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## **CanSino Biologics Inc.**

## **康希諾生物股份公司**

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

**(Stock code: 6185)**

### **PROPOSED ISSUE OF A SHARES AND LISTING ON THE SSE STAR MARKET AND OTHER ANCILLARY RESOLUTIONS**

**AND**

### **PROPOSED AMENDMENT TO THE ARTICLES ANCILLARY TO THE PROPOSED ISSUE**

**AND**

### **UNCOVERED DEFICIT OF THE COMPANY AMOUNTING TO ONE-THIRD OF THE TOTAL SHARE CAPITAL**

#### **PROPOSED ISSUE OF A SHARES**

The Company proposed to apply to the relevant regulatory authorities in the PRC for the allotment and issue of not more than 24,800,000 A Shares and proposed to apply to the Shanghai Stock Exchange for the listing of, and permission to deal in, the A Shares on the SSE STAR Market.

The Issue of A Shares will be subject to, among other things, the approval by the Shareholders by way of special resolutions at the EGM and the Class Meetings, as well as the approvals by the CSRC and the Shanghai Stock Exchange.

#### **OTHER ANCILLARY RESOLUTIONS RELATING TO THE ISSUE OF A SHARE**

Other relevant resolutions in connection with the Issue of A Shares were also passed at respective meetings of the Board of Directors. Details of these resolutions are set out in the paragraphs headed "Other resolutions relating to the Issue of A Shares" below.

## **PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION**

The Board of Directors further announces that for the purpose of the listing on the SSE STAR Market, the Board of Directors considered and approved the proposed amendment to the Articles.

The proposed amendment to the Articles will be subject to the approval by the Shareholders by way of special resolution at the EGM and the Class Meetings. If approved, the revised Articles will take effect upon completion of the Issue of A Shares and listing on the SSE STAR Market.

## **UNCOVERED DEFICIT OF THE COMPANY AMOUNTING TO ONE-THIRD OF THE TOTAL SHARE CAPITAL**

An ordinary resolution will be proposed at the EGM to consider and approve the uncovered deficit of the Company amounting to one-third of its total share capital.

## **GENERAL**

The Company will, at the EGM and the Class Meetings, seek Shareholders' approval on: (1) the special resolution on the fulfillment by the Company of the requirements for initial public offering of A Shares and listing on the SSE STAR Market; (2) the special resolution on the proposed Issue of A Shares and Listing on the SSE STAR Market; (3) the special resolution on the investment projects to be funded by the proceeds raised from the Issue of A Shares and feasibility analysis; (4) the special resolution to authorize the Board of Directors to fully handle matters in connection with the proposed Issue of A Shares and the listing on the SSE STAR Market; (5) the special resolution on the proposal for accumulated profit distribution and the plan for undertaking unrecovered losses prior to the Issue of A Shares; (6) the special resolution on the three-year dividend distribution plan for shareholders after the initial public offering of A Shares and listing on the SSE STAR Market; (7) the special resolution on the Company's share price stabilization plan and restraining measures within three years after the Company's initial public offering of A Shares and listing on the SSE STAR Market; (8) the special resolution on the undertakings and restraining measures relating to the Company's Issue of A Shares and listing on the SSE STAR Market, and to authorize the Board to make appropriate undertakings; and (9) the special resolution on the impact of dilution on immediate return by the Company's initial public offering of A Shares and adoption of recovery measures; (10) the special resolution on the formulation of the amended Articles in respect of the Issue of A Shares that come into effect after the Company's Issue of A Shares and listing on the SSE STAR Market; (11) the ordinary resolution on amending the internal management policies of the Company; (12) the ordinary resolution on the appointment of professional intermediaries for the Company's Issue of A Shares and listing on the SSE STAR Market; (13) the ordinary resolution on the uncovered deficit of the Company amounting to one-third of the total share capital.

A circular containing, among other things, the above matters, a notice of EGM, and notices of the Class Meetings respectively will be despatched to the Shareholders in due course.

**There is no assurance that the Issue of A Shares will proceed. Shareholders and investors are advised to exercise caution in dealings in the H Shares. Further details about the Issue of A Shares will be disclosed by the Company in due course.**

## **PROPOSED ISSUE OF A SHARES AND LISTING ON THE SSE STAR MARKET**

### **(I) PROPOSED ISSUE OF A SHARES**

The Board of Directors is pleased to announce that at a meeting of the Board held on October 11, 2019, the Company proposed to apply to the relevant regulatory authorities in the PRC for the allotment and issue of not more than 24,800,000 A Shares and proposed to apply to the Shanghai Stock Exchange for the listing of, and permission to deal in, the A Shares on the SSE STAR Market.

The Issue of A Shares will be subject to, among other things, the approval by the Shareholders by way of special resolutions at the EGM and the Class Meetings, as well as the approvals by the CSRC and the Shanghai Stock Exchange.

