

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

JOHN HILL, Individually and On Behalf of All Others Similarly Situated,)	Civil Action No. 1:10-cv-07838-PAC
)	
)	
Plaintiff,)	<u>CLASS ACTION</u>
)	
vs.)	
)	NOTICE OF PROPOSED
CHINA-BIOTICS, INC., JINAN SONG, LI CHI)	SETTLEMENT OF CLASS ACTION
YUEN a/k/a RAYMOND LI, LEWIS FAN, YAN)	
YIHONG a/k/a EVA YAN, TRAVIS CAI, CHIN JI)	
WEI, DU WEN MIN, SIMON YICK, ROTH)	
CAPITAL PARTNERS LLC, and MAXIM)	
GROUP LLC,)	
)	
Defendants.)	
)	

If you purchased or otherwise acquired the publicly traded securities of China-Biotics, Inc. (“China-Biotics”) during the period between July 10, 2008 and July 1, 2011, inclusive (the “Settlement Class Period”), you may be entitled to receive a payment under the proposed settlement (the “Settlement”) of a securities class action lawsuit (the “Litigation”). Your legal rights are affected whether you act or do not act. Please read this notice carefully.

This is not a solicitation from a lawyer; a United States District Court authorized this notice (the “Notice”). The complete terms and conditions of the Settlement are set forth in a Stipulation of Settlement, dated March 31, 2015 (the “Stipulation”) entered into by the parties to the Litigation, which can be downloaded at www.ChinaBioticsSecuritiesSettlement.com or requested at the telephone number and address provided below.

Relevant securities and time period: China-Biotics common stock (“Common Stock”)¹ purchased or otherwise acquired between July 10, 2008 and July 1, 2011, inclusive.

Settlement proceeds: If the Settlement is approved by the United States District Court for the Southern District of New York (the “Court”), it will provide for a gross payment of \$1,400,000 into a

¹ During the Settlement Class Period, through June 15, 2011, China-Biotics Common Stock was listed on the Nasdaq Global Stock Market (“Nasdaq”) under the ticker CHBT. On June 15, 2011, after the Company filed a notice of late filing for its annual report (Form NT 10-K) with the SEC, Nasdaq announced that trading in the Common Stock was halted as of 3:39 PM and that it would remain halted until the Company fully satisfied Nasdaq’s request for additional information. (*GlobeNewswire*, “NASDAQ Halts China-Biotics Inc.” June 15, 2011.) On June 23, 2011, China-Biotics’ Board of Directors unanimously voted to voluntarily delist the Company’s Common Stock from the Nasdaq. (China-Biotic SEC Form 8-K, filed June 29, 2011.) On July 1, 2011, the Common Stock resumed trading as an “Other-OTC” (over-the-counter) security.

settlement fund (the “Settlement Fund”), which, after deducting certain fees and expenses described below, would be available for distribution to persons who purchased or otherwise acquired China-Biotics Common Stock during the Settlement Class Period (“Settlement Class”). Whether you are entitled to a payment from the Settlement Fund depends on the timing of your purchases and any sales of China-Biotics Common Stock during the Settlement Class Period. Based on the information currently available to counsel for the Court-appointed lead plaintiffs in the Litigation (“Lead Plaintiffs’ Counsel”) and the analysis performed by its damages consultants, if claims are submitted representing 100 percent of the eligible China-Biotics shares, the estimated average recovery would be approximately \$0.10 for each share of China-Biotics Common Stock, before deducting settlement administration costs and Court-approved fees and expenses. Historically, the claim submission rate is less than 100 percent, which results in a higher per-share recovery for those who submit qualifying claims. Please see Question 10 below for a detailed explanation of the proposed plan of allocation (the “Plan of Allocation”) for distributing the Settlement proceeds to members of the Settlement Class (“Settlement Class Members”).

Reasons for the Settlement: The Settlement provides a benefit to Settlement Class Members now and avoids the uncertainty, time and expense of further litigation, including the potential for a contested trial and likely appeals, with the possibility of receiving no recovery at all for the Settlement Class.

