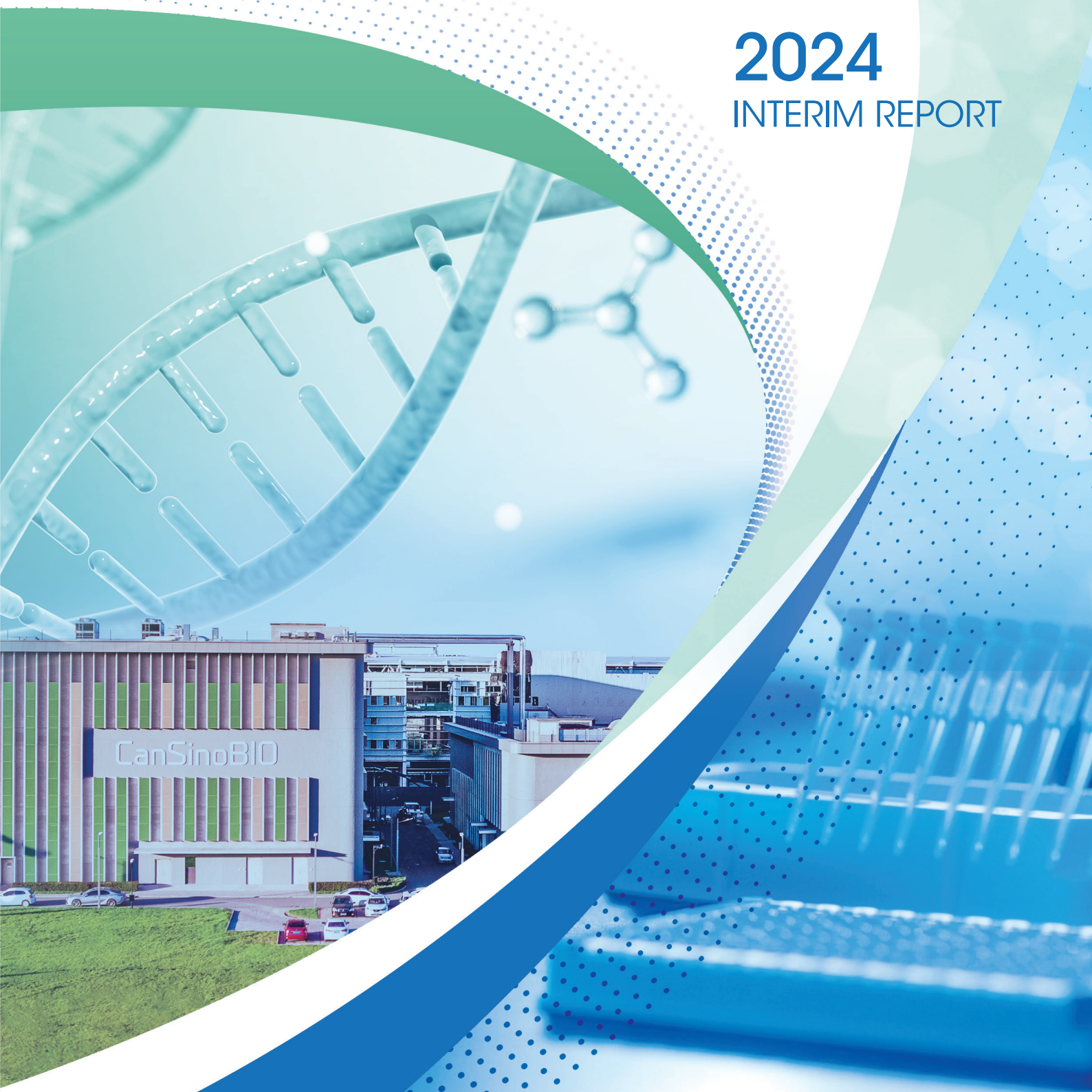
CanSino Biologics Inc.

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

Stock Code: 6185

2024 INTERIM REPORT



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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 (retired from February 21, 2024)
(Chief scientific officer and deputy general manager)
Dr. Dongxu QIU (retired from February 21, 2024)
(Executive vice president and deputy general manager)
Ms. Jing WANG
(Chief commercial officer and deputy general manager)

Non-executive Directors

Mr. Liang LIN (retired from February 21, 2024)
Ms. Nisa Bernice Wing-Yu LEUNG
(resigned from May 30, 2024)
Mr. Chi Shing LI (effective from June 27, 2024)
Mr. Zhi XIAO (resigned from February 21, 2024)

Independent Non-executive Directors

Mr. Shiu Kwan Danny WAI (retired from February 21, 2024)
Ms. Zhu XIN (retired from February 21, 2024)
Mr. Shuifa GUI
Mr. Jianzhong LIU
Mr. Yiu Leung Andy CHEUNG
(effective from February 21, 2024)

AUDIT COMMITTEE

Mr. Yiu Leung Andy CHEUNG *(Chairman)*
(effective from February 23, 2024)
Mr. Shuifa GUI
Mr. Jianzhong LIU (effective from February 23, 2024)
Ms. Zhu XIN *(Chairwoman)* (retired from February 21, 2024)
Mr. Shiu Kwan Danny WAI (retired from February 21, 2024)

REMUNERATION AND ASSESSMENT COMMITTEE

Mr. Shuifa GUI *(Chairman)*
Mr. Yiu Leung Andy CHEUNG
(effective from February 23, 2024)
Dr. Xuefeng YU (effective from February 23, 2024)
Ms. Zhu XIN (retired from February 21, 2024)
Mr. Jianzhong LIU (retired from February 23, 2024)
Dr. Shou Bai CHAO (retired from February 23, 2024)
Mr. Liang LIN (retired from February 21, 2024)

NOMINATION COMMITTEE

Mr. Jianzhong LIU *(Chairman)*
Mr. Yiu Leung Andy CHEUNG
(effective from February 23, 2024)
Mr. Shuifa GUI
Ms. Nisa Bernice Wing-Yu LEUNG
(resigned from May 30, 2024)
Mr. Chi Shing LI (effective from June 27, 2024)
Dr. Xuefeng YU
Mr. Shiu Kwan Danny WAI (retired from February 21, 2024)

SUPERVISORS

Mr. Zhi XIAO *(Chairman)* (effective from February 21, 2024)
Ms. Jiangfeng LI (retired from February 21, 2024)
Dr. Zhongqi SHAO
Ms. Yuan ZHOU

AUTHORISED REPRESENTATIVES

Dr. Xuefeng YU
Mr. Ming King CHIU

JOINT COMPANY SECRETARIES

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

Corporate Information

HEADQUARTERS AND REGISTERED OFFICE IN THE PRC

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HONG KONG H SHARE REGISTRAR

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The Landmark
15 Queen's Road Central
Hong Kong

PRC LEGAL ADVISER

Jingtian & Gongcheng
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China Central Place
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Chaoyang District, Beijing
PRC

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F One Pacific Place
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Hong Kong

STOCK CODE

Hong Kong Stock Exchange: 6185
Shanghai Stock Exchange: 688185

COMPANY WEBSITE

www.cansinotech.com

Financial Summary

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

A summary of the operating results and of the assets and liabilities of the Group for the first half of 2024 is set out below:

	Six months ended June 30,			
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000	Changes RMB'000	%
Operating Results				
Revenue	**285,420**	21,086	264,334	1,253.6
Operating (loss) profit	**(250,466)**	(1,342,432)	1,091,966	(81.3)
(Loss) profit before income tax	**(229,196)**	(1,283,335)	1,054,139	(82.1)
Profit (loss) and total comprehensive income (loss) for the period	**(229,666)**	(1,282,024)	1,052,358	(82.1)
(Loss) earnings per Share				
Basic and diluted (loss) earnings per share (in RMB)	**(0.91)**	(3.41)	2.50	(73.3)

	As of June 30, 2024 (Unaudited) RMB'000	As of December 31, 2023 (Audited) RMB'000	Changes RMB'000	%
Financial Position				
Non-current assets	**3,596,135**	4,137,941	(541,806)	(13.1)
Current assets	**4,538,436**	5,180,828	(642,392)	(12.4)
Total assets	**8,134,571**	9,318,769	(1,184,198)	(12.7)
Total equity	**5,059,546**	5,287,415	(227,869)	(4.3)
Non-current liabilities	**1,167,528**	1,439,510	(271,982)	(18.9)
Current liabilities	**1,907,497**	2,591,844	(684,347)	(26.4)
Total liabilities	**3,075,025**	4,031,354	(956,329)	(23.7)
Total equity and liabilities	**8,134,571**	9,318,769	(1,184,198)	(12.7)

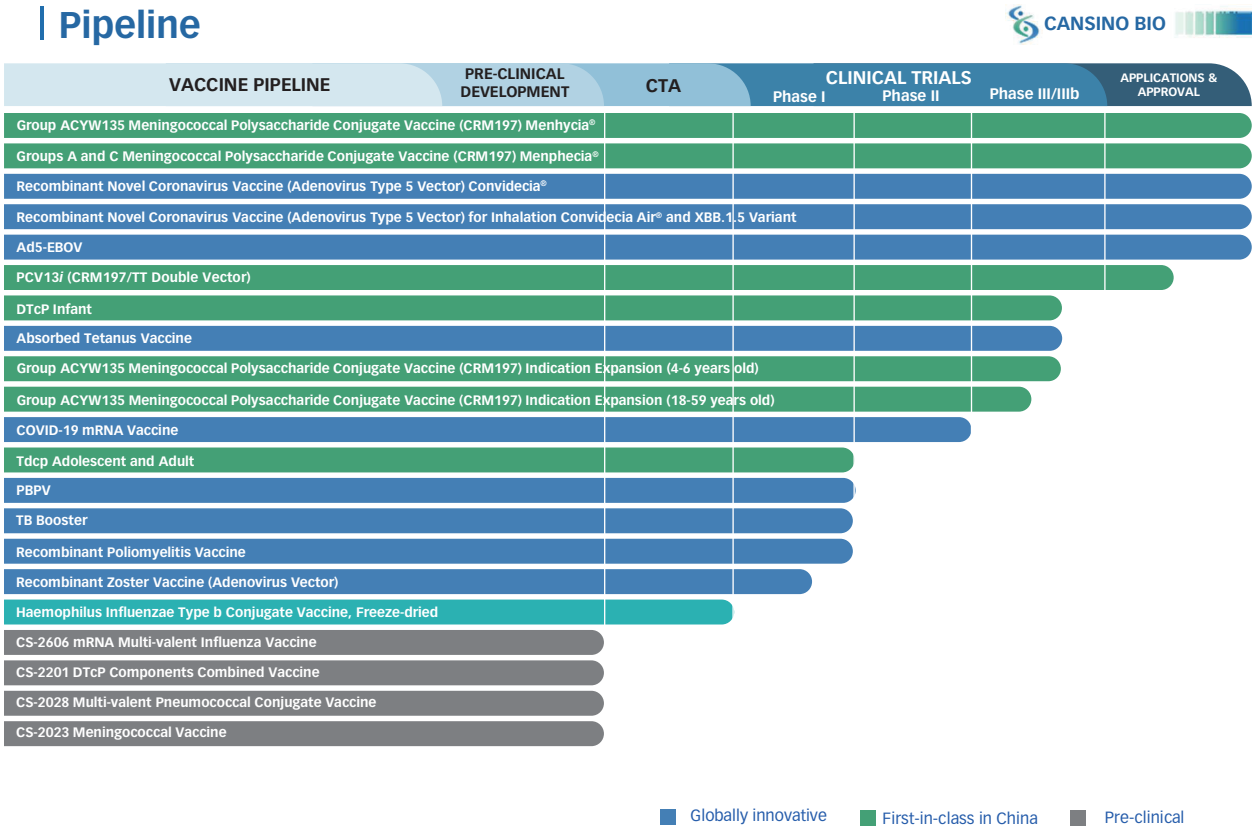
Management Discussion and Analysis

OVERVIEW

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

Our vaccine pipeline, which is strategically designed to address the vast and underserved market worldwide, can be summarized into three categories: (i) globally innovative vaccines to serve the unmet medical needs worldwide (such as our Convidecia®, Convidecia Air®, Ad5-EBOV, COVID-19 mRNA vaccine candidate, TB Booster candidate, PBPV candidate, Recombinant Poliomyelitis Vaccine candidate, Recombinant Zoster Vaccine candidate and Tetanus Vaccine candidate); (ii) first-in-class domestic vaccines with higher quality developed to replace the current primary vaccines in China (such as our Menhycia® and Menphecia®, PCV13*i*, Tdcp Adolescent and Adult and DTcP Infant vaccine candidates); and (iii) pre-clinical vaccine candidates (such as our Hib Vaccine, CS-2606 mRNA Multi-valent Influenza Vaccine, CS-2201 DTcP Components Combined Vaccine, CS-2028 Multi-valent Pneumococcal Conjugate Vaccine and CS-2023 Meningococcal Vaccine).

We have a broad portfolio of vaccines and vaccine candidates for more than 10 disease areas, headlined by five commercialized products. Our product pipeline as of the date of this report is set out below:



Management Discussion and Analysis

BUSINESS REVIEW

Research & Development

Our Products

- *Our Commercial Stage Products*

Menphecia® and Menhycia®

Menhycia® is a China first-in-class and first NDA approved MCV4 vaccine. Compared with existing products in this regard, Menhycia® has significantly improved and upgraded the process of current products by leveraging the Company's advanced synthetic vaccine technology, along with the enhanced formulation and delivery technology. The commercialization of Menhycia® will not only bridge the gap between China and developed countries but also fulfil the demands for high-end vaccines in this field within China by filling the vacancy.

