

CHINA BIOLOGIC PRODUCTS, INC.



Policy Statement

Regarding

**Approval of Audit, Audit-Related, Tax and Other Services
Provided by the Independent Auditor**

**Adopted by the Audit Committee
On July 27, 2009**

I. PURPOSE

The purpose of this policy (“Policy”) is to specify guidelines and procedures designed to achieve the continued independence of the independent auditor (the “Auditor”) retained by China Biologic Products, Inc. and its subsidiaries (the “Company”), and to assist the Company’s compliance with Sections 201 and 202 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations promulgated by the Securities and Exchange Commission (the “Commission”).

The Company recognizes the importance of maintaining the independence of the Auditor and believes that maintaining independence is a shared responsibility borne by management, the Company’s audit committee (Audit Committee) and the Auditor. Recognizing that situations may arise where it is in the best interests of the Company for the Auditor to perform services in addition to the annual audit of the Company’s financial statements, this policy sets forth guidelines and procedures with respect to approval of audit, audit related, tax and other services designed to achieve the continued independence of the Auditor when it is retained to perform such services for the Company.

II. ADMINISTRATION

This Policy is administered by the Audit Committee. The Audit Committee may delegate to one or more designated members of the Audit Committee (Designated Member), who are independent as defined under the Nasdaq listing standards, the authority to grant pre-approvals of audit and non-audit services (other than Prohibited Services (as defined below)) requiring Audit Committee approval where the Designated Member believes it is desirable to pre-approve such services prior to the next regularly scheduled Audit Committee meeting. The decisions of a Designated Member to pre-approve any such services from one regularly scheduled Audit Committee meeting to the next shall be reported to the Audit Committee.

III. PERMITTED SERVICE CATEGORIES

The Company has defined the following four categories of services which all require pre-approval by the Audit Committee as specified below.

A. Category One – Audit Services

1. Definition of Audit Services. “Audit Services” are services rendered by the Auditor for the audit of the Company’s annual financial statements and review of financial statements included in the Company’s quarterly reports filed with the Commission or services that are normally provided by the Auditor in connection with statutory and regulatory filings or engagements.
2. Services Included within the Definition of Audit Services. Although not an exhaustive list, the following services are the types of services that are included within the definition of Audit Services:

- (a) Consolidated audit
- (b) Statutory audits
- (c) Reviews of quarterly financial statements
- (d) SAS 70 audits
- (e) Reporting on management's internal control assertions
- (f) SEC consultation regarding registration statements and reporting
- (g) Tax accrual related matters
- (h) Compliance letters
- (i) Provision of Comfort Letters
- (j) Regulatory reviews and assistance regarding financial matters
- (k) Permitted actuarial reviews supporting an audit

Subject to applicable law, the Audit Committee may, by resolution or by amendment to this Policy, change the list of services designated as Audit Services.

B. Category Two – Audit Related Services.

1. Definition of Audit Related Services. “Audit Related Services” are assurance and related services performed by the Auditor that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not included under Section III(A)(1) of this Policy. Subject to applicable law, in determining the scope of Audit Related Services, the Audit Committee should consider accounting professional standards pronouncements.
2. Services Included within the Definition of Audit Related Services. Although not an exhaustive list, the following services are the types of services that are included within the definition of Audit Related Services:
 - (a) Financial and tax due diligence
 - (b) Benefit plan audits
 - (c) AICPA agreed-upon procedures
 - (d) Security and privacy control related assessments
 - (e) Technology control assessments

- (f) Enterprise security architecture assessment
- (g) Accounting consultations and audits in connection with acquisitions
- (h) Accounting research assistance
- (i) Consultations regarding the implementation of new accounting standards
- (j) Audits of the opening balance sheets of acquired companies

Subject to applicable law, the Audit Committee may, by resolution or by amendment of this Policy, change the list of services designated as Audit Related Services.

C. Category Three – Tax Services.

1. Definition of Tax Services. “Tax Services” means professional services rendered by the Auditor for tax compliance, tax advice, and tax planning; provided, however, that tax advocacy services are not included within the definition of Tax Services.
2. Services Included within the Definition of Tax Services. Although not an exhaustive list, the following services are the types of services that are included within the definition of Tax Services:
 - (a) Tax planning and support
 - (b) Tax controversy assistance, but only to the extent such assistance does not constitute tax advocacy services
 - (c) Expatriate tax services
 - (d) Employee benefit tax services
 - (e) Tax compliance and support
 - (f) Tax opinions

Subject to applicable law, the Audit Committee may, by resolution or by amendment of this Policy, change the list of services designated as Tax Services.

D. Category Four – Other Services.

1. Definition of Other Services. “Other Services” are services that may legally be performed by the Auditor, but do not fall within the scope of Audit Services, Audit Related Services or Tax Services.

2. Services Included within the Definition of Other Services. Although not an exhaustive list, the following services are the types of services that are included within the definition of Other Services:

- (a) Corporate finance modeling assistance
- (b) Business risk management support
- (c) Merger integration support

Subject to applicable law, the Audit Committee may, by resolution or by amendment of this Policy, change the list of services designated as Other Services.