If the Litigation had not settled: If the parties had not agreed to the Settlement, it is possible that the lead plaintiffs, on behalf of Settlement Class Members, would have obtained no recovery at all. The parties vigorously disagree on both liability and damages. The defendants in the Litigation (“Defendants”) deny that they are liable in any respect, and deny that Plaintiffs (as defined in the Stipulation) and Settlement Class Members suffered any injury. Among the many issues on which the parties do not agree are (1) whether any Defendants violated the law; (2) whether China-Biotics’ public disclosures contained any false or misleading statements or omissions of material fact; (3) whether any such alleged misstatements or omissions affected the price of China-Biotics Common Stock, and the amount and method for determining such alleged effect; and (4) the amount of damages (if any) that could be recovered at trial.

Fees and expenses: Lead Plaintiffs’ Counsel has not received any payments for its work investigating the facts, prosecuting the Litigation and negotiating the Settlement on behalf of Plaintiffs and the Settlement Class. Lead Plaintiffs’ Counsel will ask the Court for an award of attorneys’ fees equal to 33 1/3% of the Settlement Fund, and for reimbursement of litigation expenses not to exceed \$120,000. In addition, Plaintiffs will ask the Court for a compensatory payment not to exceed \$5,000 for reimbursement of their reasonable costs and expenses directly relating to their representation of the Settlement Class. All these amounts would be paid exclusively from the Settlement Fund. If the above amounts are approved by the Court, the average cost of such fees and expenses would be approximately \$.04 for each share of China-Biotics Common Stock.

Important deadlines:

Postmark Deadline to submit a claim for Settlement proceeds:	August 27, 2015
Postmark Deadline to request exclusion from the Settlement Class:	August 11, 2015
Postmark Deadline to object to the Settlement:	August 27, 2015

Settlement hearing: September 10, 2015

More information: www.ChinaBioticsSecuritiesSettlement.com or contact:

Claims Administrator
China-Biotics, Inc. Securities Litigation
c/o Angeion Group
1801 Market Street, Suite 660
Philadelphia, PA 19103
Email:
ChinaBiotics@AngeionGroup.com

Lead Plaintiffs' Counsel
SAXENA WHITE P.A.
Lester R. Hooker
5200 Town Center Circle, Suite 601
Boca Raton, FL 33486
Telephone: (561) 206-6708

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

- **SUBMIT A CLAIM** You may submit a claim to request a payment from the Settlement Fund by following the instructions in this Notice and on the Proof of Claim and Release (“Proof of Claim”) enclosed with this Notice.

- **OBJECT** You may write to the Court if you do not like this Settlement, the request for fees and expenses, or the Plan of Allocation. The Court will consider your objection in deciding whether to approve the Settlement.

- **REQUEST EXCLUSION** You may request to be excluded from the Settlement Class by following the instructions in this Notice. If you request exclusion, you will not be able to submit a claim for a payment from the Settlement Fund.

- **ATTEND THE HEARING** You may attend the hearing at which the Court will consider whether to approve the Settlement (the “Settlement Hearing”). Attendance, however, is not required.

- **DO NOTHING** You may do nothing, in which case you will not receive any payment from the Settlement Fund and you will be bound by the terms of the Settlement, including the release of claims.

The above rights and options — *and the deadlines to exercise them* — are explained in this Notice. The Court must decide whether to approve the Settlement. Payments will be made only if the Court approves the Settlement and, if there are any appeals, after appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why did I get this Notice?

You or someone in your family may have purchased China-Biotics Common Stock between July 10, 2008 and July 1, 2011, inclusive.

The Court authorized this Notice to inform people who purchased China-Biotics Common Stock during the Settlement Class Period about a proposed settlement of a class action lawsuit filed against China-Biotics, and the options that such people have before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and any appeals are resolved in favor of the Settlement, the claims administrator appointed by the Court (the “Claims Administrator”) will make the payments provided for under the Settlement.

This Notice explains the Litigation, the Settlement, your legal rights, what benefits are available, who is eligible for such benefits, and how to obtain them.

The title of the Litigation is *Hill v. China-Biotics, Inc., et al.*, Case No. 1:10-CV-07838-PAC (S.D.N.Y.). Plaintiffs include lead plaintiffs John Hill and Nureddin Nejm (“Lead Plaintiffs”), and named plaintiff Frank M. Tworek. Defendants are China-Biotics, Jinan Song, Li Chi Yuen a/k/a Raymond Li, Lewis Fan, Yan Yihong a/k/a Eva Yan, Travis Cai, Chin Ji Wei, Du Wen Min, and Simon Yick.