Menphecia® is a China best-in-class bi-valent meningococcal vaccine, which competes with domestic MCV2 products commercialized by well-known manufacturers in China.

Commercialization

Menhycia® was granted NDA approval by the NMPA in December 2021, making it the first MCV4 vaccine approved in China. Save for Menhycia®, the current quadra-valent meningococcal vaccines in China are all MPSV4 products with a limited age indication. In contrast, our Menhycia® is applicable for children aged from 3 months to 3 years old (47 months), with good safety and immunogenicity profiles demonstrated in clinical trials. The Company has established the Commercial Operation Center (COC) with a comprehensive system to enable the Company's commercialization team to develop and implement domestic and overseas promotion strategies and marketing operations for Menhycia®.

The Company obtained NDA approval from the NMPA in June 2021 for commercialization of Menphecia® in the PRC.

As of the date of this report, Menhycia® and Menphecia® have been successfully marketed in 30 provinces and cities in China, and their penetration rate continues to increase. During the Reporting Period, the Company generated a revenue of RMB262.7 million from the sales of meningococcal conjugate vaccines, representing an increase of 18.0% compared with the same period last year, contributing to the steady development of the Company.

In terms of clinical trials for MCV4 in people aged 4–6 years old, the Company has formally completed patient case enrollment and are currently conducting follow-up visits as scheduled. We have initiated the indication extension clinical trial in people aged 18–59 years old for MCV4 and all patient cases have been formally enrolled.

Convidecia® and Convidecia Air® and XBB.1.5 Variant

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.

Convidecia Air® is the first global aerosolized recombinant viral vector COVID-19 vaccine for inhalation, which can not only stimulate humoral and cellular immunity, but also induce mucosal immunity to achieve triple comprehensive protection efficiently without intramuscular injection. Notably, Convidecia Air® offers unique advantages, including safety, effectiveness, painlessness, convenience and availability. By leveraging the same adenovirus vector technological platform as the intramuscular Convidecia®, Convidecia Air® provides a noninvasive option that employs a nebulizer to convert liquid into an aerosol for inhalation through the mouth. Convidecia Air® is needle-free and can effectively trigger comprehensive immune protection in response to SARS-CoV-2.

Commercialization

As of June 30, 2024, Convidecia® has obtained emergency use authorizations in various countries overseas, and has been granted conditional marketing approval by the NMPA in China and conditional approval in Malaysia.

Since September 2022, Convidecia Air® has been included for emergency use as a booster vaccine in the PRC and have been widely vaccinated. Since December 2023, XBB.1.5 Variant has been included for emergency use in China. XBB.1.5 Variant will contribute to the renewal of immunization strategies and provide better protection to the population.

Ad5-EBOV

Ad5-EBOV uses adenovirus vector technology to induce immune response against Ebola virus disease, a severe illness caused by Ebola viruses with an average mortality rate of about 50%. In October 2017, Ad5-EBOV received NDA approval in China for emergency use and national stockpile, making it the first approved Ebola virus vaccine in China. The Company has also obtained a GMP certificate for Ad5-EBOV.

Compared with the existing Ebola virus vaccines and vaccine candidates worldwide, Ad5-EBOV has several key advantages: (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 holds potential as a broad spectrum protection vaccine against the Zaire Ebola virus.

While the Company currently does not anticipate significant commercial contributions from Ad5-EBOV in the future, the development of Ad5-EBOV marks a significant milestone as the first successful application of the Company's viral vector-based technology. It also serves as a testament to the Company's commitment to shoulder social responsibility and showcases its performance in the field.

Management Discussion and Analysis

- *Candidates at clinical trial stage*

PCV13*i*

PCV13*i* is a potential best-in-class improved PCV13. The Company has implemented enhancements in the conjugate design and manufacturing processes of its PCV13*i* candidate by leveraging its proprietary know-how in conjugate vaccine manufacturing.

In January 2024, the Company obtained the final report of the phase III clinical trial for PCV13*i*. The final report shows that PCV13*i* exhibits a favorable safety and immunogenicity profile, and the clinical study has reached its pre-determined clinical conclusion in the target population based on the data available to date.

In February 2024, the NMPA granted a notice of acceptance to the Company's new drug application for registration and marketing of domestic manufactured drugs for PCV13*i*.

The Company expects to obtain the NDA approval for PCV13*i* in 2025.

PBPV

PBPV is a globally innovative pneumococcal vaccine candidate. Currently, the 23-valent pneumococcal polysaccharide vaccine (PPV23) products and the 13-valent pneumococcal conjugate vaccine (PCV13) products are all serotype-based, which 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 derived from the pneumococcal surface protein A, or PspA, a highly-conserved protein expressed by virtually all pneumococci. PBPV contains four types of protein, offering the potential for broader coverage in the elderly compared to existing PPV23 and PCV13 products.

In April 2024, the Company received positive preliminary results from Phase I clinical trials (including Phase Ia and Phase Ib) of PBPV. The results of Phase Ia and Phase Ib clinical studies showed that PBPV has a good safety profile in adults and the elderly. Meanwhile, a single dose of vaccination is able to induce significant binding antibody and functional bactericidal antibody responses against cross-family/clade of Streptococcus pneumoniae, which further demonstrated the broad spectrum and potential public health value of this vaccine candidate. Based on the preliminary results obtained from the Phase I clinical trials, the Company will proceed with the evaluation and planning of the next phase of development for PBPV.

DTcP Infant

The Company is developing a potential best-in-class DTcP vaccine for infants for primary vaccination in China. The manufacturing process of the co-purified diphtheria, tetanus and acellular pertussis vaccine (DTaP) currently available in China uses a process of co-purification of pertussis antigens. As a diphtheria, tetanus and acellular pertussis (components) vaccine, each pertussis antigen of the DTcP Infant can be purified separately and formulated in a defined ratio, thus ensuring batch-to-batch consistency of product quality and making the product more stable. As of the date of this report, no domestically manufactured component vaccine for diphtheria, tetanus and acellular pertussis has been approved for marketing in China. Our DTcP Infant is positioned as a viable alternative to imported vaccines in China. Furthermore, the development of DTcP Infant establishes a solid foundation for the further development of our Tdcp Adolescent and Adult, as well as CS-2201 DTcP components combined vaccine. The product portfolio of diphtheria, tetanus and acellular pertussis (components) vaccines will further enrich the Company's product strategy and enhance its core competitiveness.

In August 2023, the phase III trial for DTcP Infant was officially initiated and the first trial patient case has been formally enrolled.

As of the date of this report, the Company has completed the first three-dose of preliminary immunisation in all patients enrolled in the phase III trial for DTcP Infant. The Company expects to commence pre-NDA process in 2025.

Tdcp Adolescent and Adult

The Tdcp Adolescent and Adult is a booster vaccine for diphtheria, tetanus and acellular pertussis for adolescents and adults aged six years old and above. While major developed countries have already incorporated the vaccine into their routine vaccination programs, there is currently no approved booster vaccine for diphtheria, tetanus and acellular pertussis for adolescents and adults in China. Therefore, the successful launch of this product will address the existing gap in the domestic market. The manufacturing process of the co-purified diphtheria, tetanus and acellular pertussis vaccine currently available in China uses a process of co-purification of pertussis antigens. As a diphtheria, tetanus and acellular pertussis (components) vaccine, each pertussis antigen of the Tdcp Adolescent and Adult can be purified separately and formulated in a defined ratio, thus ensuring batch-to-batch consistency of product quality and making the product more stable. The 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. Its development aims to provide a high-qualify vaccine option on par with world-class standards.

Based on the results of the internal evaluation and external communication, and taking into account the progress and the cost of R&D, the Company has decided to initiate clinical trials of the DTcP Booster in combination with the Tdcp Adolescent and Adult, and support the enrollment of the target populations of these vaccine candidates in the regulatory filing process.

In June 2023, the Tdcp Adolescent and Adult candidate obtained clinical trial approval granted by the NMPA to initiate relevant clinical trials in individuals aged 6 years old and above for the prevention of pertussis, diphtheria, and tetanus in China.

As of the date of this report, on-site work for the phase I clinical trial for the Tdcp Adolescent and Adult has been completed. The Company will evaluate further development plans based on the phase I milestone results and expects to initiate next phase of clinical trial within 2024.

Tetanus Vaccine

The Company has developed the Tetanus Vaccine which is fermented with animal-free culture medium and is thus safer. Furthermore, stable industrial scale processes have been identified for its development and production. This vaccine primarily targets for non-neonatal tetanus prevention, which will expand the Company's product pipeline and enhance its core competitiveness.

In July 2023, the Tetanus Vaccine developed by the Group has obtained clinical trial approval from the NMPA to initiate relevant clinical trials in individuals aged 18 years old and above for the prevention of tetanus.

In December 2023, the phase I clinical trial for the Tetanus Vaccine was officially initiated. In March 2024, the phase III clinical trial for the Tetanus Vaccine was officially initiated and the first trial patient case has been formally enrolled. As of the date of this report, the Company have completed the enrollment and vaccination of the phase III clinical trial and are currently conducting follow-up visits as scheduled.

Management Discussion and Analysis

TB Booster

The Company is working on the development of a globally innovative TB Booster candidate for the Bacillus Calmette-Guerin-vaccinated population. The phase Ia clinical trial showed that the Ad5Ag85A TB candidate is safe, well tolerated, and capable of enhancing the immunity in the Bacillus Calmette-Guerin-vaccinated population. To facilitate the development and commercialization of products in the tuberculosis field, the Company obtained a world-wide exclusive license from McMaster University in Canada based on technology information rights owned by McMaster University related to TB Booster and its phase I clinical trial, as well as licensed to McMaster University a non-exclusive sub-license of relevant adenovirus patent rights.

In 2021, the phase Ib clinical trial for the TB Booster candidate was completed in Canada, aiming to evaluate the safety and immune responses stimulated by the TB Booster candidate in blood and lungs.

Looking ahead, the Company will initiate an IND for TB Booster (an improved version) in Indonesia within 2024.

Recombinant Zoster Vaccine

The Recombinant Zoster Vaccine adopts ChAdOx1 Vector technology route. The adenovirus vector vaccine is capable of triggering cellular immunity and humoral immunity simultaneously. The Recombinant Zoster Vaccine candidate incorporates internationally leading process technology and adheres to a quality management and control system that meets international standards. To improve the safety of the final product, the entire production process of the Recombinant Zoster Vaccine candidate does not use animal derived ingredients throughout its development and production stages.

In July 2023, the Recombinant Zoster Vaccine developed by the Group in co-operation with Barinthus Biotherapeutics (UK) Limited(formerly known as Vaccitech (UK) Limited) has received a no-objection letter for clinical trials from Health Canada. As shown in pre-clinical research data, the Recombinant Zoster Vaccine was able to stimulate both humoral and cellular immunity, with no significant difference in humoral immunity compared to Shingrix, a recombinant subunit adjuvanted vaccine developed by a multi-national pharmaceutical company, and can elicit significantly higher systemic cellular response than Shingrix. It is expected that the Recombinant Zoster Vaccine candidate has the potential to be a product with high efficacy profile.

In November 2023, the phase I clinical trial for the Recombinant Zoster Vaccine was officially initiated in Canada and the first trial patient case has been formally enrolled. Phase I clinical trial for Recombinant Zoster Vaccine (including intramuscular injection and aerosol inhalation version) was to evaluate its safety and preliminary immunogenicity.

The Company expects to share the major clinical data of phase I clinical trial at the end of 2024 and will evaluate the future development plans for Recombinant Zoster Vaccine based on phase I clinical trial results.

Recombinant Poliomyelitis Vaccine

Based on the protein structure design and VLP assembly technology of the Company, the Recombinant Poliomyelitis Vaccine developed by the Company is expected to contribute substantially to global polio control including post-eradication. The Recombinant Poliomyelitis Vaccine is a non-infectious polio VLP vaccine with good safety and immunogenicity profiles that does not rely on live virus in the manufacturing process. Unlike existing attenuated and inactivated polio vaccines, non-infectious polio VLP vaccines are recommended by the WHO as one of the preferred vaccines for future polio vaccination.

In October 2023, the Group and Bill & Melinda Gates Foundation has entered into a Grant Agreement, pursuant to which with the mutually agreed request, Bill & Melinda Gates Foundation agreed to provide over US$2 million in total to support the development of the Recombinant Poliomyelitis Vaccine.

In January 2024, the phase I clinical trial for the Recombinant Poliomyelitis Vaccine was officially initiated and the first trial patient case has been formally enrolled in Australia.

The Company expects to share the major clinical data of phase I in 2024 and will evaluate the future development plans for Recombinant Poliomyelitis Vaccine based on phase I clinical trial results.

Hib Vaccine

Haemophilus influenzae is the causative agent of many serious diseases such as pneumonia, meningitis and septicaemia in infants and adolescents, which is mainly transmitted through salivary droplet infection. The susceptible population is children under 5 years old, especially infants and children between 2 months and 2 years old. 95% of the serious diseases caused by haemophilus influenzae are caused by haemophilus influenzae type b. The Hib Vaccine candidate is expected to induce good immunogenicity profile, producing a favorable immune response after vaccination, which can induce the body to generate effective and protective bactericidal antibodies. The Company is developing a combined vaccine based on the DTcP components, of which the Hib Vaccine candidate is an important component. As a vaccine that has not been approved for commercialisation, it is necessary to accumulate a certain amount of clinical data in order to support the registration and application of the combined vaccine based on the DTcP components in the future.

In April 2024, the Company obtained clinical trial approval granted by the NMPA to initiate relevant clinical trials for the Hib Vaccine.

