



Contact:

CCG Investor Relations

Crocker Coulson, President

Phone: +1-646-213-1915 (New York)

Email: crocker.coulson@ccgir.com

Web: www.ccgir.com

For Immediate Release

China-Biotics, Inc. Reports First Quarter 2009 Financial Results

Shanghai, China – August 14, 2008 – China-Biotics, Inc. (OTC BB: CHBT) (“China-Biotics”, “the Company”), a leading Chinese firm specializing in the manufacture, research, development, marketing and distribution of probiotics products, today announced its financial results for the first quarter of its 2009 fiscal year, ended June 30, 2008.

First Quarter 2009 Highlights

- Net sales increased 19.5% year-over-year to \$11.4 million
- Gross profit increased 18.2% year-over-year to \$8.1 million
- Gross margin was 71.3%, up from 66.3% in the fourth quarter of 2008
- Net income was \$3.2 million
- Excluding a \$1.2 million loss related to the change in fair value of convertible notes, net income increased 26.4% year-over-year to \$4.5 million, or \$0.23 per diluted share
- Added 23 retail outlets during the quarter, bringing the total number of outlets to 83 in nine cities in China
- Signed agreement with a subsidiary of Holiland Enterprise Investment Management Co., Ltd. (“Holiland”) to supply probiotics for Holiland’s bakery products
- Signed agreement with Jiangxi Lijia Pharmaceutical Co., Ltd. (“Lijia”) to supply probiotics for Lijia’s probiotics-based dietary supplements in both powder and tablet forms
- Established three board committees in preparation for future stock exchange listing
- Filed application for listing approval on the Nasdaq Global Market

First Quarter 2009 Results

During the first quarter of the 2009 fiscal year, net sales increased 19.5% to \$11.4 million from \$9.5 million the prior year. The increase primarily resulted from growth in the sales volume of new products and increases in the sales price of selected products. These new products, including Shining Essence Stomach Protection Capsules and Shining Probiotics Protein Powder, accounted for 16.6% of total sales during the quarter, up from 5.0% a year ago. Sales of bulk additives to commercial customers totaled \$1.0 million, or 8.8% of sales, during the first quarter of 2009, contributing meaningful sales for the first time.

“We are pleased with this strong beginning to the 2009 fiscal year, and we are confident in our retail expansion and bulk additive business development strategies,” said Mr. Jinan Song, Chairman and Chief Executive Officer of China-Biotics. “We have accelerated the pace of new customer acquisition for our additive business in preparation for launching our new plant. Currently, we are in negotiations with another 50 potential business clients. Of these, 30 have begun or completed sample testing for their probiotics-based products. We look forward to increasing the number of business customers in order to occupy the capacity of our new plant when it is up and running.”

Gross profit during the first quarter increased 18.2% to \$8.1 million from \$6.9 million in the first quarter of 2008. Gross margin was 71.3%, down slightly from 72.1% a year ago. Gross margin improved sequentially 5 percentage points from 66.3% in the fourth quarter of 2008, as the Company was able to increase prices on selected products.

Operating expenses increased to \$3.8 million from \$2.1 million in the first quarter of fiscal 2008. The increase was attributed to setup and operations costs for new retail outlets; increased salary expense stemming from new hires to support the Company’s expansion; and additional research costs associated with the development and launch of new products. As of June 30, 2008, the Company had 339 employees and operated 83 Shining-branded retail outlets, up from 208 employees and 14 Shining outlets on June 30, 2007.

Operating income for the quarter was \$4.3 million, compared to \$4.7 million a year ago.

Other expense of \$1.2 million in the first quarter of 2009 consisted of a \$1.2 million book loss recorded in the first quarter of 2009 related to the change in the fair value of the \$25 million convertible notes issued in December 2007.

Net income for the first quarter of the 2009 fiscal year was \$3.2 million. Excluding the \$1.2 million loss on the revaluation of the convertible notes, net income was \$4.5 million, up from \$3.5 million in the same quarter of the prior year.

Diluted earnings per share were \$0.23 calculated on a weighted average basis, compared with \$0.21 per diluted share in the first quarter of fiscal 2008. The calculation of diluted earnings per share for the first quarter of 2008 assumes full conversion of the convertible notes and thus excludes the loss from the change in fair value of the notes.