2. What is this lawsuit about?

John Hill filed the original putative securities class action complaint in the Litigation on October 13, 2010 alleging that China-Biotics and certain of its officers and directors made false and misleading statements in China-Biotics’ public filings with the U.S. Securities and Exchange Commission in violation of federal securities laws. On February 10, 2011, the Court appointed John Hill and Nureddin Nejm as Lead Plaintiffs. Lead Plaintiffs subsequently filed an amended complaint against the same defendants, alleging violations of the Securities Exchange Act of 1934 and the Securities Act of 1933. Lead Plaintiffs filed a Second Amended Complaint against the same defendants on January 9, 2012, which added Frank Tworek as the named Plaintiff for the Securities Act claims. On October 18, 2012, the Court consolidated the above-captioned case with *Casper v. Jinan*, 12-cv-4202 (S.D.N.Y.).

3. Why is this a class action?

The Litigation was filed as a class action lawsuit. In a class action, the plaintiff files a lawsuit on behalf of himself or herself and as a representative of other people who have similar claims. Class actions allow a court to consider the claims of a class of similarly situated people collectively where it might not be economically worthwhile for those people to file individual claims. The court’s decisions in a class action case are binding on all members of the class, except for those who inform the court that they wish to be excluded from the class.

4. Why is there a settlement?

The Settlement avoids the risks and costs of lengthy and uncertain continued litigation, including potential trial and likely appeals, and instead allows eligible Settlement Class Members to be compensated now. After extensive good-faith settlement discussions during the course of the Litigation, counsel for Lead Plaintiffs, counsel for Defendants, and counsel for a plaintiff in a related derivative lawsuit participated in a mediation session on April 24, 2012 and another on July 17, 2013 to try to

reach a resolution. Prior to the mediation, each side submitted a comprehensive statement setting forth its position. As a result of negotiations that occurred during and after the mediation, the parties reached an agreement to settle the Litigation and the related derivative lawsuit. Plaintiffs and Lead Counsel believe that the Settlement is in the best interests of all Settlement Class Members.

Defendants have denied and continue to deny any and all wrongdoing whatsoever, but have nonetheless agreed to the Settlement in order to eliminate the uncertainty, distraction, disruption, burden, risk, and expense of further litigation.

If the Court approves the Settlement, Plaintiffs will request that the Court dismiss the Litigation with prejudice and enter an order releasing all claims against Defendants. The effectiveness of the Settlement is contingent upon the Court's approval.

THE SCOPE OF THE SETTLEMENT

5. How do I know if I am covered by the Settlement?

All persons or entities who purchased or otherwise acquired China-Biotics Common Stock between July 10, 2008 and July 1, 2011, inclusive, are covered by the Settlement.

6. Are there exceptions to being included in the Settlement Class?

Yes. Excluded from the Settlement Class are Defendants and all officers and directors of China-Biotics, and all such excluded persons' immediate family members, legal representatives, heirs, predecessors, successors and assigns, and any entity in which any excluded person has or had a controlling interest. Also excluded from the Settlement Class are persons who file valid and timely requests for exclusion by following the instructions below.

7. I'm still not sure if I am covered by the Settlement.

If you still are not sure whether you are included, you can ask for free help. You can call the Claims Administrator at 1 (877) 495-3238 or visit www.ChinaBioticsSecuritiesSettlement.com for more information; you can e-mail a representative of Lead Plaintiffs' Counsel, Lester R. Hooker, at lhooker@saxenawhite.com for more information; or you can fill out and return the claim form described in Question 11 to see if you qualify.

THE SETTLEMENT BENEFITS – WHAT YOU GET

8. What does the Settlement provide?

Defendants have agreed to cause \$1,400,000 to be paid into a Settlement Fund in exchange for the release of claims provided for in the Stipulation. The Settlement Fund will be divided among all eligible Settlement Class Members who submit timely and valid Proofs of Claim approved by the Claims Administrator ("Authorized Claimants"), after payment of Court-approved attorneys' fees and litigation expenses, taxes, Plaintiffs' compensatory award and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing a notice in the news media. The amount remaining after such deductions is referred to as the "Net Settlement Fund."

9. How much will my payment be?

Your share of the Net Settlement Fund will depend on the overall number of valid claims that Settlement Class Members send in, the amount due under those claims, how many shares of China-Biotics Common Stock you purchased and sold during the Settlement Class Period, and when you bought and sold such shares. All calculations and determinations will be made by the Claims

Administrator under the supervision of Lead Plaintiffs' Counsel. Defendants have no role or responsibility in making any claim determinations.