As of the date of this report, the Hib Vaccine is currently in the pre-clinical preparations stage and the Company expects to initiate the enrollment of phase I clinical trial for Hib Vaccine in 2024.

COVID-19 mRNA vaccine

As of the date of this report, the COVID-19 mRNA vaccine is currently at clinical trial stage. The Group is closely tracking variant mutant strains, and will plan the next stage of R&D work according to future epidemic situation, national immunization strategy, policies and the positive clinical data obtained so far.

- *Pre-Clinical Programs with Proof of Concept*

The Company has various vaccine candidates in pre-clinical programs, including but not limited to multiple preventive vaccine candidates targeting diseases such as influenza, meningitis and pneumonia and a DTcP components combined vaccine. The Company will provide updates in due course regarding any material progress made in these pre-clinical programs.

Management Discussion and Analysis

mRNA Platform

The mRNA technology platform developed by the Group is equipped with self-designed and developed sequence optimization software, which is capable of obtaining the optimal sequences that affect the stability of key areas and effectively increase antigen expression. The process of CMC (Chemistry, Manufacturing and Controls) associated with this platform is streamlined, allowing for a shortened product development timeline and rapid realization of the research achievements into industrialized products. To support the R&D and commercialization of mRNA platform-based products, the Group has completed the phase I construction of the mRNA vaccine production base.

On July, 2024, the Group signed a cooperation agreement with the National Institutes of Biotechnology Malaysia (NIBM). The strategic collaboration would focus on the development of mRNA multi-valent influenza vaccine and other innovative products, manufacturing, technology transfer and personnel exchanges. The entering into of such agreement demonstrates the Group's competitive advantage and R&D capability in the mRNA technology platform.

The Group's Facilities

To date, the Group focuses its manufacturing activities on commercialization and product registration. The Group's manufacturing facility is well-equipped with advanced equipment and machinery capable of performing multiple functions, including fermentation, purification, conjugation, ultrafiltration, auto-packaging and filling.

The Group owns and operates a commercial-scale manufacturing facility in Tianjin, which is utilized for the manufacture of, among other things, Menphecia® and Menhycia®. Furthermore, the Group has established an mRNA technology platform in Shanghai, enabling it to undertake key technological research and large-scale production of mRNA vaccines independently.

In order to improve our capabilities of R&D, manufacturing, testing and storage, the Group has initiated the construction of CanSino Innovative Vaccine Industrial Campus Project, funded in part by the proceeds from its A Share Offering, aiming to enhance the manufacturing capacity to support its long-term development strategies.

Commercialization

Our commercialization mission is to provide the right vaccines to the right people. To that end, we have rapidly built up a well-oiled commercialization engine with both the systematic management approach of a multi-national company and the decision-making agility and execution efficiency of a biotech company.

We are methodical in identifying the most consequential clinical decision-makers and POVs and intentional in implementing the most effective marketing measures. Where beneficial, we will leverage the networks of local sales agents to extend our reach. We have pinpointed key vaccination sites and KOLs across China, including county CDCs, and conduct extensive education on the benefits of Menhycia®, our first-in-class MCV4 vaccine in China, over existing MCV vaccines on the market. We have also accelerated the pace of our internationalization by investing in local companies whose business will create synergies with ours.

Throughout the Reporting Period, as we advanced the commercialization of our vaccine products, we gradually established a sales and marketing network to introduce the features of our products and the latest academic trends in relevant fields through various academic and marketing activities, and assisted doctors in local CDCs in the proper use of our products, contributing to the establishment of a positive brand image for the Company. Moreover, we focus on professional academics and customer demands in our sales and marketing plans. When formulating sales and marketing plans, we thoroughly investigate and understand the specific requirements of doctors and genuine needs of vaccine recipients. We strictly adhere to relevant laws and regulations in setting brand promotion information and producing promotional materials through a strict medical compliance review mechanism.

Future and Outlook

CanSinoBIO's mission is to develop, manufacture and commercialize high-quality, innovative and affordable vaccines. We have established the Commercial Operation Center (COC) with a comprehensive system in place, dedicated to the continued commercialization of our Menhycia® and Menphecia®. Our proactive marketing efforts will focus on strengthening professional academic promotions and increasing public awareness of vaccines, emphasizing the necessity and usefulness of vaccination. We will continue to build up our commercialization team with a goal to achieve rapid penetration of our sales network while balancing intensification with effective cost management. Meanwhile, in combination with our marketing strategy, we will take the cultural philosophy, professional and academic competence of the promoters into consideration, conduct stringent screening, management and assessment of the promoters so as to speed up the construction of the sales network and enhance the reputation and market share of our products.

We remain committed to improving R&D platform management, ensuring comprehensive quality control of products, and maximizing the technological value of our platform. By leveraging our in-house R&D and medical/clinical teams, we will continue to develop our clinical trial and pre-clinical stage assets, thereby enhancing our long-term competitiveness in the market.

Furthermore, we will continue to advance the discovery and development of new vaccine candidates through a combination of in-house R&D and strategic collaborations with external partners. We will actively explore potential global collaborations and consider acquisitions of high-potential assets related to vaccines and biological products, expand our industrialization and commercialization efforts in countries and regions such as Southeast Asia, the Middle East and Latin America to accelerate our competitiveness in the international market and lay a solid foundation for building an industrial system that meets international standards.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the six months ended June 30, 2024, we recorded a total revenue of approximately RMB285.4 million (June 30, 2023: RMB21.1 million). The increase was mainly caused by the increased demand for meningococcal vaccines and decreased sales return provision of COVID-19 vaccine products, which resulted in a positive impact on revenue. The increase of meningococcal vaccines sales was mainly attributable to continuous efforts in promoting the commercialization of meningococcal vaccines. We are seeking for business diversification, and recorded CDMO revenue of approximately RMB22.6 million during the Reporting Period.

During the Reporting Period, a breakdown of our revenue by vaccine products is as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Meningococcal vaccines	**262,720**	222,648
CDMO	**22,608**	–
COVID-19 vaccines	**92**	35,569
Sales return provision of COVID-19 vaccines	**–**	(237,131)
Total	**285,420**	21,086

During the Reporting Period, our revenue primarily generated in the PRC, where the Group's business and operations are primarily located. The breakdown of our revenue by geographical segment is as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Geographical markets		
The PRC	**262,720**	17,930
Overseas	**22,700**	3,156
Total	**285,420**	21,086

Gross (Loss) Profit

For the six months ended June 30, 2024, we recorded a gross profit of approximately RMB187.2 million (June 30, 2023: gross loss of RMB776.5 million), mainly because the inventory write-downs related to our COVID-19 vaccine products decreased, impairment of property, plant and equipment used for COVID-19 vaccine production decreased, impairment of purchase prepayment for COVID-19 vaccine production decreased and cost generated from low utilization of capacity and reversal of cost and revenue caused by sales return provision decreased, details of which are set as follows. The decreased gross loss also resulted from the recovering of negative impact from our COVID-19 vaccine products, and the increase in revenue of meningococcal vaccine products and CDMO service during the Reporting Period.

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment loss of inventory and rights to return goods	**14,239**	332,846
Impairment loss of Property, Plant and Equipment	**–**	325,401
Impairment loss of prepayment	**(153)**	53,470
Cost generated by low capacity utilization	**22,888**	147,357
Total	**36,974**	859,074

Other Income

Our other income decreased by 42.4% from approximately RMB93.9 million for the six months ended June 30, 2023 to approximately RMB54.1 million for the six months ended June 30, 2024, primarily due to a decrease of approximately (i) RMB25.1 million in government grants, and (ii) RMB22.3 million in investment income on structured deposits, wealth management products and derivative instruments that we purchased from certain reputable financial institutions in China. These were partially offset by the increase of approximately RMB7.5 million in other sales and service income.

Selling Expenses

Our selling expenses decreased from approximately RMB128.8 million for the six months ended June 30, 2023 to approximately RMB112.5 million for the six months ended June 30, 2024, primarily due to gradual maturity of our commercialization system and the improvement of its overall marketing efficiency during the Reporting Period.

Administrative Expenses

Our administrative expenses decreased by 37.3% from approximately RMB140.1 million for the six months ended June 30, 2023 to approximately RMB87.8 million for the six months ended June 30, 2024, as a result of our continuous efforts in costs reduction.

Management Discussion and Analysis

R&D Expenses

Our R&D expenses decreased by 45.1% from approximately RMB338.4 million for the six months ended June 30, 2023 to approximately RMB185.9 million for the six months ended June 30, 2024. On one hand, under the premise of smooth progress of all pipelines, we achieved costs reduction and efficiency improvement and capitalized development costs for several vaccine candidates in Phase III clinical trials or later development stages when the capitalization conditions were met. On the other hand, as the main products are gradually approaching the commercialization stage, our R&D activity focus has shifted to the non-COVID-19 field.

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

	Six months ended June 30,			
	2024		2023	
	RMB'000 (Unaudited)	**%**	RMB'000 (Unaudited)	%
Raw materials used	**75,422**	**40.6**	120,820	35.7
Employee Benefits expenses	**40,856**	**22.0**	106,543	31.5
Clinical trial and testing fee	**29,706**	**16.0**	52,284	15.5
Depreciation and amortization	**23,290**	**12.5**	31,289	9.2
Others	**16,629**	**8.9**	27,436	8.1
Total	**185,903**	**100.0**	338,372	100.0

Finance Income or Gains – Net

Our net finance income or gains decreased by 64.0% from approximately RMB59.1 million for the six months ended June 30, 2023 to approximately RMB21.3 million for the six months ended June 30, 2024, primarily was attributable to the decrease of approximately RMB21.5 million in exchange gains.

Income Tax Credit (Expense)

Our income tax expense for the six months ended June 30, 2024 was approximately RMB1.0 million (six months ended June 30, 2023: income tax credit RMB1.2 million), primarily due to the decrease of deferred tax assets during the Reporting Period.

Property, Plant and Equipment

Our property, plant and equipment decreased from approximately RMB2,838.3 million as of December 31, 2023 to approximately RMB2,466.5 million as of June 30, 2024, primarily due to the loss of control over CanSino SPH during the Reporting Period.

Intangible Assets

Our intangible assets increased from approximately RMB111.8 million as of December 31, 2023 to approximately RMB150.1 million as of June 30, 2024, primarily due to the fact that we capitalized development costs for several vaccine candidates in phase III clinical trials or later development stages when the capitalization conditions were met.

Inventories

Our inventories comprised finished goods, work in progress and raw materials purchased for production and R&D activities. Our inventories increased from approximately RMB350.7 million as of December 31, 2023 to approximately RMB359.6 million as of June 30, 2024, primarily due to (i) gross amount of inventories decreased from approximately RMB1,081.5 million as of December 31, 2023 to approximately RMB812.0 million as of June 30, 2024. As the carrying amount of raw materials decreased and the carrying amount of work in progress and finished products increased, the inventory structure was further optimized; and (ii) write-down of inventories decreased from approximately RMB730.8 million as of December 31, 2023 to approximately RMB452.4 million as of June 30, 2024. We recognized impairment loss on certain inventories that cannot be sold or used for production and R&D activities before expiration based on the sales forecast and corresponding production plan.

	As of June 30, 2024			As of December 31, 2023		
	Gross Amount RMB'000 (Unaudited)	**Written down RMB'000 (Unaudited)**	**Carrying Amount RMB'000 (Unaudited)**	Gross Amount RMB'000 (Audited)	Written down RMB'000 (Audited)	Carrying Amount RMB'000 (Audited)
Raw materials	**462,016**	**402,417**	**59,599**	617,463	520,738	96,725
Work in progress	**136,215**	**3,315**	**132,899**	251,878	137,071	114,807
Finished goods	**213,756**	**46,665**	**167,091**	212,109	72,985	139,124
Total	**811,987**	**452,397**	**359,589**	1,081,450	730,794	350,656

Trade Receivables

Our trade receivables decreased from approximately RMB636.9 million as of December 31, 2023 to approximately RMB578.1 million as of June 30, 2024, primarily due to the receipt in receivables of meningococcal vaccines sales and COVID-19 vaccines sales.

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, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Prepayments to suppliers of intangible assets and property, plant and equipment	**155,314**	179,863
Amounts due from CanSino SPH	**71,978**	–
Prepayments to suppliers of raw materials and services	**47,998**	48,546
Value added tax recoverable	**26,703**	57,924
Others	**12,500**	11,129
	314,493	297,462
Less: expected credit losses	**(71,978)**	–
	242,515	297,462
Less: non-current portion	**(183,163)**	(237,529)
Current portion	**59,352**	59,933

Management Discussion and Analysis

Our other receivables and prepayments decreased from approximately RMB297.5 million as of December 31, 2023 to approximately RMB242.5 million as of June 30, 2024, which was primarily due to a decrease of approximately RMB31.2 million in value added tax recoverable and approximately RMB24.5 million in prepayments to suppliers of intangible assets and property, plant and equipment, since the Group ceased to have control over CanSino SPH during the Reporting Period.

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, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Within 1 year	**27,098**	56,400
Between 1 year and 2 years	**8,051**	47,083
Between 2 year and 3 years	**42,681**	487
More than 3 years	**–**	–
	77,830	103,970

Our trade payables decreased from approximately RMB104.0 million as of December 31, 2023 to approximately RMB77.8 million as of June 30, 2024, which was generally in line with the decrease in purchase.

