

China Biologic Reports Financial Results for the Second Quarter of 2020

BEIJING, China – August 17, 2020 – China Biologic Products Holdings, Inc. (NASDAQ: CBPO, “China Biologic” or the “Company”), a leading fully integrated plasma-based biopharmaceutical company in China, today announced its unaudited financial results for the second quarter of 2020.

Second Quarter 2020 Financial Highlights

- **Total sales** in the second quarter of 2020 decreased by 14.9% in RMB terms and 18.1% in USD terms to \$111.1 million from \$135.7 million in the same quarter of 2019.
- **Gross profit** decreased by 16.0% to \$76.4 million from \$90.9 million in the same quarter of 2019. **Gross margin** increased to 68.8% from 67.0% in the same quarter of 2019.
- **Income from operations** decreased by 11.4% to \$42.7 million from \$48.2 million in the same quarter of 2019. **Operating margin** increased to 38.4% from 35.5% in the same quarter of 2019.
- **Non-GAAP adjusted income from operations** decreased by 5.8% in RMB terms and 9.3% in USD terms to \$51.4 million from \$56.7 million in the same quarter of 2019.
- **Net income attributable to the Company** decreased by 14.2% to \$35.7 million from \$41.6 million in the same quarter of 2019. **Diluted earnings per share** decreased to \$0.91 compared to \$1.06 in the same quarter of 2019.
- **Non-GAAP adjusted net income attributable to the Company** decreased by 7.2% in RMB terms and 10.9% in USD terms to \$43.4 million from \$48.7 million in the same quarter of 2019. **Non-GAAP adjusted earnings per diluted share** decreased to \$1.11 from \$1.24 in the same quarter of 2019.

NOTE: For detailed financial statements and information, please refer to Appendix.

“In line with our previous estimates, our revenue and net income declined during the second quarter reflecting the combined impact of the ongoing COVID-19 pandemic and our adjusted sales focus,” said Joseph Chow, Chairman and CEO of China Biologic. “Although a decline in demand and an increase in supply have led to increased competition in our core markets, and while many hospitals are maintaining strict precautionary measures against the pandemic which limits our promotional activities, we have gained market share across most of our major products within direct sales channels. For certain major products in our distribution channels, we are taking a conservative approach in order to better align inventory with market demand for the second half of 2020.”

“We continue to focus on optimizing the efficiency of our distribution network and lowering our credit exposure by eliminating smaller non-performing distributors, evidenced by our continued improvement in accounts receivable turnover, which is quite important during this difficult time amid COVID-19. We are also implementing online enterprise management and logistics systems as we adjust our operational strategies to adapt to the challenging new environment. These measures together with our efforts to reduce operating costs have helped us to further improve our operating margin. We are also exploring more channels to improve overall plasma supply and fill the gap in both internal collection and outsourced plasma volumes. We will continue to make every effort to maintain our track record of providing high-quality products to our patients, investing in new product development, and bringing better healthcare to society.”

Recent Updates

Obtained Approval to Build a New Collection Station

In April 2020, China Biologic received approval from the Health Commission of Shandong Province to build a new plasma collection station in Yangxin County, Binzhou City of Shandong Province.

Coagulation Factor IX Approved for Manufacturing

In July 2020, China Biologic received the certificate of approval for manufacturing coagulation factor IX. The Company began the clinical trial in 2017 for this first-to-market plasma-based product in China, which will further improve China Biologic’s plasma fractionation utilization and contribute to its long-term financial growth. China Biologic has begun manufacturing coagulation factor IX and expects to launch the product in the third quarter of 2020.

Huitian’s Manufacturing Permit Revoked

In July 2020, Xi’an Huitian Blood Products Co., Ltd. (“Huitian”), a PRC company in which China Biologic holds an indirect minority equity interest, received an administrative order from the Shaanxi Medical Products Administration revoking Huitian’s pharmaceutical manufacturing permit due to its failure to meet certain good manufacturing practice standards in its production of pharmaceutical products.

Huitian is a plasma products company based in Xi’an, Shaanxi Province, and China Biologic indirectly holds 35% of its equity interest. The Company records its equity investment in Huitian as equity in income of equity method investee in the Company’s consolidated statements of comprehensive income. In 2017, 2018 and 2019, such equity in income of equity method investee was \$3.5 million, \$2.4 million and \$1.6 million, respectively, accounting for 5.2%, 1.8% and 1.1%, respectively, of the total net income attributable to China Biologic.