10. The Plan of Allocation

A "Recognized Loss" will be calculated as set forth below for each share of China-Biotics Common Stock purchased or otherwise acquired during the Settlement Class Period, and for which adequate documentation is provided. The calculation of Recognized Loss will depend upon several factors, including when the China-Biotics Common Stock was purchased or otherwise acquired during the Settlement Class Period, and in what amounts, and whether those shares were sold, and if sold, when they were sold, and for what amounts.

Each Authorized Claimant's "Recognized Claim" shall be the total of his, her, or its Recognized Loss amounts for China-Biotics Common Stock. If the sum total of Recognized Claims of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each Authorized Claimant shall receive his, her, or its pro rata share of the Net Settlement Fund. The pro rata share shall be the Authorized Claimant's Recognized Claim divided by the total of Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. In the unlikely event that the Net Settlement Fund exceeds the sum total amount of the Recognized Claims of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund shall be distributed pro rata to all Authorized Claimants entitled to receive payment.

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among Authorized Claimants who suffered economic losses as a result of the alleged violations of the federal securities laws, as opposed to losses caused by market- or industry-wide factors, or Company-specific factors not related to the alleged violations of the federal securities laws. Based on the opinions of Lead Plaintiff's Counsel's damages consultant, the Plan of Allocation assumes that there were varied amounts of artificial inflation in the price of China-Biotics Common Stock during the Settlement Class Period. The computation of the alleged artificial inflation in each share of China-Biotics Common Stock reflects the price change in the stock, net of market- and industry-wide factors, in reaction to public announcements that corrected the misrepresentations alleged by Lead Plaintiffs in the Second Amended Complaint and in the complaint filed in the consolidated matter, *Casper v. Jinan*, 12-cv-4202 (S.D.N.Y.).

Federal securities laws allow investors to recover for losses caused by disclosures which correct Defendants' previous misleading statements or omissions. Thus, in order to have been damaged by the alleged violations of the federal securities laws, shares of China-Biotics Common Stock purchased or otherwise acquired during the Class Period must have been held during a period of time in which its price declined due to the disclosure of information which corrected an allegedly misleading statement or omission. Lead Plaintiffs and Lead Plaintiffs' Counsel have determined that such price declines occurred the following dates (the "corrective disclosure dates"): (i) August 30, 2010; (ii) September 21, 2010; (iii) January 21, 2011; (iv) June 15, 2011; and (v) July 1, 2011. Accordingly, if China-Biotics Common Stock was sold before August 30, 2010 (*i.e.*, the earliest corrective disclosure date), the Recognized Loss for those shares is \$0.00, and any loss suffered is not compensable under the federal securities laws. Similarly, if China-Biotics Common Stock was purchased and then sold between dates of corrective disclosures, the Recognized Loss for those shares is \$0.00, and any loss suffered is not compensable under the federal securities laws. In addition, the latest corrective disclosure date occurred

on July 1, 2011 (*i.e.*, the last day of the Settlement Class Period). Thus, the Recognized Loss for Common Stock purchased or otherwise acquired on July 1, 2011 and thereafter is \$0.

An estimate of artificial inflation in the price of China-Biotics Common Stock during the Settlement Class Period, assuming that Lead Plaintiff could adequately allege and prove liability for that entire period, is reflected in Table 1 below:

Table 1		
Alleged Artificial Inflation in the Price of China-Biotics Common Stock		
From	To	Alleged Artificial Inflation²
7/10/2008	8/29/2010	\$8.62
8/30/2010	9/20/2010	\$6.33
9/21/2010	1/20/2011	\$5.48
1/21/2011	6/14/2011	\$1.99
6/15/2011	6/30/2011	\$1.69
7/1/2011	and thereafter	\$0

The “90-day look-back” provision of the Private Securities Litigation Reform Act of 1995 (“PSLRA”) is incorporated into the calculation of the Recognized Loss. The limitations on the calculation of the Recognized Loss per share of China-Biotics Common Stock imposed by the PSLRA are applied such that losses on shares purchased or acquired during the Settlement Class Period and held as of the close of the 90-day period subsequent to the Settlement Class Period (the “90-day look-back period”) must not exceed the difference between the purchase price paid for the share of China-Biotics Common Stock and the average closing price of the stock during the 90-day look-back period. Losses on China-Biotics Common Stock purchased or acquired during the Settlement Class Period and sold during the 90-day look-back period, must not exceed the difference between the purchase price paid for the stock and the average closing price of the stock during the period from the start of the 90-day look-back period through the date of sale.