#### **Details of the Issue of A Shares**

##### ***(i) Class and nominal value of new Shares to be issued***

Ordinary Shares with a nominal value of RMB1.00 each (A Shares).

##### ***(ii) Issue size***

The Issue of A Shares only involves issue of new Shares, and will not involve sale of Shares by existing Shareholders. The Company proposes to issue not more than 24,800,000 new A Shares, representing approximately 11.14% of the share capital of the Company as of the date of this announcement, and approximately 10.02% of the enlarged share capital upon completion of the Issue of A Shares. The final issue size will be determined by the Board after consultation with the lead underwriter(s) according to the authorization (if granted at the EGM and the Class Meetings), the conditions required by the laws and regulations of the PRC and the regulatory authorities, and the market conditions then. If there is any ex-right event (such as bonus issue and conversion of capital reserve to share capital) prior to the Issue of A Shares, the number of A Shares to be issued will be adjusted accordingly.

##### ***(iii) Method and schedule of issuance***

The Issue of A Shares will be conducted through a combination of off-line placement to the price consultation participants and offering by way of on-line subscription by public investors, or other methods of issuance approved by the securities regulatory authorities. The Company will proceed with the Issue within 12 months since the CSRC approves the Issue.

##### ***(iv) Target subscribers***

Qualified price consultation participants subject to the laws, regulations and regulatory documents of the PRC, and natural persons, legal persons and institutional investors who maintain A Shares securities account with the Shanghai Stock Exchange (excluding those in respect of which subscription has been prohibited by laws, regulations and regulatory documents of the PRC).

**(v) Pricing methodology**

The issue price for the A Shares will be determined through a combination of off-line placement to professional institutional investors and offering by way of on-line subscription by public investors based on market value, or by other pricing methods recognized by the CSRC and the Shanghai Stock Exchange.

As at October 11, 2019 (being the trading date prior to the date of this announcement), the closing price of H Share as quoted on the Stock Exchange is HK\$35.00 per H Share.

**(vi) Issuance expenses**

The expenses in relation to the Issue of A Shares including underwriting fee, sponsor(s)' fee, auditor's fee, legal advisors' fee, issuing fee, etc. will be borne by the Company.

**(vii) Method of underwriting**

The Issue of A Shares will be underwritten by the sponsor(s) and underwriter(s) by way of standby commitment.

According to the STI Underwriting Guidelines, the Shanghai Stock Exchange has set forth a requirement for sponsor(s)' relevant subsidiaries in initial public offering on the SSE STAR Market, requiring sponsor(s)' relevant subsidiaries to invest in 2% to 5% of the shares procured for subscription or sale by them, and they shall maintain such shareholding for a period of 24 months afterwards.

The STI Underwriting Guidelines further requires a relevant subsidiary of the sponsor(s) or a relevant subsidiary of the sponsor(s)' ultimate controller to enter into an allotment agreement with listing applicant on the following scale:

<b>Offering size</b>	<b>Shares to be subscribed</b>
Less than RMB1 billion	5% of the shares being offered, but subject to a cap of RMB40 million
RMB1 billion to less than RMB2 billion	4% of the shares being offered, but subject to a cap of RMB60 million
RMB2 billion to less than RMB5 billion	3% of the shares being offered, but subject to a cap of RMB100 million
RMB5 billion or above	2% of the shares being offered, but subject to a cap of RMB1 billion

The final commitment of sponsor(s) will only be determined when an approximate offering size is available. As of the date of this announcement, the Company has not yet entered into any actual commitment and/or allotment arrangements in respect of the Issue of A Shares.

***(viii) Subscription by the Company's senior management and core employees***

The Company's senior management and core employees may subscribe for the A Shares through specific asset management plan and participate in the strategic placing. The number of A Shares allotted to the specific asset management plan shall not exceed 10% of the total number of shares to be issued under the Issue of A Shares, and the relevant senior management and/or core employees shall be subject to a lock-up period for not less than 12 months. Such participation requires the approval of the Board of Directors and the general meeting (if required) and other relevant authorities and shall be fully disclosed in the prospectus to be issued in relation to the listing on the SSE STAR Market.

***(ix) Place of listing***

All A Shares will be listed and traded on the SSE STAR Market after the completion of the Issue of A Shares.

***(x) Validity period of the resolutions***

The resolutions in respect of the Issue of A Shares will be valid for a period of 12 months from the date of approval at the EGM and the Class Meetings. This proposal has been approved by the Board, and shall be submitted to the EGM and the Class Meetings, respectively, for consideration and approval by way of special resolutions.

**(II) OTHER RESOLUTIONS RELATING TO THE ISSUE OF A SHARES**

Other relevant resolutions in connection with the Issue of A Shares were also passed at respective meetings of the Board of Directors, and will be proposed for Shareholders' approval at the forthcoming EGM and (where appropriate) Class Meetings.

