



Contact:
CCG Elite Investor Relations
Crocker Coulson, President
Phone: +1-646-213-1915 (New York)
E-mail: crocker.coulson@ccgir.com

For Immediate Release

China-Biotics, Inc. Reports First Quarter 2008 Financial Results

Shanghai, China – August 13, 2007 – 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 ended June 30, 2007.

First Quarter 2008 Highlights

- Net sales increased 18.9% year-over-year and 13.6% quarter-over-quarter to \$9.5 million
- Gross profit increased 21.6% year-over-year and 14.7% quarter-over-quarter to \$6.9 million
- Gross profit margin increased to 72.1% from 70.5% the prior year
- Operating income increased 19.4% year-over-year and 22.8% quarter-over-quarter to \$4.7 million
- Net income increased 23.1% year-over-year and 24.4% quarter-over-quarter to \$3.5 million, or \$0.21 per fully diluted share

First Quarter 2008 Results

For the first quarter of fiscal 2008, net revenues increased 18.9% to \$9.5 million from \$8.0 million in the same quarter of fiscal 2007. The growth was primarily due to increased product sales volume. Shining Essence continued to be the Company’s best-selling product, accounting for 54.5% of total sales, compared with 62.0% of sales a year ago. Sales of Shining Golden Shield and Shining Energy increased by 75% and 61%, respectively, as sales increased in retail stores. On a sequential basis, revenues increased 13.6% from \$8.4 million during the fourth quarter of 2007.

“The first quarter of fiscal 2008 demonstrates continued superior performance for China-Biotics, as our distribution strategy provided us with strong sales growth across all of our major products,” said Jinan Song, Chief Executive Officer of China-Biotics. “As we expand distribution to other regions outside of Shanghai, this will reduce our average time to market and increase sales volume.”

Gross profit in the first quarter of fiscal 2008 was \$6.9 million, an increase of 21.6% from \$5.6 million a year ago. Gross margin was 72.1% in the first quarter, compared to 70.5% in the same period last year. Increased production volume resulted in lower overhead on a per-unit basis, which helped to improve gross margin. Gross margin was also up sequentially from 71.5% during the fourth quarter of fiscal 2007.

Operating expenses increased 26.9% to \$2.1 million compared to \$1.7 million in the first quarter of fiscal 2007. This was primarily related to higher general and administrative expenses related to additional research costs, as well as higher selling expenses in support of the Company’s retail network.

Operating income increased 19.4% to \$4.7 million from \$4.0 million in the first quarter of fiscal 2007. Operating margin during the first quarter of fiscal 2007 was 49.8%, up slightly from 49.6% a year ago.

Net income for the first quarter of fiscal 2008 was \$3.5 million, or \$0.21 per diluted share, an increase of 23.1% from \$2.9 million, or \$0.17 per diluted share, in the first quarter of fiscal 2007. On a sequential basis, net income was up 24.4% from \$2.8 million, or \$0.17 per diluted share, in the fourth quarter of fiscal 2007.

Financial Condition

As of June 30, 2007, the Company had cash and cash equivalents of \$34.7 million and working capital of \$24.8 million. Days sales outstanding (DSO) was 124 compared to 157 in the fourth quarter of fiscal 2007. At June 30, 2007, the Company had no debt and had shareholders’ equity of \$27.9 million. In the first quarter of fiscal 2008, China Biotics generated \$7.8 million in cash flow from operations.

Business Outlook

In addition to its current locations in Shanghai and Changchun, the company plans to open new retail centers in Beijing and Harbin by the end of fiscal 2008. The Company hopes to form a network of 100 retail stores by the end of fiscal 2008.

“The early success of our retail expansion demonstrates the validity of our retail growth strategy,” Mr. Song said. “We look forward to delivering further growth in the retail business. Meanwhile we are beginning to enter into the probiotics bulk additive market.”

Recent Events

In July, China-Biotics opened five additional retail stores, three in Shanghai and its first two stores in Changchun, a new market for the Company with considerable opportunity. Currently, the Company has a retail network of 12 stores in Shanghai and two in Changchun.

Conference Call

The company will host a conference call at 10:00 a.m. EDT on Monday, August 13, 2007, to discuss earnings for the first quarter ended June 30, 2007. To participate in the event by telephone, please dial 800-374-0113 five to 10 minutes prior to the start time (to allow time for registration) and reference passcode 12771683. International callers should dial 706-758-9607. The conference call will be broadcast live over the Internet and can be accessed by all interested parties at <http://phx.corporate-ir.net/playerlink.zhtml?c=192711&s=wm&e=1624226>. To listen to the call, please visit this link 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, an audio replay of the conference call will be archived at <http://phx.corporate-ir.net/playerlink.zhtml?c=192711&s=wm&e=1624226>, for 90 days. A digital replay of the call will also be available on Monday, August 13, at approximately 12:00 p.m. EDT through Monday, August 20, at midnight EDT. Dial 800-642-1687 and enter the conference ID number 12771683. International callers should dial 706-645-9291 and enter the same conference ID number.

