



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 Second Quarter 2008 Financial Results

Shanghai, China – November 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 second quarter ended September 30, 2007, of its 2008 fiscal year.

Second Quarter 2008 Highlights

- Net sales increased 49.7% year-over-year to \$8.2 million
- Gross profit increased 56.7% year-over-year to \$6.0 million
- Gross profit margin increased to 73.1% from 69.8% the prior year
- Operating income increased 19.6% year-over-year to \$3.0 million
- Net income increased 24.6% year-over-year and to \$2.0 million, or \$0.11 per fully diluted share
- Added 8 new retail outlets during this quarter, bringing total number of outlets to 22
- Signed a distribution agreement with a major bulk additives customer; added a second since the end of the quarter

Second Quarter 2008 Results

In the second quarter of the 2008 fiscal year, net revenues increased 49.7% to \$8.2 million from \$5.5 million in the same quarter a year ago. The growth was primarily caused by increased product sales volume. Shining Essence remained the Company’s top-selling product, accounting for 62.6% of total sales, compared with 60.9% a year ago. Sales of Shining Essence increased 50% from the same period the prior year. Sales of Shining Golden Shield and Shining Energy increased by 61% and 37%, respectively, as sales increased in retail stores. The sales of other products, including Shining Stomach

Protection, Shining Beauty Essence, Shining Sicanel and Shining Bifidus Factor, increased to 4.8% of total sales. Typically, 60% of the Company's sales take place during the third and fourth quarters of its fiscal year, as customers buy products to give as gifts during the Chinese festivals that occur during that time.

"We continued to experience rapid growth during the second quarter, as we expanded our base of retail stores," said Jinan Song, Chairman and Chief Executive Officer of China-Biotics. "During the last two months, we also succeeded in penetrating the bulk additive market by supplying our probiotics to Bright Dairy and Food Co., a reputable, high-profile ice cream manufacturer, establishing a presence in this rapidly expanding segment. We also signed an agreement with Relax Xinqiao Food Co., a substantial baked products producer, to supply probiotics as food additives."

Gross profit during the quarter increased 56.7% to \$6.0 million from \$3.8 million a year ago. Gross margin was 73.1%, up from 69.8% last year, as we achieved more sales through our own stores, which enjoy a higher gross margin than sales through distributors. Gross margin also increased sequentially from 72.1% during the first quarter of fiscal 2008.

Total operating expenses during the second quarter increased to \$3.0 million from \$1.3 million during the same period a year ago. General and administrative expenses were \$1.1 million, or 13.3% of sales, for the second quarter of fiscal 2008. The increase was primarily to the result of additional research costs related to the development and launch of new products. Selling expenses increased to \$1.9 million, or 23.5% of sales, with the gradual rollout of new retail stores. As of September 30, 2007, the Company had 22 retail outlets in operation, compared to five stores a year ago.

For the second quarter of fiscal 2008, operating income was \$3.0 million, an increase of 19.6% from \$2.5 million a year ago. Operating margin was 36.2%, compared to 45.4% a year ago.

For the second quarter of fiscal 2008, net income was \$2.0 million, or \$0.11 per diluted share, an increase of 24.6% from \$1.6 million, or \$0.09 per diluted share, for the same period the prior year.

Six Month Results

Net sales for the first six months of fiscal 2008 were \$17.7 million, up 31.4% from sales of \$13.5 million in the prior year. Gross profit was \$12.8 million, or 72.6% of sales, up 35.8% from gross profit of \$9.5 million, or 70.2% of sales, in the first half of fiscal 2007. Operating income was \$7.7 million, or 43.5% of sales, up 19.5% from operating income of \$6.4 million, or 47.9% of sales, the prior year. Net income for the first six months of fiscal 2008 was \$5.5 million, or \$0.32 per diluted share, up from \$4.5 million, or \$0.26 per diluted share, in the same period of fiscal 2007.

