CanSino Biologics Inc.
康希諾生物股份公司

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

(Stock code: 6185)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2022

The board (the "**Board**") of directors (the "**Directors**") of CanSino Biologics Inc. (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended June 30, 2022.

This results announcement, containing the full text of the Company's interim report for the six months ended June 30, 2022, complies with the relevant content requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of interim results. The Board and the audit committee of the Board have reviewed and confirmed this results announcement.

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.cansinotech.com). The Company's interim report for the six months ended June 30, 2022 will be dispatched to the shareholders of the Company and will be available on the above websites in due course.

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

Hong Kong, August 26, 2022

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

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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)
Ms. Jing WANG
(Chief commercial officer and deputy general manager)

Non-executive Directors

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

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)*
Dr. Zhongqi SHAO
Ms. Zhengfang LIAO

AUTHORISED REPRESENTATIVES

Dr. Xuefeng YU
Mr. Ming King CHIU

JOINT COMPANY SECRETARIES

Mr. Jin CUI
Mr. Ming King CHIU *(FCG HKFCG (PE))*

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Corporate Information

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Chaoyang District, Beijing
PRC

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STOCK CODE

Hong Kong Stock Exchange: 6185
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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 first half of 2022 is set out below:

	Six months ended June 30, 2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)	Changes RMB'000	%
Operating Results				
Revenue	**629,790**	2,061,455	(1,431,665)	(69.45)
Operating (loss) profit	**(164,800)**	802,332	(967,132)	(120.54)
(Loss) profit before income tax	**(41,555)**	836,834	(878,389)	(104.97)
Profit and total comprehensive income for the period	**16,043**	937,133	(921,090)	(98.29)
Earnings per Share				
Basic and diluted earnings per share (in RMB)	**0.0495**	3.7872	(3.7377)	(98.69)

	As of June 30, 2022 RMB'000 (Unaudited)	As of December 31, 2021 RMB'000 (Audited)	Changes RMB'000	%
Financial Position				
Non-current assets	**2,986,505**	2,584,343	402,162	15.56
Current assets	**9,002,592**	9,289,844	(287,252)	(3.09)
Total assets	**11,989,097**	11,874,187	114,910	0.97
Total equity	**8,256,888**	8,547,884	(290,996)	(3.40)
Non-current liabilities	**719,318**	451,361	267,957	59.37
Current liabilities	**3,012,891**	2,874,942	137,949	4.80
Total liabilities	**3,732,209**	3,326,303	405,906	12.20
Total equity and liabilities	**11,989,097**	11,874,187	114,910	0.97

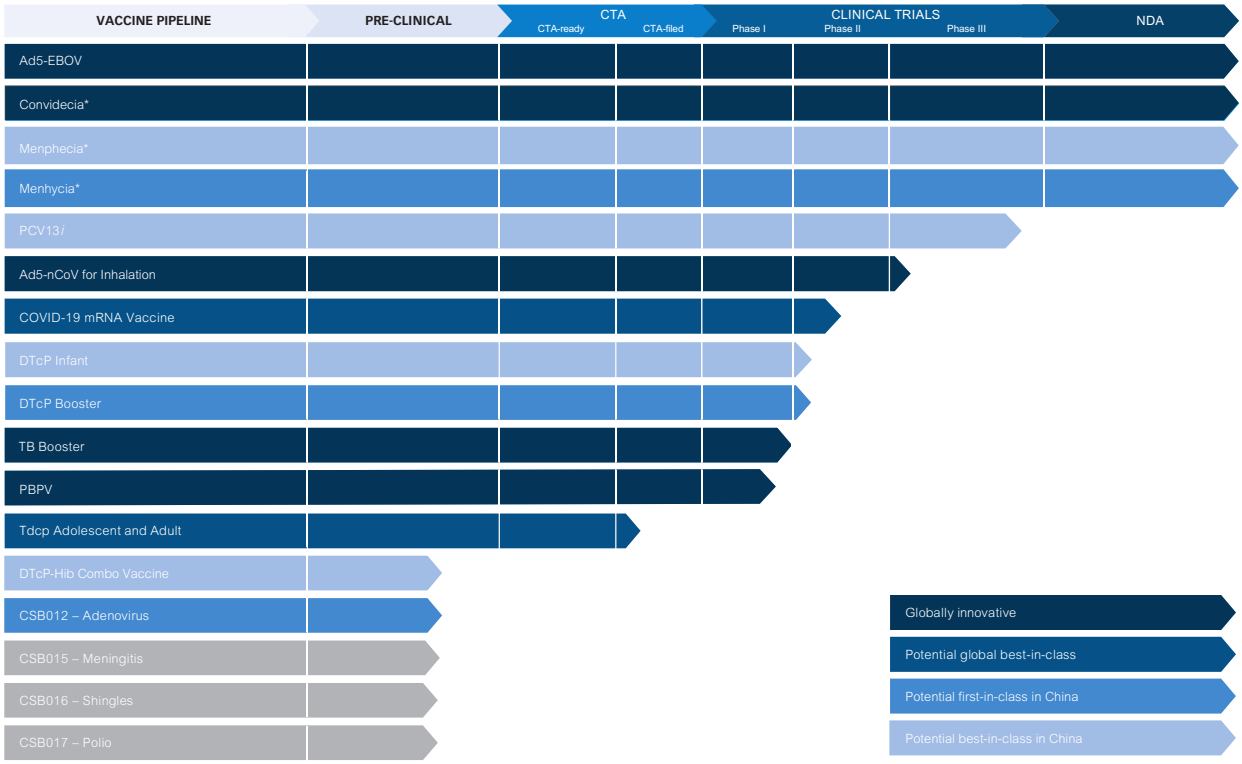
OVERVIEW

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 3 categories: (i) globally innovative vaccines to serve the unmet medical needs worldwide (such as our Convidecia, Ad5-nCoV for Inhalation, Ad5-EBOV, our TB Booster candidate and PBPV candidate); (ii) potential first-in-class, domestic world-class vaccines with higher quality developed to replace the current primary vaccines in China (such as our Menhycia and DTcP infant and DTcP Booster 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 Menphecia and PCV13*i* candidate).

We are developing 17 vaccine candidates for 12 disease areas. Since February 2021, our Convidecia has been granted emergency use authorization by various foreign countries including but not limited to Mexico, Pakistan, Hungary, Chile, Argentina, Ecuador, Kyrgyzstan, the United Arab Emirates and Indonesia, and has been granted the conditional marketing approval by the NMPA in the PRC and the conditional approval in Malaysia. Our Menphecia and Menhycia has been granted NDA approval by the NMPA for commercialization in the PRC in June 2021 and December 2021, respectively. In addition to our Convidecia, Menphecia, Menhycia and Ad5-EBOV, we have 8 vaccine candidates in clinical trial stage or CTA stage. We also have 5 pre-clinical vaccine candidates, including 1 combination vaccine candidate. As of the date of this report, except for Convidecia, Menphecia and Menhycia, we have not commercialized any other products, and we cannot guarantee that we will be able to successfully develop and commercialize our vaccine candidates.

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



* denotes a core product

Management Discussion and Analysis

BUSINESS REVIEW

Highlights on our Business Development

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

- **Further Commercialization of Convidecia**

  In February 2022, as announced by the Joint Prevention and Control Mechanism of the State Council in Response to the Novel Coronavirus Pneumonia, Convidecia has been approved for the use in heterologous prime-boost vaccination for COVID-19 in China.

  In May 2022, as announced by the WHO, Convidecia has been issued an emergency use listing of the WHO (the "**EUL**"). EUL is a prerequisite for COVID-19 Vaccines Global Access (COVAX) vaccine supply. It also allows countries to expedite their own regulatory approvals to import and administer COVID-19 vaccines.

- **Clinical trials for Ad5-nCoV for Inhalation**

  On May 20, 2022, The Lancet published a research article of Ad5-nCoV for Inhalation, showing that a heterologous booster vaccine with an orally administered aerosolized Ad5-nCoV for inhalation by inhaling and exhaling through the mouth used only one-fifth to two-fifths of the volume of one dose of intramuscular injection of Convidecia is safe and highly immunogenic in adults who have previously received two doses of inactivated COVID-19 vaccine as the primary series vaccination.

  On July 28, 2022, The MedRxiv published another research article of Ad5-nCoV for Inhalation, showing that heterologous orally aerosolised Ad5-nCoV plus certain two-dose inactivated vaccine had a good long-term safety profile and was persistently more immunogenic than certain three-dose inactivated vaccine, providing additional support for using a mix-and-match approach.

- **Clinical trials for COVID-19 mRNA vaccine**

  In April 2022, the clinical trial application for the COVID-19 mRNA vaccine developed by the Group was approved by the NMPA in the PRC, upon which the Group initiated the clinical trial for COVID-19 mRNA vaccine immediately. As of the date of this report, the COVID-19 mRNA vaccine was in phase II clinical trial stage.

- **Commercialization for Menhycia**

  In June 2022, the initial products of Menhycia have been issued the certificate for the lot release of biological products by NMPA for its official commercialization and sales in the PRC.

Our Commercial Stage Products

Convidecia

Convidecia is a genetic engineered vaccine with the replication-defective adenovirus type 5 as the vector to express SARS-CoV-2 spike protein, which is used to prevent COVID-19 disease. The Company highlights the following progress in commercializing Convidecia achieved during the Reporting Period. In February 2022, as announced by the Joint Prevention and Control Mechanism of the State Council in Response to the Novel Coronavirus Pneumonia, Convidecia has been approved for the use in heterologous prime-boost vaccination for COVID-19 in China. Target population aged 18 years and above who have completed the primary vaccination of inactivated COVID-19 vaccines produced by Beijing Institute of Biological Products Co., Ltd. (北京生物製品研究所有限責任公司), Sinovac Life Sciences Co., Ltd. (北京科興中維生物技術有限公司) or Wuhan Institute of Biological Products Co., Ltd. (武漢生物製品研究所有限責任公司) for 6 months may choose Convidecia as a one-dose heterologous booster vaccine.

