoeia of the People's Republic of China and other applicable laws and regulations, we have established a comprehensive quality management system that meets international standards and covers all aspects from vaccine development to production. We continuously improve and regularly review the quality management system to maintain the suitability, adequacy and effectiveness of the system. Major quality issues are promptly documented and reported to senior management for review and resolution. We also conduct risk assessments according to standards and procedures under our quality management system and policies.

The Company has a Quality Center and designates the personnel in charge of quality to be responsible for the Company's overall quality management. The Quality Center consists of four departments: Quality Assurance Department, Quality Control Department, Verification Department and Quality Compliance Department. The Quality Assurance Department is responsible for the establishment and maintenance of quality management procedures. The Quality Control Department is responsible for sampling, inspecting and verifying the raw materials, packaging materials, intermediate products and finished products according to the prescribed methods, and is responsible for confirming and verifying the inspection methods to ensure that the composition, content, purity and other elements of all materials and products conform to established quality standards. The Verification Department is responsible for establishing and maintaining the confirmation and verification system for facilities and equipment and the verification system for the production process, and ensure their implementation. The Quality Compliance Department is responsible for the follow-up and implementation of relevant laws and regulations and the communication with the state on product approval and releases.

Our R&D facilities are designed according to industry standards to ensure R&D and production quality. Our GMP pilot plants in our R&D center have passed European Medicines Agency (EMA)'s Qualified Person (QP) inspection. We design and construct our production plants in accordance with relevant domestic and international standards and industry requirements.

(II) Product Safety

We value product safety and comply with relevant laws and regulations such as Administrative Measures for the Reporting and Monitoring of Adverse Drug Reactions《藥品不良反應報告和監測管理辦法》. We have established a drug alert management system. We have established a special division with full-time staff and set up the "Administrative Procedures for Reporting and Monitoring of Adverse Drug Reactions" to standardize the Company's management procedures of the reporting and monitoring of adverse drug reactions so that the information on adverse drug reactions can be objectively analyzed and evaluated. The system can timely and effectively control drug risks and ensure public drug safety.

(III) Products Complaints and Recall Procedures

As of the end of the Reporting Period, we have not commercialized any products. However, we have established a product complaint and response process and a recall procedure in accordance with relevant regulations, including the Administrative Measures for Drug Recalls《藥品召回管理辦法》and GMP.

We have established "Complaint Management Procedures for Products in the Market"《上市產品投訴管理規程》, to build a product complaint handling process to ensure those customer complaints can be handled in a timely and effective manner. We find out the root cause of product defects thorough investigation and analysis, formulate corresponding corrective and preventive measures, and continuously improve product quality to meet public needs.

During the Reporting Period we did not receive customer complaint or have any product recalled.

(IV) Research and Development

As a leading vaccine development company, we have built up strong R&D capabilities and are committed to developing, manufacturing and commercializing high quality, innovative and affordable vaccines. We have developed four platform technologies covering key advanced technologies in vaccine development, including: (1) Conjugation technology, (2) Protein structure design and recombinant technology, (3) Adenovirus-based viral vector vaccine technology, and (4) Formulation technology. These platform technologies lay the foundation for the research and development of vaccines. Moreover, our platform technologies complement each other and produce a synergistic effect on our research and development efforts, enabling us to develop vaccines in a cost-effectively manner and build a comprehensive portfolio of vaccine products.

We have established "Management Regulations for the R&D Project Establishment"《研發項目立項規定管理規程》, which regulates our R&D projects from all aspects including establishment and review, cost budget, R&D and clinical cooperation agreement signing and management process, testing and acceptance, product development and protection of R&D projects.

The Company's R&D is mainly self-driven. We have an internal R&D team that participates in all stages of product development, including early POC (Proof of Concept) research, process development, quality standard determination, pharmacodynamic research and safety evaluation, clinical trials, NDA documentations submission and new drug approval. In addition, the Company commissions certain R&D testing activities to independent third-party cooperation agencies. These testing activities mainly include safety evaluation, compatibility studies for vaccine and packaging materials, and antigen structure testing.

By the end of the Reporting Period, our internal R&D team consisted of 219 employees, of whom 61.64% hold post-graduate certificate or above (total 135 persons), and 95.43% hold bachelor's degree or above (total 209 persons), with a major in biology, medicine or pharmacology. During the Reporting Period, our total R&D expense reached approximately RMB428 million.

(V) Intellectual Property Rights

We understand the importance of intellectual property rights (IPRs) to our business development and are committed to IPR development and protection. We actively seek patent protection for our vaccines and vaccine candidates and filed additional patent applications when appropriate to cover specific antigens, strains, formulation and production process in accordance with IPR-related laws in China and other jurisdictions, including the Trademark Law of the People's Republic of China《中華人民共和國商標法》and the Patent Law of the People's Republic of China《中華人民共和國專利法》.

We have a selected IPR committee to manage and review patent development, patent applications, patent awards and publication of scientific papers. At the same time, the Company entered into cooperation agreements with several professional IPR and trademark offices. We have professional IPR lawyers/agents to provide professional advice on the Company's intellectual property and handle IPR applications on our behalf.

We manage the IPR risks throughout the process of our business. We enter into the "Intellectual Property and Non-Disclosure Agreement"《知識產權及保密協議》and the "Confidentiality and Non-Competition Restriction Agreement"《保密及競業限制協議》with our employees, to provide stipulations regarding ownership of IPR, trade secret protection, confidentiality obligations and non-competition restrictions. At the same time, when we enter into commercial or technical cooperation agreements with suppliers, we stipulate detailed IPR clauses and clarify the ownership of IPRs on the cooperation agreement.

We have a supplier access mechanism. In the procurement of customized equipment, essential materials and other aspects involving IPRs and confidential information, we will enter into a Non-Disclosure Agreement with the other party before the procurement to protect the Company's IPRs from being infringed.

We raise our employees' awareness of IPR risks through training and publicity. We respect and encourage originality, and have internal systems such as the "Procedures for the Administration of Patents and Research Papers"《專利及科研論文管理規程》and the "Invention Reward Programs"《發明專利獎勵規程》to encourage employees to invest in and protect innovations.

We also respect other parties' IPRs, and third-party technical cooperation due diligence mechanism is set up to examine the IPRs status of the partner in detail and avoid infringement of the IPRs of the other party. Prior to the introduction of new products, the establishment of new projects and the use of new technologies, the Company will conduct global IPR researches on products and technologies to evaluate IPR risks. Further, in any large procurement contracts or technical cooperation agreement entered into by the Company, the contractual counterparty is obliged to fulfil promises of "no existence of an infringement of others' IPR" to prevent companies from directly or indirectly infringing on the IPRs others.

During the Reporting Period, we developed patent portfolio and newly obtained 5 invention a patent licenses, all of which are newly authorized patent licenses. As of the end of the Reporting Period, we owned 21 patents in China, 3 patents in the United States and 1 in the EU, which has been in force in the UK, France, Germany, Italy, Spain and Turkey. Meanwhile, we had filed multiple PCT patent applications in China, the United States, the EU and Canada. Furthermore, we obtained a world-wide exclusive license to utilize the IPR owned by McMaster University related to TB Booster vaccine and its Phase I Clinical Trials.

As of the end of the Reporting Period, we owned 91 trademarks, including 38 trademarks in China, 6 in Hong Kong, 5 in Taiwan, 1 in EU, 1 in the United States and 40 in other countries.

(VI) Privacy and Data Protection

We protect the information security of the Company and the privacy of our customers through technical means. We have an independent data center and a local area network and assign computers and work mailboxes for all employees with encryption measures implemented to transmit documents through network to protect information leakage. We have entered into confidentiality agreements with all employees, which detailed the employees' responsibility for protection for the Company's business secret and liability for breach of contract. We also promote employees on their confidentiality obligations by issuing the Employee Handbook.

We have also entered into confidentiality agreements with our suppliers and partners, requiring each of their employees, managers, affiliates and external technical consultants to comply with confidentiality obligations to protect customer information.

We strictly abide by the People's Republic of China Vaccine Management Law《中華人民共和國疫苗管理法》, the Good Clinical Practice for Drug Trials (GCP)《藥物臨床試驗質量管理規範》, Guidelines for Quality Management of Vaccine Clinical Trials (Trial)《疫苗臨床試驗質量管理指導原則(試行)》 and relevant regulations to protect clinical data and other private information of clinical trial subjects. During the Reporting Period, the Company's clinical research on vaccines was reviewed by the Medical Ethics Committee and completed by the cooperative disease prevention and control institutions, the sample testing units, the statistical units and the CROs. Data of all subjects were collected at the research site, and we do not have direct access to any private information of the subjects other than those necessary data for the research. In addition, we require partners to conduct clinical trials in strict accordance with relevant laws and regulations, closely monitor and manage the clinical trial process, to ensure data security and reduce data leakage risks by including confidentiality clauses in collaboration agreements and commissioning third-party units to monitor the clinical trials.

During the Reporting Period, we did not experience any major information leakage, theft or loss of customer and subject data.

(VII) Product and Publicity

We strictly abide by the relevant regulations on drug advertisements in the Administrative Measures for the Classification of Prescription Drugs and Over-the-Counter Drugs (Trial)《處方藥與非處方藥分類管理辦法(試行)》 and the Measures for the Examination of Pharmaceutical Advertisements《藥品廣告審查辦法》 when managing advertising and publicity work. During the Reporting Period, we have not yet commercialized any products and hence have not conducted any advertisement for our products to the public.

VII. ANTI-CORRUPTION

We advocate the creation of an ethical and honest working environment and strictly abide by relevant laws and regulations including Criminal Law of the People's Republic of China (《中華人民共和國刑法》) and the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》).

We require our employees to follow the code of professional ethics and prohibit employees from obtaining profits from any economic illegal activities by issuing the Employee Handbook. We have a conflict-of-interest reporting mechanism at the onboarding stage to avoid conflicts between employees' personal interests and those of the Company, which may affect their professional judgment in performing their duties for the Company or damage the rights and interests of the Company or shareholders, or negatively affect the Company's operations and reputation. In addition, we set internal rules and reporting procedures to prevent employees from directly or indirectly giving or receiving gifts that exceed normal courtesy to or from customers and other business service entities. These rules and procedures also clarify that employees have the obligation to report any form of violation of the law such as money laundering and corruption.

We value moral hazard management involved in procurement activities and we have entered into anti-corruption agreements with all of our suppliers, urging them to work with us to build a just and fair cooperation environment to avoid commercial bribery and corruption. We encourage suppliers to report fraud and offer rewards for authentic reports. We have formulated "Supplier Management Regulations" (《供應商管理制度》) and "Supplier Management Procedures" (《供應商管理流程》) to classify and grade the management of suppliers. We have established the "eliminated supplier list" (《淘汰供應商名單》) to record and monitor suppliers with major violations found during supplier access or daily management, and restrict or terminate them in project cooperation and other aspects.

We have online and offline complaints and reporting channels, including telephone, email and mail. We disclose these channels and designate special personnel to manage each channel to receive any corruption complaints in time and protect the privacy of whistle-blowers. Any risk that may affect the Company will be notified to management as soon as they are being identified. Employees will receive disciplinary measures such as written warnings, suspension, demotion and dismissal for violation depending on the severity of the matters. For incidents violating the law, we will further pursue legal actions.

During the Reporting Period, we did not have any reported major bribery, extortion, fraud or money laundering case.

VIII. COMMUNITY INVESTMENT

We strive to communicating and building harmonious relations with surrounding communities, and actively identify their public welfare needs and organize community investment activities that fit with our business features.

Anti-pandemic support

Since the outbreak of the pandemic in early 2020, as a company highly concerned about public health and safety, we have always been highly sensitive to the situation of the pandemic, actively cooperated with the national regulations and requirements on pandemic prevention and control, and took the initiative to carry out anti-pandemic actions while conducting self-protection. We quickly inventoried the pandemic protection materials and sent them to the front line of combatting the pandemic in time, doing our best to help Tianjin fight against the pandemic. In January 2020, we donated more than RMB40,000 worth of pandemic prevention materials, including disposable gloves, protective clothing, eye protection, disposable medical protective shoe covers and disinfectant solution, to the Tianjin Economic and Technological Development Area for setting up isolation and protection points.

Employee Representatives for Delivering Anti-pandemic Supplies

Poverty Alleviation

We actively support the work of poverty alleviation. During this year, we purchased products for poverty alleviation purpose from Qinghai-Tibet Sanjiang, the designated area of poverty alleviation of Tianjin Economic and Technological Development Area. We distributed these products to our employees on the Mid-Autumn Festival and National Day to contribute our efforts to the poverty alleviation work.

APPENDIX: HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE CONTENT INDEX

ESG Guide			Correspondent Chapters
Environmental	A1 Emissions	General Disclosure	3.1 Environmental Management 3.3 Emissions
		A1.1 The types of emissions and respective emissions data.	3.3 Emissions
		A1.2 Greenhouse gas emissions in total (Tonne) and, where appropriate, intensity (e.g. per unit of manufacturing volume, per facility).	3.3 Emissions
		A1.3 Total hazardous waste produced (Tonne) and, where appropriate, intensity (e.g. per unit of manufacturing volume, per facility).	3.3 Emissions
		A1.4. Total non-hazardous waste produced (Tonne) and, where appropriate, intensity (e.g. per unit of manufacturing volume, per facility).	3.3 Emissions
		A1.5 Description of measures to mitigate emissions and results achieved.	3.3 Emissions
		A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.3 Emissions
	A2 Use of Resources	General Disclosure	3.1 Environment Management 3.2 Use of Resources
		A2.1 Consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of manufacturing volume, per facility).	3.2 Use of Resources
		A2.2 Water consumption in total and intensity (e.g. per unit of manufacturing volume, per facility).	3.2 Use of Resources
		A2.3 Description of energy use efficiency initiatives and results achieved.	3.2 Use of Resources
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.2 Use of Resources
		A2.5 Total packaging material used for finished products (Tonne) and, if applicable, with reference to per unit produced.	During the Reporting Period, we have not yet commercialized any products. Packaging materials is not applicable for the Company.