About China-Biotics, Inc.

Headquartered in Shanghai, China-Biotics, Inc. (“China-Biotics”, “the Company”) was founded in 1999 and is one of China’s largest suppliers of probiotics. Probiotics are beneficial live bacteria used as dietary supplements and food additives to improve intestinal health and digestion. The Company’s product portfolio contains live microbials made with proprietary technology. Currently, these products are sold over-the-counter under the “Shining” brand through large distributors to more than 1,000 pharmacies and 100 supermarkets in Shanghai, Jiangsu and Zhejiang. Shining is one of the most recognized brands in Shanghai. China-Biotics plans to expand its retail sales to other major cities in China and will launch 300 Shining brand logistic centers in these cities during the next two years. The Company’s flagship product, “Shining Essence”, has been a profit driver since its launch in April 2001. There is a significant demand for probiotics for use in the bulk additive market, which is currently met by imports. China-Biotics is building a new plant which will increase its production capacity manifolds to capture this 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 June 30,	
	2006	2007
		(unaudited)
Net sales	\$ 8,002,964	\$ 9,515,333
Cost of sales	(2,358,739)	(2,650,972)
Gross profit	\$ 5,644,225	\$ 6,864,361
Operating expenses:		
Selling expenses	\$ (1,269,532)	\$ (1,316,344)
General and administrative expenses	(405,990)	(809,564)
Total operating expenses	\$ (1,675,522)	\$ (2,125,908)
Income from operations	\$ 3,968,703	\$ 4,738,453
Other income and expenses:		
Other income	\$ 35,523	\$ 71,660
Other expenses	(3,859)	(6,924)
Total other income (expenses)	\$ 31,664	\$ 64,736
Income before taxes	\$ 4,000,367	\$ 4,803,189
Provision for income taxes	(1,124,711)	(1,262,956)
Net income	\$ 2,875,656	\$ 3,540,233
Earnings per share:		
Basic and diluted	\$ 0.17	\$ 0.21
Weighted average shares outstanding		
Basic and diluted	17,080,000	17,080,000

CHINA-BIOTICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Audited, amounts expressed in US Dollars)

	March 31, 2007	June 30, 2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 26,992,025	\$ 34,694,864
Accounts receivable	14,309,818	11,682,011
Deposit Paid	216,236	218,991
Inventories	203,054	199,271
Prepayment	176,094	235,933
Total current assets	\$ 41,897,227	\$ 47,031,070
Plant, equipment and leasehold improvements, net	2,682,617	3,110,882
Total assets	\$ 44,579,844	\$ 50,141,952
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,523,471	\$ 2,137,895
Tax payables	18,019,721	19,090,614
Other payables and accruals	1,126,645	1,030,316
Total current liabilities	\$ 20,669,837	\$ 22,258,825
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	15,825,133
Accumulated other comprehensive income (loss)	734,574	1,167,461
Capital and statutory reserves	3,025,794	3,025,794
Total stockholders' equity	\$ 23,910,007	\$ 27,883,127
Total liabilities and stockholders' equity	\$ 44,579,844	\$ 50,141,952
Total liabilities and stockholders' equity	\$ 44,579,844	\$ 50,141,952

CHINA-BIOTICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
(Audited, amounts expressed in US Dollars)

	Three months ended June 30,	
	2006	2007
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	\$ 2,875,656	\$ 3,540,233
Adjustment for:		
Depreciation	99,376	142,310
(Increase)/Decrease in restricted cash	83,635	-
(Increase)/Decrease in accounts receivable	(2,536,130)	2,786,747
(Increase)/Decrease in inventories	94,479	6,318
(Increase)/Decrease in prepayments	(40,199)	(57,156)
Increase/(Decrease) in accounts payable	(257,147)	590,026
Increase/(Decrease) in income tax, surcharge tax and dividends withholding tax	1,124,711	622,305
Increase/(Decrease) in other payables and accruals, and value added tax payable	(498,059)	130,688
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 946,322	\$ 7,761,471
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions of fixed assets	(816,689)	(533,080)
CASH FLOWS FROM FINANCING ACTIVITIES		
Effect of exchange rate changes on cash	\$ 54,931	\$ 474,448
NET INCREASE IN CASH AND CASH EQUIVALENTS BALANCES	\$ 184,564	\$ 7,702,839
CASH AND CASH EQUIVALENTS BALANCES AT BEGINNING OF PERIOD	19,840,812	26,992,025
CASH AND CASH EQUIVALENTS BALANCES AT END OF PERIOD	\$ 20,025,376	\$ 34,694,864

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