In May 2022, as announced by the WHO, Convidecia has been issued an EUL of the WHO. Convidecia was assessed using the process as described in the WHO EUL procedure. This decision of WHO is based on the review of data on quality, safety, efficacy and a risk management plan by WHO Prequalification experts including regulatory experts from around the world. The final risk benefit assessment was conducted by the Technical Advisory Group for EUL. It has determined that the vaccine meets WHO standards for protection against COVID-19 and that the benefits of the vaccine far outweigh risks. EUL is a prerequisite for COVID-19 Vaccines Global Access (COVAX) vaccine supply. It also allows countries to expedite their own regulatory approvals to import and administer COVID-19 vaccines.

As of the date of this report, Convidecia has been approved by the Ministry of Health of Argentina, the Ministry of Health in Malaysia and the Indonesian National Agency of Drug and Food Control as a heterologous booster.

Menphecia

Menphecia is a China best-in-class bi-valent meningococcal vaccine, which competes with domestic MCV2 products commercialized by well-known manufacturers in China. Compared with other primary MCV2 products currently approved in China, the phase III clinical trial showed that Menphecia 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 has been granted NDA approval by the NMPA in June 2021 for commercialization of Menphecia in the PRC. As of the date of this report, Menphecia has achieved market access to more than 20 provinces and municipalities through bidding with the highest price compared with similar products in the current market.

Management Discussion and Analysis

Menhycia

Menhycia is a China first-in-class and first NDA approved MCV4 vaccine. The results of clinical trials for Menhycia demonstrated good safety and immunogenicity. Menhycia has a superior safety profile in the control group. Menhycia is applied to (a) children in the age group of 3 to 5 months under three-dose immunization procedure starting from the age of 3 months with an interval of one month for each dose and a booster injection may be given at the age of 12 months; (b) children in the age group of 6 to 23 months under two-dose immunization procedure with an interval of 1 month to 3 months for each dose; or (c) children in the age group of 2 to 3 years old (47 months) under one-dose immunization procedure. Compared with existing products in this regards, Menhycia has significantly improved and upgraded the process by adopting the Company's synthetic vaccine technology as well as the formulation and delivery technology. The commercialization of Menhycia will narrow the gap between China and developed countries and fill the vacancy of China's lack of high-end vaccine in this field.

In December 2021, Menhycia has been granted NDA approval by the NMPA in the PRC. Given that the Company has established the Commercial Operation Center (COC) with comprehensive system and the Company's own commercialization team will help the Company to formulate and execute domestic and overseas promotion strategies and marketing operation for Menhycia, the Company and Pfizer Investment Co., Ltd. (輝瑞投資有限公司) ("**Pfizer**") entered into a termination agreement upon friendly negotiation in June 2022, pursuant to which the parties thereto agreed to terminate the promotional service agreement entered into by and between the Company and Pfizer in July 2020 and the exclusive promotion authorization granted to Pfizer for promoting Menhycia in the PRC. In June 2022, the initial products of Menhycia have been issued the certificate for lot release of biological products by NMPA for its official commercialization and sales in the PRC. As of the date of this report, Menhycia has achieved market access to almost 20 provinces and municipalities in the PRC.

Ad5-EBOV

Ad5-EBOV 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 fewer 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. The Company has also obtained GMP certificate for Ad5-EBOV.

Although the Company currently does not expect Ad5-EBOV to contribute significantly to its business commercially in the future, the development of Ad5-EBOV is the first successful application of the Company's viral vector-based technology and another strong proof of its performance of shouldering social responsibility.

Candidates at clinical trial stage

Ad5-nCoV for Inhalation

During the Reporting Period, the Company has also developed Ad5-nCoV for Inhalation, a genetic engineered vaccine to prevent COVID-19 disease for inhalation, which can not only stimulate humoral and cellular immunity, but also induce mucosal immunity to achieve tripe comprehensive protection efficiently without intramuscular injection. Ad5-nCoV for Inhalation has unique advantages of safety, effectiveness, painlessness, convenience and availability. As of the date of this report, the Company has completed phase I and phase II clinical trials for Ad5-nCoV for Inhalation, and made efforts to advance domestic Emergency Use Authorization (EUA) application. Further clinical trials of Ad5-nCoV for Inhalation are ongoing with an aim to obtain more data and explore more vaccination strategies.

The R&D results published by The Lancet on May 20, 2022 showed that a heterologous booster vaccine with an orally administered aerosolized Ad5-nCoV for inhalation by inhaling and exhaling through the mouth used only one-fifth to two-fifths of the volume of one dose of intramuscular injection of Convidecia is safe and highly immunogenic in adults who have previously received two doses of inactivated COVID-19 vaccine as the primary series vaccination. The research article also indicates that Ad5-nCoV for Inhalation is able to neutralize variant strains and induce better neutralizing antibody responses than inactivated vaccine as a heterologous booster vaccine.

On July 28, 2022, The MedRxiv published another research article of Ad5-nCoV for Inhalation, showing that heterologous orally aerosolised Ad5-nCoV plus certain two-dose inactivated vaccine had a good long-term safety profile and was persistently more immunogenic than certain three-dose inactivated vaccine, providing additional support for using a mix-and-match approach.

COVID-19 mRNA vaccine

The Group is developing a COVID-19 mRNA vaccine through its mRNA technology platform established in Shanghai. In April 2022, the clinical trial application for the Group's COVID-19 mRNA vaccine was approved by the NMPA. Results of pre-clinical studies showed that, such vaccine can induce high-titer neutralizing antibodies against multiple SARS-CoV-2 variants of concern identified by WHO, including the current dominant strain. Compared with the current original strain-based COVID-19 vaccines, the Group's COVID-19 mRNA vaccine can elicit neutralizing antibodies with better cross-variant reactivity, and is expected to provide more effective protection against infections caused by circulating variants. As of the date of this report, the COVID-19 mRNA vaccine was in phase II clinical trial stage. The Group expects that substantial work of the phase II clinical trial for its COVID-19 mRNA vaccine candidate will be completed in the second half of 2022.

In view of the constant mutation of the SARS-CoV-2 virus and the ongoing COVID-19 pandemic, the Group is closely tracking variant mutant strains, at the same time developing safer and more efficient vaccination strategies.

PCV13*i*

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

The Company received the CTA approval for PCV13*i* from the NMPA in April 2019 and has completed phase I clinical trial in 2020. In April 2021, the Company initiated the enrollment of a phase III clinical trial for PCV13*i* and completed primary vaccination in 2021. The Company expects that the on-site work of the phase III clinical trial for its PCV13*i* candidate will be completed in the second half of 2022.

Management Discussion and Analysis

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. The Company's PBPV candidate is not serotype-dependent. It 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. The Company's 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, the Company's 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 Company has completed phase Ia clinical trial in 2020. The R&D progress was delayed to a certain degree as most of the Company's resources have been allocated to support the Ad5-nCoV. The Company expects that the Ib clinical trial for its PBPV candidate will be initiated by the end of 2022.

DTcP Infant

The Company is developing a potential best-in-class DTcP vaccine for infants 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 is subsequently combined in a defined ratio, hence ensuring a fixed and consistent composition. Compared with Pentaxim, the only DTcP vaccine in PRC, the Company's DTcP Infant candidate contains 3 pertussis antigens as compared to 2 pertussis antigens, which translates to better protection.

The Company has completed a phase I clinical trial in the PRC in 2020. The R&D progress was delayed to a certain degree as most of the Company's resources have been allocated to support the Ad5-nCoV. The Company expects that the phase III clinical trial for its DTcP Infant candidate will be initiated in 2023.

DTcP Booster

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

The Company has completed a phase I clinical trial in the PRC in 2020. The R&D progress was delayed to a certain degree as most of the Company's resources have been allocated to support the Ad5-nCoV. The Company expects that the phase III clinical trial for its DTcP Booster candidate will be initiated in 2023.

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. The Company's 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.

The progress was slower than expectation due to the impact of COVID-19 pandemic. The pre-IND meeting of Tdcp Adolescent and Adult candidate is expected to be held by the end of 2022, and the Company expects to initiate the phase I clinical trial in 2023.

TB Booster

The Company is 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. The Company 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.

In 2021, the phase Ib clinical trial was completed in Canada to evaluate the safety and immune responses stimulated by the TB Booster candidate in the blood and lungs. The Company is evaluating clinical trial design with relevant countries and partners to advance the progress of further clinical trials in line with the Company's development strategy.

Pre-Clinical Programs with Proof of Concept

The Company has various vaccine candidates in pre-clinical programs, including but not limited to 1 combination vaccine candidate and 4 disease-specific vaccine candidates targeting shingles, meningitis, polio, and adenovirus. The Company will update in due course if there is material progress in respect of these pre-clinical programs.

Other Corporate Development

The Company is establishing an mRNA technology platform in Shanghai, and will layout a variety of innovative preventive vaccine product pipelines with proprietary intellectual property rights and focus on the development of preventive and therapeutic vaccine products. Compared with traditional vaccine technology platforms, the mRNA technology industrialized platform has significant advantages in R&D process and production cycles. Upon completion, such platform is expected to be of great value as a domestic substitute for those provided by leading international biopharmaceutical companies in this field.

In addition, during the Reporting Period, with the commercialization of its vaccine products, the Company gradually established a sales and marketing network to introduce the features of its products and the latest academic trends in relevant fields through various academic and marketing activities, and has helped doctors in centers for disease control and prevention use its products properly, which helped establish a good brand image of the Company. At the same time, the Company focuses on professional academics and customer demands. When formulating sales and marketing plans, the Company fully investigates and understands the exact requirements of doctors and real needs of vaccine recipients, and strictly complies with relevant laws and regulations in setting brand promotion information and producing promotional materials through a strict medical compliance review mechanism.

Management Discussion and Analysis

The Group's Facilities

To date, the Group's manufacturing activities focus on commercialization and product registration. The Group's manufacturing facility is equipped with advanced equipment and machinery with various functions, including fermentation, purification, conjugation, and ultrafiltration, auto-packaging and filling.

The Group owns and operates a commercial-scale manufacturing facility located in Tianjin currently for the manufacture of, among other things, Menphecia and Menhycia. For commercialization of Ad5-nCoV, the Company has built a manufacturing facility located in Tianjin, and has also worked with Shanghai Pharmaceuticals Holding Co., Ltd. (上海醫藥集團股份有限公司), a company whose shares are listed on the Hong Kong Stock Exchange (stock code: 2607) and the Shanghai Stock Exchange (stock code: 601607) to build a manufacturing facility located in Shanghai. In addition, through the mRNA technology platform established by the Company in Shanghai, the Group will undertake key technological research and large-scale production of mRNA vaccines in its own capacity.