ESG Guide			Correspondent Chapters
	A3 The Environment and Natural Resources	General Disclosure	3. Environment
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3. Environment
Social	B1 Employment	General Disclosure	4.1 Employment and Labor Standard
		B1.1 Total workforce by gender, employment type, age group and geographical region.	4.1 Employment and Labor Standard
		B1.2 Employee turnover rate by gender, age group and geographical region.	The Company plans to refine its management and make such disclosure in the future.
	B2 Health and Safety	General Disclosure	4.2 Health and Safety
		B2.1 Number and rate of work-related fatalities.	During the Reporting Period, the Company did not have reported cases of work-related injuries or fatalities.
		B2.2 Lost days due to work injury.	The Company plans to refine its management and make such disclosure in the future.
		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.2 Health and Safety
	B3 Development and Training	General Disclosure	4.3 Training and Development
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	The Company plans to refine its management and make such disclosure in the future.
		B3.2 The average training hours completed per employee by gender and employee category.	The Company plans to refine its management and make such disclosure in the future.

ESG Guide			Correspondent Chapters
	B4 Labor Standards	General disclosure	4.1 Employment and Labor Standards
		B4.1 Description of measures to review employment practices to avoid child and forced labor.	4.1 Employment and Labor Standards
		B4.2 Description of steps taken to eliminate such practices when discovered.	During the Reporting Period, the Company did not have cases of child labor and forced labor.
	B5 Supply Chain Management	General Disclosure	5. Supply Chain Management
		B5.1 Number of suppliers by geographical region.	5.1 Supplier selection and access
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	5. Supply Chain Management
	B6 Product Responsibility	General Disclosure	6. Product Responsibility
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	During the Reporting Period, the Company had no product recalled.
		B6.2 Number of products and service-related complaints received and how they are dealt with.	6.3 Products Complaints and Recall Procedures
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	6.5 Intellectual Property Rights
		B6.4 Description of quality assurance process and recall procedures.	6.1 Quality Control
		B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	6.6 Privacy and Data Protection

ESG Guide			Correspondent Chapters
	B7 Anti-corruption	General disclosure	7. Anti-Corruption
		B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	During the Reporting Period, the Company did not have any reported major bribery, extortion, fraud or money laundering case.
		B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	7. Anti-Corruption
	B8 Community Investment	General Disclosure	8. Community Investment
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	8. Community Investment
		B8.2 Resources contributed (e.g. money or time) to the focus area.	8. Community Investment

Report of the Directors

The Board is pleased to present this Report of the Directors together with the consolidated financial statements of the Group for the year ended December 31, 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to develop, manufacture and commercialize of high quality, innovative and affordable vaccines. There were no significant changes in the nature of the Company's principal activities during the Reporting Period.

BUSINESS REVIEW AND RESULTS

A review of the business of the Group during the Reporting Period is provided in the section headed "Business Review" under "Management Discussion and Analysis" of this annual report. The results of the Group for the Reporting Period are set out in the consolidated financial statements on pages 87 to 143 of this annual report. An analysis of the Group's performance during the Reporting Period is provided in the section headed "Financial Review" on pages 15 to 19 under "Management Discussion and Analysis" of this annual report. Future business development of the Group is provided in the section headed "Future and Outlook" on page 14 under "Management Discussion and Analysis" of this annual report.

FINAL DIVIDENDS

The Directors do not recommend a final dividend for the Reporting Period.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Save for the recent progress made by the Company in respect of Ad5-nCoV as disclosed in the subsection headed "Clinical trials, Military Specially-needed Drug Approval, emergency use authorizations and conditional marketing authorization for Ad5-nCoV" on page 7 and the recent progress made by the Company in respect of PCV13*i* as disclosed in the subsection headed "Progress of other vaccine candidates" on Page 8 under the "Management Discussion and Analysis" of this annual report, there were no important events affecting the Company occurred since the end of Reporting Period and up to the date of this annual report.

RESEARCH AND DEVELOPMENT ACTIVITIES

A review of the research and development activities of the Company during the Reporting Period is provided on pages 6 to 13 in the section headed "Business Review" under "Management Discussion and Analysis" of this annual report.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

For details of relationship with the employees, customers and suppliers, please refer to the subsection headed "Major Customers and Suppliers" and "Employee and Remuneration Policies" in this section and the "Environmental, Social and Governance Report" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The following are parts of the key risks and uncertainties identified by the Group:

Risks relating to our financial prospects:

- We have incurred significant losses since our inception and we have not commercialized any products as of the end of the Reporting Period.

- We may need to obtain substantial additional financing to continuously fund our operations, and a failure to obtain necessary capital when needed would force us to delay, limit, reduce or terminate our product development or commercialization efforts.
- Our financial prospects depend on the successful development and approval of our clinical-stage and pre-clinical stage vaccine pipeline.
- We may face substantial competition in the market for vaccines.
- We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.

Risks relating to development, clinical trials and regulatory approval of our vaccine candidates:

- We may be unable to obtain regulatory approval for our vaccine candidates, and we may not be able to identify, discover or in-license new and suitable vaccine candidates.
- Vaccine development involves a lengthy and expensive process with uncertain outcomes, and results of earlier clinical trials may not be predictive of results of later-stage clinical trials.
- We may not be able to comply with ongoing regulatory obligations and continued regulatory review even if we receive regulatory approval for our vaccine candidates.

Risks relating to commercialization of our vaccine and vaccine candidates:

- We may not be able to be successfully prequalified by local governments of our target provinces or secure subsequent product orders.
- Our sales may be adversely affected by the recession or eradication of the infectious diseases that our vaccines target and the availability of alternative vaccines or treatment technologies.
- We have limited experience in commercializing vaccine candidates in China, and any failure to perform proper quality control and quality assurance would have a material adverse effect on our business and financial results.
- We may fail to obtain regulatory approval in any targeted jurisdictions outside of China and face variety of risks associated with international operations.

Risks relating to our operations:

- We have engaged in in-licensing and collaboration arrangements to develop and commercialize a number of vaccine candidates, and may continue to seek strategic partnerships and collaborations or enter into additional licensing arrangements in the future, which is subject to risks.
- Our business depends on the use of raw materials, and a decrease in the supply, or an increase in the cost of these raw materials could materially and adversely affect our business, financial condition and results of operation.
- Changes in government regulations or in practices relating to the vaccine industry and compliance with new regulations may result in additional costs.
- We could be unsuccessful in obtaining or maintaining adequate intellectual property protection for one or more of our vaccine candidates.
- We are at risk of governmental actions detrimental to our business, such as product seizure, resumed price controls and additional regulations.

- We benefit from certain preferential tax and financial incentives, the expiration of or changes to which could adversely affect our profitability.
- Our reputation is important to our business success. Negative publicity may adversely affect our reputation and business prospect.
- Any disruption to our continuous use of properties for our business and operations could adversely affect our business and results of operations.
- The pandemic may continuously have an impact on our business operations, such as causing delays in clinical trials, construction of facilities, regulatory inspections and launch of vaccine products.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period,

(i) the Group's largest supplier accounted for 8.24% (2019: 10.4%) of its total purchases, and the five largest suppliers accounted for 30.5% of its total purchases (2019: 31.8%); and

(ii) the Group generated revenue of approximately RMB18.5 million from the sales of our Core Product for the year ended December 31, 2020 from one customer. In 2019, we did not record any revenue.

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

As of December 31, 2020, we had four constructions in progress, the details of which are as follows:

Address and Postal Code	Stage of Completion	Expected Completion Date	Planned Use	Gross Floor Area	Interest Held by the Company
No. 16 Xinwei Road, West District, Tianjin Development Zone (天津開發區西區新維路16號), 300457	Approximately 99%	By the end of 2021	Construction of phase I production facilities	Approximately 38,000 square meters	100%
Biomedical Park, 185 South Avenue TEDA West District, Tianjin (天津經濟技術開發區西區南大街185號西區生物醫藥園), 300457	Approximately 86%	By the end of 2021	Renovation of biomedical park in west district	Approximately 5,824 square meters	100%
No. 16 Xinwei Road, West District, Tianjin Development Zone (天津開發區西區新維路16號), 300457	Approximately 39%	By the end of 2021	Construction of PCV production line	Approximately 2,209 square meters	100%
To the north of South Avenue TEDA West District, Tianjin (天津經濟技術開發區西區南大街以北), 300457	Approximately 35%	By the end of 2021	Vaccine construction base	Approximately 15,000 square meters	100%

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 15 to the consolidated financial statements.

SUBSIDIARIES

Details of the subsidiaries of the Company as of December 31, 2020 are set out in note 37 to the consolidated financial statements.

SHARE CAPITAL

Share capital of the Company as of December 31, 2020 was as follows:

	Number of Shares	Percentage of total issued share capital
A Shares	114,778,999	46.38%
H Shares	132,670,900	53.62%

As a result of the A Share Offering, the total number of 24,800,000 A Shares were issued at an issue price of RMB209.71 per A Share, and its aggregated nominal value is RMB24,800,000. Upon completion of the A Share Offering, 73,254,799 domestic shares and 16,724,200 unlisted foreign shares of the Company issued before the A Share Offering were converted and re-designated to A Shares. The above A Shares were listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange on August 13, 2020. The A Share Offering is expected to provide sufficient financial support for the Company to continuously promote the research and development and commercialization of the Company's pipeline, and further improve the Company's corporate governance. Details of movements in the share capital of the Company during the Reporting Period are set out in note 24 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As of December 31, 2020, the Company did not have any distributable reserves (December 31, 2019: nil). Details of movements in the reserves of the Company during the Reporting Period are set out in the Consolidated Statement of Changes in Equity on page 89 of this annual report.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as of December 31, 2020 are set out in note 28 to the consolidated financial statements.

For the Reporting Period, the Company did not issue any convertible bonds.

SHARE INCENTIVES

During the Reporting Period, the Company did not adopt any share incentive plan.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Reporting Period or subsisted at the end of the Reporting Period.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors who held office during the Reporting Period and up to the date of this report were:

Executive Directors
Dr. Xuefeng YU *(Chairman)*
Dr. Shou Bai CHAO
Dr. Tao ZHU
Dr. Dongxu QIU

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

Supervisors
Ms. Jieyu ZOU
Ms. Zhengfang LIAO
Ms. Jiangfeng LI

Pursuant to the announcement of the Company dated March 28, 2021, in relation to, among other things, the proposed change of a Supervisor, Ms. Zou Jieyu tendered her resignation as a Supervisor of the Company on March 26, 2021 due to other work engagement with effect from the conclusion of the forthcoming annual general meeting of the Company (the "**AGM**"). As nominated by Dr. Yu and agreed by the Board of Supervisors, the Company proposed to appoint Dr. Shao Zhongqi as a Supervisor, subject to approval by the Shareholders at the AGM. For biographical details of Dr. Shao, please refer to the abovementioned announcement.

DIRECTORS' AND SUPERVISORS' BIOGRAPHICAL DETAILS

Details of Directors and Supervisors are set out in "Director, Supervisors and Senior Management" on pages 20 to 26 of this annual report. Save as disclosed in that section, up to the date of this report, there were no changes to the information which are required to be disclosed by Directors and Supervisors pursuant to Rules 13.51(2)(a) to 13.51(2)(e) and 13.51(2)(g) of the Hong Kong Listing Rules.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Details of Directors' and Supervisors' service contracts set out in the section headed "Appointment, Re-election and Removal of Directors" on page 29 of the Corporate Governance Report. The Company did not enter into any relevant unexpired service contracts with them which are not determinable by the Company within a year without payment of any compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the Directors, Supervisors or any of their respective associates were 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.

COMPETING INTEREST AND OTHER INTEREST

None of the Directors or the Supervisors or any entity connected with them had any material interest, either directly or indirectly, in any contract, transaction or arrangement of significance to the Company's business to which the Company, any of its holding companies, any of its subsidiaries, fellow subsidiaries was a party subsisted at the end of the year or at any time during the Reporting Period.

During the Reporting Period, none of the Directors and their respective associates had an interest in a business which causes or may cause any significant competition with the business of the Company and any other conflicts of interest which any such person has or may have with the Company.

During the Reporting Period, the Group has not entered into any contract of significance with the Controlling Shareholders (other than the service contracts of Directors and senior management).

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a confirmation of independence pursuant to Rule 3.13 of the Hong Kong Listing Rules from each of the independent non-executive Directors and considers such Directors to be independent in accordance with Rule 3.13 of the Hong Kong Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

EMPLOYEE AND REMUNERATION POLICY

As at December 31, 2020, the Group had 733 employees.