Financial Condition

As of June 30, 2008, the Company had cash and cash equivalents of \$66.2 million and working capital of \$50.7 million. The increase in cash resulted in part from the private placement of \$25 million of the Company’s convertible notes in December 2007. In the first quarter of 2009, China-Biotics generated \$8.3 million in cash flow from operations and recorded \$7.2 million in capital expenditures related to the construction of the new manufacturing facility. Accounts receivable declined to \$10.7 million from \$13.2 million on March 31, 2008, and days’ sales outstanding for the first quarter of 2009 was 96 days. At June 30, 2008, the Company had stockholders’ equity of \$48.5 million.

Business Outlook

The Company’s new bulk additives production facility remains scheduled to begin production in the Company’s fiscal third quarter. As of June 30, 2008, China-Biotics had signed contracts with four business customers to supply those customers with bulk probiotics in powder form that can be added to products such as milk, ice cream, yogurt, baked goods and nutritional supplements.

The Company's retail strategy is also on schedule, with 83 Shining retail outlets open as of June 30, 2008, in Shanghai and eight other cities in China. Management continues to work toward its goal of operating 300 Shining outlets by the end of the Company's 2009 fiscal year.

"As our retail and bulk additives businesses continue to expand, we are managing our capacity utilization carefully to strike a balance between achieving current and future sales growth," Mr. Song said. "We are pleased that we were able to begin achieving meaningful sales of our bulk additives to commercial customers. We are also working on rolling out new retail outlets as quickly as we can. Those outlets already open more than one year have demonstrated tremendous year-over-year sales growth, and we believe that, in time, the retail strategy will contribute significantly to our growth. Meanwhile, construction of our new bulk additives facility is on schedule, and we continue working to add new customers in that segment in preparation for the plant coming online at the end of this calendar year."

Recent Events

On July 9, 2008, Dr. Shuguang Fang, China-Biotics' Chief Technology Officer, was the guest speaker at China's 3rd Annual Food Safety Technology Forum 2008. Dr. Fang spoke on the importance of probiotics safety in dairy products.

Also in July 2008, China-Biotics announced the appointment of American Stock Transfer & Trust Company as its new transfer agent and registrar, effective August 15, 2008. AST, headquartered in New York City, replaces the Company's former transfer agent and registrar, American Registrar & Transfer Company.

On July 18, 2008, the Company announced it has applied for listing approval on the Nasdaq Global Market. The application is subject to review by Nasdaq's Listing Qualifications Department for compliance with all Nasdaq Global Market requirements. The Company's common stock will continue to trade on the OTC Bulletin Board under its current symbol, CHBT, until the Company is notified of its acceptance, which it hopes to receive within two to three months.

Conference Call

The company will host a conference call at 9:00 a.m. EDT on, Friday, August 15, 2008, to discuss its financial results for the fiscal first quarter ended June 30, 2008. To participate in the event by telephone, please dial (888) 241-0558 five to 10 minutes prior to the start time (to allow time for registration) and reference passcode 58187212. International callers should dial 647-427-3417. The conference call will be broadcast live over the Internet and can be accessed by all interested parties at the Company's Web site, www.chn-biotics.com. To listen to the call, please visit the site at least 15 minutes prior to the start of the call to register, download, and install any necessary audio software. For those unable to participate during the live webcast, it will be archived using the same link for 90 days. A digital replay of the call will also be available on Friday, August 15, at approximately 11:00 a.m. EDT through Friday, August 22, at midnight EDT. Dial (800) 678-0453 and enter the conference ID number 58187212. International callers should dial (402) 220-1458 and enter the same conference ID number.

Use of Non-GAAP Financial Information

GAAP results for the first quarter ended June 30, 2008, include a non-cash loss related to the change in fair value of the Company's convertible notes. To supplement the Company's condensed consolidated financial statements presented on a GAAP basis, the Company has provided non-GAAP financial information excluding the impact of this item, which is non-GAAP net income, in this release. The Company's management believes that this non-GAAP measure provides investors with a better

understanding of how the results relate to the Company's historical performance. A reconciliation of adjustments to GAAP results appears in the table accompanying this press 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.

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 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, 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.