The following summarizes the main contents of the relevant resolutions:

**(i) The resolution on the fulfillment by the Company of the requirements for initial public offering of A Shares and listing on the SSE STAR Market**

By taking into consideration the Company's own actual situation, the Company believes that its business operation is in line with the SSE STAR Market positioning and national strategy. The Company has key core technologies, outstanding technological innovation ability, and mainly relies on core technologies to carry out production and operation. It has a stable business model, high market recognition and good social image, and strong growth. The Company has fulfilled requirements under existing laws, regulations and regulatory documents in respect of the initial public offering of A Shares and listing on the SSE STAR Market.

**(ii) The resolution on the investment projects to be funded by the proceeds raised from the Issue of A Shares and feasibility analysis**

The proceeds raised by the Company from the proposed Issue of A Shares will be used for the following projects after deducting the issuance expenses:

<b>No.</b>	<b>Project name</b>	<b>Proposed investment amount from proceeds raised (RMB)</b>
1	Construction of the phase II production facilities	550,000,000
2	Working capital	250,000,000
3	R&D of vaccines	150,000,000
4	Construction of the vaccine traceability, cold chain logistics and information systems	<u>50,000,000</u>
	<b>Total</b>	<b><u><u>1,000,000,000</u></u></b>

*Note:* Final names of the above projects shall be based upon names approved by or filed with (if required) the government authorities.

After the proceeds raised from the Issue of A Shares are in place, the Company will invest the proceeds into the above projects according to the actual needs and priorities of the projects. If the net proceeds actually raised (after deducting the issuance expenses) are less than the total amount of proceeds to be invested, the shortfall shall be covered by the Company with its own funds or self-raised funds. If the proceeds raised from this issuance exceeds the capital requirements of the projects, the surplus amount will be mainly used for (i) R&D of vaccines; (ii) working capital, and/or (iii) other purposes relating to the Company's principal business, after taking into account the Company's actual needs and upon approval by the Board.

Before the proceeds raised from the Issue of A Shares are in place, the Company may make an initial investment with its own funds or self-raised funds according to the needs of the projects, and after the proceeds raised are in place, the Company can replace the initial investment funds according to the requirements and procedures of the relevant laws, regulations and regulatory documents.

Within the scope of the finally determined investment projects to be funded by proceeds raised from Issue of A Shares, the Board of Directors may, according to the actual needs of the project, make appropriate adjustments to the sequence and amount of the proceeds to be invested in the above projects.

**(iii) The resolution on authorizing the Board of Directors to fully handle matters in connection with the Issue of A Shares and the listing on the SSE STAR Market**

In order to ensure the smooth progress of the relevant matters relating to the Company's Proposed Issue of A Shares and listing, a proposal will be submitted to the Shareholders at the EGM and Class Meetings to authorize the Board of Directors to deal with the issues relevant to this issuance and listing within the framework and in accordance with the principles adopted by the Shareholders at the EGM and the Class Meetings.

The authorization proposed to be granted to the Board shall include without limitation:

1. The performance of all procedures relating to the Company's issuance and listing, including but not limited to, submission of an application to the Shanghai Stock Exchange for the public issuance of shares and listing on the SSE STAR Market, and submission of an application for registration to the CSRC after approval and consent have been granted by the Shanghai Stock Exchange, and provision of response to the securities regulatory institutions in respect of feedback opinions on matters relating to this issuance and listing.
2. The formulation and implementation of the specific proposals for this issuance, including but not limited to specific matters such as timing of issuance, target subscribers, commencement and closing dates of issuance, issue price or pricing methodology, the specific number of shares to be issued, method of issuance, strategic placement, specific projects to be funded by the proceeds raised and the progress and amount of investment, in accordance with national laws, regulations and regulatory documents, the relevant requirements and policies of securities regulatory authorities, and the specific conditions including the securities market conditions and the resolutions of the EGM and the Class Meetings.
3. If the PRC and securities regulatory authorities issue new requirements and policies on initial public offering of shares, the Board of Directors be authorized to make corresponding adjustments to this issuance proposal according to the new requirements and policies and continue to handle the matters relating to this issuance.
4. The preparation, review, amendment and signing of all legal documents and material contracts relating to this issuance and listing, including but not limited to the prospectus for the Issue of A Shares and listing on the SSE STAR Market, strategic placement agreements and other relevant documents.
5. The completion of all government approval procedures involved in this issuance and listing, the payment of all issuance expenses relating to share issuance, listing and sponsorship, and the completion of other necessary procedures and tasks required by this issuance and listing.
6. Authorizing the Board of Directors to supplement and amend the relevant clauses of the Articles (draft) according to the result of share issuance and to complete the relevant procedures for the approval, registration and filing of such changes with the competent authority of commerce and the competent Administration for Industry and Commerce.