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, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Other payables to suppliers of property, plant and equipment	**178,751**	320,180
Marketing service fee	**102,808**	116,842
Clinical trial and testing fee	**67,741**	67,302
Payroll and welfare payable	**51,626**	166,707
Accrued taxes other than enterprise income tax	**30,367**	48,196
Deposits from suppliers	**14,344**	13,294
Other service fees	**12,209**	28,468
Considerations received from employees for subscribing restricted A shares of the Company under the 2023 Employee Share Plan	**9,596**	16,984
Consulting fees	**5,942**	14,237
Operation and maintenance fees	**1,595**	3,869
Others	**78,179**	70,702
	553,158	866,781
Less: non-current portion	**–**	(8,492)
	553,158	858,289

Our other payables and accruals decreased by 35.6% from approximately RMB858.3 million as of December 31, 2023 to approximately RMB553.2 million as of June 30, 2024, primarily due to a decrease of approximately (i) RMB141.4 million in other payables to suppliers of property, plant and equipment, (ii) RMB115.1 million in payroll and welfare payable, (iii) RMB17.8 million in accrued taxes other than enterprise income tax, (iv) RMB16.3 million in other service fees, and (v) RMB14.0 million in marketing service fee.

Provisions

We accrued provisions for firm purchase commitments amounting to approximately RMB1.1 million as at June 30, 2024 (December 31, 2023: RMB26.2 million), mainly caused by the payment of purchase cancellation or reduction for the production of COVID-19 vaccines.

Refund Liabilities

Our refund liabilities decreased from approximately RMB112.8 million as of December 31, 2023 to approximately RMB57.4 million as of June 30, 2024. The decrease was mainly due to sales returns we received during the Reporting Period.

Financial Resources, Liquidity and Capital Structure

Our bank balances and cash decreased by 15.9% from approximately RMB2,047.0 million as of December 31, 2023 to approximately RMB1,722.2 million as of June 30, 2024, which was primarily due to the cash outflow as a result of payment for operating activities and repayment for borrowings during the Reporting Period. We are of the view that our financial resources are sufficient for our daily operations.

As of June 30, 2024, the current assets of the Group were approximately RMB4,538.4 million (as of December 31, 2023: RMB5,180.8 million), which include bank balances and cash of approximately RMB1,722.2 million, financial assets at fair value through profit or loss of approximately RMB1,548.9 million and other current assets of approximately RMB1,267.3 million.

As of June 30, 2024, the current liabilities of the Group were approximately RMB1,907.5 million (as of December 31, 2023: RMB2,591.8 million), which include borrowings of approximately RMB1,185.0 million, other payables and accruals of approximately RMB553.2 million and other current liabilities of approximately RMB169.3 million.

As of June 30, 2024, the Group had short term loans of approximately RMB1,185.0 million (as of December 31, 2023: RMB1,394.9 million) and long term loans of approximately RMB990.9 million (as of December 31, 2023: RMB1,065.7 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 RMB536.6 million for the six months ended June 30, 2024 as compared with that of approximately RMB1,036.7 million for the six months ended June 30, 2023, aiming to fully enhance the efficiency of capital. Particulars of borrowings of the Group as of June 30, 2024 are set out in note 25 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.

Management Discussion and Analysis

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 and performance benchmark higher than those of bank deposits for the same period to maximize our capital gains. As of June 30, 2024, we held structured deposits of approximately RMB885.0 million and wealth management products of approximately RMB657.0 million issued by certain reputable financial institutions in China, among which, we have outstanding structured deposits purchased from China Citic Bank Co., Ltd. with a principal amount of approximately RMB487.0 million, representing over 5% in aggregate of our total assets as of the end of the Reporting Period. The annual interest rate of structured deposits purchased during the six months ended June 30, 2024 varied from 2.29% to 3.25%. Such structured deposits had a maturity period ranging from 14 days to 183 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

We planned 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, and we have invested approximately RMB718.9 million as of the date of this report. The schedule of investment will be in line with the progress of construction.

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

The Company received the notice of a lawsuit in March 2024 from 3ª Vara Civel de Maringa/PR ("Brazilian Court") filed by Belcher Farmaceutica Ltda.("Belcher"), claiming Brazilian Real approximately 167 million (equivalent to approximately RMB220 million) in compensation for the related losses, fees, and spiritual damage from the Company following the termination of the authorization to it to negotiate with the Brazilian government about the registration and commercialization of the Company's COVID-19 vaccines in Brazil in 2021.

The Company has engaged a professional legal counsel to handle such lawsuit. Based on the current legal advice, the Company has strong defense position and it is unlikely that Belcher's claim will be supported by the Brazilian Court. Therefore, the management of the Company is in the view that it is not probable an outflow of economic benefits will be required to settle Belcher's claim. As a result, no provision with respect to this lawsuit was made by the Company as at 30 June 2024. As of the date of the approval of these condensed consolidated financial statements, the Brazilian Court has yet to start hearing of this lawsuit.

Capital Commitments

Our capital commitments as of June 30, 2024 were approximately RMB219.8 million, representing a decrease of 30.9% from the capital commitments of approximately RMB317.9 million as of December 31, 2023, primarily due to the decrease in our future payments in relation to decreased number of signed construction contracts.

Charge on Assets

As of June 30, 2024, certain of our property, plant and equipment have been pledged as collateral under our borrowing arrangements with banks. The carrying amount of property, plant and equipment pledged as collateral was approximately RMB162.9 million as of June 30, 2024 (as of December 31, 2023: RMB166.9 million).

As of June 30, 2024 and December 31, 2023, none of our land use rights have been pledged as collateral under our borrowing arrangements with banks.

Saved as disclosed above, there were no other charges on our assets as of June 30, 2024.

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 and (ii) 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. 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 be improved.

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, 2024, our Group was in a net cash position and thus, gearing ratio is not applicable.

Deconsolidation of CanSino SPH

Starting from February 2, 2024, CanSino SPH has ceased to be treated as a subsidiary of the Company and has been accounted for as an associate of the Company, due to the termination of a concert party agreement entered into by and between the Company and Industry Investment Fund. For details, please refer to the Company's announcement dated February 2, 2024 and Note 12 to the condensed consolidated financial statements.

Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has adopted the code provisions of the CG Code as its own code of corporate governance. The Board is of the view that the Company has complied with all applicable code provisions of the CG Code 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/she 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 21, 2024, upon the election of the third session of the Board of Directors, Dr. Tao ZHU, Dr. Dongxu QIU, Mr. Liang LIN, Mr. Shiu Kwan Danny WAI and Ms. Zhu XIN, being members of the second session of the Board of Directors, retired as Directors and Mr. Yiu Leung Andy CHEUNG was elected as an independent non-executive Director of the third session of the Board of Directors. Mr. Zhi XIAO resigned as a Director with effect from February 21, 2024. Following the above-mentioned retirement and cessation, on February 21, 2024, (i) Mr. Liang LIN ceased to be a member of the Remuneration and Assessment Committee; (ii) Mr. Shiu Kwan Danny WAI ceased to be a member of the Audit Committee and a member of Nomination Committee; and (iii) Ms. Zhu XIN ceased to be the chairwoman of the Audit Committee and a member of Remuneration and Assessment Committee.

On February 21, 2024, upon the election of non-employee representative Supervisors of the third session of the Board of Supervisors, Ms. Jiangfeng LI, being the chairwoman of the second session of the Board of Supervisors, retired as a non-employee representative Supervisor and Mr. Zhi XIAO was elected as a non-employee representative Supervisor of the third session of the Board of Supervisors.

On February 23, 2024, at the first meeting of the third session of the Board of Directors, (i) Dr. Xuefeng YU was appointed as a member of the Remuneration and Assessment Committee; (ii) Dr. Shou Bai CHAO retired as a member of the Remuneration and Assessment Committee; (iii) Mr. Yiu Leung Andy CHEUNG was appointed as the chairman of the Audit Committee, a member of the Remuneration and Assessment Committee and a member of the Nomination Committee; and (iv) Mr. Jianzhong LIU was appointed as a member of the Audit Committee and retired as a member of the Remuneration and Assessment Committee.

Other Information

On February 23, 2024, at the first meeting of the third session of the Board of Supervisors, Mr. Zhi XIAO was elected as the chairman of the third session of the Board of Supervisors.

On May 30, 2024, Ms. Nisa Bernice Wing-Yu LEUNG ceased to be a non-executive Director and a member of the Nomination Committee.

On June 27, 2024, at the 2023 annual general meeting of the Company, Mr. Chi Shing LI was elected as a non-executive Director of the third session of the Board of Directors and was appointed as a member of the Nomination Committee.

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.

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 Mr. Yiu Leung Andy CHEUNG (Chairman), Mr. Shuifa GUI and Mr. Jianzhong LIU. 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, 2024) 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 DIVIDENDS

The Board does not recommend any payment of an interim dividend for the Reporting Period (June 30, 2023: nil).

Other Information

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

As of June 30, 2024, 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/ Supervisor	Capacity/Nature of interest	Class of Shares	Number of Shares[1]	Approximate % of total shareholding interest in our Company	Approximate % of the relevant class of Shares[2]
Dr. Yu	Beneficial owner, interest of a party to an agreement regarding interest in the Company[3]	H Share	34,598,400(L)	13.98%	26.08%
	Beneficial owner, interest of a party to an agreement regarding interest in the Company[3]	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%
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) (L) – Long position

(2) The percentage is calculated based on the number of relevant class of Shares in issue as of June 30, 2024.

(3) Pursuant to the Concert Party Agreement.

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

Save as disclosed above, as of June 30, 2024, 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, 2024, 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[1]	Approximate % of total shareholding interest in our Company	Approximate % of the relevant class of Shares[2]
Dr. Mao	Beneficial owner, interest of a party to an agreement regarding interest in the Company[3], interest in a controlled corporation[4]	H Share	34,598,400(L)	13.98%	26.08%
	Beneficial owner, interest of a party to an agreement regarding interest in the Company[3]	A Share	42,579,625(L)	17.21%	37.10%
Dr. Zhu	Interest of a party to an agreement regarding interest in the Company[3]	H Share	34,598,400(L)	13.98%	26.08%
	Beneficial owner, interest of a party to an agreement regarding interest in the Company[3], interest in a controlled corporation[5]	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[3]	H Share	34,598,400(L)	13.98%	26.08%
	Beneficial owner, interest of a party to an agreement regarding interest in the Company[3]	A Share	42,579,625(L)	17.21%	37.10%
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%
QM29 Limited	Beneficial owner	H Share	7,516,538(L)	3.04%	5.67%

Other Information

Notes:

(1) (L) – Long position

(2) The percentage is calculated based on the number of relevant class of Shares in issue as of June 30, 2024.

(3) Pursuant to the Concert Party Agreement.

(4) On July 24, 2024, Dr. Mao transferred 6,000,000 H Shares of the Company held by her to Champden LLC, 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 July 24, 2024 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 July 25, 2024.

(5) Dr. Zhu is the sole general partner of Shanghai Qianxiyi, Shanghai Qianxirui and Shanghai Qianxizhi, 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 Shanghai Qianxiyi, Shanghai Qianxirui and Shanghai Qianxizhi, all of which are A Shares.

Save as disclosed above, as of June 30, 2024, to the best knowledge of the Directors, Supervisors or chief executive of the Company, none of the substantial shareholders of the Company had interests or short positions in the Shares and underlying Shares of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 336 of the SFO.

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

Use of H Share IPO Proceeds

The Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from its Listing of H Shares and the exercise of over-allotment option of approximately HK$1,309.8 million in aggregate, equivalent to approximately RMB1,122.3 million (the "**H Share IPO Proceeds**"). Taking into account the net proceeds received from the A Share Offering 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 approved by the Shareholders on October 9, 2020. In addition, with a view to achieving the long-term interests of the Company and its Shareholders and the strategic development goals of the Company, and taking into account the actual demands of the market as well as the enhancement of efficiency of funds utilization, the Board resolved on December 2, 2022 to change the use of RMB100 million of the unutilized H Share IPO Proceeds as of November 30, 2022, which was originally allocated for the R&D of DTcP candidates, to the R&D of combined vaccine candidates containing DTcP components to enrich the product portfolio of vaccines and enhance the market competitiveness of the Company which was approved by the Shareholders on December 21, 2022. During the Reporting Period, the H Share IPO Proceeds were used in accordance with the intended uses disclosed in the Company's circular dated December 5, 2022.

The table below sets out, among other things, the revised allocation of unutilized H Share IPO Proceeds and actual usage of the re-allocated H Share IPO Proceeds up to June 30, 2024. 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 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 approved on October 9, 2020 (RMB million)	Unutilized H Share IPO Proceeds as of November 30, 2022 (RMB million)	Revised allocation of unutilized H Share IPO Proceeds approved on December 2, 2022 (RMB million)	Actual usage during the Reporting Period (RMB million)	Actual usage up to June 30, 2024 (RMB million)	Unutilized net proceeds as of June 30, 2024 (RMB million)	Expected time of full utilization of remaining balance
Research and development and commercialization of MCV candidates	505.1	458.2	38.2	–	–	–	85.1	–	NA
Research and development of DTcP candidates	224.5	166.6	166.6	149.3	49.3	9.3	98.2	26.3	By the end of 2025
Research and development of other key products	168.3	41.8	41.8	10.7	10.7	–	168.3	–	NA
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	384.3	384.3	79.4	167.4	252.6	By the end of 2026
Research and development of combined vaccine candidates containing DTcP components	–	–	–	–	100.0	17.8	31.0	69.0	By the end of 2026
Total	**1,122.3**	**682.8**	**682.8**	**544.3**	**544.3**	**106.5**	**774.3**	**347.9**	

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 approved by the Shareholders on May 28, 2021. During the Reporting Period, the A Share IPO Proceeds were used in accordance with the intended uses disclosed in the Company's supplemental circular dated May 12, 2021.

