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For Immediate Release

China-Biotics, Inc. Reports Fourth Quarter and Full Year Fiscal 2007 Financial Results

***Full year revenues increased 40% to \$30.6 million
Full year net income rose 31% to \$10.9 million***

Shanghai, China – June 21, 2007 – China-Biotics, Inc. (OTC BB: CHBT) (“China-Biotics”, “the Company”), a leading Chinese biotechnology firm specializing in the manufacture, research, development, marketing and distribution of probiotics dietary supplements, today announced its financial results for the fourth quarter and fiscal year ended March 31, 2007.

Fourth Quarter 2007 Highlights

- Net sales increased 23.2% to \$8.4 million
- Gross profit increased 25.8% to \$6.0 million
- Gross profit margin increased to 71.5% from 70.0%
- Operating income increased 13.9% to \$3.9 million
- Net income increased 24.8% to \$2.8 million

Fiscal Year 2007 Highlights

- Net sales increased 40.0% to \$30.6 million
- Gross profit rose 40.7% to \$21.7 million
- Gross profit margin increased to 70.9% from 70.5%
- Operating income increased 22.5% to \$14.9 million
- Net income increased 30.5% to \$10.9 million
- Opened 9 new Shining brand company stores

Fourth Quarter 2007 Results

For the fourth quarter of fiscal 2007, net revenues increased 23.2% to \$8.4 million from \$6.8 million in the fourth quarter of fiscal 2006. Shining Essence continued to be the Company’s best-selling product.

“The 2007 fiscal year was a landmark year for China-Biotics, as we began to see the fruits of our retail strategy and developed our advertising campaign to drive sales of our

top-selling Shining Essence product,” said Chief Executive Officer Jinan Song. “Our efforts on these and other fronts resulted in double-digit growth in both the top and bottom lines.”

Gross profit in the quarter was \$6.0 million, an increase of 25.8% from \$4.8 million a year ago. Gross margin was 71.5% in the fourth quarter, compared to 70.0% in the same period of fiscal 2006. The improvement in gross margin was due to the implementation of cost controls.

Operating income increased 13.9% to \$3.9 million from \$3.4 million the prior year. Operating margin during the fourth quarter of fiscal 2007 was 46.1% in 2006, down from 49.8% a year ago.

Net income for the fourth quarter of fiscal 2007 was \$2.8 million, or \$0.17 per diluted share, an increase of 24.8% from \$2.3 million, or \$1.34 per diluted share, in the fourth quarter of fiscal 2006. The increase in net income resulted from growth in sales volume, as average product prices changed very little. The earnings per share figures reflect an increase in weighted-average shares from 1,705,242 in the fourth quarter of fiscal 2006 to 17,080,000 in the fourth quarter of fiscal 2007. This was primarily due to the share exchange transaction in the fourth quarter of fiscal 2006, through which China-Biotics became a publicly-traded company.

Fiscal Year 2007 Results

For the fiscal year 2007, net sales were \$30.6 million, up 40.0% from \$21.9 million in 2006. The sales increase was attributed to sales growth of the Company’s primary product, Shining Essence, which accounted for 61.6% of sales during the year, compared with 68.3% in fiscal year 2006. Gross profit for fiscal year 2007 was \$21.7 million, an increase of 40.7% from \$15.4 million the prior year. Gross margin climbed to 70.9% in fiscal 2007 from 70.5% in fiscal 2006. Operating income for fiscal year 2007 increased 22.5% to \$14.9 million from \$12.2 million in fiscal 2006. Operating margin was 48.8% in fiscal 2007, compared to 55.7% in fiscal 2006. Net income for fiscal year 2007 was \$10.9 million, or \$0.64 per diluted share, an increase of 30.5% from net income of \$8.4 million, or \$4.90 per diluted share, the prior year. The earnings per share figures reflect an increase in weighted-average shares related to the previously mentioned share exchange transaction.