7. The necessary supplement and amendment to the Articles (draft) and the internal management policies of the Company according to the requirements and suggestions of the CSRC, Shanghai Stock Exchange and the relevant securities regulatory authorities or according to the actual conditions of this issuance.
8. Within the scope of the resolutions passed by the Shareholders at the EGM and the Class Meetings, necessary and appropriate adjustments will be made to the relevant matters in the implementation process of the investment projects funded by the proceeds raised, including but not limited to: the organization and implementation of project construction with self-owned or self-raised funds according to the actual progress of the projects before the proceeds of this issuance and listing are in place; the confirmation of a special deposit account for the proceeds raised; the signing of a tripartite supervision agreement for the proceeds raised; the implementation of the use of proceeds after completion of this issuance and listing; if the proceeds raised are insufficient, the Company should solve the problem through self-owned or self-raised funds; the signing of material contracts involved in the implementation process of the investment projects funded by the proceeds raised; and making decisions on the investment proposals for various projects within the scope of the total investment amount for investment projects funded by the proceeds raised which has been considered and approved by the Shareholders.
9. After completion of this issuance, handling the matters of registration and settlement of shareholdings at the China Securities Depository and Clearing Co., Ltd., including but not limited to the depository, registration, circulation and lock-up of shares.
10. The publication of, among other things, the prospectus and listing announcement on designated newspapers and websites according to the requirements of the CSRC, the Shanghai Stock Exchange and the relevant securities regulatory authorities, and making an application for listing to the designated stock exchange and providing complete information of the application.
11. The engagement of intermediaries, including the sponsor/lead underwriter, legal advisers and auditor for this issuance and listing of the Company, determination of service fees for the intermediaries through consultation, and signing of engagement agreements.
12. In case of the occurrence of force majeure events or other circumstances where implementation of this issuance plan would become difficult, or although implementation would be possible, it would bring extremely adverse impact on the Company, then decisions to suspend or terminate this issuance plan may be made at discretion.
13. For the purpose of this issuance and listing, communication with the relevant regulatory institutions or organizations, such as CSRC, Shanghai Stock Exchange, the Securities and Futures Commission, the Stock Exchange and China Securities Depository and Clearing Co., Ltd., on behalf of the Company will be carried out.

14. To the extent permitted by relevant laws, regulations and regulatory documents, the handling of other matters considered to be necessary, desirable or appropriate for this issuance and listing.

The above authorization, if approved, shall be valid for a period of 24 months from the date of approval at the EGM and the Class Meetings.

**(iv) The resolution on the proposal for accumulated profit distribution and the plan for undertaking unrecovered losses prior to the Issue of A Shares**

The proposal for accumulated profit distribution and the plan for undertaking unrecovered losses in this issuance and listing process are as follows:

As of the date of this announcement, the Company has no undistributed accumulated profit. If the Company has undistributed accumulated profit before the Issue of A Shares and listing on the SSE STAR Market, then it is proposed that the new and existing Shareholders shall share in proportion to their respective shareholding after the Issue of A Shares and listing on the SSE STAR Market.

If the Company has unrecovered losses prior to the Issue of A Shares and listing on the SSE STAR Market, it is proposed that the new and existing Shareholders of the Company after this issuance and listing shall bear the losses according to the proportion of their shareholdings after the Issue of A Shares and listing on the SSE STAR Market.

**(v) The resolution on reviewing the Company's three-year dividend distribution plan for Shareholders after the initial public offering of A Shares and listing on the SSE STAR Market**

The Company has formulated the "Three-Year Dividend Distribution Plan for Shareholders after the Initial Public Offering of A Shares and Listing on the SSE STAR Market".

**(vi) The resolution on the Company's Share price stabilization plan and restraining measures within three years after the Company's initial public offering of A Shares and listing on the SSE STAR Market**

The Company has formulated the "Plan for Stabilization of Price of A Shares within Three Years After the Initial Public Offering of A Shares and Listing on the SSE STAR Market".

**(vii) The resolution on the undertakings and restraining measures relating to the Company's Issue of A Shares and listing on the SSE STAR Market**

A special resolution will be proposed at the EGM and the Class Meetings to consider and approve the undertakings and restraining measures relating to the Issue of A Shares and listing on the SSE STAR Market, and to authorize the Board to make appropriate undertakings for the purpose of the Issue of A Shares in accordance with the laws, regulations and regulatory documents of the PRC, the relevant regulations and policies of the securities regulatory departments, and combining the review for listing on the SSE STAR Market in practice and the actual situation of the Company.