Other Information

The table below sets out, among other things, the planned applications of the A Share IPO Proceeds and actual usage up to June 30, 2024:

Intended use of A Share IPO Proceeds	Planned applications of A Share IPO Proceeds (RMB million)	Revised Planned applications of A Share IPO Proceeds on May 28, 2021 (RMB million)	Actual usage during the Reporting Period (RMB million)	Actual usage up to June 30, 2024 (RMB million)	Unutilized net proceeds as of June 30, 2024 (RMB million)	Expected time of full utilization of remaining balance
CanSino Innovative Vaccine Industrial Campus Project[1]	550.0	1,100.0	180.5	693.0	407.0	By the end of 2026
Development of vaccine candidates[2]	150.0	150.0	45.1	98.5	51.5	By the end of 2025
Construction of vaccine traceability and cold chain logistics system and information system	50.0	50.0	–	50.0	–	NA
Working capital	250.0	250.0	–	250.0	–	NA
Sub-total[3]	1,000.0	1,550.0	225.6	1,091.5	458.5	NA
Over-raised proceeds from A Share Offering[3], [4]	3,979.5	3,429.5	–	3,429.5	–	NA
Total	**4,979.5**	**4,979.5**	**225.6**	**4,521.0**	**458.5**	

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 (i) 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; (ii) the proposed application of a portion of the unutilized over-raised proceeds from the A Share Offering of RMB550.0 million; and (iii) 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. On August 29, 2024, the Board resolved to extend the expected time of full utilization of the remaining balance for CanSino Innovative Vaccine Industrial Campus Project to the end of 2026 due to the prolonged procurement, logistics and construction cycle under the impact of global public health incidents and the macro-economy and our prudent and efficient spending strategy. For details, please refer to the Company's overseas regulatory announcement in relation to the use of the A Share IPO Proceeds dated August 29, 2024.

(2) On March 28, 2023, based on the production and operation of the Company, the Board proposed to change in the investment projects using the A Share IPO Proceeds under the development of vaccine candidates of RMB150.0 million. Since DTcP-Hib has not obtained the approval for clinical trial, the proposed raised proceeds of RMB30 million has not been utilized. In order to improve the efficiency of the proceeds and improve the market competitiveness of the combined vaccine products, the Company proposed to change the use of proceeds of RMB30 million to the research and development of combined vaccine candidates containing DTcP components, which was subsequently approved by the Shareholders at the general meeting on June 30, 2023. For details, please refer to the circular of the Company published on the website of Hong Kong Stock Exchange dated June 8, 2023 in relation to the proposed change in the investment projects using the part of A Share IPO Proceeds. On August 29, 2024, the Board resolved to extend the expected time of full utilization of the remaining balance for development of vaccine candidate to the end of 2025 based on the clinical progress of the relevant vaccine candidates and the expected settlement and payment of the related development costs. For details, please refer to the Company's overseas regulatory announcement in relation to the use of the A Share IPO Proceeds dated August 29, 2024.

(3) The A Share IPO Proceeds consist of: (i) a total of RMB1,000.0 million, the proposed applications of which have been disclosed in the prospectus of the A Share Offering; and (ii) 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.

(4) As approved by the Shareholders at the extraordinary general meeting held on October 9, 2020, October 11, 2021 and December 21, 2022, a total amount of RMB3,429.5 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 and the Company's production and operation activities related to its main business.

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

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 683,748 numbers of A Shares with a total consideration amounted to approximately RMB150.2 million, including the transaction costs of RMB152,000 in 2022. As of June 30, 2024, 277,650 of the repurchased A Shares have been used for the 2023 Stock Ownership Plan.

Save as disclosed above, no other Shares were held by the Company as treasury Shares as of June 30, 2024.

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares (including any sale or transfer of treasury Shares).

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Reference is made to the Company's announcement dated June 21, 2024 (the "**Proposed Shareholding Increase Announcement**"). Pursuant to the Proposed Shareholding Increase Announcement, the Board of Directors was informed by Dr. Yu, Dr. Chao, Dr. Zhu and Ms. Wang (collectively, the "**Proposed Shareholding Increase Group**") of their intention to purchase the H Shares from the open market within six months from June 21, 2024, subject to compliance with the applicable laws and regulations. For details, please refer to the Proposed Shareholding Increase Announcement.

Since June 30, 2024 and up to the date of this interim report, the Proposed Shareholding Increase Group has purchased a total of 90,600 H Shares with a total purchase price of approximately HK$1,714,018, representing approximately 0.04% of the total number of Shares in issue as at August 29, 2024.

Save as disclosed above, there were no important events affecting the Company occurred since the end of Reporting Period and up to the date of this report.

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

Hong Kong, August 29, 2024

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 31 to 66, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. 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" 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
29 August 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	5	**285,420**	21,086
Cost of sales of goods		**(98,269)**	(797,573)
Gross profit (loss)		**187,151**	(776,487)
Other income	7	**54,127**	93,946
Selling expenses		**(112,478)**	(128,844)
Administrative expenses		**(87,775)**	(140,053)
Research and development expenses		**(185,902)**	(338,372)
Impairment losses under expected credit loss ("ECL") model		**(14,061)**	(20,259)
Other losses, net	9	**(75,329)**	(32,367)
Share of results of associates		**(16,199)**	4
Operating loss		**(250,466)**	(1,342,432)
Finance income or gains	10	**54,092**	88,493
Finance costs	10	**(32,822)**	(29,396)
Finance income or gains – net	10	**21,270**	59,097
Loss before income tax		**(229,196)**	(1,283,335)
Income tax (expense) credit	11	**(964)**	1,164
Loss for the period		**(230,160)**	(1,282,171)
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**494**	147
Other comprehensive income for the period, net of income tax		**494**	147
Total comprehensive expense for the period		**(229,666)**	(1,282,024)
Loss for the period attribute to owners of the Company		**(225,373)**	(841,429)
Loss for the period attribute to non-controlling interests		**(4,787)**	(440,742)
		(230,160)	(1,282,171)
Total comprehensive expense attribute to			
– Owners of the Company		**(224,879)**	(841,282)
– Non-controlling interests		**(4,787)**	(440,742)
		(229,666)	(1,282,024)
Loss per share			
– Basic and diluted (in RMB)	13	**(0.91)**	(3.41)

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	15	**2,466,476**	2,838,342
Right-of-use assets	16	**112,252**	295,812
Intangible assets	17	**150,066**	111,841
Financial assets at fair value through profit or loss	22	**148,541**	122,145
Deferred tax assets	18	**207,029**	207,861
Investments in associates	19	**17,360**	18,168
Other receivables and prepayments	21	**183,163**	237,529
Term deposits with initial term of over three months		**311,248**	306,243
Total non-current assets		**3,596,135**	4,137,941
Current assets			
Inventories		**359,589**	350,655
Contract costs		**887**	2,193
Trade receivables	20	**578,117**	636,882
Other receivables and prepayments	21	**59,352**	59,933
Financial assets at fair value through profit or loss	22	**1,548,903**	1,309,570
Term deposits with initial term of over three months		**257,409**	763,397
Restricted bank deposits		**11,961**	11,200
Bank balances and cash		**1,722,218**	2,046,998
Total current assets		**4,538,436**	5,180,828
Total assets		**8,134,571**	9,318,769

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
EQUITY			
Share capital and share premium	23	**6,846,688**	6,842,006
Treasury shares	23	**(98,785)**	(106,173)
Capital reserves		**(23,277)**	(21,028)
Statutory reserves		**118,389**	118,389
Translation reserves		**318**	(176)
Accumulated losses		**(1,783,787)**	(1,558,414)
Equity attributable to owners of the Company		**5,059,546**	5,274,604
Non-controlling interests		**–**	12,811
Total equity		**5,059,546**	5,287,415
LIABILITIES			
Non-current liabilities			
Borrowings	25	**990,929**	1,065,660
Other payables and accruals	27	**–**	8,492
Lease liabilities		**11,992**	175,183
Deferred income		**164,607**	190,175
Total non-current liabilities		**1,167,528**	1,439,510
Current liabilities			
Trade payables	26	**77,830**	103,970
Contract liabilities	5	**1,266**	3,567
Other payables and accruals	27	**553,158**	858,289
Financial liabilities at fair value through profit or loss		**–**	973
Borrowings	25	**1,184,976**	1,394,865
Income tax payables		**132**	–
Lease liabilities		**9,270**	64,633
Provisions		**1,115**	26,245
Refund liabilities		**57,367**	112,759
Deferred income		**22,383**	26,543
Total current liabilities		**1,907,497**	2,591,844
Total liabilities		**3,075,025**	4,031,354
Total equity and liabilities		**8,134,571**	9,318,769

Approved and authorised for issue by the board of directors on 29 August 2024.

Director : Xuefeng YU

Director : Shoubai CHAO

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	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	Translation reserves RMB'000	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2024 (Audited)	**247,450**	**6,594,556**	**(106,173)**	**(21,028)**	**118,389**	**(176)**	**(1,558,414)**	**5,274,604**	**12,811**	**5,287,415**
Total comprehensive expense										
– Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(225,373)**	**(225,373)**	**(4,787)**	**(230,160)**
– Other comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**494**	**–**	**494**	**–**	**494**
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**–**	**494**	**(225,373)**	**(224,879)**	**(4,787)**	**(229,666)**
Recognition of equity-settled share-based payments (Note 24)	**–**	**–**	**–**	**2,433**	**–**	**–**	**–**	**2,433**	**–**	**2,433**
Transfer upon vesting of share-based payments (Notes 23 and 24)	**–**	**4,682**	**7,388**	**(4,682)**	**–**	**–**	**–**	**7,388**	**–**	**7,388**
– Deemed disposal of a subsidiary (Note 12)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(8,024)**	**(8,024)**
Balance at 30 June 2024 (Unaudited)	**247,450**	**6,599,238**	**(98,785)**	**(23,277)**	**118,389**	**318**	**(1,783,787)**	**5,059,546**	**–**	**5,059,546**
Balance at 1 January 2023 (Audited)	247,450	6,537,956	(150,169)	70,025	118,389	121	(75,682)	6,748,090	497,512	7,245,602
Total comprehensive income										
– Loss for the period	–	–	–	–	–	–	(841,429)	(841,429)	(440,742)	(1,282,171)
– Other comprehensive income for the period	–	–	–	–	–	147	–	147	–	147
Total comprehensive expense for the period	–	–	–	–	–	147	(841,429)	(841,282)	(440,742)	(1,282,024)
Recognition of equity-settled share-based payments (Note 24)	–	–	–	5,681	–	–	–	5,681	–	5,681
Transfer upon vesting of share-based payments (Note 24)	–	56,600	–	(56,600)	–	–	–	–	–	–
Treasury shares granted under 2023 Stock Ownership Plan (Note 23)	–	–	43,996	(43,996)	–	–	–	–	–	–
Balance at 30 June 2023 (Unaudited)	247,450	6,594,556	(106,173)	(24,890)	118,389	268	(917,111)	5,912,489	56,770	5,969,259

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Operating activities			
Cash used in operations		**(250,946)**	(790,142)
Interests received		**24,815**	36,235
Net cash used in operating activities		**(226,131)**	(753,907)
Investing activities			
Purchase of property, plant and equipment		**(212,024)**	(314,507)
Purchase of intangible assets		**(51,022)**	(4,123)
Purchase of structured deposit and wealth management products		**(5,432,000)**	(2,815,000)
Cash paid for equity and fund investments		**(29,442)**	(96,000)
Payment for term deposits with initial term of over three months		**(106,944)**	(879,928)
Net cash outflow on deemed disposal of a subsidiary	12	**(1,308)**	–
Loan to an associate		**(5,912)**	–
Proceeds from maturity of term deposits with initial term of over three months		**598,314**	69,583
Proceeds on disposal of property, plant and equipment		**–**	51
Proceeds from maturity of wealth management products, structured deposits and certificates of deposit held for trading		**5,190,375**	3,935,000
Cash received from the repayment of rental deposits		**–**	142
Payment for rental deposits		**–**	(142)
Receipt of investment income on structured deposits and term deposits		**52,173**	28,903
Receipt of asset related government grants		**–**	8,025
Net cash generated from (used in) investing activities		**2,210**	(67,996)
Financing activities			
Dividends paid		**–**	(3,628)
Interest paid		**(33,636)**	(27,567)
Proceeds from treasury shares granted		**–**	16,984
Repayment of borrowings		**(611,472)**	(1,229,022)
Repayment of lease liabilities		**(4,832)**	(15,607)
New borrowings raised		**536,633**	1,036,704
Net cash used in financing activities		**(113,307)**	(222,136)
Net decrease in cash and cash equivalents		**(337,228)**	(1,044,039)
Cash and cash equivalents at the beginning of the period		**2,046,099**	3,391,268
Effect of foreign exchange rate changes		**12,385**	36,818
Cash and cash equivalents at the end of the period		**1,721,256**	2,384,047

Notes to the Condensed Consolidated Financial Statements

For the Six months ended 30 June 2024

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 commercialization of vaccine products for human use and medical research and experimental development services.

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.

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

The following significant event took place in the current interim period:

Loss of control over CanSino SPH Biologics Inc. ("CanSino SPH")

CanSino SPH is owned as to approximately 49.8% by the Company, approximately 49.0% by Shanghai Sunway Biotech Co., Ltd. and approximately 1.2% by Shanghai Biomedical Industry Equity Investment Fund Partnership (Limited Partnership) ("Industry Investment Fund"), respectively. CanSino SPH is a subsidiary of the Company since its establishment as a result of a concert party agreement, entered into by and between the Company and Industry Investment Fund. The initial cooperation period agreed in the concert party agreement by the Company and Industry Investment Fund expired on 2 February 2024. Upon the termination of the concert party agreement, the Group has no dominant voting power to direct the relevant activities of CanSino SPH and therefore the Group has no control over CanSino SPH. Since then, CanSino SPH becomes an associate of the Group since the Group has significant influence over CanSino SPH. Details of the deemed disposal of CanSino SPH are set out in Note 12.