The number of employees employed by the Group varies from time to time depending on need. The remuneration package of our employees includes salary and bonus, which are generally determined by their qualifications, industry experience, position and performance. The Company makes contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

The total employee benefit expenses incurred by the Group for the year ended December 31, 2020 was approximately RMB205.9 million (2019: approximately RMB116.7 million).

During the year ended December 31, 2020, the Group did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations, or any difficulty in recruiting employees.

The Remuneration and Assessment Committee of the Company was set up for reviewing the Company's emolument policy and any long-term incentive schemes, and structure for all remuneration of the Directors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors and senior management and comparable market practices.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five highest paid individuals are set out in notes 36(a) and 9(b) to the consolidated financial statements.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the code provisions of the CG Code as its own code of corporate governance. The Board is of the view that the Company has complied with all applicable code provisions of the CG Code for the Reporting Period, except for the following:

In respect of code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer of the Company are not separate and are both performed by Dr. Yu. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors; (ii) Dr. Yu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the 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 the 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 the Company in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

The corporate governance report is set out on pages 27 to 39 of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Company is committed to achieving improvement in environmental performance and complying with the relevant environmental protection regulations and rules.

The environmental, social and governance report of the Company prepared in accordance with Appendix 27 of the Hong Kong Listing Rules is set out on pages 40 to 65 of this annual report.

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 throughout the Reporting Period. 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.

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

As of December 31, 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, to be recorded in the register referred to therein, or as otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares or underlying Shares of the Company

Name of Director	Capacity/Nature of interest	Class of Shares	Number of Shares	Approximate % of total shareholding interest in our Company	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]	H Share	34,598,400(L)	13.98%	26.08%
	Beneficial owner, Interest of a party to an agreement regarding interest in the Company[2]	A Share	34,598,400(L)	13.98%	30.14%
Dr. Zhu	Interest of a party to an agreement regarding interest in the Company[2]	H Share	34,598,400(L)	13.98%	26.08%
	Beneficial owner, Interest of a party to an agreement regarding interest in the Company[2], Interest in a controlled corporation[3]	A Share	42,579,625(L)	17.21%	37.10%
Dr. Qiu	Beneficial owner, Interest of a party to an agreement regarding interest in the Company[2]	H Share	34,598,400(L)	13.98%	26.08%
	Beneficial owner, Interest of a party to an agreement regarding interest in the Company[2]	A Share	34,598,400(L)	13.98%	30.14%
Dr. Chao	Interest of spouse[4]	H Share	11,924,700(L)	4.82%	8.99%
	Interest of spouse[4]	A Share	4,409,500(L)	1.78%	3.84%
Ms. Nisa Bernice Wing-Yu Leung[5]	Beneficial owner	H Share	93,897(L)	0.04%	0.07%

Notes:

(1) The percentage is calculated based on the number of relevant class of Shares in issue as of December 31, 2020.

(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 1.40%, 1.33% and 0.49% 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 A 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) Ms. Nisa Bernice Wing-Yu Leung's shareholding in Qiming Corporate GP IV, Ltd decreased from 33.33% to 25% on December 31, 2020. As a result, Qiming Corporate GP IV, Ltd is no longer a corporation controlled by Ms. Nisa Bernice Wing-Yu Leung and therefore Ms. Nisa Bernice Wing-Yu Leung is no longer deemed to be interested in the H Shares of the Company via the controlled corporations.

(6) (L) – Long position

Save as disclosed above, as of December 31, 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, to be recorded in the register referred to therein, or as otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

As of December 31, 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	Class of Shares	Number of Shares	Approximate % of total shareholding interest in our Company	Approximate % of the relevant class of Shares
Dr. Mao	Beneficial owner, Interest of a party to an agreement regarding interest in the Company[1]	H Share	34,598,400(L)	13.98%	26.08%
	Beneficial owner, Interest of a party to an agreement regarding interest in the Company[1]	A Share	34,598,400(L)	13.98%	30.14%
The Capital Group Companies, Inc.	Interest in a controlled corporation	H Share	21,317,407(L)	8.61%	16.07%
JPMorgan Chase & Co.	Interest in a controlled corporation, Investment manager, Person having a security interest in shares, Approved lending agent	H Share	9,189,958(L) 819,370(S) 7,481,559(P)	3.71% 0.33% 3.02%	6.92% 0.61% 5.63%
Shi Yi	Interest in a controlled corporation	H Share	12,585,562(L)	5.09%	9.49%

Name of substantial shareholder	Capacity/Nature of interest	Class of Shares	Number of Shares	Approximate % of total shareholding interest in our Company	Approximate % of the relevant class of Shares
LAV Management Company, Limited	Investment Manager	H Share	10,860,962(L)	4.39%	8.19%
Qiming Corporate GP IV, Ltd.	Interest in a controlled corporation	H Share	11,276,538(L)	4.56%	8.50%
Qiming GP IV, L.P.	Interest in a controlled corporation	H Share	11,276,538(L)	4.56%	8.50%
Qiming Venture Partners IV, L.P.	Interest in a controlled corporation	H Share	11,276,538(L)	4.56%	8.50%
QM29 Limited	Beneficial owner	H Share	11,276,538(L)	4.56%	8.50%
SDIC Fund Management Company Ltd. (國投創新投資管理有限公司)	Investment Manager	A Share	8,855,336(L)	3.58%	7.72%
Future Industry Investment Fund (Limited Partnership) (先進製造產業投資基金（有限合夥）)	Beneficial owner	A Share	8,855,336(L)	3.58%	7.72%
Chen Fei	Interest in a controlled corporation	A Share	7,709,454(L)	3.12%	6.72%
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	A Share	7,709,454(L)	3.12%	6.72%
Shanghai Liyao Investment Management Co., Ltd (上海禮曜投資管理有限公司)	Interest in a controlled corporation	A Share	7,709,454(L)	3.12%	6.72%

Notes:

(1) Pursuant to the Concert Party Agreement.

(2) (L) – Long position

(S) – Short position

(P) – Lending pool

Save as disclosed above, as of December 31, 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.

USE OF PROCEEDS FROM LISTING OF H SHARES AND A SHARE OFFERING

Use of H-Share IPO Proceeds

The Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from its Listing of H Shares and the exercise of over-allotment option of approximately HK$1,309.8 million in aggregate, equivalent to approximately RMB1,122.3 million (the "**H-Share IPO Proceeds**"). 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, on August 21, 2020, the Board resolved to change the use of the remaining unutilized H-Share IPO Proceeds of approximately RMB682.8 million in total as of June 30, 2020, which was subsequently approved by the Shareholders of the Company on October 9, 2020. The table below sets out, among other things, the revised allocation of unutilized H-Share IPO Proceeds and actual usage up to December 31, 2020:

Intended use of H-Share Proceeds	Proposed use of H-Share IPO Proceeds as of the time of Listing (RMB million)	Unutilized H-Share IPO Proceeds as of June 30, 2020 (RMB million)	Revised allocation of unutilized H-Share IPO Proceeds as of June 30, 2020 (RMB million)	Actual usage during the Reporting Period (RMB million)	Actual usage up to December 31, 2020 (RMB million)	Unutilized net proceeds as of December 31, 2020 (RMB million)	Expected time of full utilization of remaining balance
Research and development and commercialization of MCV candidates	505.1	458.2	38.2	23.4	51.1	34.0	By the end of 2021
Research and development of DTcP candidates	224.5	166.6	166.6	25.1	61.3	163.2	By the end of 2023
Research and development of other key products	168.3	41.8	41.8	65.0	133.4	35.0	By the end of 2021
Continued research and development of our pre-clinical vaccine candidates	112.2	10.7	10.7	63.5	109.4	2.8	By the end of 2021[1]
Working capital and other general corporate purposes	112.2	5.5	5.5	60.6	110.4	1.8	By the end of 2021[1]
(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
Total	1,122.3	682.8	682.8	237.5	465.5	656.8	

Note:

1. The Company prioritized the use of A-Share IPO Proceeds (as defined below) after receiving it, and thus the actual usage of corresponding H-Share IPO Proceeds was delayed.

Use of A-Share IPO Proceeds

The A Shares were listed on the Sci-Tech Innovation Board of Shanghai Stock Exchange on August 13, 2020. The Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the A Share Offering of approximately RMB4,979.5 million (the "**A-Share IPO Proceeds**"). The table below sets out, among other things, the planned applications of the A-Share IPO Proceeds and actual usage up to December 31, 2020:

Intended use of A-Share IPO Proceeds	Planned applications of A-Share IPO Proceeds (RMB million)	Actual usage up to December 31, 2020 (RMB million)	Unutilized net proceeds as of December 31, 2020 (RMB million)	Expected time of full utilization of remaining balance
Construction of phase II production facilities	550.0	–	550.0	By the end of 2023
Development of vaccine candidates	150.0	6.4	143.6	By the end of 2023
Construction of vaccine traceability and cold chain logistics system and information system	50.0	1.9	48.1	By the end of 2022
Working capital	250.0	250.0	–	NA
Sub-total[1]	1,000.0	258.3	741.7	
Over-raised proceeds from A Share Offering[1]	3,979.5	1,190.0	2,789.5	By the end of 2023
Total	4,979.5	1,448.3	3,531.2	

Note:

1. The A-Share IPO Proceeds consist of: (1) a total of RMB1,000.0 million, the proposed applications of which have been disclosed in the prospectus of the A Share Offering; and (2) the over-raised proceeds of RMB3,979.5 million. STAR Market Listing Rules do not require intended use to be applied to the over-raised proceeds obtained from A Share Offering. Any subsequent intended use for the over-raised proceeds from A Share Offering shall be approved by the Shareholders at a general meeting. As approved by the Shareholders of the Company at the extraordinary general meeting held on October 9, 2020, a total amount of RMB1,190.0 million of the over-raised proceeds from A Share Offering has been used to permanently supplement working capital. The Company will use the unutilized over-raised proceeds from A Share Offering for future business needs after obtaining approvals from the Shareholders at a general meeting in accordance with relevant requirements of the Shanghai Stock Exchange, and disclose relevant specific plans in due course.

The expected timeline for utilizing the remaining proceeds from each of the Listing of H Shares and A Share Offering is set on the basis of the best estimation of the Company taking into account, among other factors, prevailing and future market conditions and business developments and needs, and therefore is subject to change. Based on our estimates, we currently intend to apply the unutilized net proceeds in accordance with the plans set out in the above tables.

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

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

CONTINUING CONNECTED TRANSACTION

The Group had no non-exempt continuing connected transactions for the year ended December 31, 2020 (2019: nil).

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2020, the Group did not have any significant transactions with related parties (2019: nil).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the relevant laws of the PRC that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's listed securities. If any of the Shareholders is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, he or she is advised to consult an expert.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period, the Company has complied with all relevant laws and regulations that have a significant impact on the Company, including but not limited to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), the Hong Kong Listing Rules, the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), the STAR Market Listing Rules, Civil Code of the People's Republic of China《中華人民共和國民法典》, the Company Law, Foreign Investment Law of the People's Republic of China《中華人民共和國外商投資法》, Pharmaceutical Administration Law of the People's Republic of China《中華人民共和國藥品管理法》, Measures for the Supervision over and Administration of Pharmaceutical Production《藥品生產監督管理辦法》, Provisions for Drug Registration《藥品註冊管理辦法》, Vaccine Administration Law of the People's Republic of China《中華人民共和國疫苗管理法》, Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases《中華人民共和國傳染病防治法》and their rules for implementation.

PERMITTED INDEMNITY PROVISION

During the Reporting Period and as of December 31, 2020, the Company had purchased liability insurance for Directors and Supervisors which provides proper protection from liabilities arising from or in connection with the performance of their duties.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as of the date of this annual report, the Company has maintained the prescribed percentage of public float under the Hong Kong Listing Rules.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years (prepared in accordance with HKFRS) are set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors being Ms. Zhu XIN (Chairwoman), Mr. Shiu Kwan Danny WAI and Mr. Shuifa GUI. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Company and overseeing the audit process.

The Audit Committee has reviewed together with the management and external auditor the accounting principles and policies adopted by the Company and the audited consolidated financial statements for the year ended December 31, 2020.

AUDITOR

The financial statements for the year ended December 31, 2020 has been audited by PricewaterhouseCoopers.

Pursuant to the announcement of the Company date March 28, 2021, in relation to, among other things, the proposed change of auditors, PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP shall retire as the international and the domestic auditors of the Company in the AGM, respectively. The Board proposed to appoint Deloitte Touche Tohmatsu as the new international auditor, and Deloitte Touche Tohmatsu Certified Public Accountants LLP as the new domestic auditor of the Company, which is subject to approval by the Shareholders at the AGM.

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

Hong Kong, March 26, 2021

REPORT OF THE SUPERVISORS FOR 2020

With the joint efforts of all Supervisors of the Company and in accordance with the laws and regulations such as the Company Law, the provisions of the Articles of Association and the Rules of Procedures for Meeting of the Board of Supervisors, the Board of Supervisors, in the spirit of being responsible to all Shareholders, conscientiously performed the duties and powers bestowed upon it by relevant laws and regulations, actively and effectively carried out the work, supervised the compliance of the operation of the Company and the performance of duties by the Directors and senior management of the Company, and safeguarded the legitimate rights and interests of the Company as well as its Shareholders.