Conference Call

The Company will host a conference call at 7:30 am Eastern Time on Tuesday, August 18, which is 7:30 p.m. Beijing Time on August 18, 2020, to discuss its second quarter 2020 results and answer questions from investors. Listeners may access the call by dialing:

US: 1 888 346 8982
International: 1 412 902 4272
Hong Kong: 800 905 945
Mainland China: 400 120 1203

A telephone replay will be available one hour after the conclusion of the conference all through August 25, 2020. The dial-in details are:

US: 1 877 344 7529
International: 1 412 317 0088
Passcode: 10147239

A live and archived webcast of the conference call will be available through the Company's investor relations website at <http://chinabiologic.investorroom.com>.

About China Biologic Products Holdings, Inc.

China Biologic Products Holdings, Inc. (NASDAQ: CBPO) is a leading fully integrated plasma-based biopharmaceutical company in China. The Company's products are used as critical therapies during medical emergencies and for the prevention and treatment of life-threatening diseases and immune-deficiency related diseases. China Biologic is headquartered in Beijing and manufactures over 20 different dosage forms of plasma products through its indirect majority-owned subsidiary, Shandong Taibang Biological Products Co., Ltd. and its wholly owned subsidiary, Guizhou Taibang Biological Products Co., Ltd. The Company also has an equity investment in Xi'an Huitian Blood Products Co., Ltd. Since the acquisition of TianXinFu (Beijing) Medical Appliance Co., Ltd. in 2018, China Biologic is also engaged in the sale of medical devices, primarily regenerative medical biomaterial products. The Company sells its products to hospitals, distributors and other healthcare facilities in China. For additional information, please see the Company's website www.chinabiologic.com.

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Non-GAAP Disclosure

This news release contains non-GAAP financial measures that exclude non-cash compensation expenses related to restricted shares and restricted share units granted to employees and directors under the Company's Equity Incentive Plans and amortization of acquired intangible assets and land use rights. To supplement the Company's unaudited consolidated financial statements presented on a GAAP basis, the Company has provided non-GAAP financial information excluding the impact of these items in this release. The Company's management believes that its presentation of non-GAAP financial measures provides useful supplementary information to and facilitates additional analysis by investors. A reconciliation of the adjustments to GAAP results appears in the table accompanying the detailed financial statements and information available through the link in the notes of this news release. This additional non-GAAP information is not meant to be considered in isolation or as a substitute for GAAP financials. The non-GAAP financial information that the Company provides also may differ from the non-GAAP information provided by other companies.

In addition, as the Company evaluates certain key items of its financial results on a local currency basis (i.e., in RMB) in addition to the reporting currency (i.e., in USD), this news release contains local currency information that eliminates the impact of fluctuations in foreign currency exchange rates. The Company believes that, given its operations primarily based in China, providing local currency information on such key items enhances the understanding of its financial results and evaluation of performance in comparison to prior periods. Changes in local currency percentages are calculated by comparing financial results denominated in RMB from period to period.

Safe Harbor Statement

This news release may contain certain "forward-looking statements" relating to the business of China Biologic Products Holdings, Inc. and its subsidiaries. All statements, other than statements of historical fact included herein, are "forward-looking statements." These forward-looking statements are often identified by the use of forward-looking terminology such as "intend," "believe," "expect," "are expected to," "will," or similar expressions, and involve known and unknown risks and uncertainties. Among other things, the management's quotations and forecast of the Company's financial performance in this news release contain forward-looking statements. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, they involve assumptions, risks, and

uncertainties, and these expectations may prove to be incorrect.

Investors should not place undue reliance on these forward-looking statements, which speak only as of the date of this news release. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including, without limitation, quality of purchased source plasma, potential delay or failure to complete construction of new collection facilities, potential inability to pass government inspection and certification process for existing and new facilities, potential inability to achieve the designed collection capacities at the new collection facilities, potential inability to achieve the expected operating and financial performance, potential inability to find alternative sources of plasma, potential inability to increase production at permitted sites, potential inability to mitigate the financial consequences of a temporarily reduced raw plasma supply through cost cutting or other efficiencies, and potential additional regulatory restrictions on its operations and those additional risks and uncertainties discussed in the Company's periodic reports that are filed with the Securities and Exchange Commission and available on its website (<http://www.sec.gov>). All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these factors. Other than as required under the securities laws, the Company does not assume a duty to update these forward-looking statements.

Appendix

China Biologic Second Quarter 2020 Financial Results

Second Quarter 2020 Financial Performance

Total sales in the second quarter of 2020 decreased by 18.1% in USD terms, or 14.9% in RMB terms, to \$111.1 million from \$135.7 million in the same quarter of 2019.

Total sales for biopharmaceutical products decreased by 20.3% in USD terms, or 17.1% in RMB terms, to \$97.5 million in the second quarter of 2020 from \$122.3 million in the same quarter of 2019, mainly because of decreases in sales of IVIG, albumin, coagulation factor and placenta polypeptide products. For plasma products, total sales in the second quarter of 2020 decreased by 16.2% in USD terms, or 12.8% in RMB terms, to \$93.0 million from \$111.0 million in the same quarter of 2019.