Notes to the Condensed Consolidated Financial Statements

For the Six months ended 30 June 2024

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 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 change in 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 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2023.

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 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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 that the critical judgement of control over CanSino SPH is not applicable due to deconsolidation as disclosed in Note 1A, 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 2023.

Notes to the Condensed Consolidated Financial Statements

For the Six months ended 30 June 2024

5. REVENUE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of vaccine products – at a point in time	**262,812**	21,086
Provision of development and manufacturing service – at a point in time	**22,608**	–
	285,420	21,086

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Geographical markets		
Mainland China	**262,720**	17,930
Overseas	**22,700**	3,156
	285,420	21,086

Revenue from sales of vaccine products is recognised when control of the vaccine and relevant products has transferred, being when the goods have been shipped to the specific location and accepted by customers, or the Group has objective evidence that all criteria for acceptance have been satisfied.

At the point of sale, a corresponding adjustment to revenue is recognised for those products expected to be returned. The Group estimates the future sales return of the products sold based on historical experience. A refund liability is recognised for sales in which revenue has yet to be recognised.

Revenue from provision of development and manufacturing service is derived from the transfer of services and/or goods through contracts under fee for service basis and recognised at a point in time when the customer obtains control of the distinct good or service. The Group identifies each deliverable unit as a separate performance obligation and recognises revenue of contractual elements at the point upon acceptance of the deliverable units. The contracts include payment schedules which require stage payments over the service period once certain specified milestones are reached. The Group's performance does not create an asset with alternative future use since the Group cannot redirect the asset for use on another customer, and at the same time the Group has a present right to payment from the customers for services performed only upon acceptance of the deliverable units, therefore, the directors of the Company have concluded that the performance obligation of such contracts is satisfied at a point in time and recognised revenue at a point in time.

5. REVENUE (CONTINUED)

A contract liability is recognised for the Group's obligation to transfer goods or services to customers for which the Group has received considerations (or an amount of consideration is due) from the customer. Contract liabilities as of 30 June 2024 amounting to RMB1,266,000 (31 December 2023: RMB3,567,000) is recognised, mainly representing the unfulfilled sales of research and technical services.

All the contracts that are partially or fully unsatisfied are for periods of one year or less.

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, manufacturing and commercialization of vaccine products for human use and medical research and experimental development services. 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 2024 and 31 December 2023, the Group's assets were mainly located in the Mainland China and Hong Kong.

7. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Investment income on structured deposits, certificates of deposit held for trading, wealth management products and derivative instruments	**22,321**	44,584
Government grants (a)	**20,096**	45,119
Consulting services income	**4,972**	–
Operation services income	**4,952**	–
Technology transfer income	**–**	2,547
Others	**1,786**	1,696
	54,127	93,946

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.

Notes to the Condensed Consolidated Financial Statements

For the Six months ended 30 June 2024

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**91,550**	100,639
Depreciation of right-of-use assets	**7,234**	12,955
Amortization of intangible assets	**15,712**	22,654
Short-term leases	**2,344**	5,534
Employee benefit expenses		
– Wages, salaries and bonuses	**142,573**	226,810
– Social security costs and housing benefits	**39,346**	60,591
– Share-based compensation expenses	**2,433**	5,681
– Others	**20,689**	35,647
Capitalised in the ending balance of inventories	**(44,619)**	(68,843)
Capitalised in the ending balance of constructions in process	**(4,465)**	(5,541)
	272,797	396,127
Auditors' remuneration		
– Audit services	**640**	1,383
Impairment losses on inventory and right to returned goods, property, plant and equipment, prepayments included in		
– cost of sales of goods	**14,086**	711,714
– administrative expenses	**–**	3

Notes to the Condensed Consolidated Financial Statements

For the Six months ended 30 June 2024

9. OTHER LOSSES, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss on deemed disposal of a subsidiary (Note 12)	**(70,515)**	–
Net fair value (loss) gain on financial assets at fair value through profit or loss	**(5,338)**	9,599
Net fair value gain on financial liabilities at fair value through profit or loss	**973**	–
Provision for compensation for the cancellation of firm purchase commitments	**–**	(41,951)
Others	**(449)**	(15)
	(75,329)	(32,367)

10. FINANCE INCOME OR GAINS – NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income or gains		
Interest income on bank deposits	**38,796**	51,675
Foreign exchange gains	**15,296**	36,818
	54,092	88,493
Finance costs		
Interest expenses on borrowings	**(33,381)**	(27,293)
Interest expenses for lease liabilities	**(1,575)**	(6,087)
Less: borrowing costs capitalised in qualifying assets (Note 15)	**2,237**	4,109
	(32,719)	(29,271)
Bank charges	**(103)**	(125)
	(32,822)	(29,396)
Finance income or gains – net	**21,270**	59,097

11. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax expense	**132**	–
Deferred income tax expense (credit) (Note 18)	**832**	(1,164)
	964	(1,164)

Notes to the Condensed Consolidated Financial Statements

For the Six months ended 30 June 2024

11. INCOME TAX EXPENSE (CREDIT) (CONTINUED)

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss before income tax	**(229,196)**	(1,283,335)
Tax credit calculated at statutory tax rate of 25%	**57,299**	320,834
Tax effect of expenses not deductible for taxation purposes	**(1,559)**	(3,238)
Utilisation of tax losses and deductible temporary differences previously not recognised	**658**	–
Tax loss and temporary differences not recognised as deferred tax assets	**(97,922)**	(387,928)
Extra deduction of research and development expenses	**39,479**	72,261
Impact of applying preferential tax rate	**1,081**	(765)
Income tax (expense) credit	**(964)**	1,164

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 and renewed on 28 November 2019 and 19 December 2022 with a valid period of 3 years, and the Company becomes eligible for a corporate income tax rate of 15% for six months ended 30 June 2024 (six months ended 30 June 2023: 15%).

According to the Regulations of Shanghai Municipal Economy and Information Technology Commission [2023] No. 376, CanSino (Shanghai) Biotechnology Co., Ltd., a subsidiary of the Company, becomes eligible for a corporate income tax rate of 15% for six months ended 30 June 2024 (six months ended 30 June 2023: 25%).

According to Announcement No. 13 [2022] of the Ministry of Finance and the State Taxation Administration, for small low-profit enterprises, the portion of the annual taxable income that exceed RMB1 million but not exceed RMB3 million will be calculated as 25% of the original amount from 2022 to 2024, and small low-profit enterprises pay enterprise income tax at a rate of 20%. According to Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration, for small low-profit enterprises, the portion of the annual taxable income that not exceed RMB1 million will be calculated as 25% of the original amount from 2023 to 2027, and small low-profit enterprises pay enterprise income tax at a rate of 20%. Bomai (Tianjin) Venture Capital Management Co., Ltd., a subsidiary of the Company, becomes eligible for a small low-profit enterprise and the preferential policies on income tax for small low-profit enterprises.

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

Notes to the Condensed Consolidated Financial Statements

For the Six months ended 30 June 2024

12. DEEMED DISPOSAL OF A SUBSIDIARY

As disclosed in Note 1A, the initial cooperation period agreed in the concert party agreement entered into by and between the Company and the Industry Investment Fund expired on 2 February 2024. Upon the termination of the concert party agreement, the Group lost control over CanSino SPH.

The results of operations of CanSino SPH for the period from 1 January 2024 to 31 January 2024 and preceding interim period, which have been included in the condensed consolidated statement of profit or loss were as follows:

	One month ended 31 January 2024 RMB'000 (Unaudited)	Six months ended 30 June 2023 RMB'000 (Unaudited)
Revenue	**–**	27,204
Cost of sales of goods	**(7,862)**	(871,321)
Gross loss	**(7,862)**	(844,117)
Other income	**712**	10,601
Administrative expenses	**(1,084)**	(18,223)
Research and development expenses	**(458)**	(3,879)
Other losses, net	**–**	(14,975)
Operating loss	**(8,692)**	(870,593)
Finance costs or losses – net	**(844)**	(8,832)
Loss before income tax	**(9,536)**	(879,425)
Income tax expense	**–**	–
Loss for the period	**(9,536)**	(879,425)

Notes to the Condensed Consolidated Financial Statements

For the Six months ended 30 June 2024

12. DEEMED DISPOSAL OF A SUBSIDIARY (CONTINUED)

The net assets of CanSino SPH at the date of disposal were as follows:

	As at 31 January 2024 RMB'000 (Unaudited)
Net assets disposed of:	
Property, plant and equipment	**484,921**
Right-of-use assets	**177,397**
Intangible assets	**11,293**
Other receivables and prepayments – non-current	**9,514**
Inventories	**16,739**
Other receivables and prepayments – current	**24,047**
Restricted bank deposits	**11,000**
Bank balances and cash	**1,308**
Trade payables	**(26,703)**
Contract liabilities	**(158)**
Other payables and accruals	**(183,898)**
Provisions	**(14,975)**
Borrowings	**(179,331)**
Lease liabilities – current	**(54,944)**
Lease liabilities – non-current	**(161,485)**
Deferred income – current	**(2,469)**
Deferred income – non-current	**(18,326)**
Non-controlling interests	**(8,024)**
Net assets disposed	**85,906**
Loss on disposal	**(70,515)**
Total consideration	**15,391**
Satisfied by:	
Interests in associates	**15,391**
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	**1,308**

12. DEEMED DISPOSAL OF A SUBSIDIARY (CONTINUED)

Cash flows from CanSino SPH:

	One month ended 31 January 2024 RMB'000 (Unaudited)	Six months ended 30 June 2023 RMB'000 (Unaudited)
Net cash flows from operating activities	**(3,952)**	(85,806)
Net cash flows from investing activities	**–**	(12,140)
Net cash flows from financing activities	**–**	57,614
Net cash flows	**(3,952)**	(40,332)

13. LOSS PER SHARE

(a) Basic loss per share

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

	Six months ended 30 June 2024 (Unaudited)	2023 (Unaudited)
Loss for the period attribute to owners of the Company (in RMB'000)	**(225,373)**	(841,429)
Weighted average number of ordinary shares in issue (in '000)	**246,801**	246,766
Basic loss per share (in RMB)	**(0.91)**	(3.41)

The computation of the basic and diluted earnings per share for the six months ended 30 June 2024 and 2023 is based on weighted average number of shares which excluded the treasury shares held by the Company.

(b) Diluted loss per share

The Group incurred loss for the current interim period. Therefore, the effect of restricted shares issued under 2023 Stock Ownership plan were not included in the calculation of diluted loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended 30 June 2024 and 2023 is same with basic loss per share.

Notes to the Condensed Consolidated Financial Statements

For the Six months ended 30 June 2024

14. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

15. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired RMB206,788,000 (unaudited) (six months ended 30 June 2023: RMB233,761,000 (unaudited)) of property, plant and equipment. During the current interim period, the Group disposed of certain equipment and instruments with an aggregate carrying amount of RMB5,000 (unaudited) (six months ended 30 June 2023: RMB36,000 (unaudited)), resulting in a loss on disposal of RMB5,000 (unaudited) (six months ended 30 June 2023: a gain on disposal of RMB15,000 (unaudited)).

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 RMB162,879,000 (unaudited) as at 30 June 2024 (31 December 2023: RMB166,890,000 (audited)).

During the current interim period, the Group has capitalised borrowing costs amounting to RMB2,237,000 on qualifying assets (six months ended 30 June 2023 (unaudited): RMB4,109,000). Borrowing costs were capitalised at the borrowing rates of 3.0% during the current interim period (six months ended 30 June 2023 (unaudited): 3.1%).

16. RIGHT-OF-USE ASSETS

During the current interim period, the Group entered into one lease agreement with lease term of 20 months (six months ended 30 June 2023: the Group entered into one lease agreement with lease term of 21 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 RMB1,070,000 (unaudited) (six months ended 30 June 2023: RMB889,000 (unaudited)) and lease liabilities of RMB1,070,000 (unaudited) (six months ended 30 June 2023: RMB878,000 (unaudited)).

As at 30 June 2024 and 31 December 2023, the Group has no land use rights that have been pledged as collateral under the Group's borrowing arrangements.

17. INTANGIBLE ASSETS

During the current interim period, the Group acquired RMB2,788,000 (unaudited) (six months ended 30 June 2023: RMB4,734,000 (unaudited)) of non-proprietary technologies and computer software, and capitalised RMB62,441,000 (unaudited) (six months ended 30 June 2023: RMB1,107,000 (unaudited)) of product development costs.