Financial Condition

As of March 31, 2007, the Company had cash and cash equivalents of \$27.0 million and working capital of \$21.2 million. Accounts receivable were \$14.3 million, and days sales outstanding was 150 for the year. In fiscal 2007, China Biotics generated \$10.0 million in cash flow from operations. At March 31, 2007, the Company had no debt and shareholders’ equity of \$23.9 million.

Business Outlook

As the Chinese consumer becomes more health-conscious, consumption of dairy products and health foods becomes a greater part of the daily diet. The Chinese government has said it is committed to reducing the use of antibiotics and promoting the use of probiotics, which bodes well for China-Biotics. While consumers look for alternatives to dealing with infections in the absence of common antibiotics and turn toward healthier lifestyles, the Company believes it is poised to fill these needs as they develop into a significant market in the very near future.

“The 2008 fiscal year presents tremendous opportunities for China-Biotics, as we embark on the construction of a 150-ton production facility in the first half of the fiscal year. We also expect to expand our presence in metropolitan areas throughout China, primarily through our planned 300-store expansion of our retail strategy in the next two years,” Mr. Song said. “We also look to strengthen our product pipeline to fuel sales of new products in the coming years.”

About China-Biotics, Inc.

China-Biotics, Inc. (“China-Biotics”, “the Company”), a leading manufacturer of biotechnology products and supplements, engages in research, development, marketing and distribution of probiotics dietary supplements. Through its wholly owned subsidiary, Shanghai Shining Biotechnology Co., Ltd., the Company has operations in Shanghai. Its proprietary product portfolio contains live microbial nutritional supplements under the “Shining” brand. Currently, the products are sold OTC through large distributors to pharmacies and supermarkets in Shanghai, Jiangsu, and Zhejiang. China-Biotics plans to launch 300 Shining brand stores in major cities in China during the next two years. The Company’s flagship product, “Shining Essence,” was approved by the Chinese Ministry of Health for production and to market as a health product in August 2000, and has been a profit driver since its launch in Shanghai in April 2001. Currently, China-Biotics is strategically expanding its production capacity of probiotics to meet growing demand in the bulk additive market.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such factors include, but are not limited to, the Company’s ability to market existing and new products, ability to access to capital for expansion, and changes from anticipated levels of sales, future national or regional economic and competitive conditions, changes in relationships with customers, dependence on its flagship product profits and other factors detailed from time to time in the Company’s filings with the United States Securities and Exchange Commission and other regulatory authorities. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

-FINANCIAL TABLES FOLLOW-

CHINA-BIOTICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts expressed in US Dollars)

	Three months ended March 31,		Years ended March 31,	
	2007	2006	2007	2006
	(unaudited)	(unaudited)		
Net sales	\$ 8,376,790	\$ 6,801,193	\$ 30,609,941	\$ 21,862,385
Cost of sales	-2,390,986	-2,041,536	-8,910,633	-6,445,148
Gross profit	5,985,804	4,759,657	21,699,308	15,417,237
Operating expenses:				
Selling expenses	-1,236,525	-958,962	-4,502,687	-2,434,448
General and administrative expenses	-890,476	-412,972	-2,265,220	-797,232
Total operating expenses	-2,127,001	-1,371,934	-6,767,907	-3,231,680
Income from operations	3,858,803	3,387,723	14,931,401	12,185,557
Other income and expenses:				
Other income	81,159	24,730	223,401	69,041
Other expenses	26,528	-18	-62,948	-89
Total other income (expenses)	107,687	24,712	160,453	68,952
Income before taxes	3,966,490	3,412,435	15,091,854	12,254,509
Provision for income taxes	-1,120,756	-1,132,642	-4,186,868	-3,900,541
Net income	2,845,734	2,279,793	10,904,986	8,353,968
Earnings per share: Basic and diluted	\$ 0.17	\$ 1.34	\$ 0.64	\$ 4.90
Weighted average shares outstanding:				
Basic and diluted	17,080,000	1,705,242	17,080,000	1,705,242

CHINA-BIOTICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Audited, amounts expressed in US Dollars)
AS OF MARCH 31, 2007 AND 2006

ASSETS

Current assets	2007	2006
Cash and cash equivalents	\$ 26,992,025	\$ 19,840,812
Restricted cash	-	752,778
Accounts receivable	14,309,818	10,941,595
Deposit Paid	216,236	-
Inventories	203,054	257,584
Prepayment	176,094	31,200
Travel advances	-	8,972
Total current assets	41,897,227	31,832,941
Plant, equipment and leasehold improvements, net	2,682,617	1,594,047
Total assets	44,579,844	33,426,988

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	1,523,471	1,826,441
Tax payables	18,019,721	15,316,318
Loan from stockholders	-	2,290,230
Other payables and accruals	1,126,645	1,656,987
Total current liabilities	20,669,837	21,089,976

Commitments

Stockholders' equity:

Preferred stock	-	-
Common stock	1,708	1,708
Additional paid-in capital	7,863,031	7,863,031
Retained earnings	12,284,900	1,379,914
Accumulated other comprehensive income (loss)	734,574	66,565
Capital and statutory reserves	3,025,794	3,025,794
Liquidating dividends	-	-
Total stockholders' equity	23,910,007	12,337,012

Total liabilities and stockholders' equity	44,579,844	33,426,988
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CHINA-BIOTICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
(Audited, amounts expressed in US Dollars)
FOR THE YEARS ENDED MARCH 31, 2007 AND 2006

CASH FLOWS FROM OPERATING ACTIVITIES	2007	2006
Net income	\$ 10,904,986	\$ 8,353,968
Adjustment for:		
Gain on disposal of plant and equipment	(14,793)	-
Depreciation	493,472	516,217
(Increase)/Decrease in restricted cash	748,742	(752,778)
(Increase)/Decrease in accounts receivable	(2,881,034)	(3,684,694)
(Increase)/Decrease in inventories	65,303	195,360
(Increase)/Decrease in prepayment	(352,923)	(31,070)
(Increase)/Decrease in travel advances	-	(8,978)
(Increase)/Decrease in other receivables	2,732	7,454
Increase/(Decrease) in accounts payable	(451,305)	186,662
Increase in income tax and surcharge tax payable	4,186,868	3,900,541
Income tax paid	(2,373,846)	(1,684,976)
Increase/(Decrease) in other payables and accruals, and value added tax payable	(321,043)	(13,744)
NET CASH PROVIDED BY OPERATING ACTIVITIES	10,007,159	6,983,962
 CASH FLOWS USED IN INVESTING ACTIVITIES		
Sales proceeds from disposal of plant and equipment	14,793	-
Purchase of fixed assets and payments for leasehold improvements	(1,485,789)	(97,560)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	(1,470,996)	(97,560)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Temporary advance from shareholders	-	1,500,609
Repayment on temporary advance from shareholders	-	(1,500,609)
Advances to related parties	-	(1,712,646)
Cash received on advances to related parties	-	3,345,705
Proceeds from issuance of common stock	-	5,076,700
Proceeds from issue of convertible bond	-	2,578,000
Distributions to previous owners of the subsidiary	-	(6,850,585)
Payment of liquidating dividends (in form of purchase consideration) to previous owners of the subsidiary in conjunction with acquisition of subsidiary	-	(2,270,141)
Loan from shareholders / (repayment on loan from shareholders)	(2,280,687)	2,280,687
Payment to settle liabilities assumed in connection with reverse acquisition	-	(5,000)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	(2,280,687)	2,442,720
 Effect of exchange rate changes on cash	 895,737	 240,187
NET INCREASE IN CASH AND CASH EQUIVALENTS BALANCES	7,151,213	9,569,309
PERIOD	19,840,812	10,271,503
CASH AND CASH EQUIVALENTS BALANCES AT END OF PERIOD	\$ 26,992,025	\$ 19,840,812
 Schedule of noncash transactions		
Conversion of convertible bonds into common stock	-	2,578,000
Net liabilities assumed in reverse acquisition with the issue of common stock	-	2,562

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