Details of the undertakings and restraining measures are as follows:

(a) *Undertakings on the Truthfulness, Accuracy and Completeness of the Prospectus Regarding the Initial Public Offering and Listing of A Shares on the SSE STAR Market*

The Company to make the following undertakings in respect of the truthfulness, accuracy and completeness of the contents of the prospectus regarding the Issue of A Shares and listing on the SSE STAR Market to be submitted by the Company to the Shanghai Stock Exchange and the CSRC, as well as relevant restrictions:

The prospectus does not contain any false statement, misleading representation or material omission, and there is no fraudulent issuance and registration. The Company to severally and jointly accept responsibility as to the truthfulness, accuracy and completeness of the contents of the prospectus.

- (1) If the prospectus contains any false statement, misleading representation or material omission, or if there is any fraudulent issuance and registration causing losses to investors when trading securities of the Company, the Company shall compensate the investors in accordance with the law. In particular, after the CSRC issues an official written administrative punishment decision to the Company and determines that the Company had committed the aforementioned violations, the Company shall make arrangement for registration for public investors who had claimed for compensation, and make timely payment upon verification of their qualification and amount of loss.
- (2) If the CSRC, the Shanghai Stock Exchange or other competent authority determines that the prospectus contains any false statement, misleading representation or material omission which materially and practically affects the judgment on whether the Company fulfills the conditions for the initial public offering and listing of A Shares on the SSE STAR Market as stipulated under laws, regulations and regulatory documents, or if there is any fraudulent issuance and registration, the Company to undertake that it will repurchase all new shares of the Company issued under the initial public offering in accordance with the law through the following means, specifically:
  - (i) to the extent permitted by laws, if the aforementioned events occurred during the period in which the issuance of new shares of the Company issued under the initial public offering had completed but the new shares are not yet listed for trading, the Company shall repurchase all new shares of the Company issued under the initial public offering from successful online investors and offline investors at the offer price, plus interest thereon at the prevailing bank deposit rate, within 30 working days from the date on which the CSRC, the Shanghai Stock Exchange or other competent authority determined that the aforementioned events had occurred within the Company;

- (ii) To the extent permitted by laws, if the aforementioned events occurred after the completion of listing of new shares of the Company issued under the initial public offering, the Company shall formulate a share repurchase proposal and submit such proposal to the shareholders' meeting for approval within 5 working days from the date on which the CSRC, the Shanghai Stock Exchange or other competent authority determined that the aforementioned events had occurred within the Company. All new shares of the Company issued under the initial public offering shall be repurchased through the trade system of the Shanghai Stock Exchange. The repurchase price shall be determined based on the offer price with reference to relevant market factors. In the event of any ex-right or ex-dividend events, such as dividends distribution, issuance of bonus shares or capital conversion from capital reserve, upon the listing of A Shares of the Company, the aforementioned offer price shall be adjusted accordingly.

If the Company violates these undertakings to make repurchase or compensation to investors on a timely basis, the Company will explain the specific reasons for non-performance at the general meeting and on the media designated by the CSRC, and apologize to its shareholders and public investors. Shareholders and public investors are entitled to request the Company through legal means to fulfill its commitments. Meanwhile, the Company will make compensation for any loss incurred by shareholders and public investors as a result of such non-performance in accordance with laws.

*(b) Undertakings on No Fraudulent Issuance*

There is no fraudulent issuance in the Company's initial public offering and listing of A Shares on the SSE STAR Market.

In case of fraudulent issuance and registration due to non-fulfilment of listing conditions with relevant shares already issued and listed, the Company shall commence the relevant procedures for repurchase of all new shares of the Company under the public offering within five business days from the date on which relevant competent authority, such as the CSRC, determines conclusively that the aforementioned events occurred within the Company.

*(c) Undertakings on the Restraining Measures Proposed by the Company for the Purpose of the Initial Public Offering and Listing of A Shares on the SSE STAR Market*

For the purpose of protecting public investors' interests and the performance of the undertakings given during the initial public offering and listing of shares on the SSE STAR Market by the Company, the Company to undertake, unless the Company fails to fully and effectively perform all obligations and responsibilities under the undertakings due to the reason of force majeure, to take the following restraining measures:

- (1) the Company will timely explain on the media designated by the shareholders' meeting and the securities regulatory authorities, the specific reasons for the failure to perform, unable to perform or unable to perform on time, and apologize to shareholders and public investors;

- (2) the Company will propose supplemental undertakings or alternative undertakings to protect the interests of the Company and investors as much as possible;
- (3) the Company will submit the above supplemental undertakings or alternative undertakings to the shareholders' general meeting of the Company for consideration;
- (4) if the Company's failure to perform the above-mentioned undertakings resulted in losses suffered by the investors when dealing in securities, the Company will compensate the investors for their losses in accordance with the law; and
- (5) the restraining measures are subject to the undertakings made by the Company which clearly stipulate relevant measures.

**(viii) The resolution on the impact of dilution of immediate return by the Company's initial public offering of A Shares and adoption of recovery measures**

In order to protect the interests of minority shareholders, the Company has conducted sufficient analysis on the impact of dilution on immediate return by the initial public offering of A Shares and has proposed specific recovery measures, the related entities have given corresponding undertakings to ensure the practical implementation of the Company's recovery measures.