The work of the Board of Supervisors in 2020 and the work plan for 2021 are hereby reported as follows:

I. WORK OF THE BOARD OF SUPERVISORS IN 2020

In 2020, the Board of Supervisors convened and held 4 meetings of the Board of Supervisors pursuant to the laws. The notifying, convening and voting procedures for the meetings were in compliance with the requirements of the Company Law and other laws and regulations as well as the Articles of Association and the rules of procedures of the Board of Supervisors. The work of the Board of Supervisors mainly included:

1. attending general meetings to understand the operation of the general meetings;

2. attending the meetings of the Board of Directors of the Company to understand the operation of the Board of Directors;

3. reviewing the financial reports of the Company and the audit reports submitted by auditors of the Company; and

4. supervising the internal control of the Company.

II. OPINIONS ON THE BOARD OF SUPERVISORS DURING THE REPORTING PERIOD

(i) Compliance of the Operation

The members of the Board of Directors and senior management of the Company operated in strict compliance with the relevant provisions of the Company Law and the Articles of Association, diligently and responsibly performed their duties by following a scientific and reasonable decision-making process, and earnestly implemented each resolution of the general meetings, and they were not aware of any illegal act or actions against the interests of the Company.

(ii) Financial Position of the Company

The Board of Supervisors reviewed and agreed with the audited consolidated financial statements of the Group for the year ended December 31, 2020, and believed that the financial statements of the Group have given an objective and true view of the financial position and the operating results of the Group and is free of false representations, misleading statements and material omissions.

(iii) Internal Control

Based on the relevant regulations of the Company Law and the Articles of Association as well as the actual situation of the Company, the Company established a comprehensive internal management and internal control system, which ensures the normal operation of the Company. The Company has a complete internal control organization and an internal audit department with sufficient staff to ensure full and effective implementation and supervision of the Company.

(iv) Integrity and Self-discipline

The Directors and senior management of the Company strictly regulated themselves to abide by the laws and regulations with honesty and self-discipline, and no illegal acts due to private interests were found.

III. WORK PLAN FOR 2021

The Board of Supervisors will further regulate the work of the Board of Supervisors in accordance with the Company Law, the Articles of Association as well as other applicable laws and regulations, reinforce its supervision duties and safeguard the interests of the Company and its Shareholders by:

(1) attending general meetings of the Company and pay close attention to the operation of the general meetings as well as the Company's business decisions to ensure normal operation of the Company;

(2) attending the meetings of Board of Directors of the Company and continue to actively participate in various work meetings organized and convened by the Company to keep abreast of the operation of the Board of Directors and the operation and development of the Company to ensure the standardized operation of the Company;

(3) further reinforcing the supervision and inspection of the financial position of the Company;

(4) supervising the compliance and due diligence of the Directors and senior management of the Company; and

(5) further strengthening its supervision in internal control to make sure the Company's internal control system plays a critical role in risk prevention and control for its operation and management.

The Board of Supervisors
CanSino Biologics Inc.
March 26, 2021

Independent Auditor's Report

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

OPINION

What we have audited

The consolidated financial statements of CanSino Biologics Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 87 to 143, which comprise:

- the consolidated balance sheet as of 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is capitalisation of development costs.

Key Audit Matter	How our audit addressed the Key Audit Matter
Capitalisation of development costs	
Refer to Note 2.8(c), Note 4(a)(i) and Note 17 to the consolidated financial statements. The Group is principally engaged in the research and development, manufacturing and commercialisation of vaccine products for human use. During the year ended 31 December 2020, the Group incurred RMB428,593,000 as expenditures on research and development, of which RMB428,486,000 was recognised as research and development expenses for the current year, and RMB107,000 was capitalised as intangible assets. As of 31 December 2020, the balance of capitalised development costs recognised as intangible assets was RMB35,402,000. Development costs are capitalised as assets if the criteria set out in Note 2.8(c) can be demonstrated. We focused on this area given the significance of the expenditures on research and development, a portion of which was capitalised as assets. Management applied significant judgments in assessing whether development costs have met the capitalisation criteria. In view of these reasons, we identified this as a key audit matter.	We performed the following audit procedures on the capitalised development costs: (1) We obtained an understanding of the Group's capitalisation criteria, assessed whether it was in line with relevant accounting standards. We understood, evaluated and validated the key controls in the process of capitalisation of development costs. (2) We examined the research proposal, budgets, approval for clinical trial, clinical trial application materials, clinical trial reports and announcements of the success of clinical trials for each of the projects at development stage, assessed management's intention to complete the project to sell the vaccine product and management's judgment on technical feasibility, checked whether the project has entered into the development stage. (3) For management's judgements on the future economic benefit, with reference to the related market research and product margin levels of the comparable companies in the same industry, we assessed the appropriateness of such key assumptions applied by management as the market size, revenue growth rate and gross profit margin. We then reviewed sensitivity analysis performed by management on the key assumptions used in the forecast to assess the potential impacts on the future economic benefit. (4) Considering the Group's funds availability and technology capabilities, we assessed the reasonableness of management's judgements on the availability of financial and technological resources to complete the development project and kick off the production.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Capitalisation of development costs (continued)	
	(5) We selected samples of research and development expenditures, examined the supporting documents such as contracts, payment vouchers and invoices. For samples selected relating to capitalised development costs, we further checked that the costs were incurred at development stage and attributable to the development activities. Based on the above procedures performed, the judgments applied by management in determining the capitalisation of development costs were supported by the audit evidence we obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tsun NG.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2021

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
Revenue	6	**18,544**	–
Cost of sales of goods	8	**(13,804)**	–
Gross profit		**4,740**	–
Other income	7	**114,894**	19,000
Selling expenses	8	**(16,562)**	(5,287)
Administrative expenses	8	**(82,875)**	(62,786)
Research and development expenses	8	**(428,485)**	(151,747)
Impairment loss of non-financial assets	8	**(391)**	(241)
Other gains – net	10	**7,820**	816
Operating loss		**(400,859)**	(200,245)
Finance income	11	**31,721**	43,572
Finance costs	11	**(27,500)**	(93)
Finance income – net	11	**4,221**	43,479
Loss before income tax		**(396,638)**	(156,766)
Income tax expense	12	**–**	–
Loss for the year and total comprehensive loss		**(396,638)**	(156,766)
Loss attributable to owners of the Company		**(396,638)**	(156,766)
Loss per share			
– Basic and diluted loss per share (in RMB)	13	**(1.72)**	(0.77)

The notes on pages 91 to 143 form an integral part of the consolidated financial statements.

Consolidated Balance Sheet

As of 31 December 2020

	Notes	As of 31 December 2020 RMB'000	2019 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**873,375**	575,504
Right-of-use assets	16	**43,998**	32,716
Intangible assets	17	**36,838**	38,689
Other receivables and prepayments	20	**107,778**	36,476
Term deposits with initial term of over three months	22	**265,441**	306,868
Total non-current assets		**1,327,430**	990,253
Current assets			
Inventories	18	**170,512**	16,338
Trade receivables	19	**21,639**	–
Other receivables and prepayments	20	**114,823**	23,114
Financial assets at fair value through profit or loss	21	**666,640**	111,526
Term deposits with initial term of over three months	22	**–**	440,817
Cash and cash equivalents	23	**4,447,029**	202,450
Total current assets		**5,420,643**	794,245
Total assets		**6,748,073**	1,784,498
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	24	**6,772,398**	1,792,933
Capital reserves	25	**63,148**	45,637
Accumulated losses		**(764,692)**	(368,054)
Total equity		**6,070,854**	1,470,516
LIABILITIES			
Non-current liabilities			
Borrowings	28	**90,000**	130,000
Lease liabilities		**3,790**	7,758
Deferred income	29	**170,576**	51,929
Total non-current liabilities		**264,366**	189,687
Current liabilities			
Trade payables	30	**60,573**	6,171
Contract liabilities	6	**420**	578
Other payables and accruals	31	**299,728**	80,638
Borrowings	28	**40,159**	20,239
Lease liabilities		**8,588**	8,802
Deferred income	29	**3,385**	7,867
Total current liabilities		**412,853**	124,295
Total liabilities		**677,219**	313,982
Total equity and liabilities		**6,748,073**	1,784,498

Approved and authorised for issue by the board of directors on 26 March 2021.

Director: Xuefeng YU

Director: Shou Bai CHAO

The notes on pages 91 to 143 form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Notes	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 24)	Capital reserves RMB'000 (Note 25)	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 year		**–**	**–**	**–**	**(396,638)**	**(396,638)**
Transaction with owners						
– Issuance of shares	24	**24,800**	**4,954,665**	**–**	**–**	**4,979,465**
– Share-based payments	25	**–**	**–**	**17,511**	**–**	**17,511**
Balance at 31 December 2020		**247,450**	**6,524,948**	**63,148**	**(764,692)**	**6,070,854**
Balance at 1 January 2019		160,951	528,535	24,119	(211,288)	502,317
Comprehensive loss						
– Loss for the year		–	–	–	(156,766)	(156,766)
Transaction with owners						
– Issuance of shares	24	61,699	1,041,748	–	–	1,103,447
– Share-based payments	25	–	–	21,518	–	21,518
Balance at 31 December 2019		222,650	1,570,283	45,637	(368,054)	1,470,516

The notes on pages 91 to 143 form an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Cash used in operations	32	**(499,741)**	(173,718)
Interests received		**30,352**	3,529
Net cash used in operating activities		**(469,389)**	(170,189)
Cash flows from investing activities			
Payment for property, plant and equipment		**(269,888)**	(110,045)
Payment for an equity investment		**(20,000)**	–
Payment for wealth management products and structured deposit		**(6,130,000)**	(461,000)
Payment for term deposits with initial term of over three months		**(137,010)**	(1,203,652)
Proceeds from term deposits with initial term of over three months		**625,952**	464,710
Proceeds from disposal of wealth management products		**5,601,000**	490,000
Proceeds from disposal of property, plant and equipment		**–**	10
Payment for intangible assets		**(886)**	(6,903)
Receipt of investment income on wealth management products and term deposits		**28,664**	13,155
Receipt of asset related government grants		**119,455**	15,955
Net cash used in investing activities		**(182,713)**	(797,770)
Cash flows from financing activities			
Interest paid		**(6,691)**	(8,783)
Net proceeds from the A share listing		**4,983,776**	1,127,770
Repayment of borrowings		**(20,000)**	–
Principal elements of lease payments		**(20,013)**	(7,302)
Payment of listing expenses		**(13,554)**	(20,859)
Net cash generated from financing activities		**4,923,518**	1,090,826
Net increase in cash and cash equivalents		**4,271,416**	122,867
Cash and cash equivalents at the beginning of the year		**201,973**	57,381
Exchange gains on cash and cash equivalents		**(27,360)**	21,725
Cash and cash equivalents at the end of the year	23	**4,446,029**	201,973

The notes on pages 91 to 143 form an integral part of the consolidated financial statements.

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 "**HK Listing**"), and the Company's A shares were listed on the SSE STAR Market on 13 August 2020 (the "**A Share Listing**").

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements are presented in Renminbi ("**RMB**") and rounded to nearest thousand yuan, unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(i) Historical cost convention

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

(ii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(ii) New and amended standards adopted by the Group (Continued)

The Group also elected to adopt the following amendments early.

- Annual Improvements to HKFRS Standards 2018-2020 Cycle.
- Covid-19-Related Rent Concessions – amendments to HKFRS 16 and Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods, except for the Amendment to HKFRS 16 set out above.

(iii) New and amended standards not early adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	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

2.2 Changes in accounting policies

(a) Research and development

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 was 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 (see Note 2.8(c)) are met. It 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (Continued)

(a) Research and development (Continued)

Considering the overall impact on financial statements is insignificant, the Group released the cost of Phase I development of approximately RMB2,113,000 from capitalised intangible assets to research and development expenses for the year ended 31 December 2020.

(b) Leases

The Group has early adopted Amendment to HKFRS 16-Covid-19-Related Rent Concessions retrospectively from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b. any reduction in lease payments affects only payments due on or before 30 June 2021; and c. there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totalling RMB2,163,000 have been accounted for as negative variable lease payments, including RMB1,918,000 recognised in administrative expenses and research and development expenses in the statement of profit or loss for the year ended 31 December 2020, and RMB245,000 recognised in borrowing costs capitalised in qualifying assets as of 31 December 2020, with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 January 2020.

2.3 Subsidiaries

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources, assessing performance of the operating segments, and has been identified as the executive directors of the Group that make strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses are presented in the statement of comprehensive income within finance income or finance costs.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

–	Buildings	20 years
–	Leasehold improvements	Shorter of remaining lease term or estimated useful life
–	Equipment and instruments	5-10 years
–	Motor vehicles	4 years
–	Office equipment and furniture	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other (losses)/gains – net" in the statement of comprehensive income.

2.8 Intangible assets

(a) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over their estimated useful lives of 2 years. Costs associated with maintaining computer software programs are recognised as expense as incurred.

(b) Non-proprietary technologies

Non-proprietary technologies are initially recorded at cost and are amortised on a straight-line basis over their useful lives of 5 years.

(c) Research and development

The Group incurs significant costs and efforts on research and development activities, which include expenditures on vaccine products. Research expenditures are charged to the profit or loss as an expense in the year the expenditure is incurred. Development costs are recognised as assets if they can be directly attributable to a newly developed vaccine product and all the following can be demonstrated:

(i) The technical feasibility to complete the development project so that it will be available for use or sale;

(ii) The intention to complete the development project to use or sell the vaccine product;

(iii) The ability to use or sell the vaccine product;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

(c) Research and development (Continued)

(iv) The manner in which the development project will generate probable future economic benefits for the Group;

(v) The availability of adequate technical, financial and other resources to complete the development project and use or sell the vaccine product; and

(vi) The expenditure attributable to the asset during its development can be reliably measured.