CALCULATION OF RECOGNIZED LOSS PER SHARE

For each share of China-Biotics Common Stock purchased or acquired during the Settlement Class Period, *i.e.*, July 10, 2008 through July 1, 2011, inclusive:³

- (1) and sold on or before August 29, 2010, the Recognized Loss per share is \$0.

² If the price inflation reflected in Table 1 exceeds the purchase price paid for shares of China-Biotics Common Stock, then the price inflation shall be equal to the purchase price paid for such shares of China-Biotics Common Stock, excluding all fees, taxes and commissions.

³ Any transactions in China-Biotics Common Stock executed outside of regular trading hours for the U.S. financial markets shall be deemed to have occurred during the previous regular trading session.

- (2) and sold during the period August 30, 2010 through July 1, 2011, inclusive, the Recognized Loss per share is the amount of artificial inflation per share on the date of purchase/acquisition as appears in Table 1 above, **minus** the amount of artificial inflation per share on the date of sale/disposition as appears in Table 1 above. If this calculation results in a negative number, then the Recognized Loss shall be \$0.
- (3) and sold during the period July 5, 2011⁴ through September 29, 2011 (*i.e.*, the 90-day period following the Settlement Class Period), the Recognized Loss per share is the lesser of:
- i. the amount of artificial inflation per share on the date of purchase/acquisition as appears in Table 1 above; and
 - ii. the purchase/acquisition price (excluding all fees, taxes and commissions) **minus** the “90-Day Look-Back Price” on the date of sale/disposition provided in Table 2 below. If this calculation results in a negative number, then the Recognized Loss shall be \$0.
- (4) and still held on or after September 30, 2011, the Recognized Loss per share is the lesser of:
- i. the amount of artificial inflation per share on the date of purchase/acquisition as appears in Table 1 above; and
 - ii. the purchase/acquisition price (excluding all fees, taxes and commissions) **minus** the average closing price of China-Biotics Common Stock during the 90 days following the Settlement Class Period, which is \$1.51. If this calculation results in a negative number, then the Recognized Loss shall be \$0.

Sale / Disposition Date	90-Day Look-Back Price
7/5/2011	\$1.25
7/6/2011	\$1.28
7/7/2011	\$1.30
7/8/2011	\$1.33
7/11/2011	\$1.35
7/12/2011	\$1.37
7/13/2011	\$1.42
7/14/2011	\$1.48
7/15/2011	\$1.53
7/18/2011	\$1.54
7/19/2011	\$1.55
7/20/2011	\$1.55
7/21/2011	\$1.56

⁴ July 5, 2011 is the first trading day after the Settlement Class Period.

Table 2
PSLRA Loss Limitation for 90-day Look-Back Period

Sale / Disposition Date	90-Day Look-Back Price
7/22/2011	\$1.57
7/25/2011	\$1.60
7/26/2011	\$1.63
7/27/2011	\$1.67
7/28/2011	\$1.72
7/29/2011	\$1.76
8/1/2011	\$1.84
8/2/2011	\$1.92
8/3/2011	\$1.96
8/4/2011	\$1.97
8/5/2011	\$1.98
8/8/2011	\$1.98
8/9/2011	\$1.98
8/10/2011	\$1.97
8/11/2011	\$1.96
8/12/2011	\$1.96
8/15/2011	\$1.95
8/16/2011	\$1.94
8/17/2011	\$1.94
8/18/2011	\$1.93
8/19/2011	\$1.93
8/22/2011	\$1.91
8/23/2011	\$1.90
8/24/2011	\$1.89
8/25/2011	\$1.88
8/26/2011	\$1.87
8/29/2011	\$1.86
8/30/2011	\$1.85
8/31/2011	\$1.83
9/1/2011	\$1.82
9/2/2011	\$1.80
9/6/2011	\$1.79
9/7/2011	\$1.77
9/8/2011	\$1.76
9/9/2011	\$1.74
9/12/2011	\$1.73
9/13/2011	\$1.71
9/14/2011	\$1.70
9/15/2011	\$1.68
9/16/2011	\$1.67
9/19/2011	\$1.65
9/20/2011	\$1.63