**(ix) The resolution on the Proposed Amendments to the Articles**

The Company has proposed amendments and formulated the amended Articles. After the Company's amended Articles have been considered and approved by the Shareholders at the EGM and the Class Meetings by way of special resolution, and after this Issue of A Shares has obtained approval from Shanghai Stock Exchange and registered with CSRC, the amended Articles shall become effective on the date of listing of the Company's A Shares on the SSE STAR Market and replace the Company's then effective Articles.

**(x) The resolution on amending the internal management policies of the Company**

The Company intends to revise the "Rules of Procedures for the Meeting of Shareholders", the "Rules of Procedures for the Board of Directors", the "Rules of Procedures for the Board of Supervisors", "Management Policies for Raised Funds", "Management Policies for Related Transactions", the "Administrative Policies for External Guarantees", the "Administrative Policies for External Investment", the "Terms for Reference of the Independent Non-Executive Directors", the "Information Disclosure Management Policies", the "Investor Relations Management Policies", the "Registration and Management Policies for Insiders", the "Rules of Procedures of the General Manager", the "Rules of Procedures of the Secretary to the Board of Directors", the "Administrative Policies for Preventing the Controlling Shareholders and Related Parties from Appropriating the Company's Fund", the "Terms of Reference for the Audit Committee of the Board of Directors", the "Terms of Reference for the Remuneration and Assessment Committee of the Board of Directors" and the "Terms of Reference for the Nomination Committee of the Board of Directors".

The above internal management policies will come into effect on the date of completion of the Issue of A Shares and listing on the SSE STAR Market. Until then, the current internal management policies will continue to apply.

The Board of Directors agreed to propose to the Shareholders at the EGM and Class Meetings to authorize the Board of Directors and its authorized persons to adjust and amend the above internal management policies which will become effective from the date of completion of the Issue of A Shares and listing on the SSE STAR Market in accordance with the provisions of the relevant laws, regulations and regulatory documents, and the requirements and suggestions from the relevant domestic and overseas government authorities and regulatory institutions, and taking into consideration the actual situation of this Proposed Issue of A Shares and listing.

An ordinary resolution will be proposed at the EGM to consider and approve the amendments to each of the “Rules of Procedures for the Meeting of Shareholders”, the “Rules of Procedures for the Board of Directors”, the “Rules of Procedures for the Board of Supervisors”, “Management Policies for Raised Funds”, “Management Policies for Related Transactions”, the “Administrative Policies for External Guarantees”, the “Administrative Policies for External Investment”, and the “Terms of Reference for Independent Non-Executive Directors”.

**(xi) The resolution on the engagement of professional intermediaries**

The Company intends to engage professional intermediaries, including the sponsor/lead underwriter, legal adviser and auditor for the Proposed Issue of A Shares and listing, and to authorize the Board of Directors to determine the relevant remuneration of the aforementioned intermediaries, including but not limited to CITIC Securities Co., Ltd., China International Capital Corporation Limited, Tian Yuan Law Firm and PricewaterhouseCoopers Zhong Tian LLP.

**(III) UNCOVERED DEFICIT OF THE COMPANY AMOUNTING TO ONE-THIRD OF THE TOTAL SHARE CAPITAL**

According to the audit of PricewaterhouseCoopers Zhong Tian LLP Beijing Branch (普華永道中天會計師事務所(特殊普通合夥)北京分所), as at December 31, 2017, the accumulated amount of undistributed profit (loss) in the Company’s financial statements (audited) was RMB-73,000,408.99 and the total share capital of the Company was RMB156,444,274.00. As at December 31, 2018, the accumulated amount of undistributed profit (loss) in the Company’s financial statements (audited) was RMB211,272,129.57 and the total share capital of the Company was RMB160,950,899.00. In accordance with the relevant provisions of the Articles of Association, the uncovered losses of the Company amount to one-third of the total amount of its paid-up share capital will be considered at the EGM.

#### (IV) REASONS FOR THE ISSUE OF A SHARES AND LISTING ON THE SSE STAR MARKET

The Company considers that the listing on the SSE STAR Market would be beneficial to the Company and its Shareholders as a whole and is beneficial to strengthen the sustainable development of the Company.

While the proceeds raised from the Global Offering provide strong support for the R&D and commercialization of the Company's core products and other key products in its product pipeline, the proceeds from the Issue of A Shares will enable the Company to expand its production capacity and strengthen its R&D of early stage vaccines. Following the listing of the H Shares of the Company in March 2019, the Issue of A Shares would allow the Company to further enrich its capital base, optimize its corporate governance structure and develop both domestic and international financing platforms. In addition, listing domestically in the PRC would enable the Company to further enhance its brand image and influence in the domestic market.