Revenue from IVIG products decreased by 37.2% in USD terms, or 34.5% in RMB terms, from \$27.4 million in the second quarter of 2019 to \$17.2 million in the second quarter of 2020, mainly because hospitals and distributors reduced their purchase volume as they stocked higher-than-normal IVIG inventory during the COVID-19 outbreak in the first quarter. The sales volume of IVIG products decreased by 33.1% during this quarter over the same period of last year. The average price decreased by 5.8% in USD terms and 2.1% in RMB terms in the second quarter of 2020 compared to the same quarter of 2019, mainly because the Company charged lower prices to certain distributors to enhance its sales volume.

Revenue from human albumin decreased by 13.3% in USD terms, or 9.8% in RMB terms, to \$42.4 million in the second quarter of 2020, from \$48.9 million in the second quarter of 2019, primarily due to decreased sales in the distributor and pharmacy channels. The sales volume of human albumin products decreased by 9.5% in the second quarter of 2020 over same quarter last year. The average price decreased by 4.2% in USD terms and 0.4% in RMB terms in the second quarter of 2020 compared to the same quarter of 2019.

In the second quarter of 2020, IVIG and human albumin products remained the Company's two largest sales contributors. As a percentage of total sales, sales of IVIG and human albumin products were 15.5% and 38.2%, respectively, in the second quarter of 2020.

Revenue from other immunoglobulin products increased by 8.9% in USD terms, or 13.3% in RMB terms in the second quarter of 2020 compared to the same quarter of 2019, representing 18.6% of total sales as compared to 14.0% of total sales in the same quarter of 2019.

Revenue from other plasma products decreased by 19.1% in USD terms, or 15.8% in RMB terms, in the second quarter of 2020 compared to the same quarter of 2019, mainly because of a decline

in sales of human fibrinogen products, representing 11.4% of total sales in the second quarter of 2020 compared to 11.5% of total sales in the same quarter of 2019.

Revenue from placenta polypeptide products decreased by 60.2% in USD terms, or 59.0% in RMB terms in the second quarter of 2020 as compared to the same quarter of 2019, accounting for 4.1% of total sales compared to 8.3% of total sales in the same quarter of 2019. The main reason for this decrease was that this product was included in the drug lists for monitoring and prescription control in many regions, which put a downward pressure on its sales volume.

Total sales for biomaterial products in the second quarter of 2020 increased by 1.5% in USD terms, or 5.1% in RMB terms, to \$13.6 million from \$13.4 million in the same quarter of 2019, accounting for 12.2% of total sales compared to 9.9% of total sales in the same quarter of 2019. The increase was mainly due to an increase in sales of artificial dura mater products.

Cost of sales decreased by 22.5% to \$34.7 million in the second quarter of 2020 from \$44.8 million in the same quarter of 2019. As a percentage of total sales, cost of sales decreased to 31.2% in the second quarter of 2020 from 33.0% in the same quarter of 2019, as a combined result of lower overhead costs in Shandong Taibang's new facility after a nearly two-year run-in period, lower proportion of products made from the higher-cost outsourced plasma, and higher percentages of higher-margin dura mater products in total sales.

Gross profit decreased by 16.0% to \$76.4 million in the second quarter of 2020 from \$90.9 million in the same quarter of 2019. **Gross margin** was 68.8% and 67.0% in the second quarter of 2020 and 2019, respectively.

Total operating expenses in the second quarter of 2020 decreased by \$9.0 million, or 21.1%, to \$33.7 million from \$42.7 million in the same quarter of 2019. This decrease mainly consisted of an \$11.2 million decrease in selling expenses, which was partly offset by a \$1.8 million increase in general and administrative expenses and a \$0.4 million increase in research and development expenses. As a percentage of total sales, total operating expenses decreased to 30.3% in the second quarter of 2020 from 31.5% in the same quarter of 2019.

Selling expenses in the second quarter of 2020 decreased by \$11.2 million, or 43.8%, to \$14.4 million from \$25.6 million for the same quarter of 2019. As a percentage of total sales, selling expenses decreased to 13.0% in the second quarter of 2020 from 18.9% in the same quarter of 2019. The decrease was primarily due to a decrease in marketing and promotion expenses related to placenta polypeptide products, whose sales decreased significantly in the second quarter of 2020.

