

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

LANCE C. PROVO, on behalf of himself and all others similarly situated,)	
)	
Plaintiff,)	Case No.: 08-cv-10810
)	
-v-)	
)	
CHINA ORGANIC AGRICULTURE, INC., CHANGQING XU, XUEFENG GUO, HUIZHI XIAO, SHUJIE WU and JIAN LIN,)	
)	
Defendants.)	

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT, SETTLEMENT HEARING AND REQUEST FOR
ATTORNEYS’ FEES AND REIMBURSEMENT OF EXPENSES**

If you purchased on the OTC Bulletin Board the common stock of China Organic Agriculture, Inc. (“China Organic” or the “Company”) from July 12, 2007 through and including August 14, 2008 (the “Class Period”), you could receive a payment from settlement of this class action (the “Action”) described below (the “Settlement”).

A federal court authorized this Notice.¹ This is not a solicitation from a lawyer.

- The Settlement provides for the creation of a settlement fund of \$600,000 in a combination of cash and China Organic stock to pay claims asserted in the Action on behalf of investors who purchased the common stock of China Organic from July 12, 2007 through and including August 14, 2008.
- The Settlement resolves claims asserted in the Action by the Class Plaintiffs (as defined below) against China Organic, Changqing Xu (“Xu”), Xuefeng Guo (“Guo”), Huizhi Xiao (“Xiao”), Shujie Wu (“Wu”), and Jian Lin (“Lin”) (the Defendants”).
- There will be a Settlement Hearing on September 16, 2010, at 10:00 a.m., before the Honorable George B. Daniels, United States district judge, at the Daniel Patrick Moynihan United States Courthouse, Courtroom 21D, 500 Pearl Street, New York, NY 10007, to, among other things, consider whether the Settlement is fair, reasonable, and adequate.
- Your legal rights are affected whether you do or do not act. Please read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
Additional information about this Settlement can be found at abdataclassaction.com/cases.aspx	
SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN DECEMBER 15, 2010.	The only way to get a payment.
EXCLUDE YOURSELF FROM THE CLASS NO LATER THAN AUGUST 27, 2010.	Get no payment. This is the only option that allows you ever to be part of any other lawsuit against the Defendants or the other Released Parties about the legal claims in this case.
OBJECT NO LATER THAN AUGUST 27, 2010.	Write to the Court and explain why you do not like the Settlement.
GO TO THE HEARING ON SEPTEMBER 16, 2010, AND FILE A NOTICE OF INTENTION TO APPEAR NO LATER THAN AUGUST 27, 2010.	While you are not required under any circumstances to attend the hearing, you may ask to speak in Court about the fairness of the Settlement by following the procedures outlined herein.
DO NOTHING.	If you are a member of the Class (a “Class Member”) and do nothing, you will receive no payment, but you will surrender your right to pursue a lawsuit against the Defendants related to the claims at issue in the Action.

These rights and options—and the deadlines to exercise them—are explained in this Notice.

The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement, after any appeals are resolved, and after all claims are processed. Please be patient.

¹ All capitalized terms not otherwise defined in this document shall have the meaning provided in the Stipulation and Agreement of Settlement.

SUMMARY NOTICE

I. NATURE OF THE ACTION

This Action was brought by plaintiffs Ronald H. Linman, Francisco Mueller, Thomas E. Miller, and Hien Bui (“Class Plaintiffs”) against the Defendants.

Plaintiffs alleged that during the Class Period, Defendants recklessly overstated and exaggerated China Organic’s projected revenues and consumer demand for its products, causing losses to those who purchased China Organic stock during the Class Period. Specifically, the Complaint alleges that Defendants falsely projected increasing revenues based on sales of China Organic’s green rice and organic rice products. The Complaint alleges that Defendants touted the “ever-increasing demand for [the Company’s] well-known ErMaPao brand of high-quality rice products.” On August 14, 2008, the Company reported a net loss of \$121,000 for the second quarter of 2008 and announced a significant decline in the sale of green and organic rice during the quarter at its ErMaPao subsidiary. Later, on October 1, 2008, the Company announced that it had sold its ErMaPao subsidiary so that the Company could “diversif[y] into products other than rice.” Defendants deny these and all other allegations contained in the Complaint. For more information about the nature of the Action, see the answer to Question 2.

II. STATEMENT OF PLAINTIFF RECOVERY

This Notice relates to a proposed settlement of the Action. If approved by the Court, the proposed Settlement described herein will fully resolve all Settled Plaintiffs’ Claims, as described below, against the Defendants.