Sale / Disposition Date	90-Day Look-Back Price
9/21/2011	\$1.62
9/22/2011	\$1.60
9/23/2011	\$1.58
9/26/2011	\$1.56
9/27/2011	\$1.54
9/28/2011	\$1.53
9/29/2011	\$1.51

Additional Provisions

Purchases or acquisitions and sales of China-Biotics Common Stock shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. The receipt or grant by gift, inheritance, or operation of law of Common Stock during the Settlement Class Period shall not be deemed a purchase, acquisition, or sale of these shares of Common Stock for the calculation of an Authorized Claimant’s Recognized Claim, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of Common Stock unless: (i) the donor or decedent purchased or otherwise acquired such stock during the Settlement Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such stock; and (iii) it is specifically so provided in the instrument of gift or assignment.

For Authorized Claimants who made multiple purchases, acquisitions, or sales of China-Biotics Common Stock during the Settlement Class Period, the earliest subsequent sale shall be matched first against the Authorized Claimant’s opening position as of the first day of the Settlement Class Period, and then matched chronologically thereafter against each purchase or acquisition made through the end of the Settlement Class Period.

The Recognized Loss per Security for “short sales” is \$0. In the event that an Authorized Claimant had a short position in China-Biotics Common Stock, the date of covering a “short sale” is deemed to be the date of purchase of the stock. The date of a “short sale” is deemed to be the date of sale of the stock. The earliest Settlement Class Period purchases shall be matched against such short position, and not be entitled to a recovery, until that short position is fully covered.

China-Biotics Common Stock is the only security eligible for recovery under the Plan of Allocation. Option contracts are not securities eligible to participate in the Settlement. With respect to China-Biotics Common Stock purchased or sold through the exercise of an option, the purchase/sale date of the Common Stock shall be the exercise date of the option and the purchase/sale price of the Common Stock shall be the exercise price of the option.

A Settlement Class Member will be eligible to receive a distribution from the Net Settlement Fund only if that Settlement Class Member had a net loss after all profits from transactions in China-Biotics Common Stock during the Settlement Class Period are subtracted from all losses. A Settlement Class Member’s net market loss or gain represents his, her or its out-of-pocket losses (or profit) on China-Biotics Common Stock purchased during the Settlement Class Period, and is based on the difference between the total amount paid for all China-Biotics Common Stock acquired during the Settlement Class Period less the total proceeds received from sales or the holding value of such China-Biotics Common Stock. For China-Biotics Common Stock held as of the end of the Settlement Class Period the holding value shall be \$1.51 (*i.e.*, the average closing price for China-Biotics Common Stock

during the 90 days following the Settlement Class Period). Where sales of Common Stock during the Settlement Class Period have been applied against Common Stock held at the beginning of the Settlement Class Period, the proceeds of such sales will not be used in the calculation of such net market loss. If, during the Settlement Class Period, a Settlement Class Member had a net market loss in his, her or its trading in China-Biotics Common Stock, the Settlement Class Member's net Recognized Loss shall be limited to the Settlement Class Member's net market loss.

No distributions will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

The Court has jurisdiction to allow, disallow, or adjust the claim of any Settlement Class Member on equitable grounds.

All payments made under the Plan of Allocation set forth above shall be conclusive against all Settlement Class Members. No person shall have any claim against Lead Plaintiffs, Lead Plaintiffs' Counsel, the Claims Administrator or other person designated by Lead Plaintiffs' Counsel, Defendants, or Defendants' counsel based on any calculations, determinations and/or distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. Any Settlement Class Member who does not complete and submit a valid and timely Proof of Claim will not receive any distribution from the Net Settlement Fund (unless otherwise ordered by the Court), but will otherwise be bound by all of the terms of the Stipulation.

The foregoing Plan of Allocation is the plan that is being proposed to the Court for its approval by Lead Plaintiffs after consultation with its damages expert. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. Any Orders regarding any modification of the Plan of Allocation will be posted on the settlement website, www.ChinaBioticsSecuritiesSettlement.com.