General and administrative expenses increased by \$1.8 million, or 12.2%, to \$16.5 million in the second quarter of 2020, from \$14.7 million in the same quarter of 2019. As a percentage of total sales, general and administrative expenses increased to 14.9% in the second quarter of 2020 compared to 10.8% in the same quarter of 2019. The increase was mainly because of a one-time reversal of an allowance for doubtful accounts receivable of \$1.8 million during the second quarter

of 2019.

Research and development expenses in the second quarter of 2020 increased by \$0.4 million, or 16.7%, to \$2.8 million from \$2.4 million in the same quarter of 2019. As a percentage of total sales, research and development expenses increased to 2.5% in the second quarter of 2020 from 1.8% in the same quarter of 2019.

Income from operations in the second quarter of 2020 decreased by 11.4% in USD terms, or 7.9% in RMB terms, to \$42.7 million from \$48.2 million in the same quarter of 2019. **Operating margin** increased to 38.4% in the second quarter of 2020 from 35.5% in the same quarter of 2019.

Income tax expense in the second quarter of 2020 was \$6.6 million, compared to \$8.2 million in the same quarter of 2019. The effective income tax rate was 14.0% and 14.4% for the second quarter of 2020 and 2019, respectively.

Net income attributable to the Company decreased by 14.2% in USD terms, or 10.9% in RMB terms, to \$35.7 million in the second quarter of 2020 from \$41.6 million in the same quarter of 2019. **Net margin** increased to 32.1% in the second quarter of 2020 from 30.7% in the same quarter of 2019. **Diluted earnings per share** decreased to \$0.91 in the second quarter of 2020 as compared to \$1.06 in the same quarter of 2019.

Non-GAAP adjusted income from operations decreased by 9.3% in USD terms or 5.8% in RMB terms to \$51.4 million in the second quarter of 2020 from \$56.7 million in the same quarter of 2019.

Non-GAAP adjusted net income attributable to the Company decreased by 10.9% in USD terms, or 7.2% in RMB terms, to \$43.4 million in the second quarter of 2020 from \$48.7 million in the same quarter of 2019. **Non-GAAP net margin** increased to 39.1% in the second quarter of 2020 compared to 35.9% in the same quarter of 2019. **Non-GAAP adjusted earnings per diluted share** decreased to \$1.11 in the second quarter of 2020 as compared to \$1.24 in the same quarter of 2019.

Non-GAAP adjusted income from operations for the second quarter of 2020 excludes \$6.7 million in non-cash employee share-based compensation expenses, and \$2.0 million in amortization expenses of intangible assets and land use rights related to the acquisition of TianXinFu.

Non-GAAP adjusted net income and earnings per diluted share for the second quarter of 2020 exclude \$6.1 million in non-cash employee share-based compensation expenses, and \$1.6 million in amortization expenses of intangible assets and land use rights related to the acquisition of TianXinFu.

First Half 2020 Financial Performance

Total sales in the first half of 2020 increased by 3.1% in USD terms, or 6.7% in RMB terms, to

\$273.7 million from \$265.5 million in the same period of 2019.

Total sales for plasma products increased by 10.5% in USD terms, or 14.3% in RMB terms, to \$242.8 million from \$219.8 million in the same period of 2019, mainly because of an increase in sales of IVIG products, which was partly offset by a decrease in sales of albumin products. During the first half of 2020, human albumin and IVIG products remained the Company's two largest sales contributors, accounting for 30.7% and 34.9%, respectively, of total sales.

Total sales for placenta polypeptide decreased by 59.3% in USD terms, or 57.7% in RMB terms, to \$7.7 million from \$18.9 million in the same period of 2019. Combining plasma products and placenta polypeptide products, total sales for biopharmaceutical products increased by 4.9% in USD terms, or 8.6% in RMB terms, to \$250.5 million from \$238.7 million in the same period of 2019.

Total sales for biomaterial products in the first half of 2020 decreased by 13.1% in USD terms, or 10.1% in RMB terms, to \$23.2 million from \$26.7 million in the same period of 2019, mainly as a result of decreased sales of artificial dura mater products.

Cost of sales increased by 8.2% to \$96.3 million in the first half of 2020 from \$89.0 million in the same period of 2019. As a percentage of total sales, cost of sales increased to 35.2% from 33.5% in the same period of 2019, mainly because of lower percentages of higher-margin placenta polypeptide and dura mater products in total sales.

Gross profit increased by 0.5% to \$177.4 million in the first half of 2020 from \$176.5 million in the same period of 2019. **Gross margin** was 64.8% and 66.5% in the first half of 2020 and 2019, respectively.

Total operating expenses in the first half of 2020 decreased by \$17.7 million, or 21.0%, to \$66.7 million from \$84.4 million in the same period of 2019. This decrease mainly consisted of a decrease of \$15.5 million in selling expenses, a decrease of \$2.0 million in general and administrative expenses and a decrease of \$0.2 million in research and development expenses. As a percentage of total sales, total operating expenses decreased to 24.4% in the first half of 2020 from 31.8% in the same period of 2019.