Pursuant to the terms of the Settlement, a Gross Settlement Fund consisting of \$300,000 in cash, plus any accrued interest, and such number of shares of China Organic stock as will be valued at \$300,000 pursuant to the terms of the Stipulation and Agreement of Settlement (“Settlement Agreement”) will be established to pay claims of investors who purchased the common stock of China Organic during the Class Period. The Net Settlement Fund (the Gross Settlement Fund less Administration Costs, attorneys’ fees, the reimbursement of expenses, and service awards) will be distributed in accordance with a plan of allocation (the “Plan of Allocation”). Class Plaintiffs’ damages expert estimates that approximately 31,300,000 shares traded on the Over the Counter Bulletin Board (“OTC”) may have been damaged during the Class Period as a result of the Defendants’ allegedly wrongful conduct. The average recovery per damaged share will depend upon a number of variables, including when and for what prices Class Members purchased those securities and the amount of the Recognized Losses (as defined below) suffered by those Class Members who file valid Proofs of Claim. Assuming that the owners of all affected shares traded on the OTC elect to participate, Class Plaintiffs’ damages expert estimates that the average per-share recovery from the Gross Settlement Fund will be approximately \$0.02 per damaged share before the deduction of any Court-approved attorneys’ fees, litigation expenses, or Administration Costs.

III. REASONS FOR THE SETTLEMENT

The Class Plaintiffs and their counsel (“Lead Plaintiffs’ Counsel”) believe that the claims asserted in the Class Action have merit and that at trial, the evidence would support the claims alleged. Nevertheless, the Class Plaintiffs and their counsel believe that the Settlement represents a substantial recovery for the Class and is in the best interests of all Class Members. The Lead Plaintiffs’ Counsel considered numerous factors in assessing the merits of the Settlement, although none of those factors, standing alone, was determinative.

Among other things, the Class Plaintiffs have conducted substantial legal research to assist them in analyzing the legal bases of the Class’s claims against the Defendants. The Lead Plaintiffs’ Counsel believe that the foregoing analysis and investigation provided them with an adequate basis for advising the Class Plaintiffs to accept the terms of the proposed Settlement of the Class Action with the Released Parties. Because of the risks associated with continuing to litigate and proceeding to trial, there was a danger that the Class Members would not have prevailed on any of their claims against the Defendants, in which case Class Members would have received no compensation from the Released Parties. The Lead Plaintiffs’ Counsel also considered the fact that there was no insurance to cover the claims asserted and that collection of any judgment against foreign nationals like the Defendants would be a difficult and lengthy procedure with an uncertain outcome. Even if the Class Plaintiffs prevailed at summary judgment and at trial, there is a danger that the total damages that would be awarded to the Class would be less than the Settlement consideration provided for in the Settlement. Additionally, even if the Class Plaintiffs successfully proved liability on the part of the Defendants at trial, the damages phase of the trial, or a subsequent appeal, could result in a damage award materially less than the Settlement consideration provided for in the Settlement.

Only one of the Defendants, the company, China Organic, itself, has appeared in the Action. At the current stage of the Action, it has not formally answered the Complaint. Of the other Defendants, all are individuals outside of the United States. Some of them were served with process and have defaulted in answering as of this point, but they could seek to vacate the defaults if the Action were to continue rather than to be settled. As to the Defendants that have not been served, there is no jurisdiction over them at this point, but the terms of the Settlement would provide the same protection from claims to them as to the other Defendants. If the Action were to continue, China Organic has advised that it would deny all charges of fault, wrongdoing, or liability against it and the other Defendants arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, in this Action. If the Action were to continue and other Defendants were to appear and seek to vacate their defaults, it is expected that they, too, would deny all liability asserted under the claims alleged. China Organic further relies on those portions of the Settlement Agreement that indicate that its entry into the Settlement shall not be construed or be deemed to be evidence or an admission or a concession on the part of any Defendant of any fault or liability or damages whatsoever, and China Organic does not concede any infirmity in the defenses that it would assert or intended to assert in the

Class Action. Nonetheless, China Organic has concluded that further litigation could be protracted and expensive and that it is desirable and in its best interests that the Class Action be fully and finally settled in the manner and upon the terms and conditions set forth in the Settlement Agreement. China Organic has therefore determined that it is desirable and beneficial for it to settle the Class Action in the manner and upon the terms and conditions set forth in the Settlement Agreement.