HOW YOU GET A PAYMENT – SUBMITTING A PROOF OF CLAIM

11. How will I get a payment?

To qualify for a payment, you must send a Proof of Claim to the Claims Administrator. A Proof of Claim is enclosed with this Notice. Read the instructions carefully, fill out the Proof of Claim, include all the documents requested, sign it, and mail it in the enclosed envelope postmarked no later than August 27, 2015.

12. When would I get my payment?

It is difficult to predict when payments from the Settlement Fund will begin. The Court will hold the Settlement Hearing on Thursday, September 10, 2015, at 2 p.m., to decide whether to approve the Settlement. If the Court approves the Settlement, there may be appeals from the Court's approval, which could take a year or longer to resolve. The timing also depends on the number of Proofs of Claim submitted, which take time to process. If the Court approves the Settlement at the Settlement Hearing and no appeals are taken, it will likely take nine months or longer from the date of the Settlement Hearing for the Claims Administrator to begin making payments. Please be patient.

13. Can I sue Defendants for the same thing?

If you are a Settlement Class Member and you do not request exclusion from the Settlement Class in the manner described below, you may not sue, continue to sue or be part of any other lawsuit against any of the Released Persons (as defined in the Stipulation), including Defendants, based on the same or similar facts and issues in the Litigation. The precise scope of the releases is set forth in the Stipulation. It also means that all of the Court's orders will apply to you and legally bind you and you

will release your claims in this case (and in any other case alleging the same or similar facts and issues) against Defendants and the Released Persons.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep the right to sue Defendants on your own about the same factual issues in this case, then you must take steps to exclude yourself from the Settlement Class. This is sometimes referred to as “opting out” of the Settlement Class.

14. How do I exclude myself from the Settlement Class?

To exclude yourself from the Settlement Class, you must send a letter by mail stating that you want to be excluded from the Settlement Class in *Hill v. China-Biotics, Inc., et al.*, Case No. 1:10-CV-07838-PAC (S.D.N.Y.). The letter must include your name, address, phone number, e-mail (if any), and signature. You are also required to specify your purchases and sales of China-Biotics Common Stock during the Settlement Class Period, including the date, number of shares and price of the shares purchased or sold. You must mail your exclusion request so that it is postmarked by August 11, 2015 [at least thirty (30) calendar days prior to the Settlement Hearing] to:

China-Biotics, Inc. Securities Litigation – EXCLUSION REQUEST
c/o Angeion Group,
1801 Market Street, Suite 660
Philadelphia, PA 19103

If you ask to be excluded, you are not eligible to get any payment from the Net Settlement Fund, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you will be able to pursue claims that are being released in this Settlement.

15. If I do not exclude myself, can I sue Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Defendants or the Released Persons for the claims resolved by this Settlement. If you have a pending lawsuit against any Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is postmarked by August 11, 2015.

16. If I exclude myself, can I receive a payment from this Settlement?

No. If you exclude yourself, do not send in a claim form. But, you may sue, continue to sue, or be part of a different lawsuit against Defendants.

THE LAWYERS REPRESENTING YOU

17. Do I have a lawyer in this case?

The Court appointed the law firms of Saxena White P.A. and Ryan & Maniskas, LLP, to represent Plaintiffs and all Settlement Class Members. The Court also appointed the Law Offices of Curtis V. Trinko, LLP as liaison counsel for Plaintiffs and the Settlement Class. You will not be charged for the services of these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

18. How will the lawyers be paid?

Before the date of the Settlement Hearing, Lead Plaintiffs' Counsel will submit an application asking the Court for an award of attorneys' fees equal to 33 1/3% of the Settlement Fund, and for reimbursement of litigation expenses not to exceed \$120,000, both of which would be paid from the Settlement Fund. Settlement Class Members are not personally liable for such fees or expenses. To date, Lead Plaintiffs' Counsel has not received any payment for its services in conducting this Litigation on behalf of Plaintiffs and the Settlement Class, nor has it received any reimbursement of litigation expenses. The fee requested will compensate Lead Plaintiffs' Counsel for its work in achieving the Settlement and is within the range of fees awarded to class counsel under similar circumstances in other cases of this type. This motion will be considered at the Settlement Hearing.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