Income from operations in the first half of 2020 increased by 20.2% in USD terms, or 24.4% in RMB terms, to \$110.7 million from \$92.1 million in the same period of 2019. **Operating margin** increased to 40.4% in the first half of 2020 from 34.7% in the same period of 2019.

Income tax expense in the first half of 2020 was \$18.2 million compared to \$16.1 million in the same period of 2019. The effective income tax rate was 15.0% and 14.7% for the first half of 2020 and 2019, respectively.

Net income attributable to the Company increased by 12.4% in USD terms, or 16.1% in RMB terms, to \$89.1 million in the first half of 2020 from \$79.3 million in the same period of 2019. **Net margin** increased to 32.6% in the first half of 2020 from 29.9% in the same period of 2019. **Diluted**

earnings per share increased to \$2.27 in the first half of 2020 compared to \$2.01 in the same period of 2019.

Non-GAAP adjusted income from operations increased by 17.8% in USD terms, or 21.9% in RMB terms, to \$128.3 million in the first half of 2020 from \$108.9 million in the same period of 2019.

Non-GAAP adjusted net income attributable to the Company increased by 12.4% in USD terms and 16.3% in RMB terms, to \$104.8 million in the first half of 2020 from \$93.2 million in the same period of 2019. **Non-GAAP net margin** increased to 38.3% in the first half of 2020 from 35.1% in the same period of 2019. **Non-GAAP adjusted earnings per diluted share** increased to \$2.67 in the first half of 2020 from \$2.36 in the same period of 2019.

Non-GAAP adjusted income from operations for the first half of 2020 excludes \$13.6 million in non-cash employee share-based compensation expenses, and \$4.0 million in amortization expense of intangible assets and land use rights related to the acquisition of TianXinFu.

Non-GAAP adjusted net income and earnings per diluted share for the first half of 2020 exclude \$12.4 million in non-cash employee share-based compensation expenses, and \$3.3 million in amortization expense of intangible assets and land use rights related to the acquisition of TianXinFu.

As of June 30, 2020, the Company had \$545.1 million in cash on hand and demand deposits, \$21.0 million in time deposits, and \$474.9 million in short term investments.

Net cash provided by operating activities for the first half of 2020 was \$135.5 million as compared to \$94.2 million for the same period of 2019. The increase of \$41.3 million in net cash provided by operating activities was mainly because of a decrease in inventories and an increase in net income compared to the same period of 2019, which was partly offset by an increase in accounts receivable.

Inventories decreased by \$22.0 million in the first half of 2020, compared with an increase of \$3.9 million in the same period of 2019. The decrease of inventory in the first half of 2020 was primarily because of a significant decline in raw material plasma as all plasma collection stations of the Company were closed for over one month during the COVID-19 outbreak. The decrease of inventory in the first half of 2020 was also because of the high sales volume of IVIG products during this period, which cleaned up the high IVIG inventory as of the end of year 2019.

Accounts receivable increased by \$16.9 million during the first half of 2020 as compared to an increase of \$15.2 million during the same period of 2019, largely in line with the increase in sales revenue. Accounts receivable turnover days for plasma products were shortened to 76 days during the first half of 2020 from 102 days during the same period of 2019, reflecting the Company's ongoing efforts to shorten credit terms of some of its distributors and increased collection efforts to control credit exposure.

Net cash provided by investing activities for the first half of 2020 was \$256.1 million as

compared to net cash used in investing activities of \$117.5 million for the same period of 2019. During the first half of 2020, the Company paid \$7.1 million for the acquisition of property, plant and equipment, intangible assets and land use rights, and the Company also purchased time deposits and short term investments in an amount of \$1,538.9 million. This was partly offset by the maturity value of time deposits and short term investments of \$1,802.0 million. Net cash used in investing activities in the first half of 2019 mainly consisted of payment of \$1,265.0 million for the purchase of time deposits and short term investments, and payment of \$15.1 million for the acquisition of property, plant and equipment, intangible assets and land use rights, which was partly offset by the maturity value of \$1,162.7 million of time deposits and short term investments.

Net cash used in financing activities for the first half of 2020 was \$7.0 million as compared to \$114.9 million for the same period of 2019. During the first half of 2020, subsidiaries of the Company paid dividend of \$7.3 million to the non-controlling interest shareholders, which was partly offset by a proceed of \$0.3 million from stock options exercised. Net cash used in financing activities for the first half of 2019 mainly included a remittance of \$110.0 million to an investment bank by the Company to execute the previously approved share repurchase program on behalf of the Company.