IV. STATEMENT OF POTENTIAL OUTCOMES OF THE CASE

The Parties disagree on both liability and damages and do not agree on the average amount of damages per share that would be recoverable if the Class Plaintiffs were to have prevailed on each claim alleged against the Defendants. China Organic denies that it is liable to the Class Plaintiffs or the Class and denies that the Class Plaintiffs or the Class have suffered any damages caused by the settling Defendants. The issues about which the Parties disagree include, for example, (i) whether any Defendant made any misrepresentation or omission that affected the trading price of China Organic stock; (ii) whether the price of China Organic stock was artificially inflated at all during the Class Period and, if it was, the appropriate economic model for determining the amount by which it was artificially inflated (if at all) during the Class Period; (iii) the amount by which China Organic stock was artificially inflated (if at all) during the Class Period; (iv) the effect of various market forces that influenced the trading prices of China Organic stock at different times during the Class Period; (v) the extent to which external factors, such as general market and industry conditions, influenced the trading prices of China Organic stock at various times during the Class Period; (vi) the extent to which alleged misrepresentations and omissions (if there were any) influenced (if at all) the trading prices of China Organic stock at various times during the Class Period; and (vii) whether the statements allegedly made or facts allegedly omitted were material or otherwise actionable under the federal securities laws.

V. STATEMENT OF ATTORNEYS' FEES AND EXPENSES SOUGHT

Lead Plaintiffs' Counsel intend to apply for an award of attorneys' fees on behalf of all plaintiffs' counsel not to exceed one-third of the Gross Settlement Fund created in connection with the Settlement of the claims against the Defendants, plus a pro rata share of any interest earned thereon from the time the Gross Settlement Fund is funded. In addition, Lead Plaintiffs' Counsel intend to apply for reimbursement of litigation expenses paid and incurred in connection with the prosecution and resolution of the claims against the Defendants in an amount not to exceed \$75,000. If the Court approves Lead Plaintiffs' Counsel's fee and expense application, the average cost per share will be approximately \$0.009. Lead Plaintiffs' Counsel have expended considerable time and effort in prosecuting this Action on a contingent-fee basis and have advanced the expenses of the Action with the expectation that if they were successful in obtaining a recovery for the Class, they would be paid a fair fee and the reasonable expenses advanced by them from that recovery. The maximum fee that Lead Plaintiffs' Counsel will request on behalf of Class Plaintiffs and the Class falls within the range of the percentage fees typically awarded in securities class action litigation.

VI. FOR MORE INFORMATION

Any questions regarding the Settlement should be directed to the Claims Administrator at:

**PROVO V. CHINA ORGANIC AGRICULTURE, INC.
CLAIMS ADMINISTRATOR
C/O A.B. DATA, LTD.
PO BOX 170500
MILWAUKEE, WI 53217-8042**

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A. BASIC INFORMATION

1. WHY DID I GET THIS NOTICE PACKAGE?

You or someone in your family may have purchased the common stock of China Organic from July 12, 2007 through and including August 14, 2008.

The Court ordered that this Notice be sent to you because, as a potential Class Member, you have a right to know about a proposed settlement of certain claims in a class action lawsuit and your options before the Court decides whether to approve the Settlement. If the Court approves the Settlement, after objections and appeals are resolved, a claims administrator appointed by the Court will process the payments that the Settlement allows.

The Court in charge of the case is the United States District Court for the Southern District of New York, and the case is known as *Provo v. China Organic Agriculture, Inc.*, Case No.: 08-cv-10810. The people that filed this lawsuit are the plaintiffs, and the people and entities plaintiffs have sued are the Defendants. This case is assigned to United States District Judge George B. Daniels.

2. WHAT IS THIS LAWSUIT ABOUT?

This Action was filed on December 12, 2008, and brought by plaintiffs against Defendants alleging that (i) Defendants violated Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and and Rule 10b-5 promulgated thereunder and (ii) Defendants Xu, Guo, Xiao, Wu and Lin violated Section 20(a) of the Exchange Act for acting as control persons within the meaning of the Exchange Act.

Plaintiffs allege that during the Class Period, Defendants recklessly overstated and exaggerated China Organic's projected revenues and other related measures of the Company's financial condition. The Complaint charges that the Defendants made false statements about the Company's ability to sell green and organic rice products at prices substantially higher than its competitors. As a result, the Complaint alleges the Company's stock price was artificially inflated, a circumstance that insiders capitalized on when they sold large amounts of their China Organic stock in 2008. As described in Section III above, these allegations and any other allegations made in the Complaint would be denied by China Organic if and when it were to file a pleading addressing the Complaint, and it is expected that any other Defendant that might appear in the Action would do the same. Defendants are not covered by any policy of directors' and officers' liability insurance for the claims alleged.