Financial Condition

As of September 30, 2007, the Company had cash and cash equivalents on hand of \$35.2 million and working capital of \$23.8 million. Days sales outstanding (DSO) during the quarter was 113, down from 124 for the first quarter of fiscal 2008 and 157 for the fourth quarter of fiscal 2007. At September 30, 2007, the Company had no debt and had shareholders' equity of \$30.3 million. During the first six months of fiscal 2008, China-Biotics generated \$11.2 million in cash flow from operations.

Business Outlook

The Company hopes to form a network of 60 retail stores by the end of fiscal 2008 and up to 300 stores by the end of fiscal 2009. Most of the newly developed nutritional products will be launched through this Company-owned distribution channel, which demonstrates a service-oriented sales model, to create high customer loyalty.

Management expects to obtain approval for construction of the new probiotics manufacturing facility by the end of the 2007 calendar year. When the new production facility is at full capacity, China-Biotics will be one of the largest probiotics suppliers in China.

“We have achieved initial success in our bulk additives strategy, signing important agreements with several leading dairy and baked goods producers in China,” Mr. Song said. All of this early work is helping to create the foundation for a successful expansion in this relatively new but growing market, and we look forward to further progress in the near future.”

Recent Events

In August 2007, China-Biotics signed an agreement with Bright Dairy & Food Co., Ltd. ("Bright Dairy") (SSE: 600597) to supply probiotics for Bright Dairy's ice cream products for the next three years. The ice cream packaging will include China-Biotics' registered "Shining Probiotics" trademark. Ice cream sold with probiotics additives will be one of Bright Dairy's hallmark products and have higher margins than other ice creams. This is the first time probiotics are being used as additives in ice cream products in China, allowing consumers to improve their gastrointestinal health through the intake of probiotics as they enjoy the ice cream.

In September 2007, China-Biotics announced the launch of its newest product, Shining Probiotics Protein Powder, which is being sold in the Shanghai and Changchun markets. Shining Probiotics Protein Powder is the first protein powder in China to include probiotics. Shining brand probiotics help improve the protein powder's taste, increase absorption by the human body and enhance the immune system and gastrointestinal health. Currently, the Company offers fruit flavor and high calcium varieties of its Shining Probiotics Protein Powder. Each has more than 30 micronutrients and contains four types of Shining Probiotics, all of which are designed to improve digestion and the body's ability to absorb protein.

In October, the Company announced it has signed a two-year letter of intent with Shanghai Relax Xinqiao Food Co., Ltd. to supply probiotics for Relax Xinqiao's baked products. Relax Xinqiao will use a combination of two Shining Probiotics products, Lactobacillus acidophilus and Bifidobacterium bifidum ("LA-BB"), in its newly introduced bakery products, such as probiotics mousse cake and probiotics iced dessert. LA-BB helps to further break down cream and sugar into vitamins, peptides and amino acids. LA-BB is also helpful in maintaining a balanced gastrointestinal tract. The agreement runs through September 2009.

During the second quarter of fiscal 2008, China-Biotics opened eight Shining retail stores, bringing the total number of Company-owned retail outlets to 22. Of these, 18 are in Shanghai, while the remaining stores are in Changchun.