Non-GAAP Disclosure

This management's discussion and analysis of the financial results (this "MD&A") contains non-GAAP financial measures that exclude non-cash compensation expenses related to restricted shares and restricted share units granted to employees and directors under the Company's Equity Incentive Plans and amortization of acquired intangible assets and land use rights. To supplement the Company's unaudited consolidated financial statements presented on a GAAP basis, the Company has provided non-GAAP financial information excluding the impact of these items in this MD&A. The Company's management believes that its presentation of non-GAAP financial measures provides useful supplementary information to and facilitates additional analysis by investors. A reconciliation of the adjustments to GAAP results appears in the table accompanying this MD&A. This additional non-GAAP information is not meant to be considered in isolation or as a substitute for GAAP financials. The non-GAAP financial information that the Company provides also may differ from the non-GAAP information provided by other companies.

In addition, as the Company evaluates certain key items of its financial results on a local currency basis (i.e., in RMB) in addition to the reporting currency (i.e., in USD), this MD&A contains local currency information that eliminates the impact of fluctuations in foreign currency exchange rates. The Company believes that, given its operations primarily based in China, providing local currency information on such key items enhances the understanding of its financial results and evaluation of performance in comparison to prior periods. Changes in local currency percentages are calculated by comparing financial results denominated in RMB from period to period.

(Financial statements on the following pages)

CHINA BIOLOGIC PRODUCTS HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | For the Three Months Ended | | For the Six Months Ended | |
|---|----------------------------|---------------|--------------------------|---------------|
| | June 30, 2020 | June 30, 2019 | June 30, 2020 | June 30, 2019 |
| | USD | USD | USD | USD |
| Sales: | 111,112,381 | 135,696,199 | 273,703,774 | 265,480,266 |
| Plasma products: | | | | |
| Human Albumin | 42,425,977 | 48,909,671 | 83,922,761 | 105,722,460 |
| Immunoglobulin products: | | | | |
| Human Immunoglobulin for Intravenous Injection | 17,245,114 | 27,378,416 | 95,455,143 | 56,422,596 |
| Other Immunoglobulin products | 20,732,209 | 19,025,521 | 34,287,223 | 32,114,741 |
| Others | 12,668,424 | 15,639,597 | 29,145,538 | 25,509,605 |
| Placenta Polypeptide | 4,459,116 | 11,314,880 | 7,738,081 | 18,973,870 |
| Biopharmaceutical products | 97,530,840 | 122,268,085 | 250,548,746 | 238,743,272 |
| Artificial Dura Mater | 12,954,955 | 12,567,201 | 21,999,370 | 24,881,234 |
| Others | 626,586 | 860,913 | 1,155,658 | 1,855,760 |
| Biomaterial products | 13,581,541 | 13,428,114 | 23,155,028 | 26,736,994 |
| Cost of sales | 34,738,039 | 44,793,259 | 96,340,432 | 89,033,704 |
| Gross profit | 76,374,342 | 90,902,940 | 177,363,342 | 176,446,562 |
| Operating expenses | | | | |
| Selling expenses | 14,413,905 | 25,642,174 | 28,874,015 | 44,370,433 |
| General and administrative expenses | 16,440,301 | 14,658,433 | 33,201,414 | 35,255,993 |
| Research and development expenses | 2,828,602 | 2,431,379 | 4,571,144 | 4,762,204 |
| Income from operations | 42,691,534 | 48,170,954 | 110,716,769 | 92,057,932 |
| Other income (expenses) | | | | |
| Equity in (loss)/income of an equity method investee | (555,499) | 851,981 | (1,341,679) | 1,445,011 |
| Interest expense | (73,866) | (125,032) | (178,768) | (188,809) |
| Interest income | 2,687,216 | 5,920,033 | 7,216,217 | 12,445,872 |
| Other income, net | 2,406,844 | 1,981,106 | 4,601,284 | 3,581,482 |
| Total other income, net | 4,464,695 | 8,628,088 | 10,297,054 | 17,283,556 |
| Income before income tax expense | 47,156,229 | 56,799,042 | 121,013,823 | 109,341,488 |
| Income tax expense | 6,596,604 | 8,161,639 | 18,219,525 | 16,080,081 |
| Net income | 40,559,625 | 48,637,403 | 102,794,298 | 93,261,407 |
| Less: Net income attributable to noncontrolling interest | 4,877,900 | 6,990,249 | 13,728,164 | 13,922,146 |
| Net income attributable to China Biologic Products Holdings, Inc. | 35,681,725 | 41,647,154 | 89,066,134 | 79,339,261 |
| Earnings per share of ordinary share: | | | | |
| Basic | 0.92 | 1.07 | 2.29 | 2.01 |
| Diluted | 0.91 | 1.06 | 2.27 | 2.01 |
| Weighted average shares used in computation: | | | | |
| Basic | 38,519,992 | 38,496,323 | 38,513,676 | 38,911,830 |
| Diluted | 38,962,048 | 38,586,250 | 38,964,735 | 39,003,195 |
| Net income | 40,559,625 | 48,637,403 | 102,794,298 | 93,261,407 |
| Other comprehensive income/(losses): | | | | |
| Foreign currency translation adjustment, net of nil income taxes | 1,059,428 | (27,689,871) | (20,122,049) | (3,373,450) |
| Comprehensive income | 41,619,053 | 20,947,532 | 82,672,249 | 89,887,957 |
| Less: Comprehensive income attributable to noncontrolling interest | 4,936,485 | 3,369,049 | 12,652,531 | 12,121,308 |
| Comprehensive income attributable to China Biologic Products Holdings, Inc. | 36,682,568 | 17,578,483 | 70,019,718 | 77,766,649 |