The Group recognise development costs as follows:

For class I biological products (biological products that have not been previously approved for sale in China or abroad), development stage begins after obtaining new drug application approval from drug regulatory organization. Development costs at this stage are recognised as assets when the above six criteria are met.

As explained in Note 2.2(a) above, for non-class I biological products, development stage begins after Phase III clinical trials are conducted substantially. Development costs at Phase III are recognised as assets when the above six criteria are met.

Development expenditures not satisfying the above criteria are recognised in the profit or loss as incurred.

Capitalised development costs are amortised using the straight-line method over the life of the related vaccine product. Amortisation shall begin when the asset is available for use.

2.9 Impairment of non-financial assets

Intangible assets not yet ready for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets and financial liabilities

(a) Initial recognition

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income, which results in an accounting loss being recognised in profit or loss.

(b) Classification and subsequent measurement

Financial assets

The Group classifies its financial assets in the following measurement categories:

(i) amortised cost;

(ii) fair value through other comprehensive income; or

(iii) fair value through profit or loss.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Classification and subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset.

A debt instrument shall be measured at amortised cost if all of the following conditions are met:

(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and

(iii) they are not designated at financial assets at fair value through profit or loss.

The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is measured using the effective interest rate method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets and financial liabilities (Continued)

(b) Classification and subsequent measurement (Continued)

Debt instruments (Continued)

A debt instrument shall be measured at fair value through other comprehensive income if all of the following conditions are met:

(i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and

(iii) they are not designated at fair value through profit or loss.

When the financial asset measured at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is measured using the effective interest rate method and recognised in profit or loss.

A debt instrument shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting year following the change.

The Group may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

At initial recognition, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets and financial liabilities (Continued)

(b) Classification and subsequent measurement (Continued)

Equity instruments (Continued)

When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Dividends from these investments are recognised in profit or loss. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Gains and losses on equity investments at fair value through profit or loss are included in the profit or loss.

Financial liabilities

In both the current and prior year, financial liabilities are classified as subsequently measured at amortised cost, except for:

(i) Financial liabilities at fair value through profit or loss. Such liabilities, including derivatives, and financial liabilities designated as fair value through profit or loss. The Group shall present a gain or loss on those financial liabilities designated as of fair value through profit or loss as follows: the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, and the remaining amount of change in the fair value of the liability shall be presented in profit or loss unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

(ii) Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies. When the transfer of financial asset did not qualify for derecognition, a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability.

(iii) Financial guarantee that is not categorised in item (i) and (ii) above, and loan commitment at a below-market interest rate and not categorised in item (i) above.

(c) Derecognition

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated balance sheet) when:

(i) the rights to receive cash flows from the asset have expired; or

(ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets and financial liabilities (Continued)

(c) Derecognition (Continued)

Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability.

(d) Impairment

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost, and at fair value through other comprehensive income, receivables, contractual assets and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date.

At each reporting date, the Group shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition.

The measurement of ECL reflects: An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Inventories

Inventories including finished goods, work in progress, raw materials outsourced for processing, raw materials and consumable materials purchased for production, research and development activities are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting year. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.19 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Current and deferred income tax (Continued)

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.20 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Post-employment obligations

The Group incorporated in the PRC contributes based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and further retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Interest income

Interest income from financial assets at fair value through profit or loss is included in profit or loss as part of other income, and the net fair value gains/(losses) on these assets is included in other gains, see Note 10 below.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from term deposits and financial assets that are held for cash management purposes, see Note 11 below. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.22 Share-based payments

Share-based compensation benefits are provided to employees via the Employee Share Plans. Information relating to these schemes is set out in Note 25.

The fair value of awarded shares granted to employees under Employee Share Plans less amount paid by employees is recognised as an employee benefit expense over the relevant service period, being the vesting period of the shares, and the credit is recognised in equity in the share-based compensation reserve. The fair value of the shares is measured at the grant date. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based compensation reserve. Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective the date of the forfeiture.

2.23 Revenue recognition

Revenues are recognised when, or as, the control of the goods or services is transferred to the customer.

(a) Revenue from vaccine products and other goods are recognised when control of the goods are transferred, being when the goods are delivered to the customers, and the customers have accepted the goods in accordance with the sales contracts, or the Group has objective evidence that all criteria for acceptance have been satisfied.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue recognition (Continued)

(b) Research and development services

Control of the research and technology services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time.

2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be receive and the Group will comply with all attached conditions.

Where the grants relates to an expense item, it is recognised as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed. Where the grants relates to an asset, the fair value is credited to a deferred income account and is released to the statement of comprehensive income over the expected useful life of the relevant asset on straight-line basis or deducted from the carrying amount of the asset and released to the statement of comprehensive income by way of a reduced depreciation charge.

2.25 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is included in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (Continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's risk management is carried out by the finance department under policies approved by the board of directors. The department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign currency risk is the risk that the value of a financial instrument fluctuates because of the change in foreign exchange rates.

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 as mentioned in Note 22 and 23.

As of 31 December 2020, if RMB strengthened or weaken by 10% against USD with all other variables held constant, loss for the year ended 31 December 2020 would increase or decrease by RMB878,000 (2019: RMB623,000).

As of 31 December 2020, if RMB strengthened or weaken by 10% against HKD with all other variables held constant, loss for the year ended 31 December 2020 would increase or decrease by RMB41,813,000 (2019: RMB45,102,000).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk primarily in relation to cash and cash equivalents, term deposits, wealth management products and borrowings. The Group generally assumes borrowings to fund capital expenditures and working capital requirements. The risk is mainly managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. An analysis of borrowings by maturities is provided in Note 28.

During the years ended 31 December 2020 and 2019, all the interests have been capitalised. Assuming that there was no interest capitalisation effect, the Group performs a sensitivity analysis below which has been determined based on the exposure to interest rates for financial assets and financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher and all other variables were held constant, the Group's loss would approximately increase by RMB650,000 for the year ended 31 December 2020 (2019: RMB750,000).

(b) Credit risk

Credit risk mainly arises from term deposits, bank balance, financial assets at amortised cost, financial assets at fair value through profit or loss, trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet.

The credit risk of financial assets at amortised cost, financial assets at fair value through profit or loss, term deposits and bank balance is limited because the counterparties are state-owned or reputable commercial banks which are high-credit-quality financial institutions located in the PRC.

For trade and other receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information. The Group applies the simplified approach for the Group's trade receivables using a lifetime expected loss provision. As of 31 December 2020, the balance of accounts receivables mainly comes from customers with good credit. Based on the customers' background, historical collection and overdue information, the provision for credit loss of accounts receivables was insignificant for the year ended 31 December 2020 (2019: nil).

Management has assessed that during the year ended 31 December 2020, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The directors of the Company do not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognised.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group aims to maintain sufficient cash to meet operating capital requirements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As of 31 December 2020					
Trade payables	**60,573**	**–**	**–**	**–**	**60,573**
Other payables	**224,297**	**–**	**–**	**–**	**224,297**
Borrowings	**44,450**	**91,625**	**–**	**–**	**136,075**
Lease liabilities	**8,870**	**3,741**	**137**	**–**	**12,748**
Total	**338,190**	**95,366**	**137**	**–**	**433,693**
As of 31 December 2019					
Trade payables	6,171	–	–	–	6,171
Other payables	60,056	–	–	–	60,056
Borrowings	27,496	45,674	92,237	–	165,407
Lease liabilities	9,403	4,793	3,332	–	17,528
Total	103,126	50,467	95,569	–	249,162

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less "cash and cash equivalents". Total capital is calculated as "equity" as shown in the consolidated balance sheet plus net debt.

The gearing ratio as of 31 December 2020 and 2019 are as follows:

	As of 31 December 2020	2019
Gearing ratio	**NA**	NA

As of 31 December 2020, the Group was in a net cash position and thus, gearing ratio is not applicable.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

The carrying amounts of the Group's financial assets and liabilities, including cash and cash equivalents, financial assets at amortised cost, 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 of 31 December 2020 and 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).

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

	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
As of 31 December 2020				
Financial assets at fair value through profit or loss				
– Structured deposits	**–**	**–**	**646,640**	**646,640**
– Equity investment	**–**	**–**	**20,000**	**20,000**
	–	**–**	**666,640**	**666,640**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of 31 December 2019				
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 years.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(a) Financial instruments in Level 3

The following table presents the changes in level 3 instruments for the year ended 31 December 2020 and 2019, respectively.

	Financial assets at fair value through profit or loss	
	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Opening balance	**111,526**	–
Additions	**6,150,000**	326,000
Settlements	**(5,633,561)**	(216,266)
Gain and losses recognised in profit or loss	**38,675**	1,792
Closing balance	**666,640**	111,526
Total gains or losses for the year included in "other income"	**32,035**	1,266
Changes in unrealised gains or losses for the year included in "other gains" at the end of the year	**6,640**	526

(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.

	Fair value as of 31 December			Range as of 31 December		
Description	**2020**	2019	**Unobservable Inputs**	**2020**	2019	**Relationship of unobservable input to fair value**
	RMB'000	RMB'000				
Financial assets at fair value through profit or loss – Structured deposits	**646,640**	111,526	Expected rate of return	**2.90%-3.10%**	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 the year ended 31 December 2020 would approximately decrease/increase by RMB5,539,000 (2019: RMB241,000).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Intangible assets not available for use

(i) Capitalisation

Clinical trial expenses incurred on development projects are recognised as intangible assets when it is probable that the projects will be successful considering the criteria set out in Note 2.8. The Group's development activities are tracked by its finance department which combines the evidence from research and development and clinical department and documents to support the basis of determining if and when the criteria are met.

(ii) Impairment

The Group is required to test intangible development assets not available for use on an annual basis. Intangible assets are tested whenever events or changes in circumstances indicate that the carrying amount of those assets exceeds its recoverable amount. The recoverable amount is determined based on the higher of fair value less cost to sell and value in use.

Determination of the value in use is an area involving management judgement in order to assess whether the carrying value of the intangible development assets not available for use can be supported by the net present value of future cash flows. In calculating the net present value of the future cash flows, certain assumptions are required to be made including management's expectations of (i) timing of commercialisation, productivity and market size; (ii) revenue compound growth rate; (iii) costs and operating expenses; and (iv) the selection of discount rates to reflect the risks involved.

(b) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

(c) Recognition of share-based compensation expenses

As mentioned in Note 25, equity-settled share-based compensation plans were granted to the employees. The directors have used the discounted cash flow method to determine the total fair value of the awarded shares granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the discount rate, risk-free interests rate and liquidity discount, is required to be made by the directors in applying the discounted cash flow method.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Current and deferred income taxes

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises deferred tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible temporary differences will be utilised. The recognition of deferred tax assets mainly involved management's judgments and estimations about the timing and the amount of taxable profits of the companies who had tax losses. During the year, deferred tax assets have not been recognised in respect of these accumulated tax losses and other deductible temporary differences based on the fact that there were several vaccine candidates of the Company and most of them were in earlier research and development stage, the future taxable profits would be uncertain.

5. SEGMENT

Management has determined the operating segments based on the reports reviewed by 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 of 31 December 2020 and 2019, the Group's assets were mainly located in the PRC.

6. REVENUE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Sales of vaccine products-at a point in time	**18,544**	–

The Group recognised the following liabilities related to contracts with customers:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Contract liabilities – technical services	**420**	578

All the contracts that are partially or fully unsatisfied are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. OTHER INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Investment income on wealth management products	**32,035**	3,388
Government grants (a)	**77,049**	13,460
Net income from vaccine components	**5,810**	2,136
Others	**–**	16
	114,894	19,000

Note:

(a) Government grants mainly represented subsidy income received from various government organisations to support relevant operating and development activities of the Group.

8. EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Changes in inventories of finished goods and work in progress	**(33,581)**	(229)
Employee benefit expenses (Note 9)	**205,867**	116,684
Listing expenses	**1,943**	14,886
Depreciation and amortisation	**31,741**	22,473
Raw materials and consumables used	**77,844**	26,681
Utilities and office expenses	**21,426**	9,530
Consulting fee	**13,762**	5,327
Travelling and transportation expenses	**7,315**	5,613
Business tax and other transaction taxes	**4,007**	2,955
Clinical trial and testing fee	**198,167**	10,628
Auditors' remuneration	**–**	–
– Audit services	**3,889**	775
– Other services	**160**	376
Operating lease rental expenses (Note 2.2(b))	**(1,421)**	–
Impairment losses on inventories	**391**	241
Others	**10,607**	4,121
	542,117	220,061

Note:

For the year ended 31 December 2020, the Group applied the practical expedient to all qualifying COVID-19-related rent concessions, RMB1,918,000 (Note 2.2(b)) (2019: nil) has been recognised in administrative expenses and R&D expenses.

9. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Wages, salaries and bonuses	**165,239**	73,334
Share-based compensation expenses	**17,511**	21,518
Social security costs and housing benefits	**12,122**	14,021
Others	**10,995**	7,811
	205,867	116,684

The employees of the Group in the PRC are members of a state-managed pension scheme operated by the PRC Government. The Group is required to contribute a specified percentage of payroll costs as determined by local government authority to the pension obligations to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contribution under the scheme.

9. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Employee benefit expenses by nature

Employee benefit expenses were charged in the following categories:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Research and development expenses	**120,911**	87,457
Administrative expenses	**41,902**	25,074
Selling expenses	**12,338**	3,969
Manufacturing costs	**30,716**	184
	205,867	116,684

(b) Five highest paid individuals

For the years ended 31 December 2020, the five individuals whose emoluments were the highest in the Group include 3 directors (2019: 1), whose emoluments are reflected in the analysis presented in Note 36. The emoluments payable to the remaining individuals were as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries	**3,035**	3,007
Discretionary bonuses	**6,958**	1,487
Share-based compensation expenses (Note 25)	**4,047**	9,269
Social security costs, housing benefits and other employee benefits	**260**	189
	14,300	13,952

The remaining highest paid individuals fell within the following bands:

	Year ended 31 December	
	2020	2019
Emolument bands		
HK$2,500,001 – HK$3,000,000	**–**	1
HK$3,000,001 – HK$3,500,000	**–**	1
HK$3,500,001 – HK$4,000,000	**–**	1
HK$6,000,001 – HK$6,500,000	**–**	1
HK$7,500,001 – HK$8,000,000	**1**	–
HK$9,000,001 – HK$9,500,000	**1**	–
	2	4

During the year ended 31 December 2020, no emoluments have been paid to the five highest individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2019: nil).

10. OTHER GAINS – NET

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Losses on disposal of property, plant and equipment	**(136)**	(16)
Gains from Gates foundation	**1,354**	–
Net fair value gains on financial assets at fair value through profit or loss	**6,640**	526
Others	**(38)**	306
	7,820	816

11. FINANCE INCOME – NET

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Finance income		
Interest income on bank deposits	**31,721**	21,847
Exchange gains on foreign currency deposits	**–**	21,725
	31,721	43,572
Finance costs		
Interest expenses on bank borrowings	**(6,521)**	(7,947)
Interest paid/payable for lease liabilities	**(363)**	(942)
Less: borrowing costs capitalised in qualifying assets (Note 15)	**6,884**	8,889
	–	–
Bank charges	**(140)**	(93)
Exchange losses on foreign currency deposits	**(27,360)**	–
	(27,500)	(93)
Finance income – net	**4,221**	43,479

12. INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current income tax expense	**–**	–
Deferred income tax expense	**–**	–
	–	–

12. 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:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Loss before income tax	**(396,638)**	(156,766)
Tax expense calculated at statutory tax rate of 25%	**(99,160)**	(39,192)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
– Impact of applying preferential tax rate	**39,664**	15,677
– Tax loss not recognised as deferred tax assets	**93,188**	34,314
– Extra deduction of research and development expenses	**(36,153)**	(12,804)
– Others	**2,461**	2,005
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 with a valid period of 3 years, and the Company becomes eligible for a corporate income tax rate of 15% for the year ended 31 December 2020 (2019: 15%).

13. 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.

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Loss for the year	**(396,638)**	(156,766)
Weighted average number of ordinary shares in issue (in thousand)	**230,917**	203,252
Basic loss per share (in RMB)	**(1.72)**	(0.77)

(b) Diluted loss per share

Diluted loss per share for the year ended 31 December 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 of 31 December 2020.

14. DIVIDENDS

No dividend has been declared by the Company for the year ended 31 December 2020 (2019: nil).

15. 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 of 31 December 2018							
Cost	27,278	17,522	55,062	639	5,084	437,653	543,238
Accumulated depreciation	(635)	(10,434)	(22,379)	(271)	(2,070)	–	(35,789)
Net book value	26,643	7,088	32,683	368	3,014	437,653	507,449
Year ended 31 December 2019							
Opening net book value	26,643	7,088	32,683	368	3,014	437,653	507,449
Additions	–	–	17,283	–	1,904	64,995	84,182
Disposals	–	–	(15)	–	(1)	–	(16)
Transfer upon completion	9,915	11,652	2,043	–	–	(23,610)	–
Depreciation	(1,746)	(3,934)	(9,067)	(123)	(1,241)	–	(16,111)
Closing net book value	34,812	14,806	42,927	245	3,676	479,038	575,504
As of 31 December 2019							
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
Year ended 31 December 2020							
Opening net book value	**34,812**	**14,806**	**42,927**	**245**	**3,676**	**479,038**	**575,504**
Additions	**–**	**386**	**37,320**	**215**	**3,269**	**281,743**	**322,933**
Disposals	**–**	**–**	**(130)**	**–**	**(6)**	**–**	**(136)**
Transfer upon completion	**–**	**–**	**727**	**–**	**–**	**(727)**	**–**
Depreciation	**(1,778)**	**(7,223)**	**(14,037)**	**(134)**	**(1,754)**	**–**	**(24,926)**
Closing net book value	**33,034**	**7,969**	**66,807**	**326**	**5,185**	**760,054**	**873,375**
As of 31 December 2020							
Cost	**37,193**	**29,560**	**110,008**	**854**	**9,870**	**760,054**	**947,539**
Accumulated depreciation	**(4,159)**	**(21,591)**	**(43,201)**	**(528)**	**(4,685)**	**–**	**(74,164)**
Net book value	**33,034**	**7,969**	**66,807**	**326**	**5,185**	**760,054**	**873,375**

During the years ended 31 December 2020, the Group has capitalised borrowing costs amounting to RMB6,884,000 on qualifying assets (2019: RMB8,889,000) (Note 11). Borrowing costs were capitalised at the weighted average of its borrowings rate of 4.635% during the year (2019: 5.224%).

Certain property, plant and equipment of the Group have been pledged as collateral under the Group's borrowing arrangements. The carrying amount of property, plant and equipment pledged as collateral were RMB275,532,000 as of 31 December 2020 (31 December 2019: RMB261,292,000).

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation were charged in the following categories:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Research and development expenses	**19,246**	14,287
Administrative expenses	**3,518**	1,801
Manufacturing costs	**2,162**	23
Total	**24,926**	16,111

16. 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 of 1 January 2019					
Cost	20,508	17,918	683	198	39,307
Accumulated depreciation	(1,572)	–	–	–	(1,572)
Net book value	18,936	17,918	683	198	37,735
Year ended 31 December 2019					
Opening net book value	18,936	17,918	683	198	37,735
Addition	–	–	600	305	905
Depreciation	(410)	(5,154)	(279)	(81)	(5,924)
Closing net book value	18,526	12,764	1,004	422	32,716
As of 31 December 2019					
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
Year ended 31 December 2020					
Opening net book value	**18,526**	**12,764**	**1,004**	**422**	**32,716**
Addition	**17,518**	**–**	**–**	**31**	**17,549**
Depreciation	**(585)**	**(5,153)**	**(412)**	**(117)**	**(6,267)**
Closing net book value	**35,459**	**7,611**	**592**	**336**	**43,998**
As of 31 December 2020					
Cost	**38,026**	**17,918**	**1,283**	**534**	**57,761**
Accumulated depreciation	**(2,567)**	**(10,307)**	**(691)**	**(198)**	**(13,763)**
Net book value	**35,459**	**7,611**	**592**	**336**	**43,998**

16. RIGHT-OF-USE ASSETS (CONTINUED)

Amounts recognised in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Depreciation of right-of-use assets	**6,267**	5,924
Interest expense (included in finance cost then captialised) (Note 11)	**602**	942
Expense relating to short-term leases (included in administrative expenses) (Note 8)	**495**	451

There was no leases of low-value assets as of 31 December 2020. The total cash outflow for leases for the year ended 31 December 2020 was RMB3,078,000 (31 December 2019: RMB8,590,000).

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 RMB10,396,000 as of 31 December 2020 (31 December 2019: RMB10,592,000).

17. INTANGIBLE ASSETS

	Capitalised product development costs RMB'000	**Computer software** RMB'000	**Non-proprietary technologies** RMB'000	**Total** RMB'000
As of 31 December 2018				
Cost	31,585	138	7,443	39,166
Accumulated amortisation	–	(72)	(6,774)	(6,846)
Net book value	31,585	66	669	32,320
Year ended 31 December 2019				
Opening net book value	31,585	66	669	32,320
Additions	5,824	480	503	6,807
Amortisation	–	(164)	(274)	(438)
Closing net book value	37,409	382	898	38,689
As of 31 December 2019				
Cost	37,409	618	7,946	45,973
Accumulated amortisation	–	(236)	(7,048)	(7,284)
Net book value	37,409	382	898	38,689
Year ended 31 December 2020				
Opening net book value	**37,409**	**382**	**898**	**38,689**
Additions	**106**	**780**	**–**	**886**
Changes (Note 2.2 (a))	**(2,113)**	**–**	**–**	**(2,113)**
Amortisation	**–**	**(375)**	**(249)**	**(624)**
Closing net book value	**35,402**	**787**	**649**	**36,838**
As of 31 December 2020				
Cost	**35,402**	**1,398**	**7,946**	**44,746**
Accumulated amortisation	**–**	**(611)**	**(7,297)**	**(7,908)**
Net book value	**35,402**	**787**	**649**	**36,838**

17. INTANGIBLE ASSETS (CONTINUED)

Amortisation charges were expensed in the following categories:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Research and development expenses	**375**	274
Administrative expenses	**249**	164
Total	**624**	438

(a) Impairment test

Capitalised product development costs not yet available for use are tested annually based on the recoverable amount of the cash generating unit to which the intangible asset is related. As these development costs support each of the vaccine product, their appropriate cash-generating unit ("CGU") is at the product level. As of 31 December 2020 and 2019, the intangible asset was related to the capitalisation of the clinical trial expenses of two developing products: Meningococcal Conjugate Vaccine 2 (MCV 2) and Meningococcal Conjugate Vaccine 4 (MCV 4).

Relevant evaluation including forecasts and recoverable amount during the year was performed by the management of the Group (that of 2019 was performed by an independent appraiser).

The recoverable amount of each CGU was determined based upon value in use. The value in use was estimated using the discounted cash flow approach.

The revenue forecasts of MCV2 and MCV4 are based on management's expectations of timing of commercialisation, productivity and market size of related products. Based on the requirement of the approval process, management estimates that MCV2 and MCV4 will start generating revenue from 2021. Management also estimates both MCV2 and MCV4 will have at least ten-year useful lives from 2021.

The percentage of costs and operating expenses to revenue is the average percentages over the revenue forecast period. It is based on the current margin levels of comparable companies, with adjustments made to reflect the expected future price rises in labour, rental and relevant equipment, which management does not expect to be able to pass on to customers through price increases.

The discount rates used are pre-tax and reflect specific risks relating to the relevant vaccine products.

17. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test (Continued)

The key assumptions used in the value-in-use calculations of each CGU as of 31 December 2020 and 2019, are as follows.

	As of 31 December	
	2020	2019
MCV 2		
For the first five years from commercialisation		
Average market share	**5%**	5%
Revenue (% compound growth rate)	**19%**	30%
Costs and operating expenses (% of revenue)	**65%**	68%
For the second five years from commercialisation		
Average market share	**7%**	7%
Revenue (% compound growth rate)	**0%**	-6%
Costs and operating expenses (% of revenue)	**65%**	65%
Pre-tax discount rate	**19.39%**	24.45%
Recoverable amount of CGU (in RMB'000)	**304,953**	133,514
MCV 4		
For the first five years from commercialisation		
Average market share	**10%**	5%
Revenue (% compound growth rate)	**38%**	65%
Costs and operating expenses (% of revenue)	**60%**	65%
For the second five years from commercialisation		
Average market share	**20%**	10%
Revenue (% compound growth rate)	**9%**	7%
Costs and operating expenses (% of revenue)	**58%**	59%
Pre-tax discount rate	**18.19%**	23.20%
Recoverable amount of CGU (in RMB'000)	**3,225,705**	1,432,638

(b) Impact of possible changes in key assumptions

The recoverable amount of the CGU of MCV2 was estimated to exceed the carrying amount of the CGU at 31 December 2020 by RMB183,721,000 (31 December 2019: RMB116,741,000). The recoverable amount of the CGU of MCV4 was estimated to exceed the carrying amount of the CGU at 31 December 2020 by RMB2,894,465,000 (31 December 2019: RMB1,412,002,000).

Considering there was still sufficient headroom based on the assessment, the directors and management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU to exceed its recoverable amount.

17. INTANGIBLE ASSETS (CONTINUED)

(b) Impact of possible changes in key assumptions (Continued)

The recoverable amount of each CGU would equal its carrying amount if the key assumptions were to change as follows:

	As of 31 December 2020	2019
MCV 2		
Average market share (first five years average after commercialisation)	**1.52%**	0.90%
Revenue (% ten years compound growth rate from commercialisation)	**-46%**	-62%
Costs and operating expenses (% of revenue)	**95%**	91%
Pre-tax discount rate	**62%**	147%
MCV 4		
Average market share (first five years average after commercialisation)	**0.86%**	0.30%
Revenue (% ten years compound growth rate from commercialisation)	**-93%**	-83%
Costs and operating expenses (% of revenue)	**96%**	94%
Pre-tax discount rate	**110%**	406%

18. INVENTORIES

	As of 31 December 2020 RMB'000	2019 RMB'000
Raw materials	**35,863**	6,713
Consumable materials	**33,976**	9,637
Work in progress	**33,810**	–
Raw materials outsourced for processing	**67,310**	–
Finished goods	**–**	229
	170,959	16,579
Less: impairment	**(447)**	(241)
	170,512	16,338

The cost of inventories recognised as expense and included in cost of sales and cost of providing services amounted to RMB12,485,000 (2019: RMB135,000).