– FINANCIAL TABLES FOLLOW –

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

	Three months ended June 30,	
	2008	2007
Net sales	\$ 11,370,657	\$ 9,515,333
Cost of sales	(3,258,669)	(2,650,972)
Gross profit	\$ 8,111,988	\$ 6,864,361
Operating expenses:		
Selling expenses	\$ (2,369,859)	\$ (1,316,344)
General and administrative expenses	(1,426,797)	(809,564)
Total operating expenses	\$ (3,796,656)	\$ (2,125,908)
Income from operations	\$ 4,315,332	\$ 4,738,453
Other income and expenses:		
Changes in the fair value of embedded derivatives	(1,239,000)	-
Other income	\$ 1,538,889	\$ 71,660
Other expenses	-	(6,924)
Total other income (expenses)	\$ 299,889	\$ 64,736
Income before taxes	\$ 4,615,221	\$ 4,803,189
Provision for income taxes	(1,378,471)	(1,262,956)
Net income	\$ 3,236,750	\$ 3,540,233
 Earnings per share:		
Basic	\$ 0.19	\$ 0.21
Diluted	\$ 0.23	\$ 0.21
 Weighted average shares outstanding		
Basic	17,080,000	17,080,000
Diluted	19,163,333	17,080,000

CHINA-BIOTICS, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
 (Amounts expressed in US Dollars)

	As of June 30, 2008	As of March 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 66,204,703	\$ 64,310,448
Accounts receivable	10,669,699	13,214,531
Other receivables	241,083	238,835
Inventories	617,260	408,358
Prepayment	1,634,253	1,806,605
Total current assets	\$ 79,366,998	\$ 79,978,777
Property, plant and equipment and land use right	22,186,275	13,812,749
Total assets	\$ 101,553,273	\$ 93,791,526
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,287,603	\$ 2,786,180
Tax payables	23,321,183	22,317,982
Other payables and accruals	2,012,365	1,792,156
Total current liabilities	\$ 28,621,151	\$ 26,896,318
Non-current liabilities		
Convertible note, with embedded derivatives of \$6,991,000, net of discount of \$7,963,557 as of June 30, 2008	\$ 24,027,443	\$ 22,197,635
Interest payable	446,763	302,306
Total non-current liabilities	\$ 24,474,206	\$ 22,499,941
Commitments and contingencies		
Stockholders' equity:		
Common stock (par value of \$0.0001, 100,000,000 shares authorized, 41,461,004 shares issued and outstanding as of June 30, 2008)	\$ 4,146	\$ 4,146
Additional paid-in capital	7,863,031	7,863,031
Retained earnings	33,063,894	29,827,144
Treasury stock at cost (24,381,004 shares)	(2,438)	(2,438)
Accumulated other comprehensive income	4,503,489	3,677,590
Capital and statutory reserves	3,025,794	3,025,794
Total stockholders' equity	\$ 48,457,916	\$ 44,395,267
Total liabilities and stockholders' equity	\$ 101,553,273	\$ 93,791,526

CHINA-BIOTICS, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
 (Amounts expressed in US Dollars)

	Three months ended	
	June 30,	
	2008	2007
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	\$ 3,236,750	\$ 3,540,233
Adjustment for:		
Changes in the fair value of embedded derivatives	1,239,000	-
Depreciation	298,691	142,310
(Increase)/Decrease in accounts receivable	2,793,079	2,786,747
(Increase)/Decrease in inventories	(197,308)	6,318
(Increase)/Decrease in prepayments	211,580	(57,156)
Increase/(Decrease) in accounts payable	434,924	590,026
Increase/(Decrease) in income tax, surcharge tax and dividends withholding tax	588,686	622,305
Increase/(Decrease) in other payables and accruals, and value added tax payable	(136,326)	130,688
Increase/(Decrease) in interest payables	(121,402)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 8,347,674	\$ 7,761,471
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchases of fixed assets	(7,193,855)	(533,080)
CASH FLOWS FROM FINANCING ACTIVITIES		
Effect of exchange rate changes on cash	\$ 740,436	\$ 474,448
NET INCREASE IN CASH AND CASH EQUIVALENTS BALANCES	\$ 1,894,255	\$ 7,702,839
CASH AND CASH EQUIVALENTS BALANCES AT BEGINNING OF PERIOD	64,310,448	26,992,025
CASH AND CASH EQUIVALENTS BALANCES AT END OF PERIOD	\$ 66,204,703	\$ 34,694,864

CHINA-BIOTICS, INC. AND SUBSIDIARIES
 RECONCILIATION OF NON-GAAP FINANCIAL DATA

Non-GAAP Net income	Three Months ended June 30, 2008	Three Months ended June 30, 2007
Net Income (Loss)	Net Income	Net Income
Adjusted Amount	4,475,750	\$3,540,233
Adjustments		
Non-cash loss from change in fair value of convertible bonds	\$1,239,000	-
Amount per consolidated statement of operations	\$3,236,750	\$3,540,233

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