CHINA BIOLOGIC PRODUCTS HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

| | <u>June 30, 2020</u> | <u>December 31, 2019</u> |
|---|----------------------|--------------------------|
| | USD | USD |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 545,137,430 | 161,750,425 |
| Time deposits | 20,967,792 | 497,676,069 |
| Short term investments | 474,864,844 | 267,830,790 |
| Accounts receivable, net of allowance for doubtful accounts | 114,636,338 | 100,270,436 |
| Inventories | 225,577,753 | 250,728,260 |
| Prepayments and other current assets | 21,335,033 | 21,469,418 |
| Total Current Assets | 1,402,519,190 | 1,299,725,398 |
| Property, plant and equipment, net | 172,368,672 | 177,596,563 |
| Intangible assets, net | 39,516,491 | 44,068,061 |
| Land use rights, net | 28,260,837 | 28,458,944 |
| Equity method investment | 15,151,878 | 16,725,513 |
| Long term equity investments | 10,812,893 | 10,812,893 |
| Loan receivable | 35,122,650 | 35,642,340 |
| Goodwill | 304,011,108 | 308,509,397 |
| Other non-current assets | 16,660,772 | 16,319,388 |
| Total Assets | 2,024,424,491 | 1,937,858,497 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable | 9,354,604 | 6,262,256 |
| Income tax payable | 14,176,278 | 13,303,085 |
| Other payables and accrued expenses | 100,370,255 | 99,743,350 |
| Total Current Liabilities | 123,901,137 | 119,308,691 |
| Deferred income | 2,031,352 | 2,300,428 |
| Non-current income tax payable | 22,284,072 | 24,905,728 |
| Other liabilities | 17,121,948 | 16,491,793 |
| Total Liabilities | 165,338,509 | 163,006,640 |
| Shareholders' Equity | | |
| Ordinary share: | | |
| par value \$0.0001; | | |
| 100,000,000 shares authorized; | | |
| 42,034,809 and 41,910,701 shares issued at June 30, 2020 and December 31, 2019, respectively; | | |
| 38,583,877 and 38,459,769 shares outstanding at June 30, 2020 and December 31, 2019, respectively | 4,203 | 4,191 |
| Additional paid-in capital | 1,172,202,322 | 1,158,274,206 |
| Treasury share: 3,450,932 shares at June 30, 2020 and 3,450,932 at December 31, 2019, respectively, at cost | (167,432,883) | (167,432,883) |
| Retained earnings | 862,356,620 | 773,290,486 |
| Accumulated other comprehensive losses | (87,467,824) | (68,421,408) |
| Total equity attributable to China Biologic Products Holdings, Inc. | 1,779,662,438 | 1,695,714,592 |
| Noncontrolling interest | 79,423,544 | 79,137,265 |
| Total Shareholders' Equity | 1,859,085,982 | 1,774,851,857 |
| Commitments and contingencies | - | - |
| Total Liabilities and Shareholders' Equity | 2,024,424,491 | 1,937,858,497 |