#### (V) EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Upon completion of the issue and listing of A Shares, all of the existing Domestic Shares and Unlisted Foreign Shares will be converted into A Shares and be listed on the SSE STAR Market. Such converted A Shares will be deposited in China Securities Depository and Clearing Corporation Limited and subject to lock-up periods as required under relevant PRC laws and regulations.

Assuming that a total of 24,800,000 new A Shares are to be issued, the shareholding structure of the Company as at the date of this announcement and immediately after the completion of the Issue of A Shares is as follow (assuming there is no other change in the share capital of the Company from the date of this announcement up to and including the date of completion of the Issue of A Shares):

	<b>As at the date of this announcement</b>	<b>Immediately after the completion of the Issue of A Shares</b>
<b>Domestic Shares</b>	73,254,799	–
<b>Unlisted Foreign Shares</b>	16,724,200	–
<b>A Shares to be listed on the SSE STAR Market</b>		
(1) New A Shares proposed to be issued	–	24,800,000
(2) A Shares to be converted from existing Domestic Shares	–	73,254,799
(3) A Shares to be converted from existing Unlisted Foreign Shares	–	16,724,200
	<hr/>	<hr/>
Sub-total	–	114,778,999
	<hr/>	<hr/>
<b>H Shares</b>	132,670,900	132,670,900
<b>Total</b>	<u>222,649,899</u>	<u>247,449,899</u>

Assuming a maximum of 24,800,000 A Shares are issued, the Company's public float (including H Shares and A Shares held by the public but excluding any Shares held by the Company's substantial shareholders, Directors, Supervisors, chief executive and their respective close associates) will be above 25% following the completion of the Proposed Issue of A Shares. The Company would still be able to meet the minimum requirement on public float percentage under the Listing Rules. The Company will closely monitor its public float percentage (including H Shares and A Shares held by the public) to maintain the minimum percentage of listed securities as prescribed by Rule 8.08 of the Listing Rules at all times, including during the stabilization period for the newly issued A shares, in public hands. The Company will also make sure its compliance with relevant requirements on public float as stipulated under the Listing Rules and will promptly notify the Stock Exchange of any changes in the Company's public float.

## **(VI) FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

On March 28, 2019, the Company issued 57,248,600 new H Shares at HK\$22.00 per H Share for total gross proceeds of approximately HK\$1,259.5 million by way of initial public offering of the Company on the Stock Exchange.

On April 12, 2019, as part of the Global Offering, the over-allotment option was fully exercised and the Company issued an aggregate of 4,450,400 H Shares at HK\$22.00 per H Share for total gross proceeds of approximately HK\$97.9 million.

After the deduction of listing expenses, the total net proceeds from the Global Offering (including the exercise of the over-allotment option) was approximately HK\$1,309.8 million.

The intended use of net proceeds from the Global Offering as disclosed in the Prospectus is as below:

- Approximately 80% of the net proceeds will be used for the research and development and commercialization of Company's Core Products, as well as other key products in product pipeline.
  - approximately 45% of the net proceeds will be used for the research and development and commercialization of Core Products, namely, MCV candidates, over the next two to three years.
    - (i) the Company expects to allocate approximately 5% of the net proceeds to research and development of MCV4 candidate and MCV2 candidate, the majority of which will be used to conduct further clinical trials with an age indication for adults and chemical, manufacturing and control.
    - (ii) the Company expects to allocate approximately 40% of the net proceeds to prepare for commercialization, of which approximately 62% will be used for MCV4 candidate and approximately 38% will be used for MCV2 candidate.
  - approximately 20% of the net proceeds will be used for the research and development of the Company's DTcP candidates, over the next three to five years. Of this amount, approximately 60% will be used for the Company's DTcP Infant and DTcP Booster candidates, and approximately 40% will be used for the Company's Tdcp Adolescent and Adult candidate.

- approximately 15% of the net proceeds will be used for the research and development of the Company's other key products, namely, TB Booster, PBPV and PCV13i candidates over the next three to five years. The Company expect to allocate approximately 80% of the proceeds intended for this purpose for PCV13i candidate, approximately 13% of such proceeds for PBPV candidate, and approximately 7% of such proceeds for TB Booster candidate.
- Approximately 10% of the net proceeds will be used for the continued research and development of pre-clinical vaccine candidates;
- Approximately 10% of the net proceeds will be used for working capital and other general corporate purposes.

As of June 30, 2019, the Company used approximately RMB37.5 million from the proceeds mentioned above, including (i) RMB12.1 million for the research and development and commercialization of MCV candidates; (ii) RMB5.3 million for the research and development of DTcP vaccine candidates; (iii) RMB6.3 million for the research and development of TB Booster, PBPV and PCV13i candidates; (iv) RMB8.4 million for the research and development of pre-clinical vaccine candidates; and (v) RMB5.4 million for working capital and other general corporate purposes.