Taking into account the development trend of vaccine industry since the outbreak of COVID-19 pandemic, the Group keeps improving its capabilities of R&D, manufacturing, testing and storage. The Group has initiated the construction of CanSino Innovative Vaccine Industrial Campus Project with part of the proceeds from its A Share Offering, aiming to enhance the manufacturing capacity to satisfy its long-term development strategies.

Intellectual Property

As of June 30, 2022, the Group owned 157 trademarks, including 61 in China, 7 in Hong Kong, 5 in Taiwan, 2 in the European Union, 2 in the United States and 80 in other countries and regions. As of the same date, the Group had filed 26 trademark applications in China and 88 in other countries and regions, and also filed trademark applications through Madrid International Trademark System.

As of June 30, 2022, the Group owned 30 patents in China, 3 in the United States and 2 in the European Union. As of the same date, the Group had filed 30 patent applications in China, 3 in the European Union and 3 in the United States.

Employees and Remuneration Policies

As of June 30, 2022, the Group had a total of 2,191 employees. The Group has developed a remuneration and welfare management system that provides employees with competitive remuneration and five types of social insurances and housing fund for employees in strict compliance with the relevant laws and regulations, and provides additional comprehensive benefit insurance.

Future and Outlook

CanSinoBIO's mission is to develop, manufacture and commercialize high-quality, innovative and affordable vaccines. To accomplish the mission, we will prioritize our response to COVID-19 pandemic, and spare no effort to further commercialize our Ad5-nCoV domestically and globally. We have established the Commercial Operation Center (COC) with comprehensive system and will continue to commercialize our Menphecia and Menhycia.

Developing our clinical trial and pre-clinical stage assets through our in-house R&D and medical/clinical teams can enhance our long-term competitiveness. We are developing COVID-19 vaccine candidates that based on different technologies with a view to provide better protection for the public. The Ad5-nCoV for Inhalation and COVID-19 mRNA vaccine candidate are at clinical trial stage. Going forward, we will continue to facilitate the clinical trial progress and further vaccine rollouts of Ad5-nCoV for Inhalation and COVID-19 mRNA vaccine candidate with solid scientific data.

Also, we will continue to discover and develop new vaccine candidates through both in-house R&D and external collaborations. We will continue to evaluate possible global collaborations and acquisitions of high-potential assets related to vaccines and biological products.

Although the vaccination of COVID-19 vaccines is ongoing worldwide, the spread of variant still poses a threat to global public health. Thus, the pandemic may continue to have an impact on our business operations to varying degrees. It may cause delays in the clinical trials, construction of facilities, regulatory approvals, and even the 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. We will focus on all aspects of our business operations and will react actively to the impacts.

FINANCIAL REVIEW

Revenue

For the six months ended June 30, 2022, we recorded a total revenue of approximately RMB629.8 million (six months ended June 30, 2021: RMB2,061.5 million). The decrease was mainly caused by the price change of our vaccine products and the decreased demand of overseas vaccine as global COVID-19 vaccination rate growth slows.

During the Reporting Period, a breakdown of our revenue by geographical segment is as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Geographical markets		
The PRC	**411,507**	981,095
Overseas	**218,283**	1,080,360
Total	**629,790**	2,061,455

Gross profit

For the six months ended June 30, 2022, we recorded a gross profit of approximately RMB316.2 million (six months ended June 30, 2021: RMB1,436.2 million), mainly because the price of our vaccine products changed and the inventory write-downs related to our COVID-19 vaccine products increased, which resulted in a negative impact on gross profit.

Other Income

Our other income increased by 451.8% from RMB12.5 million for the six months ended June 30, 2021 to approximately RMB68.8 million for the six months ended June 30, 2022, primarily due to an increase of approximately (i) RMB28.9 million in investment income on structured deposits, wealth management products and derivative instruments that we purchased from certain reputable commercial banks, and (ii) RMB27.5 million in government grants.

Selling Expenses

Our selling expenses increased from approximately RMB34.6 million for the six months ended June 30, 2021 to approximately RMB88.9 million for the six months ended June 30, 2022, which was primarily due to the increase in employee benefit expenses, marketing expenses and conference expenses as a result of our continuous efforts in promotion of vaccine products.

Administrative Expenses

Our administrative expenses increased by 54.3% from approximately RMB90.5 million for the six months ended June 30, 2021 to approximately RMB139.6 million for the six months ended June 30, 2022, primarily due to an increase of approximately (i) RMB33.0 million in employee benefits expenses, (ii) RMB13.7 million in depreciation and amortization expenses, and (iii) RMB8.4 million in utilities and office expenses.

R&D Expenses

Our R&D expenses decreased by 41.2% from approximately RMB551.3 million for the six months ended June 30, 2021 to approximately RMB324.0 million for the six months ended June 30, 2022, primarily due to a decrease of approximately RMB225.6 million in clinical trial and testing fees for the R&D of our vaccines. Such decrease is generally in line with our business development and R&D progress as we have successfully commercialized Convidecia in 2021 and achieved various R&D progress for our other vaccine candidates.

The following table sets forth the components of our R&D expenses for the period indicated:

	Six months ended June 30,			
	2022		2021	
	RMB'000 (Unaudited)	**%**	RMB'000 (Audited)	%
Clinical trial and testing fee	**174,595**	**53.9**	400,230	72.6
Raw materials and consumables used	**74,498**	**23.0**	68,485	12.4
Employee Benefits expenses	**48,445**	**15.0**	55,062	10.0
Depreciation and amortization	**18,311**	**5.6**	11,822	2.1
Others	**8,116**	**2.5**	15,681	2.9
Total	**323,965**	**100.0**	551,280	100.0

Finance Income – Net

Our net finance income increased significantly from approximately RMB34.5 million for the six months ended June 30, 2021 to approximately RMB123.2 million for the six months ended June 30, 2022, primarily attributable to an increase of approximately RMB109.9 million in exchange gains.

Income Tax Credit

Our income tax credit for the six months ended June 30, 2022 was approximately RMB57.6 million (six months ended June 30, 2021: RMB100.3 million). Such decrease was primarily due to over provision of current income tax expense in respect of the previous year and deferred income tax generated during the Reporting Period.

Management Discussion and Analysis

Property, plant and equipment

Our property, plant and equipment increased from approximately RMB1,973.7 million as of December 31, 2021 to approximately RMB2,267.9 million as of June 30, 2022, primarily due to construction of facilities and purchase of equipment for R&D and production.

Intangible Assets

Our intangible assets increased from approximately RMB99.8 million as of December 31, 2021 to approximately RMB120.6 million as of June 30, 2022, primarily due to an increase of approximately (i) RMB2.3 million in capitalized clinical trial expenses, and (ii) RMB18.5 million in non-proprietary technologies.

Inventories

Our inventories comprised finished goods, work in progress, raw materials outsourced for processing and raw materials and consumable materials purchased for production and R&D activities. Our inventories increased significantly from approximately RMB875.6 million as of December 31, 2021 to approximately RMB1,188.5 million as of June 30, 2022, primarily due to the increase of finished goods and work in progress in the Reporting Period, partially offset by the write-down of inventories of approximately RMB98.2 million (as of December 31, 2021: RMB1.6 million). Such write-down represented the impairments due to the expiration of shelf-life of such inventories and decreasing demands for COVID-19 vaccines during the Reporting Period. At the end of each Reporting Period, we review the carrying amounts of tangible and intangible assets. If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognized in profit or loss. Our result will be affected by such asset impairment tests which are carried out at the end of each Reporting Period.

Trade Receivables

Our trade receivables increased significantly from approximately RMB157.9 million as of December 31, 2021 to approximately RMB315.8 million as of June 30, 2022, primarily due to the increase in domestic receivables, of which the collection period is longer than last year.

Other Receivables and Prepayments

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

	As of June 30, 2022 RMB'000 (Unaudited)	As of December 31, 2021 RMB'000 (Audited)
Prepayments to suppliers of raw materials and services	**362,145**	378,551
Prepayments to suppliers of intangible assets and property, plant and equipment	**180,123**	119,064
Value added tax recoverable	**124,994**	75,688
Others	**8,850**	22,511
	676,112	595,814
Less: non-current portion	**(183,899)**	(122,423)
Current portion	**492,213**	473,391

Our other receivables and prepayments increased from approximately RMB595.8 million as of December 31, 2021 to approximately RMB676.1 million as of June 30, 2022, which was primarily due to an increase of approximately (i) RMB61.1 million in prepayments to suppliers of intangible assets and property, plant and equipment; and (ii) RMB49.3 million in value added tax recoverable.

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 presented based on the date of receipt of goods or services.

	As of June 30, 2022 RMB'000 (Unaudited)	As of December 31, 2021 RMB'000 (Audited)
Within 1 year	**490,019**	842,495
Between 1 year and 2 years	**1,917**	69
Between 2 years and 3 years	**19**	3
	491,955	842,567

Our trade payables decreased significantly from approximately RMB842.6 million as of December 31, 2021 to approximately RMB492.0 million as of June 30, 2022, which was generally in line with the decrease in purchase. We did not have any material defaults in payment of trade payables for the six months ended June 30, 2022.

Other Payables and Accruals

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

	As of June 30, 2022 RMB'000 (Unaudited)	As of December 31, 2021 RMB'000 (Audited)
Other payables to suppliers of property, plant and equipment	**334,978**	305,865
Dividends Payable	**197,560**	–
Payroll and welfare payable	**159,688**	222,720
Clinical trial and testing fee	**129,035**	102,692
Other service fees	**37,097**	15,550
Consulting fees	**7,471**	4,277
Accrued taxes other than income tax	**3,460**	5,391
Deposits from suppliers	**686**	686
Others	**18,610**	27,339
	888,585	684,520

Our other payables and accruals increased by 29.8% from approximately RMB684.5 million as of December 31, 2021 to approximately RMB888.6 million as of June 30, 2022, primarily due to an increase of approximately (i) RMB197.6 million in dividends payable, (ii) RMB29.1 million in other payables to suppliers of property, plant and equipment, and (iii) RMB26.3 million in clinical trial and testing fees.

Financial Resources, Liquidity and Capital Structure

Our cash and cash equivalents decreased by 19.7% from approximately RMB4,490.9 million as of December 31, 2021 to approximately RMB3,608.1 million as of June 30, 2022, which was primarily due to the decrease in cash inflow as a result of declined sales during the Reporting Period. We are of the view that our financial resources are sufficient for our daily operations.