Conference Call

The company will host a conference call at 8:00 a.m. EST on Wednesday, November 14, 2007, to discuss its financial results for the second quarter ended September 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 23639406. 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=1689295>. 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 the webcast will be archived using the same link for 90 days. A digital replay of the call will also be available on Wednesday, November 14, at approximately 12:00 p.m. EST through Wednesday, November 21, at midnight EST. Dial 800-642-1687 and enter the conference ID number 23639406. 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		Six months ended	
	September 30,		September 30,	
	2007	2006	2007	2006
Net sales	\$ 8,184,983	\$ 5,467,037	\$ 17,700,316	\$ 13,470,001
Cost of sales	(2,205,623)	(1,650,364)	(4,856,595)	(4,009,103)
Gross profit	5,979,360	3,816,673	12,843,721	9,460,898
Operating expenses:				
Selling expenses	(1,926,756)	(952,454)	(3,243,100)	(2,221,986)
General and administrative expenses	(1,087,053)	(384,734)	(1,896,617)	(790,724)
Total operating expenses	(3,013,809)	(1,337,188)	(5,139,717)	(3,012,710)
Income from operations	2,965,551	2,479,485	7,704,004	6,448,188
Other income and expenses:				
Other income	282	68,855	71,942	104,378
Other expenses	(13,011)	(34,886)	(19,935)	(38,745)
Total other income (expenses)	(12,729)	33,969	52,007	65,633
Income before taxes	2,952,822	2,513,454	7,756,011	6,513,821
Provision for income taxes	(982,689)	(932,091)	(2,245,645)	(2,056,802)
Net income	\$ 1,970,133	\$ 1,581,363	\$ 5,510,366	\$ 4,457,019
Earnings per share:				
Basic and diluted	\$ 0.11	\$ 0.09	\$ 0.32	\$ 0.26
Weighted average shares outstanding				
Basic and diluted	17,080,000	17,080,000	17,080,000	17,080,000

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

	September 30, 2007	March 31, 2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 35,221,974	\$ 26,992,025
Accounts receivable	8,654,511	14,309,818
Deposit Paid	222,747	216,236
Inventories	595,127	203,054
Prepayment	1,887,561	176,094
Travel advances		-
Total current assets	\$ 46,581,920	\$ 41,897,227
Plant and equipment, net	6,474,621	2,682,617
Total assets	\$ 53,056,541	\$ 44,579,844
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,821,337	\$ 1,523,471
Tax payables	19,546,360	18,019,721
Other payables and accruals	1,379,976	1,126,645
Total current liabilities	\$ 22,747,673	\$ 20,669,837
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value \$0.0001, 100,000,000 shares authorized, 17,080,000 shares issued and outstanding	1,708	1,708
Additional paid-in capital	7,863,031	7,863,031
Retained earnings	17,795,266	12,284,900
Accumulated other comprehensive income (loss)	1,623,069	734,574
Capital and statutory reserves	3,025,794	3,025,794
Total stockholders' equity	\$ 30,308,868	\$ 23,910,007
Total liabilities and stockholders' equity	\$ 53,056,541	\$ 44,579,844

CONSOLIDATED STATEMENTS OF CASH FLOW
(Audited, amounts expressed in US Dollars)

	Six months ended September 30,	
	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	\$ 5,510,366	\$ 4,457,019
Adjustment for:		
Depreciation	349,111	220,104
Gain on disposal of plant and equipment	-	(14,793)
(Increase)/Decrease in restricted cash	-	114,037
(Increase)/Decrease in accounts receivable	5,992,036	(140,449)
(Increase)/Decrease in other receivables		(209,030)
(Increase)/Decrease in inventories	(383,380)	(41,775)
(Increase)/Decrease in prepayments	(1,693,248)	(104,876)
Increase/(Decrease) in accounts payable	239,274	(358,998)
Increase/(Decrease) in income tax, surcharge tax and dividends withholding tax	828,172	2,056,803
Increase/(Decrease) in other payables and accruals, and value added tax payable	348,841	(771,307)
NET CASH PROVIDED BY OPERATING ACTIVITIES	11,191,172	5,206,735
CASH FLOWS USED IN INVESTING ACTIVITIES		
Sales proceeds from disposal of plant and equipment	-	14,793
Additions of fixed assets	(4,027,160)	(1,317,328)
NET CASH PROVIDED BY INVESTING ACTIVITIES	(4,027,160)	(1,302,535)
Effect of exchange rate changes on cash	1,065,937	189,162
NET INCREASE IN CASH AND CASH EQUIVALENTS BALANCES	8,229,949	4,093,362
CASH AND CASH EQUIVALENTS BALANCES AT BEGINNING OF PERIOD	26,992,025	19,840,812
CASH AND CASH EQUIVALENTS BALANCES AT END OF PERIOD	\$ 35,221,974	\$ 23,934,174

###