CHINA BIOLOGIC PRODUCTS HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | For the Six Months Ended | |
|---|--------------------------|-------------------------|
| | June 30, 2020 USD | June 30, 2019 USD |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | 102,794,298 | 93,261,407 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 8,264,084 | 7,983,092 |
| Amortization | 4,939,901 | 4,527,682 |
| Loss on disposal of property, plant and equipment | 10,096 | 82,137 |
| Fair value changes of short term investments | (1,529,697) | (2,288,576) |
| Allowance for doubtful accounts - accounts receivable | 495,274 | 430,927 |
| Reversal of doubtful accounts - prepayments and other receivables | (2,897) | (19,560) |
| Deferred income tax benefit | (811,372) | (2,054,341) |
| Share-based compensation | 13,627,693 | 12,791,884 |
| Equity in loss/(income) of an equity method investee | 1,341,679 | (1,445,011) |
| Change in operating assets and liabilities: | | |
| Accounts receivable | (16,872,471) | (15,232,984) |
| Inventories | 21,983,643 | (3,923,388) |
| Prepayments and other current assets | 1,370,615 | 2,687 |
| Accounts payable | 3,207,773 | (4,500,433) |
| Income tax payable | 1,075,245 | 3,558,375 |
| Other payables and accrued expenses | (1,565,206) | 3,297,026 |
| Deferred income | (237,335) | (245,956) |
| Non-current income tax payable | (2,621,656) | (1,993,310) |
| Net cash provided by operating activities | <u>135,469,667</u> | <u>94,231,658</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of time deposits | (651,415,200) | (908,002,883) |
| Proceeds from maturity of time deposits | 1,127,127,492 | 920,485,867 |
| Purchase of short term investments | (887,512,817) | (357,025,912) |
| Proceeds from maturity of short term investments | 674,903,547 | 242,169,502 |
| Payment for property, plant and equipment | (6,370,158) | (12,731,955) |
| Payment for intangible assets and land use rights | (682,739) | (2,385,371) |
| Proceeds from disposal of property, plant and equipment | 3,381 | 1,907 |
| Net cash provided by/(used in) investing activities | <u>256,053,506</u> | <u>(117,488,845)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from stock options exercised | 300,435 | 237,231 |
| Payment to an investment bank for share repurchase | - | (110,042,776) |
| Dividend paid by subsidiaries to noncontrolling interest shareholders | (7,302,864) | (5,062,353) |
| Net cash used in financing activities | <u>(7,002,429)</u> | <u>(114,867,898)</u> |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | <u>(1,133,739)</u> | <u>1,695,609</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | <u>383,387,005</u> | <u>(136,429,476)</u> |
| Cash and cash equivalents at beginning of period | <u>161,750,425</u> | <u>338,880,559</u> |
| Cash and cash equivalents at end of period | <u>545,137,430</u> | <u>202,451,083</u> |
| Supplemental cash flow information | | |
| Cash paid for income taxes | 20,413,869 | 16,812,861 |
| Noncash investing and financing activities: | | |
| Acquisition of property, plant and equipment included in payables | 410,228 | 2,226,126 |
| Set-off loan receivable against accounts payable | - | 2,160,070 |
| Share repurchase using the prepayment to an investment bank | - | 110,965,013 |
| Land use right acquired with prepayments made in prior periods | - | 2,689,467 |

CHINA BIOLOGIC PRODUCTS HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

| | For the Three Months Ended | |
|---|----------------------------|------------------|
| | June 30, 2020 | June 30, 2019 |
| | USD | USD |
| Income from Operations | 42,691,534 | 48,170,954 |
| Non-cash employee share-based compensation | 6,696,075 | 6,485,917 |
| Amortization of acquired intangible assets and land use rights | 1,982,058 | 2,036,171 |
| Adjusted Income from Operations - Non GAAP | 51,369,667 | 56,693,042 |
| Net Income Attributable to the Company | 35,681,725 | 41,647,154 |
| Non-cash employee share-based compensation | 6,073,233 | 5,630,041 |
| Amortization of acquired intangible assets and land use rights | 1,684,749 | 1,384,596 |
| Adjusted Net Income Attributable to the Company - Non GAAP | 43,439,707 | 48,661,791 |
| Diluted EPS - Non GAAP | 1.11 | 1.24 |
| Weighted average number of shares used in computation of Non GAAP diluted EPS | 38,962,048 | 38,586,250 |
| | | |
| | For the Six Months Ended | |
| | June 30, 2020 | June 30, 2019 |
| | USD | USD |
| Income from Operations | 110,716,769 | 92,057,932 |
| Non-cash employee share-based compensation | 13,627,693 | 12,791,884 |
| Amortization of acquired intangible assets and land use rights | 3,971,631 | 4,091,203 |
| Adjusted Income from Operations - Non GAAP | 128,316,093 | 108,941,019 |
| Net Income Attributable to the Company | 89,066,134 | 79,339,261 |
| Non-cash employee share-based compensation | 12,356,026 | 11,080,132 |
| Amortization of acquired intangible assets and land use rights | 3,375,886 | 2,782,018 |
| Adjusted Net Income Attributable to the Company - Non GAAP | 104,798,046 | 93,201,411 |
| Diluted EPS - Non GAAP | 2.67 | 2.36 |
| Weighted average number of shares used in computation of Non GAAP diluted EPS | 38,964,735 | 39,003,195 |