Notes to the Condensed Consolidated Financial Statements

For the Six months ended 30 June 2024

18. 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	Tax losses RMB'000	Refund liabilities RMB'000	Lease liabilities RMB'000	Prepayments provision RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2024	25,488	100,647	3,847	53,837	16,914	48,513	7,358	2,095	258,699
(Charge) credit to profit or loss	(1,011)	(28,647)	1,092	41,339	(8,309)	(604)	(4,336)	(1,927)	(2,403)
Deemed disposal of a subsidiary	–	–	–	–	–	(44,618)	–	–	(44,618)
As at 30 June 2024	**24,477**	**72,000**	**4,939**	**95,176**	**8,605**	**3,291**	**3,022**	**168**	**211,678**

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	Refund liabilities RMB'000	Lease liabilities RMB'000	Prepayments provision RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2023	27,258	95,807	1,590	1,043	36,861	38,083	53,736	–	–	254,378
(Charge) credit to profit or loss	(376)	7,170	3,039	(1,043)	(36,631)	16,392	(2,828)	8,021	6,388	132
As at 30 June 2023	26,882	102,977	4,629	–	230	54,475	50,908	8,021	6,388	254,510

Notes to the Condensed Consolidated Financial Statements

For the Six months ended 30 June 2024

18. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

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

Deferred tax liabilities	Right-of-use assets 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	Others RMB'000	Total RMB'000
As at 1 January 2024	(48,492)	(194)	(1,230)	(922)	(50,838)
Credit to profit or loss	797	64	267	443	1,571
Deemed disposal of a subsidiary	44,618	–	–	–	44,618
As at 30 June 2024	**(3,077)**	**(130)**	**(963)**	**(479)**	**(4,649)**

Deferred tax liabilities	Right-of-use assets RMB'000	Fair value adjustment of financial assets at fair value through profit or loss RMB'000	Tax effect of unrealized inter-group transaction loss RMB'000	Total RMB'000
As at 1 January 2023	(53,602)	(4,350)	(16)	(57,968)
Credit (charge) to profit or loss	2,464	(1,448)	16	1,032
As at 30 June 2023	(51,138)	(5,798)	–	(56,936)

18. 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 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Deferred tax assets	**211,678**	258,699
Deferred tax liabilities	**(4,649)**	(50,838)
	207,029	207,861

(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 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Deductible temporary differences	**724,276**	616,115
Deductible losses	**2,318,788**	2,237,723
	3,043,064	2,853,838

At the end of the current interim period, the Group has carryforward unused tax losses of RMB2,952,861,000 (31 December 2023: RMB2,596,168,000) available for offset against future profits. A deferred tax asset of RMB95,176,000 (31 December 2023: RMB53,837,000) in respect of tax losses of RMB634,073,000 (31 December 2023: RMB358,445,000) has been recognised. No deferred tax assets has been recognised in respect of tax losses of RMB2,318,788,000 of the Group (31 December 2023: tax losses of RMB2,237,723,000 of the Group), as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the current interim period, the Group has deductible temporary differences of RMB1,500,052,000 (31 December 2023: RMB1,860,759,000). RMB116,502,000 deferred tax asset (31 December 2023: RMB204,862,000) in respect of deductible temporary differences of RMB775,776,000 (31 December 2023: RMB1,244,644,000) has been recognised. No deferred tax asset has been recognised in respect of deductible temporary differences of RMB724,276,000 (31 December 2023: RMB616,115,000), as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

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For the Six months ended 30 June 2024

18. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
2025	**3**	3
2026	**4,144**	75,344
2027	**161,690**	160,752
2028	**255,175**	480,523
2029	**82,718**	–
2032	**185,053**	185,053
2033	**1,415,560**	1,336,048
2034	**214,445**	–
	2,318,788	2,237,723

19. INVESTMENTS IN ASSOCIATES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
At the beginning of the year	**18,168**	3,250
Addition (Note 12)	**15,391**	13,701
Share of post-acquisition results	**(16,199)**	1,217
At the end of the year	**17,360**	18,168

20. TRADE RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables from contracts with customers	**611,041**	662,529
Less: expected credit losses	**(32,924)**	(25,647)
	578,117	636,882

The Group allows an average credit period of 90 to 270 days to its trade customers after the timing of invoicing agreed in corresponding contracts is reached.

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 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 180 days	**260,858**	358,744
181 days – 365 days	**181,724**	114,610
1 year – 2 years	**105,033**	162,209
Over 2 years	**30,502**	1,319
	578,117	636,882

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For the Six months ended 30 June 2024

21. OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Prepayments to suppliers of intangible assets and property, plant and equipment	**155,314**	179,863
Prepayments to suppliers of raw materials and services	**47,998**	48,546
Amounts due from CanSino SPH (a)	**71,978**	–
Value added tax recoverable	**26,703**	57,924
Right to returned goods (b)	**–**	–
Others	**12,500**	11,129
	314,493	297,462
Less: expected credit losses (a)	**(71,978)**	–
	242,515	297,462
Less: non-current portion (c)	**(183,163)**	(237,529)
Current portion	**59,352**	59,933

Notes:

(a) As disclosed in Note 1A, the Group has no control over CanSino SPH as at 30 June 2024. As a result of the deconsolidation, the gross amount due from CanSino SPH increased by RMB71,978,000 (unaudited), of which the expected loss has been fully provided by the Group.

(b) The right to returned goods are net of a write-down of approximately RMB15,847,000 as at 30 June 2024 (31 December 2023: RMB40,926,000).

(c) The non-current portion of other receivables and prepayments as at 30 June 2024 and 31 December 2023 mainly includes prepayments to suppliers of intangible assets, property, plant and equipment, value added tax recoverable and rental deposits.

Notes to the Condensed Consolidated Financial Statements

For the Six months ended 30 June 2024

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Structured deposits	**889,150**	564,813
Wealth management products	**658,890**	689,934
Unlisted fund investment	**91,613**	89,998
Unlisted equity investment (a)	**56,928**	32,147
Derivative financial assets	**863**	1,295
Certificates of deposit held for trading	**–**	53,528
	1,697,444	1,431,715
Less: non-current portion	**(148,541)**	(122,145)
Current portion	**1,548,903**	1,309,570

Note:

(a) On 27 February 2024, the Group invested United States dollar 4,100,000 (equivalent to RMB29,442,000) to purchase 1.025% equity interest in PT Etana Biotechnologies Indonesia.

23. SHARE CAPITAL AND SHARE PREMIUM

	Numbers of shares	Nominal value of shares RMB'000
Authorised		
As at 1 January 2023, 1 January 2024 and 30 June 2024	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 2024	247,449,899	247,450	6,594,556	6,842,006
Transfer upon vesting of share-based payments	–	–	4,682	4,682
As at 30 June 2024	**247,449,899**	**247,450**	**6,599,238**	**6,846,688**

Note:

The Company has not repurchased any shares during the current period (six months ended 30 June 2023:nil). During the six months ended 30 June 2023, 277,650 repurchased shares have been granted at the consideration of RMB16,984,000 under 2023 Stock Ownership Plan, the difference between the consideration received and the repurchase cost of the corresponding shares determined based on weighted average repurchased amounted to RMB43,996,000 have been transferred from treasury shares to capital reserves. Details of these grants are set out in Note 24.

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For the Six months ended 30 June 2024

24. 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 28 May 2018 as vehicles to hold the ordinary shares for the Company's employees under the equity-settled share-based compensation plan of 2018 (the "2018 Employee Share Plan"). Details of the arrangement are set out in the Group's 2023 annual report.

During the six months ended 30 June 2023, 3,151,360 shares of the granted shares were vested as the eligible employees had completed their five-year service period, and the accumulated share-based compensation reserves recognised of RMB56,600,000 was transferred to share premium.

2023 Stock Ownership Plan

On 27 March 2023, the 2023 A Share Employee Stock Ownership Plan ("2023 Stock Ownership Plan") of the Company has been proposed by the board of directors of the Company for the purpose to improve the Company's incentive mechanism. On 20 April 2023, the implementation of the 2023 Stock Ownership Plan has been approved at the 2023 first extraordinary general meeting.

On 8 May 2023, 277,650 shares were subscribed by 217 eligible employees, representing approximately 0.11% of the total share capital of the Company. A total consideration of RMB16,984,000 were received by the Company under 2023 Stock Ownership Plan with the purchase price of RMB61.17 per share. All the shares issued were the treasury shares repurchased by the Company since 2022. Details of the arrangement are set out in the Group's 2023 annual report.

During the six months ended 30 June 2024, 24 eligible employees left the Company, 9,560 shares awarded to these employees were forfeited and 11,290 shares awarded to these employees were cancelled. The share-based payment expenses of shares cancelled are accelerated and recognised immediately that would otherwise have been recognised over the remainder of the vesting period.

During the six months ended 30 June 2024, 120,785 shares of the granted shares have been vested on the first anniversary of the grant date as the eligible employees had achieved their performance target. The accumulated share-based compensation reserves recognised of RMB4,682,000 was transferred to share premium, and the corresponding consideration received from employees for granted shares amounting to RMB7,388,000 was transferred to equity.

24. SHARE-BASED PAYMENT (CONTINUED)

(a) Share award schemes

2018 Employee Share Plan

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
At the beginning of the period	**–**	3,165,360
Vested	**–**	(3,151,360)
Forfeited	**–**	(14,000)
At the end of the period	**–**	–

2023 Stock Ownership Plan

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
At the beginning of the period	**255,240**	–
Granted	**–**	277,650
Vested	**(120,785)**	–
Forfeited	**(9,560)**	–
Cancelled	**(11,290)**	–
At the end of the period	**113,605**	277,650

(b) Expenses arising from share-based payment transactions

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Share award schemes issued under the Employee Share Plan	**2,433**	5,681

As at 30 June 2024, the accumulated expenses arising from share-based payment transactions amounting to RMB77,097,000 are recognised in capital reserves (31 December 2023: RMB74,664,000) and RMB74,290,000 (31 December 2023: RMB69,608,000) are transferred to share premium upon vesting.

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For the Six months ended 30 June 2024

25. BORROWINGS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Borrowings from banks – unsecured and unguaranteed	**1,622,270**	1,915,168
Borrowings from banks – secured and unguaranteed	**467,899**	429,008
Borrowings from banks – unsecured and guaranteed	**84,000**	84,000
Other borrowings – unsecured and unguaranteed	**–**	29,883
Accrued interest	**1,736**	2,466
	2,175,905	2,460,525
Less: current portion	**(1,184,976)**	(1,394,865)
Non-current portion	**990,929**	1,065,660
Maturity of borrowings		
Less than 1 year	**1,184,976**	1,394,865
Between 1 year and 2 years	**217,713**	256,142
Between 2 years and 5 years	**364,389**	394,911
Over 5 years	**408,827**	414,607
	2,175,905	2,460,525

As of 30 June 2024, bank borrowings were denominated in RMB, bearing interest at rates ranging from 2.20% to 3.40% per annum (31 December 2023: 2.20% to 3.50% per annum).

As of 30 June 2024 and 31 December 2023, the secured borrowings were secured against certain of the Group's property, plant and equipment (Note 15).

As of 30 June 2024 and 31 December 2023, the guaranteed borrowing was guaranteed by Shanghai Lingang Industrial Zone Public Rental Housing Construction and Operation Management Co., Ltd.

As of 30 June 2024, since the Group breached covenants included in certain loan agreements and the relevant banks had the right to request early repayment of these bank borrowings, the Group classified these long term borrowings amounted to RMB206,941,000 (31 December 2023: RMB310,640,000) as current liabilities.

26. 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 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 year	**27,098**	56,400
Between 1 year and 2 years	**8,051**	47,083
Between 2 years and 3 years	**42,681**	487
	77,830	103,970

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For the Six months ended 30 June 2024

27. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Other payables to suppliers of property, plant and equipment	**178,751**	320,180
Marketing service fee	**102,808**	116,842
Clinical trial and testing fee	**67,741**	67,302
Payroll and welfare payable	**51,626**	166,707
Accrued taxes other than enterprise income tax	**30,367**	48,196
Deposits from suppliers	**14,344**	13,294
Other service fees	**12,209**	28,468
Considerations received from employees for subscribing restricted A shares of the Company under the 2023 Stock Ownership Plan (Note 24)	**9,596**	16,984
Consulting fees	**5,942**	14,237
Operation and maintenance fees	**1,595**	3,869
Others	**78,179**	70,702
	553,158	866,781
Less: non-current portion	**–**	(8,492)
Current portion	**553,158**	858,289

28. 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 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Contracted but not provided for – Property, plant and equipment	**219,812**	317,896

29. 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.

Notes to the Condensed Consolidated Financial Statements

For the Six months ended 30 June 2024

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Names and relationships with related parties

The following companies are related parties of the Group for the six months ended 30 June 2024:

Names of the related parties	Nature of relationship
上海上藥康希諾生物製藥有限公司 CanSino SPH*	Associate (Note 1)
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 (Note 2)
上海中西三維藥業有限公司 Shanghai Zhongxi Sunve Pharmaceutical Co., Ltd. *	Note 3
上藥康德樂(上海)醫藥有限公司 SPH KDL Health (Shanghai) Pharmaceutical Co., Ltd. *	Note 3
上海醫藥物流中心有限公司 Shanghai Pharmaceutical Logistics Center Co., Ltd. *	Note 3
上海醫藥集團生物治療技術有限公司 Shanghai Pharmaceutical Group Biotherapy Technology Co., Ltd. *	Note 3
上海上藥生物醫藥有限公司 Shanghai SPH Biopharmaceutical Co., Ltd. *	Note 3
上海上藥睿爾藥品有限公司 Shanghai SPH Rare Disease Pharmaceutical Co., Ltd.*	Note 3
上海上藥神象健康藥業有限公司 SPH Shenxiang Health Pharmaceutical Co., Ltd. *	Note 3
上海雷昶科技有限公司 Shanghai Leateck Co., Ltd. *	A supervisor of the Company is a director of this entity
東富龍科技集團股份有限公司 Tofflon Science and Technology Group Co., Ltd. *	A supervisor of the Company is a director of this entity
上海翊斯生物醫藥科技有限公司 Shanghai Yisi Biopharmaceutical Technology Co., Ltd. *	Entity controlled by one of the controlling shareholders of the Company

* The English names are for identification purpose only.

Note 1:

As disclosed in Note 1A, CanSino SPH ceased to be a subsidiary of the Group on 2 February 2024, and it becomes an associate of the Company since then.

Note 2:

Sunway Biotech was the non-controlling shareholder of CanSino SPH until the Group lost control over CanSino SPH on 2 February 2024 and it is still identified as a related party of the Group in 12 months since the Group lost control over CanSino SPH.

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Names and relationships with related parties (Continued)

Note 3:

Entities which are controlled by the controlling shareholder of Sunway Biotech.

(b) Related party transactions:

(i) Services received by the Group or purchase from the related parties:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Shanghai Yisi Biopharmaceutical Technology Co., Ltd.	**960**	–
SPH KDL Health (Shanghai) Pharmaceutical Co., Ltd.	**483**	657
Tofflon Science and Technology Group Co., Ltd.	**123**	–
Shanghai Pharmaceutical Logistics Center Co., Ltd.	**–**	2,607
Shanghai Leateck Co., Ltd.	**–**	2,534
Shanghai Zhongxi Sunve Pharmaceutical Co., Ltd.	**–**	276
Total	**1,566**	6,074

(ii) Services provided by the Group:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CanSino SPH	**144**	N/A
Shanghai SPH Biopharmaceutical Co., Ltd.	**92**	275
Shanghai SPH Rare Disease Pharmaceutical Co., Ltd.	**90**	–
Shanghai Pharmaceutical Group Biotherapy Technology Co., Ltd.	**–**	64
Sunway Biotech	**–**	9
Total	**326**	348

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For the Six months ended 30 June 2024

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions: (Continued)

(iii) Interest expenses:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sunway Biotech	**N/A**	128
Total	**N/A**	128

(iv) Interest income:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CanSino SPH	**498**	N/A
Total	**498**	N/A

(c) Related party balances:

(i) Other receivables and prepayments:

	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
CanSino SPH (Note 21)	**71,978**	N/A
Shanghai Leateck Co., Ltd.	**–**	381
Shanghai SPH Biopharmaceutical Co., Ltd.	**–**	194
Tofflon Science and Technology Group Co., Ltd.	**–**	82
Total	**71,978**	657

Notes to the Condensed Consolidated Financial Statements

For the Six months ended 30 June 2024

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party balances: (Continued)

(ii) Trade payables:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
SPH KDL Health (Shanghai) Pharmaceutical Co., Ltd.	**105**	311
Tofflon Science and Technology Group Co., Ltd.	**81**	69
Shanghai Pharmaceutical Logistics Center Co., Ltd.	**–**	42
Total	**186**	422

(iii) Other payables and accruals:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Tofflon Science and Technology Group Co., Ltd.	**1,809**	1,696
SPH KDL Health (Shanghai) Pharmaceutical Co., Ltd.	**46**	144
Shanghai Pharmaceutical Logistics Center Co., Ltd.	**–**	103
SPH Shenxiang Health Pharmaceutical Co., Ltd.	**–**	25
Total	**1,855**	1,968

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For the Six months ended 30 June 2024

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party balances: (Continued)

(iv) Financing:

Financing arrangement between the Group and its related parties are as follows:

Credit loan

	Net amount incurred during the six months ended 30 June 2024 RMB'000 (Unaudited)	**Balance as at 30 June 2024 RMB'000 (Unaudited)**	Net amount incurred during the six months ended 30 June 2023 RMB'000 (Unaudited)	Balance as at 31 December 2023 RMB'000 (Audited)	**Annual interest Rate %**
Borrowed from:					
Sunway Biotech (a)	**N/A**	**N/A**	35,732	29,883	3.50
Lent to:					
CanSino SPH	**5,912**	**36,320**	N/A	N/A	3.50

Note:

(a) The amounts incurred during the six months ended 30 June 2023 and the balance as at 31 December 2023 represented the loans borrowed by CanSino SPH from Sunway Biotech.

Interest payables (included in borrowings):

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Sunway Biotech	**N/A**	311
Total	**N/A**	311

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related party balances: (Continued)

(iv) Financing: (Continued)

Interest receivables (included in other receivables):

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
CanSino SPH	**961**	N/A
Total	**961**	N/A

(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 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries	**6,082**	8,899
Fee	**529**	600
Retirement benefit scheme contributions	**137**	171
Share-based compensation expenses	**120**	800
Discretionary bonuses	**–**	318
Others	**177**	238
	7,045	11,026

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For the Six months ended 30 June 2024

30. FINANCIAL RISK MANAGEMENT

30.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and other price 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 2023.

There have been no changes in the risk management policies since 2023 year end.

30.2 Fair 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).

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

30.2 Fair 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 and liabilities that are measured at fair value on a recurring basis.

Financial assets/liabilities	Fair value as at 30 June 2024 RMB'000 (Unaudited)	Fair value as at 31 December 2023 RMB'000 (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Unobservable inputs	Relationship of unobservable input to fair value
Structured deposits and certificates of deposit held for trading	889,150	618,341	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 products	658,890	689,934	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
Unlisted equity investment	36,554	6,000	Level 2	Recent transaction price	N/A	N/A
Unlisted equity investment	20,374	26,147	Level 3	Market approach- fair value estimated based on key inputs including price to sales ratio, liquidity discount	Liquidity discount	The lower the liquidity discount, the higher the fair value
Unlisted fund investment	91,613	89,998	Level 3	Net asset value of underlying investments	Net assets	The higher net asset value, the higher the fair value
Derivative financial assets	863	84	Level 2	Discounted cash flow – Future cash flows are estimated based on observable forward exchange rates and contracted forward rates, discounted at rates that reflect the credit risk of various counterparties	N/A	N/A
Derivative financial assets	–	1,211	Level 3	Option pricing model- fair value estimated based on key inputs including volatility	Volatility	The higher the volatility, the higher the fair value
Derivative financial liabilities	–	973	Level 2	Discounted cash flow – Future cash flows are estimated based on observable forward exchange rates and contracted forward rates, 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.

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30. FINANCIAL RISK MANAGEMENT (CONTINUED)

30.2 Fair 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 and certificates of deposit held for trading		Unlisted equity investment		Unlisted fund investment		Derivative financial assets	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Opening balance	**618,341**	1,776,958	**26,147**	46,865	**89,998**	–	**1,211**	–
Additions	**1,953,000**	2,440,000	**–**	–	**–**	91,000	**–**	–
Settlements	**(1,689,868)**	(3,229,081)	**–**	–	**–**	–	**–**	
Gains or losses recognised in profit or loss	**7,677**	18,238	**(5,773)**	(3,640)	**1,615**	32	**(1,211)**	–
Closing balance	**889,150**	1,006,115	**20,374**	43,225	**91,613**	91,032	**–**	–
Total gains or losses for the period included in "other income"	**8,491**	19,081	**–**	–	**–**	–	**–**	–

Of the total gains or losses for the period included in profit or loss, a loss of RMB8,000 relates to financial assets at FVTPL held at the end of current reporting period (six months ended 30 June 2023: a gain of RMB2,507,000). Fair value gains or losses on financial assets at FVTPL are included in 'other gains and losses'.

(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.

31. CONTINGENT LIABILITIES

The Company received the notice of a lawsuit in March 2024 from 3ª Vara Civel de Maringa/PR ("Brazilian Court") filed by Belcher Farmaceutica Ltda.("Belcher"), claiming Brazilian Real 167 million (equivalent to approximately RMB220 million) in compensation for the related losses, fees, and spiritual damage from the Company following the termination of the authorization to it to negotiate with the Brazilian government about the registration and commercialization of the Company's COVID-19 vaccines in Brazil in 2021.

The Company has engaged a professional legal counsel to handle such lawsuit. Based on the current legal advice, the Company has strong defense position and it is unlikely that Belcher's claim will be supported by the Brazilian Court. Therefore, the management of the Company is in the view that it is not probable an outflow of economic benefits will be required to settle Belcher's claim. As a result, no provision with respect to this lawsuit was made by the Company as at 30 June 2024. As of the date of the approval of these condensed consolidated financial statements, the Brazilian Court has yet to start hearing of this lawsuit.

Definitions

"2023 Stock Ownership Plan"	the 2023 A Share Employee Stock Ownership Plan of the Company approved by the Shareholders at the 2023 first extraordinary general meeting on April 20, 2023
"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 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, which 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 Convidecia Air® (Ad5-nCoV for Inhalation)
"Ad5Ag85A"	a novel tuberculosis vaccine expressing Ag85A antigen in a human type V adenovirus vector
"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
"Board of Supervisors"	the board of supervisors 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
"CanSino SPH"	CanSino SPH Biologics Inc.* (上海上藥康希諾生物製藥有限公司), a limited liability company established in the PRC in February 2021
"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
"CDC"	Chinese Centre for Disease Control and Prevention

Definitions

"CDMO"	contract development and manufacturing organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of development and manufacturing services outsourced on a contract basis
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, Macau Special Administrative Region and Taiwan
"Concert Party Agreement"	the agreement entered into between Dr. Yu, Dr. Zhu, Dr. Qiu and Dr. Mao on February 13, 2017 which was subsequently amended on January 26, 2022, re-entered into on March 27, 2024 and further amended on July 24, 2024, 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 the 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
"Convidecia Air®" or "Ad5-nCoV for Inhalation"	Recombinant Novel Coronavirus Vaccine (Adenovirus Type 5 Vector) for inhalation
"COVID-19"	the disease caused by a new coronavirus called SARS-CoV-2
"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, co-founder and Controlling Shareholder of the Company and spouse of Dr. Chao
"Dr. Qiu"	Dr. Dongxu QIU, deputy general manager, co-founder and Controlling Shareholder of the Company
"Dr. Yu"	Dr. Xuefeng YU, chairman of the Board, executive Director, chief executive officer, general manager, co-founder and Controlling Shareholder of the Company

Definitions

"Dr. Zhu"	Dr. Tao ZHU, chief scientific officer and deputy general manager, co-founder and Controlling Shareholder of the Company
"DTcP"	diphtheria, tetanus and acellular pertussis (components) combined vaccine, each pertussis antigen of which is purified individually and is subsequently combined in a defined ratio, hence ensuring a fixed and consistent composition
"DTcP Booster"	a vaccine being developed by the Company 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 subsidiary
"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
"Hib"	Haemophilus Influenzae Type b Conjugate Vaccine, Freeze-dried
"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
"Industry Investment Fund"	Shanghai Biomedical Industry Equity Investment Fund Partnership (Limited Partnership)* (上海生物醫藥產業股權投資基金合夥企業(有限合夥))
"KOL"	Key opinion leaders

Definitions

"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
"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 C3 to the Hong Kong Listing Rules
"MPSV4"	Group A, C, Y and W135 meningococcal polysaccharide vaccine (MPSV), a vaccine used for the prevention of epidemic cerebrospinal meningitis in children aged above two years old
"mRNA"	Messenger ribonucleic acid (RNA)
"Ms. Wang"	Ms. Jing WANG, an executive Director, the chief commercial officer and deputy general manager of the Company
"N. meningitides (Lta)"	Neisseria meningitidis (lipoteichoic acid)
"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 the Company
"PCV13"	13-Valent pneumococcal conjugate vaccine, which is primarily used for the prevention of invasive pneumococcal diseases

Definitions

"PCV13i"	an improved pneumococcal polysaccharide conjugate vaccine being developed by the Company
"pertussis"	a respiratory tract infection characterized by a paroxysmal cough commonly known as whooping cough
"polysaccharide"	a carbohydrate that can be decomposed by hydrolysis into two or more molecules of monosaccharides
"POV"	point of vaccination
"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
"Recombinant Poliomyelitis Vaccine"	a VLP-based polio vaccine developed by the Company
"Recombinant Zoster Vaccine"	the Recombinant Zoster Vaccine (Adenovirus Vector) developed by the Group in cooperation with Barinthus Biotherapeutics (UK) Limited (formerly known as Vaccitech (UK) Limited)
"Remuneration and Assessment Committee"	the remuneration and assessment committee of the Board
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Reporting Period"	the six-month period from January 1, 2024 to June 30, 2024
"SARS-CoV-2"	a strain of the species severe-acute-respiratory-syndrome-related coronavirus
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shanghai Qianxirui"	Shanghai Qianxirui Enterprise Management Partnership (Limited Partnership) (上海千希睿企業管理合夥企業(有限合夥)) (formerly known as Tianjin Qianrui Enterprise Management Partnership (Limited Partnership) (天津千睿企業管理合夥企業(有限合夥))), a limited partnership incorporated in the PRC on May 24, 2018 as an employee incentive platform of the Company
"Shanghai Qianxiyi"	Shanghai Qianxiyi Enterprise Management Partnership (Limited Partnership) (上海千希益企業管理合夥企業(有限合夥)) (formerly known as Tianjin Qianyi Enterprise Management Partnership (Limited Partnership) (天津千益企業管理合夥企業(有限合夥))), a limited partnership incorporated in the PRC on July 31, 2015 as an employee incentive platform of the Company

Definitions

"Shanghai Qianxizhi"	Shanghai Qianxizhi Enterprise Management Partnership (Limited Partnership) (上海千希智企業管理合夥企業(有限合夥)) (formerly known as Tianjin Qianzhi Enterprise Management Partnership (Limited Partnership) (天津千智企業管理合夥企業(有限合夥))), a limited partnership incorporated in the PRC on May 24, 2018 as an employee incentive platform of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"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 the Company 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
"Tetanus Vaccine"	Absorbed Tetanus Vaccine developed by the Company
"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
"VLP"	virus-like particle
"WHO"	World Health Organization
"XBB.1.5 Variant"	the Recombinant COVID-19 XBB.1.5 Variant Vaccine for Inhalation (Adenovirus Type 5 Vector)

* *For identification purposes only*


CanSino Biologics Inc.