IV. **PROHIBITED SERVICES**

Section 201 of the Sarbanes-Oxley Act of 2002 makes it unlawful for the Auditor (and any associated person of that firm, to the extent determined appropriate by the Commission) to provide to the Company, contemporaneously with the Audit Services, the following types of non-audit services (Prohibited Services):

- 1. Bookkeeping or other services related to the accounting records or financial statements of the audit client;
- 2. Financial information systems design and implementation;
- 3. Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- 4. Actuarial services;
- 5. Internal audit outsourcing services;
- 6. Management functions or human resources;
- 7. Broker or dealer, investment adviser, or investment banking services;
- 8. Legal services and expert services unrelated to the audit; and
- 9. Any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible.

This Policy prohibits the Auditor from performing any Prohibited Services for the Company.

V. **AUDIT COMMITTEE PRE-APPROVAL PROCESS; DE MINIMIS EXCEPTION**

A. **Pre-Approval Process.**

1. Adoption of Service Plan. On an annual basis, management will submit to the Audit Committee for approval an annual audit and accounting services plan (Service Plan). The Service Plan for a given fiscal year will be submitted to the Audit Committee for approval at the Audit Committee's regular quarterly meeting or as soon thereafter as is practicable.
 - (a) Service Descriptions. The Service Plan will be prepared by management in consultation with the Auditor. The Service Plan must include, among other things, the following:
 - (i) A description of the scope of work that the Auditor considers necessary for it to render an opinion on the Company's consolidated financial statements and the scope of the other Audit Services to be provided by the Auditor through the end of the current audit cycle.
 - (ii) A list of Audit Related Services prepared by management in consultation with the Auditor based upon the Company's business objectives for the fiscal year.
 - (iii) A list of Tax Services prepared by management in consultation with the Auditor based upon the Company's business objectives for the fiscal year.
 - (iv) A list of Other Services prepared by management in consultation with the Auditor based upon the Company's business objectives for the fiscal year.
 - (b) Cost Estimates. The Service Plan shall include a detailed description and estimate of the fees associated with the proposed services described in the Service Plan. The estimate shall be prepared by management in consultation with the Auditor. The estimate shall be broken down by category of service. The Audit Committee's approval of the services described in the Service Plan for any given year shall be subject to the cost estimate specified in the Service Plan for each category of service described. Any services requiring fees in excess of the cost estimate shall require further approval from the Audit Committee or the Designated Member.

2. Audit Committee Reporting Procedure.
 - (a) At each regularly scheduled Audit Committee meeting, management shall report to the Audit Committee regarding the services performed by the Auditor (including a comparison of each category of service performed to the cost estimate previously approved by the Audit Committee for that category) and the fees paid or accrued for those services through the end of the quarter preceding the meeting.
 - (b) At each regularly scheduled Audit Committee meeting, the Designated Member shall report on any services not included in the Service Plan that were approved by the Designated Member since the prior quarterly meeting.
3. Service Plan Supplements. At each regularly scheduled Audit Committee meeting, management shall submit to the Audit Committee a supplement to the Service Plan containing a request for approval of any additional Audit Services, Audit Related Services, Tax Services or Other Services that management desires the Auditor to perform and that are not already pre-approved by the Audit Committee as part of the existing approved Service Plan.
4. Service Requests. All requests for services to be provided by the Auditor must be made to the Chief Accounting Officer of the Company or such officer's designee (Management Contact Person). The Management Contact Person will be responsible for determining whether the requested services have been pre-approved and informing the requesting party of that determination. If the requested services have not been pre-approved under the existing Service Plan or a Service Plan supplement or by the Designated Member, the Management Contact Person shall submit the request for pre-approval of such services to the Audit Committee at the next regularly scheduled Audit Committee meeting or, if the request must be addressed prior to that time, the Management Contact Person shall submit the request to the Designated Member.
5. Auditor Certification Regarding Audit Related, Tax and Other Services. Prior to approving any request for Audit Related Services, Tax Services or Other Services, the Audit Committee or the Designated Member, as applicable, shall obtain from the Auditor a statement by the Auditor setting forth the reasons why the rendering of the proposed services does not compromise the Auditor's independence. This description and statement by the Auditor may be incorporated into the Service Plan or as an exhibit thereto or may be delivered as a separate written statement. Notwithstanding the foregoing, no such statement from the Auditor shall be required in the case of any individual request for Audit Related

Services or Tax Services having an estimated cost of \$5,000 or less that arises after the Service Plan in a given year has been adopted.

B. **De Minimis Exception.** The pre-approval requirements of this Policy are waived with respect to the provision of non-audit services by the Auditor for the Company if:

1. The aggregate amount of all such non-audit services provided to the Company constitutes not more than 5 percent of the total amount of revenues paid by the Company for its Auditor during the fiscal year in which the non-audit services are provided;
2. Such services were not recognized by the Company at the time of the engagement to be non-audit services; and
3. Such services are promptly brought to the attention of the Audit Committee and approved prior to the completion of the audit by the Audit Committee or by the Designated Member.

VI. **POLICY AMENDMENTS AND TERMINATION**

The Audit Committee, acting at a meeting or by written consent in accordance with applicable law, may (a) supplement, amend or otherwise modify this Policy in any manner consistent with applicable laws governing Auditor independence and (b) terminate this Policy.

VII. **EFFECTIVE DATE**

This Policy shall be effective as of the date that this Policy was approved by the Audit Committee and shall continue until terminated by the Audit Committee.

Approved by the Audit Committee of the Board of Directors on July 27, 2009