19. TRADE RECEIVABLES

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets		
Trade receivables from contracts with customers	**21,639**	–
Less: Loss allowance	**–**	–
	21,639	–

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(a) Trade receivables by overdue analysis

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. As of 31 December 2020, the provision for credit loss of accounts receivables was insignificant. The overdue analysis of trade receivables of the Group is as follows:

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
Within credit terms	**21,639**	–

(b) Trade receivables by ageing analysis

As of 31 December 2020 and 2019, the ageing analysis of trade receivables of the Group is as follows:

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
Within 1 year	**21,639**	–
Less: Loss allowance	**–**	–
	21,639	–

20. OTHER RECEIVABLES AND PREPAYMENTS

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
Value added tax recoverable	**72,427**	25,682
Prepayments to suppliers of intangible assets and property, plant and equipment	**35,262**	10,734
Prepayments to suppliers of raw materials	**114,067**	17,884
Prepayments of listing expenses	**–**	5,215
Others	**845**	75
	222,601	59,590
Less: non-current portion (a)	**(107,778)**	(36,476)
Current portion	**114,823**	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.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
Structured deposits	**646,640**	111,526
Equity investment (a)	**20,000**	–
	666,640	111,526

Note:

(a) On 5 August 2020, the proposal for purchase of 1.43% equity interest in Thousand Oaks Biopharmaceuticals Co., Ltd. was approved by the board of directors, relevant industrial and commercial change registration was completed on 30 September 2020. With no control, joint control or significant influence by the Group, the equity investment is recognised as financial assets at fair value through profit or loss.

22. TERM DEPOSITS

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
Term deposits (a)		
– RMB deposits	**250,000**	300,000
– HKD deposits	**–**	438,942
	250,000	738,942
Accrued interest	**15,441**	8,743
	265,441	747,685

Note:

(a) Term deposits held by the Group as of 31 December 2020 bear interests at 3.85% per annum with a duration of 3 to 36 months.

23. CASH AND CASH EQUIVALENTS

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
Cash on hand	**2**	5
Cash at banks (a)		
– RMB deposits	**4,019,337**	185,537
– USD deposits	**8,776**	6,227
– HKD deposits	**417,914**	10,204
	4,446,029	201,973
Accrued interest	**1,000**	477
	4,447,029	202,450

Note:

(a) Cash at banks earns interest at floating rates based on daily bank deposit rates. The Group's balances of cash at banks which are mainly denominated in RMB are deposited with banks in the PRC. The conversion of these RMB-denominated balances into foreign currencies and the remittance of funds out of the Mainland China are subject to the rules and regulations of foreign exchange control promulgated by the Government of the PRC.

24. SHARE CAPITAL AND SHARE PREMIUM

	Numbers of shares	Nominal value of shares RMB'000
Authorised and issued		
As of 1 January 2020	**222,649,899**	222,650
Issuance of shares upon A share offering (a)	**24,800,000**	24,800
As of 31 December 2020	**247,449,899**	247,450
As of 1 January 2019	**160,950,899**	160,951
Issuance of shares upon global offering (b)	**61,699,000**	61,699
As of 31 December 2019	**222,649,899**	222,650

	Numbers of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
As of 1 January 2020	**222,649,899**	**222,650**	**1,570,283**	**1,792,933**
Issuance of shares upon A share offering (a)	**24,800,000**	**24,800**	**4,954,665**	**4,979,465**
As of 31 December 2020	**247,449,899**	**247,450**	**6,524,948**	**6,772,398**
As of 1 January 2019	160,950,899	160,951	528,535	689,486
Issuance of shares upon global offering (b)	61,699,000	61,699	1,041,748	1,103,447
As of 31 December 2019	222,649,899	222,650	1,570,283	1,792,933

Note:

(a) 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 was listed on the SSE STAR Market. Upon the completion of the A share offering, 73,254,799 shares held by domestic investors and 16,724,200 shares held by unlisted overseas investors before the A share offering were converted into A shares.

Accordingly, 24,800,000 ordinary shares with par value of RMB1.00 each are issued and RMB24,800,000 are credited to share capital, and remaining amounts, after netting of listing expenses, are credited to share premium.

(b) On 28 March 2019, the Company's overseas 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). Upon the completion of the H share offering, 70,971,900 shares held by overseas investors before the global offering were converted into H shares.

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.

25. CAPITAL RESERVES

	Other reserves RMB'000	Shares held for share award schemes RMB'000 (note)	Share-based compensation reserves RMB'000 (note)	Total RMB'000
Balance at 1 January 2019	(1,041)	(7,929)	33,089	24,119
– Share-based payments	–	–	21,518	21,518
– Transfer upon exercise of employee share plan	23,407	3,475	(26,882)	–
– Deconsolidation of special purpose vehicles	(4,454)	4,454	–	–
Balance at 31 December 2019	17,912	–	27,725	45,637
Balance at 1 January 2020	17,912	–	27,725	45,637
– Share-based payments	–	–	17,511	17,511
Balance at 31 December 2020	**17,912**	**–**	**45,236**	**63,148**

Note:

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 and 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.

25. CAPITAL RESERVES (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 20% discount.

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

	Year ended 31 December	
	2020	2019
At the beginning of the year	**4,392,016**	7,385,957
Vested	**–**	(2,993,941)
Granted	**–**	62,000
Forfeited	**–**	(62,000)
At the end of the year	**4,392,016**	4,392,016

25. CAPITAL RESERVES (CONTINUED)

(a) Share award schemes (Continued)

The Group has applied discounted cash flow method to determine the fair value of the underlying shares of RMB8.49 per share under the 2015 Employee Share Plan, and RMB21.84 per share under the 2018 Employee Share Plan on the respective grant dates. Best estimates of key assumptions, such as discount rate and projections of future performance, are required to be determined by management. Key assumptions used in determining the fair value of shares under the Employee Share Plans are as follows:

	2015 Employee Share Plan	2018 Employee Share Plan
Key assumptions		
Discount rate	21.50%	17.00%
Risk-free interest rate	2.00%	2.84%
Liquidity discount	25.00%	10.00%

(b) Expenses arising from share-based payment transactions

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Share award schemes issued under the Employee Share Plans	**17,511**	21,518

As of 31 December 2020, the accumulated expenses arising from share-based payment transactions amounting to RMB45,236,000 are recognised in the share-based compensation reserve (2019: RMB27,725,000).

26. DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities in the consolidated balance sheet are as follows:

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
Deferred income tax assets:		
– To be recovered within 12 months	**996**	79
Deferred income tax liabilities:		
– To be settled within 12 months	**(996)**	(79)
Deferred income tax assets/(liabilities) – net	**–**	–

26. DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities is as follows:

Deferred tax assets	**Tax losses** RMB'000
Balance at 1 January 2019	–
Credited to the statement of comprehensive income	79
Balance at 31 December 2019	79
Balance at 1 January 2020	79
Credited to the statement of comprehensive income	917
Balance at 31 December 2020	**996**

Deferred tax liabilities	**Fair value gain on financial assets at fair value through profit or loss** RMB'000
Balance at 1 January 2019	–
Charged to the statement of comprehensive income	(79)
Balance at 31 December 2019	(79)
Balance at 1 January 2020	(79)
Charged to the statement of comprehensive income	(917)
Balance at 31 December 2020	**(996)**

(a) Deferred tax assets not recognised

The Group has not recognised any deferred tax assets in respect of the following items:

	Year ended 31 December	
	2020 **RMB'000**	2019 RMB'000
Deductible losses	**1,227,151**	612,008
Deductible temporary differences	**67,101**	88,060
Total	**1,294,252**	700,068

As of 31 December 2020, the Group has tax loss carry forwards of approximately RMB1,227,151,000 (31 December 2019: RMB612,008,000), available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams (31 December 2019: nil).

26. DEFERRED INCOME TAX (CONTINUED)

(b) Deductible losses that are not recognised as deferred tax assets will be expired as follows:

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
2023	**6,925**	13,038
2024	**17,292**	17,292
2025	**33,743**	33,743
2026	**55,729**	55,729
2027	**71,854**	71,854
2028	**191,595**	191,595
2029	**228,757**	228,757
2030	**621,256**	–
	1,227,151	612,008

27. FINANCIAL INSTRUMENTS BY CATEGORY

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
Financial assets at amortised cost		
Cash and cash equivalents (Note 23)	**4,447,029**	202,450
Trade receivables (Note 19)	**21,639**	–
Other receivables excluding non-financial assets (Note 20)	**845**	75
Term deposits (Note 22)	**265,441**	747,685
	4,734,954	950,210
Financial assets at fair value through profit or loss		
Structured deposits (Note 21)	**646,640**	111,526
Equity investment (Note 21)	**20,000**	–
	666,640	111,526
Financial liabilities at amortised cost		
Trade payables (Note 30)	**60,573**	6,171
Other payables excluding non-financial liabilities (Note 31)	**224,297**	60,056
Borrowings (Note 28)	**130,159**	150,239
Lease liabilities	**12,378**	16,560
	427,407	233,026

28. BORROWINGS

	As of 31 December 2020 RMB'000	2019 RMB'000
Borrowings from banks – secured	**130,000**	150,000
Accrued interest	**159**	239
	130,159	150,239
Less: current portion	**(40,159)**	(20,239)
Non-current portion	**90,000**	130,000

	As of 31 December 2020 RMB'000	2019 RMB'000
Maturity of borrowings		
Less than 1 year	**40,159**	20,239
Between 1 and 2 years	**90,000**	40,000
Between 2 and 5 years	**–**	90,000
	130,159	150,239

As of 31 December 2020 and 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 15) and right-of-use assets (Note 16). 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 65 base points.

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

29. DEFERRED INCOME

	As of 31 December 2020 RMB'000	2019 RMB'000
Government grants		
Asset-related grants (a)	**171,429**	52,828
Reimbursement for future expenses (b)	**2,532**	6,968
	173,961	59,796
Less: current portion	**(3,385)**	(7,867)
Non-current portion	**170,576**	51,929

(a) The asset-related grants are the subsidies received from the government for the purpose of compensation for purchase of the Group's property, plant and equipment and land use rights.

(b) Government grants as reimbursement for future expenses are subsidies received for compensating the Group's future research and development activities with regards to certain projects.

The amount of government grants that credited to the statement of comprehensive income is disclosed in Note 7.

30. TRADE PAYABLES

The aging analysis of trade payables is as follows:

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
Within 1 year	**60,420**	6,028
Between 1 year and 2 years	**10**	31
Between 2 year and 3 years	**31**	–
More than 3 years	**112**	112
	60,573	6,171

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

31. OTHER PAYABLES AND ACCRUALS

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
Other payables to suppliers of property, plant and equipment	**135,722**	49,187
Payroll and welfare payable	**71,862**	19,006
Clinical trial and testing fee	**78,677**	1,011
Accrued listing expenses	**–**	2,173
Deposits from suppliers	**35**	1,800
Consulting fees	**1,731**	730
Accrued taxes other than income tax	**1,159**	490
Others	**10,542**	6,241
	299,728	80,638

32. CASH USED IN OPERATION

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Loss before income tax	**(407,046)**	(156,766)
Adjustments for:		
– Depreciation	**31,193**	22,035
– Amortisation	**624**	438
– Impairment loss on inventories	**391**	241
– Investment income on wealth management products	**(32,035)**	(3,388)
– Losses/(gains) on disposal of property, plant and equipment	**136**	16
– Net fair value gains on financial assets at fair value through profit or loss	**(6,640)**	(526)
– Gains from asset related government grants	**(854)**	(899)
– Finance income-net	**(4,361)**	(43,572)
– Share-based compensation expenses	**17,511**	21,518
– Others (see Note 2.2 (a))	**2,113**	–
Changes in working capital		
– Inventories	**(144,157)**	(8,085)
– Other receivables and prepayments	**(107,759)**	(8,593)
– Trade payables	**54,402**	(480)
– Contract liabilities	**(158)**	578
– Other payables and accruals	**101,335**	(2,577)
– Deferred income	**(4,436)**	6,342
Cash used in operations	**(499,741)**	(173,718)

Net debt reconciliation is shown below:

	Borrowings RMB'000	**Lease liabilities** RMB'000	**Interest expenses** RMB'000	**Total debts** RMB'000
At 1 January 2019 (Restated)	150,000	22,491	239	172,730
Cash flows	–	(7,302)	(8,783)	(16,085)
Non-cash movements	–	1,265	8,889	10,154
At 31 December 2019	150,000	16,454	345	166,799
At 1 January 2020	150,000	16,454	345	166,799
Cash flows	(20,000)	(2,494)	(6,691)	(29,185)
Non-cash movements	–	(1,856)	6,779	4,923
At 31 December 2020	**130,000**	**12,104**	**433**	**142,537**

33. BALANCE SHEET AND STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	**873,375**	575,504
Right-of-use assets	**43,998**	32,716
Intangible assets	**36,838**	38,689
Other receivables and prepayments	**107,778**	36,476
Term deposits with initial term of over three months	**265,441**	306,868
Interests in subsidiaries	**100**	–
Total non-current assets	**1,327,530**	990,253
Current assets		
Inventories	**170,512**	16,338
Trade receivables	**21,639**	–
Other receivables and prepayments	**114,823**	23,114
Financial assets at fair value through profit or loss	**666,640**	111,526
Term deposits with initial term of over three months	**–**	440,817
Cash and cash equivalents	**4,446,933**	202,450
Total current assets	**5,420,547**	794,245
Total assets	**6,748,077**	1,784,498

33. BALANCE SHEET AND STATEMENT OF CHANGES IN EQUITY OF THE COMPANY (CONTINUED)

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
EQUITY		
Equity attributable to owners of the Company		
Share capital and share premium	**6,772,398**	1,792,933
Capital reserves	**63,148**	45,637
Accumulated losses	**(764,688)**	(368,054)
Total equity	**6,070,858**	1,470,516
LIABILITIES		
Non-current liabilities		
Borrowings	**90,000**	130,000
Lease liabilities	**3,790**	7,758
Deferred income	**170,576**	51,929
Total non-current liabilities	**264,366**	189,687
Current liabilities		
Trade payables	**60,573**	6,171
Contract liabilities	**420**	578
Other payables and accruals	**299,728**	80,638
Borrowings	**40,159**	20,239
Lease liabilities	**8,588**	8,802
Deferred income	**3,385**	7,867
Total current liabilities	**412,853**	124,295
Total liabilities	**677,219**	313,982
Total equity and liabilities	**6,748,077**	1,784,498

The balance sheet of the Company was approved and authorised for issue by the board of directors on 26 March 2021.