19. How do I tell the Court that I do not like the Settlement?

Any Settlement Class Member may object to the Settlement, the Plan of Allocation, the application for attorneys' fees and expenses, and/or the application for reimbursement of Lead Plaintiffs' compensatory award, and may also (but need not) appear at the Settlement Hearing to raise such an objection. To object, you must submit (a) a written statement identifying your name, address, and telephone number, and, if represented by counsel, your counsel's name and contact information; (b) proof of ownership of China-Biotics Common Stock during the Settlement Class Period, including the number of China-Biotics Common Stock and the date or dates of purchase; (c) a statement explaining your objection and your reasons for such objection; and (d) any supporting documentation. If you wish to appear at the Settlement Hearing, you must also include a statement of intention to appear at the Settlement Hearing. You must send these materials by first class mail to the following addresses and must be postmarked **by August 27, 2015** [14 days before the Settlement Hearing]:

The Court
Clerk of the Court
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street
New York, NY 10007

Re: *Hill v. China-Biotics, Inc., et al.*, Case No. 1:10-CV-07838-PAC (S.D.N.Y.)

Lead Plaintiffs' Counsel

Lester R. Hooker
SAXENA WHITE P.A.
5200 Town Center Circle, Suite 601
Boca Raton, FL 33486

Richard A. Maniskas
RYAN & MANISKAS, LLP
995 Old Eagle School Rd., Suite 311
Wayne, PA 19087

Counsel for Defendants

Jerome S. Fortinsky
SHEARMAN & STERLING LLP
599 Lexington Avenue
New York, NY 10022

If you do not raise an objection in the manner provided above, you will be deemed to have waived any objection to the Settlement, the Plan of Allocation, the attorneys' fees and expenses, and the reimbursement of Plaintiffs' expenses, unless otherwise ordered by the Court.

THE SETTLEMENT HEARING

The Court will hold a Settlement Hearing at 2:30 p.m. on September 10, 2015, before the Honorable Paul A. Crotty, United States District Judge, at the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 14C, New York, NY 10007. You may attend the Settlement Hearing, but you do not have to.

At the Settlement Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. The Court will consider any objections that have been properly submitted. The Court will also decide whether to approve the Plan of Allocation, the payment of fees and expenses to Lead Plaintiffs' Counsel, and the application for reimbursement of Plaintiffs' expenses. It is difficult to predict how long the hearing will take or whether the Court will make a decision on the day of the hearing or sometime later.

20. Do I have to come to the hearing?

No. Lead Counsel will be attending the Settlement Hearing on behalf of the Settlement Class. If you submit an objection in accordance with the instructions above, the Court will consider your objection even if you do not attend the Settlement Hearing. You may attend the Settlement Hearing if you want, at your own expense, or you may send your own lawyer to attend, but it is not necessary.

IF YOU DO NOTHING

21. What happens if I do nothing at all?

If you do nothing, you will not receive any payment from the Settlement Fund and you will be bound by the terms of the Settlement, including the release of claims against Defendants.

GETTING MORE INFORMATION

22. Are there more details about the Settlement?

This Notice summarizes the Settlement. More details are in the Stipulation, which has been filed with the Court. You can obtain a copy of the Stipulation from the Clerk's office at the Daniel Patrick Moynihan United States Courthouse, United States District Court, Southern District of New York, 500 Pearl Street, New York, NY 10007, during regular business hours, or it can be viewed or downloaded at www.ChinaBioticsSecuritiesSettlement.com. Or you may contact the Claims Administrator at 1 (877) 495-3238 or by email to ChinaBiotics@AngeionGroup.com.

23. How do I get more information?

You can call 1 (877) 495-3238 or write to a representative of Lead Plaintiffs' Counsel, Lester R. Hooker, or go to www.ChinaBioticsSecuritiesSettlement.com for additional information regarding the Settlement or the Litigation. *Please do not call the Court or the Clerk of the Court for additional information about the Settlement.*

24. Special notice to nominees

If you hold any China-Biotics Common Stock purchased between July 10, 2008 and July 1, 2011, inclusive, as a nominee for a beneficial owner, within ten (10) days after you receive this Notice, you must either (1) send a copy of this Notice by first class mail to all such beneficial owners; or (2)

provide a list of the names and addresses of such beneficial owners to the Claims Administrator at the following address:

China-Biotics, Inc. Securities Litigation
c/o Angeion Group,
1801 Market Street, Suite 660
Philadelphia, PA 19103
Email: ChinaBiotics@AngeionGroup.com

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing. You may be able to obtain reimbursement for, or advancement of, any reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice that would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator. Please contact the Claims Administrator for more information.

DATED: May 29, 2015

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK