

## **China-Biotics, Inc. Receives High-Technology Enterprise Certification to Qualify for Preferential Income Tax Rate**

**Shanghai, China – August 10, 2009** – China-Biotics, Inc. (NASDAQ: CHBT) (“China-Biotics,” “the Company”), a leading Chinese firm specializing in the manufacture, research, development, marketing and distribution of probiotics products, today announced that the Company’s wholly-owned subsidiary, Shanghai Shining Biotechnology Co., Ltd., has been awarded the High-Technology Enterprise Certificate (the “Certificate”) by the municipal government in Shanghai. It is only awarded to qualified enterprises that meet the municipal government’s strict requirements and standards.

The Certificate allows the Company to receive a preferential income tax rate of 15% on substantially all of its operating income, versus the statutory tax rate of 25%. The 15% rate will be in effect for the three-year period that began on Jan. 1, 2009.

“We are pleased to have earned the benefit of this lower income tax rate, which we expect to have a positive effect on our financial performance in the next few years as we reinvest the savings into our two-pronged growth strategy,” said Mr. Jinan Song, Chairman and Chief Executive Officer of China-Biotics. “This tax savings will serve to further our position as the leading domestic supplier of probiotics in China.”

### **About China-Biotics, Inc.**

China-Biotics, Inc. (“China-Biotics,” “the Company”), a leading manufacturer of biotechnology products and supplements, engages in the 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 retail outlets in major cities in China. Currently, China-Biotics is strategically expanding its production capacity of probiotics to meet growing demand in the bulk additive market. For more information, please visit <http://www.chn-biotics.com>.

*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 obtain the patents applied for, market existing and new products and changes from anticipated levels of sales, future national or regional economic and competitive conditions, market acceptance of its retail store concept, 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.*

###