Director: Xuefeng YU

Director: Shou Bai CHAO

33. BALANCE SHEET AND STATEMENT OF CHANGES IN EQUITY OF THE COMPANY (CONTINUED)

(a) Statement of changes in equity of the Company

	Notes	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 year		**–**	**–**	**–**	**(396,634)**	**(396,634)**
Transaction with owners						
– Issuance of shares	24	**24,800**	**4,954,665**	**–**	**–**	**4,979,465**
– Share-based payments	25	**–**	**–**	**17,511**	**–**	**17,511**
Balance at 31 December 2020		**247,450**	**6,524,948**	**63,148**	**(764,688)**	**6,070,858**
Balance at 1 January 2019		160,951	528,535	24,119	(211,272)	502,333
Comprehensive loss						
– Loss for the year		–	–	–	(156,782)	(156,782)
Transaction with owners						
– Issuance of shares	24	61,699	1,041,748	–	–	1,103,447
– Share-based payments	25	–	–	21,518	–	21,518
Balance at 31 December 2019		222,650	1,570,283	45,637	(368,054)	1,470,516

34. COMMITMENTS

(a) Capital commitments

The following is the details of capital expenditure contracted for but not provided in the consolidated financial statements.

	As of 31 December	
	2020 RMB'000	2019 RMB'000
Contracted but not provided for		
– Property, plant and equipment	**180,527**	26,328

34. COMMITMENTS (CONTINUED)

(b) Operating lease commitments

The Group leases various offices and warehouses under non-cancellable operating lease agreements.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases. The future minimum lease payables under non-cancellable operating leases contracted but not provided for at each year-end date are as follows:

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
No later than 1 year	**167**	91

35. 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 year ended 31 December 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 year ended 31 December 2020, the Group did not have any significant transactions with related parties (2019: nil). No transaction falls under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(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:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries	**10,106**	6,843
Discretionary bonuses	**26,403**	2,944
Share-based compensation expenses (Note 25)	**1,496**	2,554
Others	**1,008**	331
	39,013	12,672

36. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive for the year ended 31 December 2020 and 2019 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director					
Name	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Share-based compensation expenses RMB'000	Social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
For the year ended 31 December 2020						
Name of executive directors						
Xuefeng Yu*	–	1,691	4,810	–	153	6,654
Tao Zhu	–	1,691	4,810	–	205	6,706
Dongxu Qiu	–	1,000	4,700	–	94	5,794
Shoubai Chao	–	1,691	4,810	–	153	6,654
Name of non-executive directors						
Qiang Xu	–	–	–	–	–	–
Liang Lin	–	–	–	–	–	–
Nisa Leung	–	–	–	–	–	–
Zhi Xiao	–	–	–	–	–	–
Name of independent non-executive directors						
Shiu Kwan Danny Wai	–	300	–	–	–	300
Zhu Xin	–	300	–	–	–	300
Shuifa Gui	–	300	–	–	–	300
Jianzhong Liu	–	300	–	–	–	300
	–	7,273	19,130	–	605	27,008

36. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (Continued)

	Emoluments paid or receivable in respect of a person's services as a director					
Name	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Share-based compensation expenses RMB'000	Social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
For the year ended 31 December 2019						
Name of executive directors						
Xuefeng Yu*	–	1,111	546	–	13	1,670
Tao Zhu	–	1,111	546	835	93	2,585
Dongxu Qiu	–	667	328	–	13	1,008
Shoubai Chao	–	1,111	545	–	13	1,669
Name of non-executive directors						
Qiang Xu	–	–	–	–	–	–
Liang Lin	–	–	–	–	–	–
Nisa Leung	–	–	–	–	–	–
Zheng Yin (i)	–	–	–	–	–	–
Zhi Xiao (i)	–	–	–	–	–	–
Name of independent non-executive directors						
Shiu Kwan Danny Wai	–	229	–	–	–	229
Zhu Xin	–	229	–	–	–	229
Luis Barreto (i)	–	204	–	–	–	204
Pierre Armand Morgon (i)	–	204	–	–	–	204
Shuifa Gui (i)	–	26	–	–	–	26
Jianzhong Liu (i)	–	26	–	–	–	26
	–	4,918	1,965	835	132	7,850

* Chief executive of the Company

Note:

(i) On 28 June 2019, Mr. Zhi Xiao was appointed as a non-executive director, and Dr. Zheng Yin ceased to be a non-executive director.

On 29 November 2019, Mr. Shuifa Gui and Mr. Jianzhong Liu were appointed as independent non-executive directors, and Dr. Pierre Armand Morgon and Dr. Luis Barreto ceased to be independent non-executive directors.

36. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(b) No directors waived or agreed to waive any emoluments. No emoluments were paid to directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2020 and 2019.

37. PRINCIPAL SUBSIDIARY

Name of company	Place of incorporation and operation and kind of legal entity	Principal activity	Shares and/or debt securities issued	Proportion of ownership interest		
				Attributable to the Group	Held by the Company	Held by subsidiaries
Tianjin Wan Bo Biomedical Technology Co., Ltd. 天津萬博生物醫藥技術有限公司	Mainland China, wholly foreign owned enterprises	Research, manufacturing, technical transformation and imports and exports of vaccine products	N/A	100%	100%	0%
CanSino Biologics (Canada) Inc.	Canada, wholly foreign owned enterprises	Auxiliary research, clinical application, imports and exports of vaccine products and Chemical and biological drugs	N/A	100%	100%	0%
CanSino Biologics (Singapore) Inc Pte. Ltd	Singapore, wholly foreign owned enterprises	Auxiliary research, clinical application, imports and exports of vaccine products and Chemical and biological drugs, and medical information management consulting	N/A	100%	100%	0%

38. SUBSEQUENT EVENTS

On 25 January 2021, the Group signed a joint venture agreement with Shanghai Sunway Biotech Co., Ltd. and Shanghai Biomedical industry Equity Investment Fund Partnership (Limited Partnership) to establish CanSino SPH Biologics Inc. The Group invested RMB45,000,000, accounting for 45% of the initial registered capital.

Definitions

"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
"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
"Ad5-EBOV"	an adenovirus type 5 vector based Ebola virus disease vaccine, a vaccine jointly developed by, among others, CanSinoBIO, that protects against Ebola by relying on the recombinant replication-defective human adenovirus type-5 vector to induce the immune response. It received the NDA approval in China in October 2017
"Ad5-nCoV"	Recombinant Novel Coronavirus Vaccine (Adenovirus Type 5 Vector)
"adenovirus"	a DNA virus originally identified in human adenoid tissue, causing infections of the respiratory system, conjunctiva, and gastrointestinal tract
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Board
"BIB"	Beijing Institute of Biotechnology, Academy of Military Medical Sciences (中國人民解放軍軍事科學院軍事醫學研究院生物工程研究所)
"Board" or "Board of Directors"	the board of directors of the Company
"Board of Supervisors"	the board of supervisors of the Company
"CanSinoBIO", "Company", "our Company" or "the Company"	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
"CDE"	Center for Drug Evaluation of the National Medical Products Administration (國家藥品監督管理局藥品審評中心)

"CFDI"	Center for Food and Drug Inspection of the NMPA
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this annual report, Hong Kong, Macau Special Administrative Region and Taiwan
"Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended from time to time
"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
"conjugate"	chemically link bacterial capsular polysaccharide to a protein to enhance immunogenicity
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules and unless the context requires otherwise, refers to Dr. Yu, Dr. Zhu, Dr. Qiu and Dr. Mao
"Core Product(s)"	for the purpose of this report, include our MCV2 and MCV4 candidates, namely the core products under the Chapter 18A of the Hong Kong Listing Rules, together with our Ad5-nCoV
"CTA"	clinical trial application, the PRC equivalent of investigational new vaccine application
"Director(s)"	the director(s) of the Company
"Dr. Chao"	Dr. Shou Bai CHAO, executive Director, chief operating officer and deputy general manager of the Company and spouse of Dr. Mao
"Dr. Mao"	Dr. Helen Huihua MAO, executive vice president and deputy general manager of the Company, our co-founder and Controlling Shareholder and spouse of Dr. Chao
"Dr. Qiu"	Dr. Dongxu QIU, executive Director, executive vice president and deputy general manager of the Company, our co-founder and 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 Controlling Shareholder

Definitions

"Dr. Zhu"	Dr. Tao ZHU, executive Director, chief scientific officer and deputy general manager of the Company, our co-founder and Controlling Shareholder
"DTcP"	diphtheria, tetanus and acellular pertussis (components) combined vaccine, each pertussis antigen of DTcP vaccines is purified individually and are subsequently combined in a defined ratio, hence ensuring a fixed and consistent composition
"DTcP Booster"	a vaccine being developed by us that addresses the weaker protection preventing pertussis after primary vaccination, designed for children (4 to 6 years old)
"DTcP Infant"	DTcP vaccine for infants (below 2 years old)
"FHA"	filamentous hemagglutinin adhesion, a large, filamentous protein that serves as a dominant attachment factor for adherence to respiratory epithelium
"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$ and listed on the Main Board of the Hong Kong Stock Exchange
"Hib"	haemophilus influenzae type B infection
"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
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended or supplemented from time to time

"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"immunogenicity"	the ability of a particular substance, such as an antigen, to provoke an immune response in the body of a human and other animal
"Listing"	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange on March 28, 2019
"Main Board"	the Main Board of the Hong Kong Stock Exchange
"MCV"	meningococcal conjugate vaccine, used to prevent infection caused by meningococcal bacteria
"MCV2"	Groups A and C MCV, a vaccine used for the prevention of *N. meningitides* (Lta)
"MCV4"	Groups A, C, Y and W135 MCV, a vaccine used for the prevention of *N. meningitides* (Lta)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong 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
"PBPV"	a globally innovative, serotype-independent protein-based pneumococcal vaccine being developed by us
"PCV13"	13-Valent pneumococcal conjugate vaccine, 13-valent vaccine primarily used for the prevention of invasive pneumococcal diseases
"PCV13*i*"	an improved pneumococcal polysaccharide conjugate vaccine being developed by us
"pertussis"	commonly known as whooping cough, a respiratory tract infection characterized by a paroxysmal cough
"polysaccharide"	a carbohydrate that can be decomposed by hydrolysis into two or more molecules of monosaccharides
"PPV23"	23-valent pneumococcal polysaccharide vaccine, used for the prevention of invasive pneumococcal disease in children aged above two years of old and adults

"PRN"	pertactin, originally known as the 69-kDa protein, is a surface-associated protein that is exported to the outer membrane, where it undergoes proteolytic cleavage
"PT"	pertussis toxin, a protein-based AB5-type exotoxin produced by the bacterium Bordetella pertussis, which causes whooping cough
"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 year from January 1, 2020 to December 31, 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)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising A Share(s) and H Share(s)
"STAR Market Listing Rules"	the Rules Governing the Listing of Stocks on the STAR Market of Shanghai Stock Exchange (《上海證券交易所科創板股票上市規則》)
"Supervisor(s)"	supervisor(s) of our Company
"TB"	tuberculosis, an infection caused by *Mycobacterium tuberculosis* that primarily affects the lungs
"TB Booster"	a recombinant human type 5 adenovirus-based tuberculosis vaccine, a globally innovative TB booster vaccine for Bacillus Calmette-Guerin vaccinated population
"Tdcp Adolescent and Adult"	a vaccine being developed by us for adolescents and adults (above 10 years old) that protects against pertussis, containing slightly increased amount of TT antigen to DTcP vaccine candidate for infants, but reduced amounts of pertussis and DT antigens
"vector"	an agent (such as a plasmid or virus) that contains or carries modified genetic material (such as recombinant DNA) and can be used to introduce exogenous genes into the genome of an organism

康希诺生物股份公司

CanSino Biologics Inc.