3. WHY IS THIS A CLASS ACTION?

In a class action, one or more people called "class representatives" sue on behalf of people who have similar claims. All these people are a "class" or "class members." One court resolves the issues for all class members, except for those who exclude themselves from the class.

4. WHY IS THERE A SETTLEMENT?

There has been no trial in the Action, and the Court did not decide in favor of the plaintiffs or the Defendants. Rather than proceeding to trial, the Class Plaintiffs and China Organic agreed to the Settlement. That way, the Class Plaintiffs avoid the risks and cost of a trial, China Organic avoids further costs, and the people affected by the alleged claims will get compensation. The Class Plaintiffs and their attorneys think the Settlement is best for all Class Members.

Before agreeing to this Settlement, Lead Plaintiffs' Counsel conducted an extensive investigation into the events and transactions underlying the claims alleged in the Complaint.

That investigation has included, among other things, substantial factual and legal investigation into the bases for the Class's claims against Defendants. The lack of any policy of insurance that provides coverage for the claims asserted weighed heavily in favor of an early settlement. The Lead Plaintiffs' Counsel believe that the foregoing analysis and investigation provided them with an adequate basis for advising the Class Plaintiffs to accept the terms of the proposed Settlement of the Class Action with the Released Parties.

5. WHY HAVE THE SETTLING DEFENDANTS AGREED TO THE SETTLEMENT?

The Settlement is not evidence of, an admission of, or a concession on the part of the Defendants of any fault or liability on the part of any Defendant or any infirmity in any defenses they have asserted or intended to assert in the Action. China Organic, however, considers it desirable, and in its best interests, that the claims against it be dismissed on the terms set forth in the Settlement Agreement to avoid further expense and protracted litigation.

6. WHAT LED UP TO THE SETTLEMENT?

The Action was commenced in December of 2008. The Settlement was preceded by extensive arm's-length negotiations among Lead Plaintiffs' Counsel and counsel for China Organic. Lead Plaintiffs' Counsel participated in a number of telephonic meetings with counsel for the Defendants. Through those extensive efforts, the Parties were able to agree upon the terms of the Settlement. Following the conclusion of the Parties' settlement efforts, the basic terms of the Settlement were set forth in the Settlement Agreement.

7. WHAT ARE THE REASONS PLAINTIFFS AGREED TO THE SETTLEMENT?

Class Plaintiffs and Lead Plaintiffs' Counsel believe that the claims asserted against the Defendants have merit. They recognize, however, the expense associated with the potentially lengthy continued proceedings necessary to pursue their claims against the Defendants through trial and appeals. Class Plaintiffs and Lead Plaintiffs' Counsel have also taken into account the issues discussed above in Section III of this Notice. In assessing the merits of the Settlement, Class Plaintiffs and Lead Plaintiffs' Counsel also considered the possibility that the Defendants would prevail at trial. Among other defenses, Class Plaintiffs expected the Defendants to argue that the Class's claims should

be dismissed in connection with a motion to dismiss or a summary judgment motion, at trial, or on appeal because (i) Defendants did not make any misrepresentation or omission; (ii) the Defendants did not act knowingly or recklessly in making the misrepresentations and omissions alleged by the plaintiffs; (iii) the Class Members did not suffer any legal damages; and (iv) the Defendants did not cause any losses or damages suffered by the members of the Class. In addition, Class Plaintiffs and Lead Plaintiffs' Counsel considered the risks inherent in presenting a complex case such as this one to the jury.

In light of these factors, and based on the substantial efforts of Lead Plaintiffs' Counsel detailed in response to Question 4 above, Lead Plaintiffs' Counsel, who have substantial experience in securities class action litigation, believe that the Settlement is a fair result for the members of the Class. Class Plaintiffs and Lead Plaintiffs' Counsel believe that a recovery now will provide an immediate benefit to Class Members and that the amount of that benefit is reasonable in light of the substantial risks inherent in further pursuit of this litigation, particularly the risk that Class Plaintiffs would be unable to collect upon any judgment entered in the Class's favor. Considering these factors and balancing them against the certain and substantial benefits that the Class will receive as a result of the Settlement, Class Plaintiffs and Lead Plaintiffs' Counsel determined that the Settlement described herein is fair, reasonable, and adequate and that it is in the best interests of the Class to settle the claims against the Defendants on the terms set forth in the Settlement Agreement and this Notice.

B. WHO IS IN THE SETTLEMENT

To see if you will get money from this Settlement, you first have to determine if you are a Class Member.