As of June 30, 2022, the current assets of the Group were RMB9,002.6 million, which include bank and cash of RMB3,758.0 million, financial assets at fair value through profit or loss of RMB3,248.1 million and other current assets of RMB1,996.5 million.

As of June 30, 2022, the current liabilities of the Group were RMB3,012.9 million, which include trade payables of RMB492.0 million, other payables and accruals of RMB888.6 million, borrowings of RMB1,552.2 million and other current liabilities of RMB80.1 million.

As of June 30, 2022, the Group had short term loans of approximately RMB1,552.2 million (as of December 31, 2021: RMB1,080.8 million) and long term loans of approximately RMB327.1 million (as of December 31, 2021: RMB40.0 million). The new borrowings during the Reporting Period were raised to ensure sufficient funds for R&D activities, infrastructure projects and facility operations. The Group had new bank loans of approximately RMB1,651.4 million for the six months ended June 30, 2022, as compared with that of approximately RMB701.3 million for the six months ended June 30, 2021, aiming to fully enhance the efficiency of capital. Particulars of borrowings of the Group as of June 30, 2022 are set out in note 22 to the condensed consolidated financial statements.

We adopt a prudent financial management approach for our treasury policy to ensure that our liquidity structure comprising assets, liabilities and other commitments are able to meet our capital requirements.

Investment in Financial Assets

With regard to capital management, based on the principle of prudence and soundness, we generally choose principal-protected structured deposits and wealth management products with interest rates higher than those of bank deposits for the same period to maximize our capital gains. As of June 30, 2022, we held structured deposits of RMB3,045.1 million and wealth management products of RMB200.8 million issued by banks in China, among which, we have outstanding structured deposits purchased from Shanghai Pudong Development Bank Co., Ltd. with a principal amount of RMB1.3 billion as of June 30, 2022, representing over 5% of our total assets as of the end of the Reporting Period. The annual interest rate of structured deposits and wealth management products purchased during the six months ended June 30, 2022 varied from 2.82% to 3.95%. Such structured deposits and wealth management products had a maturity period ranging from 30 days to 186 days and are non-cancellable before maturity.

Significant Investments, Material Acquisitions and Disposals

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

Future Plans for Material Investments or Capital Assets

As of the date of this report, we plan to invest approximately RMB2,244.7 million into the CanSino Innovative Vaccine Industrial Campus project to enhance the manufacturing capacity to satisfy our long-term development strategies.

Saved as disclosed above, we did not have any concrete future plans for material capital expenditure, investments or capital assets as of the date of this report. We will make further announcements in accordance with the Hong Kong Listing Rules, where applicable, if any investments and acquisition opportunities materialize.

Contingent Liabilities

As of June 30, 2022, we were 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

Our capital commitments as of June 30, 2022 were approximately RMB262.7 million, representing a decrease of 15.7% from the capital commitments of approximately RMB311.7 million as of December 31, 2021, primarily due to the decrease in our future payments in relation to the construction of manufacture facilities, as the progress of the construction advances continuously.

Charge on Assets

As of June 30, 2022, certain of our 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 was approximately RMB332.6 million as of June 30, 2022 (as of December 31, 2021: RMB340.9 million).

As of June 30, 2022, certain of our land use rights have been pledged as collateral under our borrowing arrangements with banks. The carrying amount of land use rights pledged as collateral was approximately RMB10.0 million as of June 30, 2022 (as of December 31, 2021: RMB10.1 million).

Saved as disclosed above, there were no other charges on our assets as of June 30, 2022.

Exchange Rate Risk

Our Group mainly operates in the PRC with most of the transactions settled in RMB and USD. Our Group is exposed to fluctuations in foreign exchange risk to a certain degree as there are financial assets or liabilities of the Group denominated in the currencies other than the functional currency, including (i) cash and term deposits at bank in USD and HKD, which were primarily received from the investors as capital contributions, (ii) trade receivables generated from overseas customers, and (iii) trade payables and other payables to overseas suppliers. During the Reporting Period, we have entered into several agreements with commercial banks in China to hedge against the foreign exchange risk. As of June 30, 2022, the nominal amount of outstanding contracts amounted to USD70.0 million (equivalent to RMB466.7 million) and forward rates ranged from 6.6638 to 6.6752 with terms of 3 months or less. Besides, as of the date of this report, we have established a foreign exchange exposure monitoring policy, and will consider hedging against significant foreign exchange exposure of the Group 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 3 months, divided by total equity and multiplied by 100%. As of June 30, 2022, our Group was in a net cash position and thus, gearing ratio is not applicable.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

In respect of code provision C.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.

CHANGES IN DIRECTORS' AND SUPERVISORS' INFORMATION

On February 28, 2022, Ms. Nisa Bernice Wing-Yu LEUNG ceased to be a non-executive director of New Horizon Health Limited (諾輝健康), a company whose shares are listed on the Hong Kong Stock Exchange (stock code: 6606).

On April 16, 2021, Ms. Zhu XIN was appointed as an independent non-executive director of Suxin Joyful Life Services Co., Ltd. (蘇新美好生活服務股份有限公司), a company whose shares are listed on the Hong Kong Stock Exchange (stock code: 2152) on August 24, 2022.

On June 30, 2022, Mr. Liang LIN ceased to be a director of Sansure Biotechnology Co., Ltd. (聖湘生物科技股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 688289).

Save as disclosed above, there are no material changes in Directors, Supervisors and senior management of the Company and their respective biographies during the Reporting Period that need to be disclosed pursuant to Rule 13.51 of the Hong Kong Listing Rules.

Other Information

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiries 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.

REVIEW OF INTERIM FINANCIAL RESULTS

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 the independent auditor of the Company the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended June 30, 2022) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The independent auditors of the Company, namely Deloitte Touche Tohmatsu, have carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board does not recommend any payment of an interim dividend for the Reporting Period (June 30, 2021: nil).

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

As of June 30, 2022, 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	42,579,625(L)	17.21%	37.10%
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	42,579,625(L)	17.21%	37.10%
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	Beneficial owner	H Share	191,071(L)	0.08%	0.14%
Dr. Zhongqi Shao	Beneficial owner	H Share	675,000(L)	0.27%	0.51%
Mr. Jianzhong Liu	Beneficial owner	H Share	1,000(L)	0.00%	0.00%

Notes:

(1) The percentage is calculated based on the number of relevant class of Shares in issue as of June 30, 2022.

(2) Pursuant to the Concert Party Agreement, including 7,981,225 A Shares collectively held by Tianjin Qianyi, Tianjin Qianrui and Tianjin Qianzhi (as defined below), the exercise of the voting rights attaching to which are controlled by Dr. Zhu.

(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)) (the "**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))(the "**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)) (the "**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 held by Dr. Mao and SCHELD Holding Limited, a company controlled by Dr. Mao, under the SFO.

(5) (L) – Long position.

Other Information

Save as disclosed above, as of June 30, 2022, 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 June 30, 2022, 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], Interest in a controlled corporation[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[1]	A Share	42,579,625(L)	17.21%	37.10%
The Capital Group Companies, Inc.	Interest in a controlled corporation	H Share	32,805,889(L)	13.26%	24.73%
Qiming Corporate GP IV, Ltd.	Interest in a controlled corporation	H Share	7,516,538(L)	3.04%	5.67%
Qiming GP IV, L.P.	Interest in a controlled corporation	H Share	7,516,538(L)	3.04%	5.67%
Qiming Venture Partners IV, L.P.	Interest in a controlled corporation	H Share	7,516,538(L)	3.04%	5.67%

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
QM29 Limited	Beneficial owner	H Share	7,516,538(L)	3.04%	5.67%
Citigroup Inc.	Interest of corporation controlled, approved lending agent	H Share	7,165,495(L) 855,248(S) 3,150,661(P)	2.90% 0.35% 1.27%	5.40% 0.64% 2.37%
BlackRock, Inc.	Interest in a controlled corporation	H Share	6,893,089(L) 271,800 (S)	2.79% 0.11%	5.20% 0.20%

Notes:

(1) Pursuant to the Concert Party Agreement, including 7,981,225 A Shares collectively held by Tianjin Qianyi, Tianjin Qianrui and Tianjin Qianzhi, the exercise of the voting rights attaching to which are controlled by Dr. Zhu.

(2) In January 2022, Dr. Mao transferred 1,138,759 H Shares held by her to SCHELD Holding Limited, a company wholly owned by Dr. Mao as of the date of the report. As a result of such transfer, the Concert Party Agreement was amended on January 26, 2022 to reinforce that the parties acting in concert shall vote (and procure the entities held by them if any to vote) unanimously for any resolutions proposed at any Shareholders' meeting of the Company. The composition of the group of parties acting in concert, the amount of Shares held by the parties acting in concert and the voting rights attaching thereto remained unchanged after such transfer. For further details, please refer to the overseas regulatory announcement of the Company dated January 27, 2022.

(3) (L) – Long position.

(S) – Short position.

(P) – Lending pool.

Save as disclosed above, as of June 30, 2022, to the best knowledge of the Directors, Supervisors or chief executive of the Company, none of the substantial Shareholders of the Company had interests or short positions in the Shares and underlying Shares of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 336 of the SFO.

Other Information

USE OF PROCEEDS FROM LISTING 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 and the Company's operation needs, in order to strengthen the Company's capital efficiency, the Board resolved on August 21, 2020 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 as of June 30, 2020 and actual usage of the re-allocated H-Share IPO Proceeds up to June 30, 2022. 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.

Intended use of H-Share IPO 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 June 30, 2022 (RMB million)	Unutilized net proceeds as of June 30, 2022 (RMB million)	Expected time of full utilization of remaining balance
Research and development and commercialization of MCV candidates	505.1	458.2	38.2	7.2	60.0	25.1	By the end of 2022
Research and development of DTcP candidates	224.5	166.6	166.6	4.7	66.8	157.7	By the end of 2023
Research and development of other key products	168.3	41.8	41.8	6.4	144.7	23.6	By the end of 2022[1]
Continued R&D of our pre-clinical vaccine candidates	112.2	10.7	10.7	–	112.2	–	NA
Working capital and other general corporate purposes	112.2	5.5	5.5	–	112.2	–	NA
(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	10.1	10.1	409.9	By the end of 2023
Total	1,122.3	682.8	682.8	28.4	506.0	616.3	

Note:

(1) The progress of other key products in the pipeline was delayed to a certain degree as most of our resources have been allocated to support the R&D and commercialization of our Ad5-nCoV in response to the needs of epidemic prevention. Thus, the expected time of full utilization of remaining balance was delayed for one year.

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**"). Taking into the account the trend of the vaccine industry and the Company's long-term development strategies, in order to improve the Company's capabilities of R&D, manufacturing, testing and storage, the Board resolved on April 29, 2021 to change the use of the remaining unutilized A-Share IPO Proceeds, which was subsequently approved by the Shareholders of the Company on May 28, 2021.

The table below sets out, among other things, the planned applications of the A-Share IPO Proceeds and actual usage up to June 30, 2022:

Intended use of A-Share IPO Proceeds	Planned applications of A-Share IPO Proceeds (RMB million)	Revised Planned applications of A-Share IPO Proceeds (RMB million)	Actual usage during the Reporting Period (RMB million)	Actual usage up to June 30, 2022 (RMB million)	Unutilized net proceeds as of June 30, 2022 (RMB million)	Expected time of full utilization of remaining balance
CanSino Innovative Vaccine Industrial Campus Project[1]	550.0	1,100.0	23.5	147.5	952.5	By the end of 2024
Development of vaccine candidates	150.0	150.0	4.7	22.2	127.8	By the end of 2023
Construction of vaccine traceability and cold chain logistics system and information system 50.0	50.0	50.0	17.6	40.1	9.9	By the end of 2022
Working capital	250.0	250.0	–	250	–	NA
Sub-total[2]	1,000.0	1,550.0	45.8	459.8	1,090.2	NA
Over-raised proceeds from A Share Offering[2,3]	3,979.5	3,429.5	–	2,380	1,049.5	By the end of 2023
Total	4,979.5	4,979.5	45.8	2,839.8	2,139.7	

Notes:

(1) On April 29, 2021, the Board proposed to upgrade and replace the construction plan of phase II manufacture facilities with the CanSino Innovative Vaccine Industrial Campus Project, which was subsequently approved by the Shareholders on May 28, 2021. The Company plans to invest approximately RMB2,244.7 million into the CanSino Innovative Vaccine Industrial Campus Project, which will be funded by (1) the proposed change of use in the unutilized A-Share IPO Proceeds planned for the construction of phase II manufacture facilities, being approximately RMB550.0 million, as well as any interests generated therefrom; (2) the proposed application of a portion of the unutilized over-raised proceeds from the A Share Offering of RMB550.0 million; and (3) the Group's internal resources and bank borrowings to be arranged by the Company (if any) to cover the remaining amount. For details, please refer to the circular of the Company published on the website of Hong Kong Stock Exchange dated May 12, 2021 in relation to the proposed change in use of proceeds from A Share Offering.

(2) 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.

(3) As approved by the Shareholders of the Company at the extraordinary general meeting held on October 9, 2020 and October 11, 2021, a total amount of RMB2,380.0 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 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 by 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.

Other Information

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

On January 23, 2022, the Board approved the repurchase of a portion of issued A Shares by the Company using its internal funds through Centralized Bidding Trading at the seventh extraordinary meeting of the second session of the Board (the "**Share Repurchase**"). The total amount of funds for the Share Repurchase shall be not less than RMB150 million (inclusive) and not more than RMB300 million (inclusive). The maximum repurchase price of the Shares Repurchase will not exceed RMB446.78 per A Share, and all the A Shares repurchased will be used for future employee stock ownership plan or equity incentive scheme. Pursuant to the Share Repurchase, the Company has repurchased 500,000 numbers of A Shares with a total consideration amounted to RMB113,877,196.26 million, including the transaction costs of RMB115,795.82, during the Reporting Period. As of June 30, 2022, the repurchased A Shares have not been used for above-mentioned purpose.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

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

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

Hong Kong, August 26, 2022

Independent Auditor's Report

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

Introduction

We have reviewed the condensed consolidated financial statements of CanSino Biologics Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 55, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
26 August 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Notes	Six months ended 30 June 2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
Revenue	5	**629,790**	2,061,455
Cost of sales	8	**(313,617)**	(625,302)
Gross profit		**316,173**	1,436,153
Other income	7	**68,849**	12,478
Selling expenses	8	**(88,900)**	(34,582)
Administrative expenses	8	**(139,630)**	(90,464)
Research and development expenses	8	**(323,965)**	(551,280)
Impairment losses under expected credit loss ("ECL") model	8	**(4,624)**	(74)
Other gains (losses), net		**7,297**	30,101
Operating (loss) profit		**(164,800)**	802,332
Finance income	9	**138,486**	41,250
Finance costs	9	**(15,241)**	(6,748)
Finance income – net	9	**123,245**	34,502
(Loss) profit before income tax		**(41,555)**	836,834
Income tax credit	10	**57,598**	100,299
Profit and total comprehensive income for the period		**16,043**	937,133
Profit and total comprehensive income for the period attributable to:			
– Owners of the Company		**12,238**	937,133
– Non-controlling interests		**3,805**	–
		16,043	937,133
Earnings per share			
– Basic and diluted (in RMB)	11	**0.0495**	3.7872

Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	13	**2,267,894**	1,973,729
Right-of-use assets	14	**334,014**	343,091
Intangible assets	15	**120,624**	99,790
Financial assets at fair value through profit or loss	19	**45,310**	45,310
Deferred tax assets	16	**34,764**	–
Other receivables and prepayments	18	**183,899**	122,423
Total non-current assets		**2,986,505**	2,584,343
Current assets			
Inventories		**1,188,520**	875,621
Trade receivables	17	**315,827**	157,926
Other receivables and prepayments	18	**492,213**	473,391
Financial assets at fair value through profit or loss	19	**3,248,060**	1,862,675
Term deposits with initial term of over three months		**–**	463,358
Bank and cash		**3,757,972**	5,456,873
Total current assets		**9,002,592**	9,289,844
Total assets		**11,989,097**	11,874,187

Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
EQUITY			
Share capital and share premium	20	**6,785,406**	6,785,406
Treasury shares	20	**(113,877)**	–
Capital reserves		**64,340**	59,942
Statutory reserves		**118,389**	118,389
Accumulated profits		**845,987**	1,031,309
Equity attributable to owners of the Company		**7,700,245**	7,995,046
Non-controlling interests		**556,643**	552,838
Total equity		**8,256,888**	8,547,884
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	16	**–**	557
Borrowings	22	**327,050**	40,000
Lease liabilities		**210,945**	222,849
Deferred income		**181,323**	187,955
Total non-current liabilities		**719,318**	451,361
Current liabilities			
Trade payables	23	**491,955**	842,567
Income tax payables		**–**	29,144
Contract liabilities	5	**20,961**	193,217
Other payables and accruals	24	**888,585**	684,520
Borrowings	22	**1,552,157**	1,080,791
Lease liabilities		**45,214**	31,178
Deferred income		**14,019**	13,525
Total current liabilities		**3,012,891**	2,874,942
Total liabilities		**3,732,209**	3,326,303
Total equity and liabilities		**11,989,097**	11,874,187

Approved and authorised for issue by the board of directors on 26 August 2022.

Director : Xuefeng YU

Director : Tao ZHU

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Notes	Attributable to owners of the Company								
		Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Capital reserves RMB'000	Statutory reserves RMB'000	Accumulated profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2022 (Audited)		**247,450**	**6,537,956**	**–**	**59,942**	**118,389**	**1,031,309**	**7,995,046**	**552,838**	**8,547,884**
Comprehensive income										
– Profit for the period		**–**	**–**	**–**	**–**	**–**	**12,238**	**12,238**	**3,805**	**16,043**
Recognition of equity-settled share-based payments	21	**–**	**–**	**–**	**4,398**	**–**	**–**	**4,398**	**–**	**4,398**
Dividends recognised as distribution	12	**–**	**–**	**–**	**–**	**–**	**(197,560)**	**(197,560)**	**–**	**(197,560)**
Repurchase of shares	20	**–**	**–**	**(113,877)**	**–**	**–**	**–**	**(113,877)**	**–**	**(113,877)**
Balance at 30 June 2022 (Unaudited)		**247,450**	**6,537,956**	**(113,877)**	**64,340**	**118,389**	**845,987**	**7,700,245**	**556,643**	**8,256,888**
Balance at 1 January 2021 (Audited)		247,450	6,524,948	–	63,148	–	(764,692)	6,070,854	–	6,070,854
Comprehensive income										
– Profit for the period		–	–	–	–	–	937,133	937,133	–	937,133
Recognition of equity-settled share-based payments	21	–	–	–	8,394	–	–	8,394	–	8,394
Capital injection made by non-controlling interests of a subsidiary		–	–	–	–	–	–	–	604,890	604,890
Recognition of gross obligations from put options written		–	–	–	–	–	–	–	(604,890)	(604,890)
Balance at 30 June 2021 (Audited)		247,450	6,524,948	–	71,542	–	172,441	7,016,381	–	7,016,381

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Operating activities		
Cash (used in) generated from operations	**(1,241,808)**	733,696
Interests received	**25,907**	34,826
Net cash (used in) from operating activities	**(1,215,901)**	768,522
Investing activities		
Purchase of property, plant and equipment	**(385,954)**	(554,356)
Purchase of intangible assets	**(43,736)**	(18,198)
Purchase of wealth management products and structured deposits	**(6,681,912)**	(2,096,000)
Proceeds from maturity of term deposits with initial term of over three months	**438,048**	–
Proceeds from maturity of wealth management products and structured deposits	**5,305,000**	800,000
Payment for right-of-use assets	**–**	(11,542)
Payment for rental deposits	**(369)**	(2,628)
Receipt of investment income on wealth management products and structured deposits and term deposits	**61,355**	6,311
Receipt of asset related government grants	**2,382**	–
Net cash used in investing activities	**(1,305,186)**	(1,876,413)
Financing activities		
Interest paid	**(17,391)**	(4,749)
Capital contribution from non-controlling interests	**–**	604,890
Repayment of borrowings	**(949,641)**	(140,000)
Repayment of lease liabilities	**(7,605)**	(9,622)
Payment on repurchase of shares	**(113,877)**	–
New borrowings raised	**1,651,428**	701,276
Net cash from financing activities	**562,914**	1,151,795
Net (decrease) increase in cash and cash equivalents	**(1,958,173)**	43,904
Cash and cash equivalents at the beginning of the period	**5,455,456**	4,446,029
Effect of foreign exchange rate changes	**110,823**	926
Cash and cash equivalents at the end of the period	**3,608,106**	4,490,859

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

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 condensed consolidated interim financial statements are presented in Renminbi ("RMB") and rounded to the nearest thousand yuan, unless otherwise stated.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of amendments to HKFRSs (Continued)

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

In preparing these condensed consolidated financial statements, except as described as below, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

Key source of estimation uncertainty

Inventory provision

The Group assesses periodically if cost of inventories may not be recoverable based on an assessment of the net realizable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realizable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgment and estimates on the conditions and usefulness of the inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories in the year in which such estimate changes.

As at 30 June 2022, the carrying amounts of inventories were approximately RMB1,188,520,000 (31 December 2021: RMB875,621,000), net of write down of inventories of approximately RMB98,190,000 (31 December 2021: RMB1,573,000).

5. REVENUE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Sales of vaccine products – at a point in time	**629,790**	2,061,455

Information about the geographical markets of the Group's revenue is presented based on the locations of the customers.

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Geographical markets		
The PRC	**411,507**	981,095
Overseas	**218,283**	1,080,360
	629,790	2,061,455

Revenue is recognised when control of the vaccine products has transferred, being when the goods have been shipped to the specific location and accepted by customers.

A contract liability is recognised for the Group's obligation to transfer goods to customers for which the Group has received considerations. Contract liabilities as of 30 June 2022 amounting to RMB20,961,000 (31 December 2021: RMB193,217,000) is recognised, mainly representing the unfulfilled sales of vaccine products.

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

6. SEGMENT INFORMATION

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

The Group is principally engaged in the research and development, manufacture and commercialisation 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. The Group's revenue were primarily derived in the PRC based on the location of the operations. Details of the geographical information of the Group's revenue based on the locations of the customers are set out in Note 5.

As at 30 June 2022 and 31 December 2021, the Group's assets were mainly located in the Mainland China and Hong Kong.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

7. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Investment income on structured deposits, wealth management products and derivative instruments	**34,347**	5,456
Government grants (a)	**33,665**	6,795
Others	**837**	227
	68,849	12,478

Note:

(a) Government grants mainly represented subsidy income received from various government organisations to support the operation, research and development activities and construction of assets of the Group.

8. EXPENSES BY NATURE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Employee benefits expenses	**279,620**	243,264
Clinical trial and testing fee	**174,595**	400,230
Write-down on inventories	**96,617**	323
Changes in inventories and other cost of sales	**92,817**	533,249
Depreciation and amortisation	**81,680**	23,946
Utilities and office expenses	**70,091**	46,263
Marketing and publicity expense	**19,381**	3,897
Consulting fee	**17,739**	16,021
Travelling and transportation expenses	**8,791**	7,772
Short-term leases	**5,642**	–
Other transaction taxes	**2,874**	11,450
Auditors' remuneration		
– Audit services	**1,095**	2,016
– Other services	**805**	–
Others	**18,989**	13,271
	870,736	1,301,702

Note:

For the six months ended 30 June 2022, expense relating to short-term leases of RMB7,559,000, were primarily the rentals for warehouse and employee apartments with the amount of RMB5,642,000 (six months ended 30 June 2021: Nil) and RMB1,917,000 (six months ended 30 June 2021: RMB262,000), respectively. The expense relating to employee apartments was included in employee benefits expenses.

9. FINANCE INCOME – NET

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Finance income		
Interest income on bank deposits	**27,663**	40,324
Foreign exchange gains	**110,823**	926
	138,486	41,250
Finance costs		
Interest expenses on bank borrowings	**(17,937)**	(4,879)
Interest expenses for lease liabilities	**(6,235)**	(4,295)
Less: borrowing costs capitalised in qualifying assets (Note 13)	**9,240**	2,550
	(14,932)	(6,624)
Bank charges	**(309)**	(124)
	(15,241)	(6,748)
Finance income – net	**123,245**	34,502

10. INCOME TAX CREDIT

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Current income tax expense	**–**	–
Over provision in respect of prior years	**22,277**	–
Deferred income tax credit (Note 16)	**35,321**	100,299
	57,598	100,299

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
(Loss) profit before income tax	**(41,555)**	836,834
Tax credit (expense) calculated at statutory tax rate of 25%	**10,389**	(209,209)
Tax effect of expenses not deductible for taxation purposes	**(1,505)**	(2,663)
Tax effect of income not taxable for taxation purpose	**–**	3,300
Utilisation of tax losses and deductible temporary differences previously not recognised	**6,312**	278,944
Over provision in respect of prior years	**22,277**	–
Tax loss and temporary differences not recognised as deferred tax assets	**(8,867)**	(6,573)
Extra deduction of research and development expenses	**58,114**	103,365
Impact of applying preferential tax rate	**(29,122)**	(66,865)
Income tax credit	**57,598**	100,299

10. INCOME TAX CREDIT (CONTINUED)

Under the Law of the PRC Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the Company and its PRC subsidiaries is 25% for both periods.

On 24 November 2016, the "Certificate of New Hi-tech Enterprise" was granted to the Company from Tianjin Science and Technology Committee and renewed on 28 November 2019. The Company is eligible for a corporate income tax rate of 15% for six months ended 30 June 2022 (six months ended 30 June 2021:15%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

11. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Audited)
Profit for the period attribute to owners of the Company (in RMB'000)	**12,238**	937,133
Weighted average number of ordinary shares in issue (in thousand)	**247,153**	247,450
Basic earnings per share (in RMB)	**0.0495**	3.7872

The computation of the basic and diluted earnings per share for the six months ended 30 June 2022 is based on weighted average number of shares which excluded the treasury shares held by the Company.

(b) Diluted earnings per share

Diluted earnings per share for the six months ended 30 June 2022 did not assume the issuance of restricted shares under 2021 Restricted Share Incentive Scheme Plan as described in Note 21 since the performance conditions of 2021 Restricted Share Incentive Scheme Plan has not been satisfied as at 30 June 2022.

There were no potential ordinary shares in issue for the six months ended 30 June 2021.

12. DIVIDENDS

On 29 June 2022, the 2021 profit distribution plan ("2021 Profit Distribution Plan") of the Company was approved at the 2021 annual general meeting. Pursuant to the 2021 Profit Distribution Plan, a final dividend of RMB0.80 per share (inclusive of tax) based on the record date for determining the shareholders' entitlement to 2021 Profit Distribution Plan was declared to both holders of A Shares and H Shares. The aggregated dividends amounted to RMB197,559,919.20 (six months ended 30 June 2021: nil). The Company has paid the dividends subsequent to the period end.

The directors of the Company have determined that no dividend will be proposed or declared in respect of the current interim period (six months ended 30 June 2021: nil).

13. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired RMB376,859,000 (unaudited) (six months ended 30 June 2021: RMB564,249,000 (audited)) of property, plant and equipment.

In addition, during the current interim period, the Group disposed of certain equipment and instruments, office equipment and furniture with an aggregate carrying amount of RMB232,000 (unaudited) (six months ended 30 June 2021: RMB19,000 (audited)), resulting in a loss on disposal of RMB232,000 (unaudited) (six months ended 30 June 2021: RMB19,000 (audited)).

The net book value of property, plant and equipment as at 30 June 2022 was RMB2,267,894,000 (unaudited) (31 December 2021: RMB1,973,729,000 (audited))

Certain of the Group's property, plant and equipment have been pledged as collateral under the Group's borrowing arrangements. The carrying amount of property, plant and equipment pledged as collateral were RMB332,628,000 (unaudited) as at 30 June 2022 (31 December 2021: RMB340,922,000 (audited)).

During the current interim period, the Group has capitalised borrowing costs amounting to RMB9,240,000 on qualifying assets (six months ended 30 June 2021 (audited): RMB2,550,000). Borrowing costs were capitalised at the borrowing rates of 3.7% – 5.115% during the current interim period (six months ended 30 June 2021 (audited): 4% – 5.226%).

14. RIGHT-OF-USE ASSETS

During the current interim period, the Group entered into two lease agreements with lease term of 2 years (six months ended 30 June 2021: the Group entered into a new lease agreement with lease term of 239 months). The Group is required to make fixed monthly payments or yearly payments. On lease commencement date, the Group recognised right-of-use assets of RMB3,453,000 (unaudited) (six months ended 30 June 2021: RMB203,158,000 (audited)) and lease liabilities of RMB3,422,000 (unaudited) (six months ended 30 June 2021: RMB201,589,000 (audited)).

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 RMB10,005,000 as at 30 June 2022 (31 December 2021: RMB10,123,000).

15. INTANGIBLE ASSETS

During the current interim period, the Group acquired RMB27,865,000 (unaudited) (six months ended 30 June 2021: RMB15,895,000 (audited)) of non-proprietary technologies and computer software, and RMB2,261,000 (unaudited) (six months ended 30 June 2021: RMB15,451,000 (audited)) of capitalised product development costs.

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16. DEFERRED TAX ASSETS AND LIABILITIES

The followings are the major deferred tax liabilities and assets recognised and movements thereon during the current and preceding interim periods:

Deferred tax assets	Deferred income RMB'000	Inventory provisions RMB'000	ECL provision RMB'000	Amortization of intangible assets difference RMB'000	Tax losses RMB'000	Unrealized inter-group transaction profit and loss RMB'000	Total RMB'000
As at 31 December 2021	3,822	236	274	161	80	–	4,573
Credit to profit or loss	356	14,493	693	316	19,281	1,487	36,626
As at 30 June 2022	**4,178**	**14,729**	**967**	**477**	**19,361**	**1,487**	**41,199**

Deferred tax assets	Deferred income RMB'000	Inventory provisions RMB'000	ECL provision RMB'000	Tax losses RMB'000	Total RMB'000
As at 31 December 2020	–	–	–	996	996
Credit to profit or loss	2,172	112	11	100,688	102,983
As at 30 June 2021	**2,172**	**112**	**11**	**101,684**	**103,979**

Deferred tax liabilities	Right-of-use assets/Lease liabilities RMB'000	Fair value adjustment of derivative instruments RMB'000	Fair value adjustment of financial assets at fair value through profit or loss RMB'000	Fair value adjustment of equity investment RMB'000	Total RMB'000
As at 31 December 2021	(168)	(38)	(1,127)	(3,797)	(5,130)
Charge to profit or loss	(25)	(295)	(985)	–	(1,305)
As at 30 June 2022	**(193)**	**(333)**	**(2,112)**	**(3,797)**	**(6,435)**

Deferred tax liabilities	Right-of-use assets/Lease liabilities RMB'000	Fair value adjustment of derivative instruments RMB'000	Amortization of intangible assets difference RMB'000	Total RMB'000
As at 31 December 2020	–	(996)	–	(996)
Charge to profit or loss	(164)	(2,506)	(14)	(2,684)
As at 30 June 2021	(164)	(3,502)	(14)	(3,680)

16. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

For the purposes of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Deferred tax assets	**41,199**	4,573
Deferred tax liabilities	**(6,435)**	(5,130)
	34,764	(557)

(a) Deferred tax assets not recognised

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Deductible temporary differences	**188,007**	186,452
Deductible losses	**107,295**	74,864
	295,302	261,316

At the end of the current interim period, the Group has carryforward unused tax losses of RMB235,873,000 (31 December 2021: RMB75,182,000) available for offset against future profits. A deferred tax asset of RMB19,361,000 (31 December 2021: RMB80,000) in respect of tax losses of RMB128,578,000 (31 December 2021: RMB318,000) has been recognised. No deferred tax liabilities has been recognised in respect of tax losses of RMB107,295,000 of the Group (31 December 2021: tax losses of RMB74,864,000 of the Group) due to the unpredictability of future profit streams.

At the end of the current interim period, the Group has deductible temporary differences of RMB333,594,000 (31 December 2021: RMB216,410,000). RMB21,838,000 deferred tax asset (31 December 2021: RMB4,493,000) in respect of deductible temporary differences of RMB145,587,000 (31 December 2021: RMB29,958,000) has been recognized. No deferred tax asset has been recognised in respect of deductible temporary differences of RMB188,007,000 (31 December 2021: RMB186,452,000), as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
2023	**–**	–
2024	**–**	–
2025	**3**	3
2026	**81,889**	74,861
2027	**25,403**	–
	107,295	74,864

17. TRADE RECEIVABLES

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade receivables from contracts with customers	**322,275**	159,750
Less: expected credit losses	**(6,448)**	(1,824)
	315,827	157,926

The Group allows an average credit period of 30 to 180 days to its trade customers.

The following is an analysis of trade receivables (net of allowance for credit losses) by age, presented based on the revenue recognition date, at the end of each Reporting Period:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 180 days	**266,265**	123,274
181 days – 365 days	**18,557**	34,652
1 year – 2 years	**31,005**	–
	315,827	157,926

18. OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Prepayments to suppliers of raw materials and services	**362,145**	378,551
Prepayments to suppliers of intangible assets and property, plant and equipment	**180,123**	119,064
Value added tax recoverable	**124,994**	75,688
Others	**8,850**	22,511
	676,112	595,814
Less: non-current portion (a)	**(183,899)**	(122,423)
Current portion	**492,213**	473,391

Note:

(a) The non-current portion of other receivables and prepayments as at 30 June 2022 mainly includes prepayments to suppliers of intangible assets and property, plant and equipment and rental deposits (31 December 2021: mainly includes prepayments to suppliers of intangible assets and property, plant and equipment and rental deposits).

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Structured deposits	**3,045,068**	1,821,789
Wealth management products	**200,773**	40,631
Equity investment (a)	**45,310**	45,310
Derivative financial assets (b)	**2,219**	255
	3,293,370	1,907,985
Less: non-current portion (a)	**(45,310)**	(45,310)
Current portion	**3,248,060**	1,862,675

Notes:

(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. As the Group expects to hold the equity investment for a period more than one year, the investment is classified as non-current assets as at 30 June 2022 and 31 December 2021.

(b) In the current interim period, the Group entered into several foreign exchange forward contracts and foreign exchange swaps to buy RMB and sale USD upon maturities. As at 30 June 2022, the nominal amount of outstanding contracts amounted to USD70,000,000 (equivalent of RMB466,718,000) and forward rates ranged from 6.6638 to 6.6752 with terms of three months or less (31 December 2021: the nominal amount of outstanding contracts amounted to USD50,000,000 (equivalent of RMB320,254,000) and forward rates ranged from 6.3993 to 6.4145 with terms of three months or less).

20. SHARE CAPITAL AND SHARE PREMIUM

	Numbers of shares	Nominal value of shares RMB'000
Authorised		
As at 1 January 2021, 1 January 2022 and 30 June 2022	247,449,899	247,450

	Numbers of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Issued and fully paid				
As at 1 January 2022 and 30 June 2022	**247,449,899**	**247,450**	**6,537,956**	**6,785,406**
As at 1 January 2021 and 30 June 2021	247,449,899	247,450	6,524,948	6,772,398

Note:

(a) On 23 January 2022, the Board approved the repurchase of a portion of issued A Shares by the Company using its internal funds through Centralized Bidding Trading at the seventh extraordinary meeting of the second session of the Board (the "Share Repurchase"). The total amount of funds for the Share Repurchase shall be not less than RMB150 million (inclusive) and not more than RMB300 million (inclusive). The maximum repurchase price of the Shares Repurchase will not exceed RMB446.78 per A Share, and all the A shares repurchased will be used for future employee stock ownership plan or equity incentive scheme. Pursuant to the Share Repurchase, the Company has repurchased 500,000 numbers of shares with a total consideration amounted to RMB113,877,196.26, including the transaction cost of RMB115,795.82, during the current interim period. As of 30 June 2022, the repurchased shares has not been granted.

21. SHARE-BASED PAYMENT

2018 Employee Share Plan

Tianjin Qianrui Enterprise Management Partnership (Limited Partnership) (天津千睿企業管理合夥企業（有限合夥)) ("Tianjin Qianrui") and Tianjin Qianzhi Enterprise Management Partnership (Limited Partnership) (天津千智企業管理合夥企業（有限合夥)) ("Tianjin Qianzhi") were incorporated in Tianjin of the PRC under the Law of the People's Republic of China on Partnerships on 24 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").

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 Tao Zhu ("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 the 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 the GP, or a person designated by the GP, at the price that the employees initially purchased, and if applicable, plus 7% per annum interest.

One eligible employee left the Company in May 2022, 100,000 shares awarded to this employee were forfeited (six months ended 30 June 2021: nil).

2021 Restricted Share Incentive Scheme Plan

On 10 September 2021, the Group launched the new incentive scheme to grant the restricted A shares of the Company ("Restricted Shares") to the eligible participants (the "2021 Restricted Share Incentive Scheme Plan") and granted an aggregate of 875,330 restricted shares under the incentive scheme to 388 participants and 49,660 restricted shares under the reserve plan to 7 participants at the grant price of RMB209.71 per share on the grant date. The Restricted Shares granted will be attributed in tranches. The attribution period and arrangement for the Restricted Shares are shown in the table below:

Attribution arrangement	Attribution period	Attribution percentage
First attribution tranche	From the first trading day after the expiry of 12 months following the grant date of the Restricted Shares under the first grant to the last trading day within the 24 months following the grant date of the Restricted Shares	50%
Second attribution tranche	From the first trading day after the expiry of 24 months following the grant date of the Restricted Shares under the first grant to the last trading day within the 36 months following the grant date of the Restricted Shares	50%

21. SHARE-BASED PAYMENT (CONTINUED)

2021 Restricted Share Incentive Scheme Plan (Continued)

The participants of 2021 Restricted Share Incentive Scheme Plan are subject to service conditions, company performance conditions and individual performance conditions. Details of these conditions are set out in the circular of the Company dated 21 August 2021. Further, the participants and those who obtain the shares through transfer, if any, cannot transfer the Restricted Shares within six months from the attribution dates from each tranche.

31 eligible employees resigned during the current interim period, and 61,440 restricted shares awarded to these employees were forfeited. Based on the performance conditions set out in 2021 Restricted Share Incentive Scheme Plan and current period performance, the Company did not recognized any expenses in respect of 2021 Restricted Share Incentive Scheme Plan during the six months ended 30 June 2022.

(a) Share award schemes

2018 Employee Share Plan

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Audited)
At the beginning of the period	**3,265,360**	4,392,016
Vested	**–**	(724,279)
Forfeited	**(100,000)**	–
At the end of the period	**3,165,360**	3,667,737

2021 Restricted Share Incentive Scheme Plan

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Audited)
At the beginning of the period	**454,050**	–
Forfeited	**(61,440)**	–
At the end of the period	**392,610**	–

(b) Expenses arising from share-based payment transactions

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Share award schemes issued under the Employee Share Plan	**4,398**	8,394

As at 30 June 2022, the accumulated expenses arising from share-based payment transactions amounting to RMB59,436,000 are recognised in capital reserves (31 December 2021: RMB55,038,000).

22. BORROWINGS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Borrowings from banks – unsecured	**1,832,997**	1,030,127
Borrowings from banks – secured	**45,000**	90,000
Accrued interest	**1,210**	664
	1,879,207	1,120,791
Less: current portion	**(1,552,157)**	(1,080,791)
Non-current portion	**327,050**	40,000
Maturity of borrowings		
Less than 1 year	**1,552,157**	1,080,791
Between 1 year and 2 years	**45,125**	40,000
Between 2 years and 5 years	**281,925**	–
	1,879,207	1,120,791

As at 30 June 2022, bank borrowings were denominated in RMB, bearing interest at rates ranging from 1.70% per annum (31 December 2021: 1.85% per annum) to the Loan Prime Rate over five years published by the National Interbank Funding Center authorised by the People's Bank of China one day before the contract signing date subtracting 65 base points (31 December 2021: the Loan Prime Rate over five years published by the National Interbank Funding Center authorised by the People's Bank of China one day before the contract signing date subtracting 65 base points). The secured bank borrowings are secured with certain of the Group's property, plant and equipment (Note 13) and right-of-use assets (Note 14).

23. TRADE PAYABLES

The aging analysis of trade payables presented based on the date of receipt of goods or services is as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 1 year	**490,019**	842,495
Between 1 year and 2 years	**1,917**	69
Between 2 years and 3 years	**19**	3
	491,955	842,567

24. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Other payables to suppliers of property, plant and equipment	**334,978**	305,865
Dividends Payable	**197,560**	–
Payroll and welfare payable	**159,688**	222,720
Clinical trial and testing fee	**129,035**	102,692
Other service fees	**37,097**	15,550
Consulting fees	**7,471**	4,277
Accrued taxes other than income tax	**3,460**	5,391
Operation and maintenance fees	**1,023**	6,233
Deposits from suppliers	**686**	686
Others	**17,587**	21,106
	888,585	684,520

25. CAPITAL COMMITMENTS

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

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Contracted but not provided for		
– Property, plant and equipment	**262,716**	311,666

26. 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.

The following transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the directors, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The following companies are related parties of the Group for the six months ended 30 June 2022:

Names of the related parties	Nature of relationship
上海三維生物技術有限公司 Shanghai Sunway Biotech Co., Ltd.* ("Sunway Biotech")	Non-controlling shareholder of CanSino SPH Biologics Inc.
上藥康德樂(上海)醫藥有限公司 SPH KDL Health (Shanghai) Pharmaceutical Co., Ltd.*	Note
上海醫藥物流中心有限公司 Shanghai Pharmaceutical Logistics Center Co., Ltd.*	Note
上海上藥信誼藥廠有限公司 Shanghai Pharma Sine Pharmaceutical Factory Co., Ltd.*	Note
上海上藥第一生化藥業有限公司 SPH NO.1 Biochemical & Pharmaceutical Co., Ltd.*	Note
上海上藥新亞藥業有限公司 Shanghai SPH New Asia Pharmaceuticals Co., Ltd.*	Note
上海雷允上藥業有限公司 Shanghai Leiyunshang Pharmaceutical Co., Ltd.*	Note
上藥控股有限公司 Shanghai Pharmaceutical Co., Ltd.*	Note
上海市藥材有限公司 Shanghai Traditional Chinese medical Co. Ltd.*	Note
上海醫療器械股份有限公司 Shanghai Medical Instruments Co., Ltd.*	Note
杭州胡慶余堂藥業有限公司 Hangzhou Huqing Yutang Pharmaceutical Co., Ltd.*	Note
上海中華藥業有限公司 Shanghai Zhonghua Pharmaceutical Co., Ltd.*	Note
上海醫藥廣告有限公司 Shanghai Pharmaceutical Advertising Co. Ltd.*	Note
上藥東英(江蘇)藥業有限公司 SPH Dongying (Jiangsu) Pharmaceutical Co., Ltd.*	Note

* The English names are for identification purpose only.

Note: Entity controls by the controlling shareholder of Sunway Biotech.

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions:

Services received by the Group:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Shanghai Pharmaceutical Logistics Center Co., Ltd.	**3,149**	–
SPH KDL Health (Shanghai) Pharmaceutical Co., Ltd.	**2,714**	1,508
Shanghai Pharma Sine Pharmaceutical Factory Co., Ltd.	**342**	52
Sunway Biotech	**252**	267
SPH NO.1 Biochemical & Pharmaceutical Co., Ltd.	**214**	49
Shanghai SPH New Asia Pharmaceuticals Co., Ltd.	**153**	43
Shanghai Leiyunshang Pharmaceutical Co., Ltd.	**78**	–
Shanghai Pharmaceutical Co., Ltd.	**45**	–
Shanghai Medical Instruments Co., Ltd.	**32**	–
Hangzhou Huqing Yutang Pharmaceutical Co., Ltd.	**31**	–
Shanghai Zhonghua Pharmaceutical Co., Ltd.	**3**	–
Shanghai Traditional Chinese Medical Co., Ltd.	**3**	–
Shanghai Pharmaceutical Advertising Co. Ltd.	**1**	–
SPH Dongying (Jiangsu) Pharmaceutical Co., Ltd.	**–**	13
Total	**7,017**	1,932

(c) Related party balances:

(i) Prepayments:

	As at	As at
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Shanghai SPH New Asia Pharmaceuticals Co., Ltd.	**26**	–
Shanghai Pharma Sine Pharmaceutical Factory Co., Ltd.	**6**	363
Shanghai Zhonghua Pharmaceutical Co., Ltd.	**3**	–
Shanghai Leiyunshang Pharmaceutical Co., Ltd.	**–**	83
Hangzhou Huqing Yutang Pharmaceutical Co., Ltd.	**–**	31
	35	477

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party balances: (Continued)

(ii) Trade payables:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
SPH KDL Health (Shanghai) Pharmaceutical Co., Ltd.	**1,338**	715
Shanghai Pharmaceutical Logistics Center Co., Ltd.	**16**	–
Shanghai Traditional Chinese medical Co., Ltd.	**9**	31
Shanghai Zhonghua Pharmaceutical Co., Ltd.	**2**	2
Shanghai Medical Instruments Co., Ltd.	**–**	32
	1,365	780

(iii) Other payables:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Shanghai Pharmaceutical Logistics Center Co., Ltd.	**3,133**	–
Shanghai Pharmaceutical Co., Ltd.	**45**	–
	3,178	–

(d) Key management compensation

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

	Six months ended 30 June 2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
Salaries	**9,029**	5,518
Fee	**600**	600
Discretionary bonuses	**–**	13,222
Share-based compensation expenses (Note 21)	**927**	748
Retirement benefit scheme contributions	**209**	71
Others	**281**	109
	11,046	20,268

27. FINANCIAL RISK MANAGEMENT

27.1Financial risk factors

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

This condensed consolidated financial statements does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2021.

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

27.2Fair value estimation

(a) Fair value measurements and valuation processes

The finance department, which is headed up by the Chief Financial Officer of the Company, is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the finance department's findings to the board of directors of the Company to explain the cause of fluctuations in the fair value.

The fair values of these financial assets and financial liabilities are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2Fair value estimation (Continued)

(b) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

This note provides information about how the Group determines fair value of the following financial assets that are measured at fair value on a recurring basis.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Unobservable inputs	Relationship of unobservable input to fair value
	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)				
Structured deposits	3,045,068	1,821,789	Level 3	Discounted cash flow – Future cash flows are estimated based on expected rate of return	Expected rate of return	The higher the expected rate of return, the higher the fair value
Wealth management product	200,773	40,631	Level 2	Discounted cash flow – Future cash flows are estimated based on expected rate of return published by the product managers	N/A	N/A
Equity investment	45,310	45,310	Level 3	Back-solve model and option pricing model- fair value estimated based on key inputs including IPO, liquidity, redemption probabilities, risk-free interest rate and volatility	IPO, liquidity, redemption probability, volatility	The higher the volatility, the higher the fair value
Derivative financial asset	2,219	255	Level 2	Discounted cash flow – Future cash flows are estimated based on observable forward exchange rates, contracted forward rates for swap as well, discounted at rates that reflect the credit risk of various counterparties	N/A	N/A

There were no transfers between level 1 and 2 during the current and preceding interim periods.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27.2Fair value estimation (Continued)

(c) Reconciliation of level 3 fair value measurements

Details of reconciliation of financial assets at FVTPL measured at Level 3 fair value measurement are set out as below:

	Structured deposits		Equity investment		Gross obligations from put options written	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2022	2021	**2022**	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Opening balance	**1,821,789**	646,640	**45,310**	20,000	**–**	–
Additions	**6,481,912**	2,096,000	**–**	–	**–**	(604,890)
Settlements	**(5,298,355)**	(805,456)	**–**	–	**–**	–
Gains and losses recognised in profit or loss	**39,722**	12,565	**–**	9,600	**–**	13,200
Transfer out of level 3	**–**	–	**–**	(29,600)	**–**	–
Closing balance	**3,045,068**	1,949,749	**45,310**	–	**–**	(591,690)
Total gains or losses for the period included in "other income"	**33,354**	5,456	**–**	–	**–**	–
Changes in unrealised gains or losses for the period included in "other gains (losses), net" at the end of the period	**6,368**	7,109	**–**	9,600	**–**	13,200

(d) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

28. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

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 Share(s)"	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), consisting of two types of products, namely Convidecia and Ad5-nCoV for Inhalation
"Ad5-nCoV for Inhalation"	Recombinant Novel Coronavirus Vaccine (Adenovirus Type 5 Vector) for inhalation
"adenovirus"	a DNA virus originally identified in human adenoid tissue, causing infections of the respiratory system, conjunctiva, and gastrointestinal tract
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"CanSino Innovative Vaccine Industrial Campus Project"	an upgrade and replacement of the construction plan of phase II manufacture facilities originally planned by the Company in its A Share Offering prospectus
"CanSinoBIO" or "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
"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, but for the purpose of this report and for geographical reference only and except where the context requires, references in this announcement to "China" and the "PRC" do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

Definitions

"Concert Party Agreement"	the agreement entered into between Dr. Yu, Dr. Zhu, Dr. Qiu and Dr. Mao on February 13, 2017 and subsequently amended on January 26, 2022 pursuant to which Dr. Yu, Dr. Zhu, Dr. Qiu and Dr. Mao have undertaken to, among other things, vote (and procure the entities held by them if any to 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
"Convidecia"	trade name of Recombinant Novel Coronavirus Vaccine (Adenovirus Type 5 Vector) for intramuscular injection
"core product(s)"	for the purpose of this report, include our Menphecia and Menhycia, namely the core products under the Chapter 18A of the Hong Kong Listing Rules, together with our Convidecia
"COVID-19"	the disease caused by a new coronavirus called SARS-CoV-2
"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
"Dr. Zhu"	Dr. Tao ZHU, executive Director, chief scientific officer and deputy general manager of the Company, our co-founder and Controlling Shareholder

Definitions

"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)
"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"	the Company and its subsidiaries
"H Share(s)"	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 HKD and listed on the Main Board of the Hong Kong Stock Exchange
"HK$" or "HKD"	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
"IND"	Investigational New Drug
"Listing of H Shares"	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

Definitions

"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)
"Menhycia"	trade name of Groups A, C, Y and W135 MCV, a vaccine used for the prevention of *N. meningitides* (Lta)
"Menphecia"	trade name of Groups A and C 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
"R&D"	research and development
"Remuneration and Assessment Committee"	the remuneration and assessment committee of the Board

Definitions

"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Reporting Period"	the six-month period from January 1, 2022 to June 30, 2022
"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
"USD" or "US$"	US dollar, the lawful currency of the United States of America
"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
"WHO"	World Health Organization
"%"	per cent

* *For identification purposes only*