The remaining proceeds are intended to be used in line with those disclosed in the Prospectus.

Apart from the fund raising activities listed above, the Company has not conducted any fund raising activities involving the issue of equity securities within 12 months immediately prior to the date of this announcement.

## GENERAL

The Company will, at the EGM and the Class Meetings, seek Shareholders' approval on: (1) the special resolution on the fulfillment by the Company of the requirements for initial public offering of A Shares and listing on the SSE STAR Market; (2) the special resolution on the proposed Issue of A Shares and Listing on the SSE STAR Market; (3) the special resolution on the investment projects to be funded by the proceeds raised from the Issue of A Shares and feasibility analysis; (4) the special resolution to authorize the Board of Directors to fully handle matters in connection with the proposed Issue of A Shares and the listing on the SSE STAR Market; (5) the special resolution on the proposal for accumulated profit distribution and the plan for undertaking unrecovered losses prior to the Issue of A Shares; (6) the special resolution on the three-year dividend distribution plan for shareholders after the initial public offering of A Shares and listing on the SSE STAR Market; (7) the special resolution on the Company's share price stabilization plan and restraining measures within three years after the Company's initial public offering of A Shares and listing on the SSE STAR Market; (8) the special resolution on the undertakings and restraining measures relating to the Company's Issue of A Shares and listing on the SSE STAR Market, and to authorize the Board to make appropriate undertakings; and (9) the special resolution on the impact of dilution on immediate return by the Company's initial public offering of A Shares and adoption of recovery measures; (10) the special resolution on the formulation of the amended Articles in respect of the Issue of A Shares that come into effect after the Company's Issue of A Shares and listing on the SSE STAR Market; (11) the ordinary resolution on amending the internal management policies of the Company; (12) the ordinary resolution on the appointment of professional intermediaries for the Company's Issue of A Shares and listing on the SSE STAR Market; (13) the ordinary resolution on the uncovered deficit of the Company amounting to one-third of the total share capital.

A circular containing, among other things, the above matters, as well as a supplemental notice to EGM, notices of the Class Meetings respectively will be despatched to the Shareholders in due course.

**There is no assurance that the Issue of A Shares will proceed. Shareholders and investors are advised to exercise caution in dealings in the H Shares. Further details about the Issue of A Shares will be disclosed by the Company in due course.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“A Share(s)”	the ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company proposed to be allotted, issued and listed on the SSE STAR Market
“Articles of Association” or “Articles”	the articles of association of the Company, as amended from time to time
“Board of Directors” or “Board”	the board of Directors
“Board of Supervisors”	the board of Supervisors
“China” or the “PRC”	the People’s Republic of China, for the purpose of this circular, excluding the regions of Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Class Meetings”	The class meeting of holders of H Shares and the class meeting of holders of Domestic Shares and Unlisted Foreign Shares to be held, the notices of which will be despatched to the Shareholders in due course
“Company”	CanSino Biologics Inc. (康希諾生物股份公司), a company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6185)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“EGM”	the 2019 first extraordinary general meeting of the Company to be held, the notice of which will be despatched to the Shareholders in due course

“Global Offering”	as defined in the Prospectus
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong Dollars and listed on the Stock Exchange
“Hong Kong Dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Proposed Issue of A Shares”, “Issue of A Shares” or “Issue”	the proposed initial public issue of not more than 24,800,000 A Shares, which will be listed on the SSE STAR Market
“Prospectus”	the prospectus of the Company dated March 18, 2018
“R&D”	research and development
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Shanghai Stock Exchange Consultation”	public consultation in relation to the rules for the establishment of the Sci-Tech Innovation Board on the Shanghai Stock Exchange and Pilot Registration-based IPO System sought by the Shanghai Stock Exchange on January 30, 2019
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising Domestic Share(s), Unlisted Foreign Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“SSE STAR Market”	the Sci-Tech Innovation Board of the Shanghai Stock Exchange
“STI Underwriting Guidelines”	Guidelines on the Issuance and Underwriting of Shares on the Sci-Tech Innovation Board on the Shanghai Stock Exchange (《上海證券交易所科創板股票發行與承銷業務指引》)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company

“Unlisted Foreign Share(s)” ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each and are held by persons other than PRC nationals or PRC-incorporated entities and are not listed on any stock exchange

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

Hong Kong, October 14, 2019

*As at the date of this announcement, the Board of Directors comprises Dr. Xuefeng YU, Dr. Shou Bai CHAO, Dr. Tao ZHU and Dr. Dongxu QIU as executive Directors, Mr. Qiang XU, Mr. Liang LIN, Ms. Nisa Bernice Wing-Yu LEUNG and Mr. Zhi XIAO as non-executive Directors, and Mr. Shiu Kwan Danny WAI, Ms. Zhu XIN, Dr. Luis BARRETO and Dr. Pierre Armand MORGON as independent non-executive Directors*