8. HOW DO I KNOW IF I AM A MEMBER OF THE CLASS AND ENTITLED TO A PART OF THE SETTLEMENT?

The Class covered by this Settlement consists of all persons who between July 12, 2007 and August 14, 2008, inclusive, purchased on the OTC Bulletin Board shares of the common stock of China Organic.

9. ARE THERE EXCEPTIONS TO BEING INCLUDED?

The following people and entities are excluded from the Class:

Defendants, members of the immediate family of each of the Defendants, any subsidiary or affiliate of China Organic and the directors and officers of China Organic or its subsidiaries or affiliates, or any entity in which any excluded person has a controlling interest, and the legal representatives, heirs, successors and assigns claiming through any excluded person.

Also excluded from the Class are any putative Class Members who exclude themselves by filing a request for exclusion in accordance with the requirements set forth in this Notice.

RECEIPT OF THIS NOTICE DOES NOT NECESSARILY MEAN THAT YOU ARE A CLASS MEMBER OR ARE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU WISH TO PARTICIPATE IN THE SETTLEMENT, YOU MUST SUBMIT THE ENCLOSED PROOF OF CLAIM POSTMARKED NO LATER THAN DECEMBER 15, 2010.

10. I AM STILL NOT SURE IF I AM INCLUDED.

If you are still not sure whether you are included, you can ask for free help. You can call toll free 866-778-9472 to request additional information or obtain the information available at abdataclassaction.com/cases.aspx. You can also elect to fill out and return the Proof of Claim described in the answer to Question 13 to see if you qualify. If you did not receive a copy of the Proof of Claim with this Notice, you can obtain a copy of the Proof of Claim from the Claims Administrator, abdataclassaction.com/cases.aspx, or Lead Plaintiffs' Counsel.

C. THE SETTLEMENT BENEFITS—WHAT YOU GET

11. WHAT DOES THE SETTLEMENT PROVIDE?

The settling Defendants have agreed to make a payment to the Class totaling \$600,000, which together with any interest that may accrue thereon is referred to as the Gross Settlement Fund, to settle the claims asserted by the Class Plaintiffs against the Defendants. The \$600,000 Gross Settlement Fund consists of \$300,000 in cash and \$300,000 in China Organic stock, composed of the number of shares of China Organic common stock as is determined by dividing three hundred thousand dollars (\$300,000) by the "average closing price," which shall be the average of the last sale price or, if there is no sale on a given day, the mean of the closing bid and asked prices for a share of common stock of China Organic (on such market or exchange on which the common stock is then traded) for the 30 trading days immediately preceding entry by the Court of the Preliminary Order, provided, however, that if due to any reorganization, recapitalization, reclassification, consolidation, merger, or other event, the common stock of China Organic shall have been converted into cash, securities, or other property, or a combination thereof, the valuation period shall be the last 30 days preceding the effective date of such reorganization, recapitalization, reclassification, consolidation, merger, or other event. The Gross Settlement Fund will be distributed to the members of the Class who submit valid Proofs of Claim in connection with the Settlement after all Court-approved attorneys' fees, the reimbursement of costs and expenses, the payment of service awards, administration expenses, and taxes are deducted from the Gross Settlement Fund.

12. HOW MUCH WILL MY PAYMENT BE?

Your share of the fund will depend on the number of valid Proofs of Claim that Class Members submit, how many shares of China Organic stock you bought, and when you bought and sold them. The proposed Plan of Allocation is set forth at the end of this Notice.

By following the instructions in the proposed Plan of Allocation located at the end of this Notice, you can calculate your Recognized Loss. After all Class Members have submitted their Proofs of Claim, the payment you get will reflect your *pro rata* Recognized Loss in relation to the total of everyone's Recognized Losses. See the instructions in the proposed Plan of Allocation for more information concerning your Recognized Loss.

D. HOW YOU GET A PAYMENT—SUBMITTING A PROOF OF CLAIM

13. HOW CAN I GET A PAYMENT?

If you purchased the common stock of China Organic from July 12, 2007 through and including August 14, 2008, then you must send in a Proof of Claim in connection with the Settlement to qualify for payment. A Proof of Claim is being circulated with this Notice. You may also obtain a Proof of Claim on the Internet at abdataclassaction.com/cases.aspx or by contacting Lead Plaintiffs' Counsel. Please read the instructions set forth in the Proof of Claim carefully. You may not be eligible for any payment from the Net Settlement Fund if you complete the Proof of Claim improperly or if you fail to submit all documents the form requires, sign the form, and mail it to the Claims Administrator postmarked no later than December 15, 2010.

14. WHEN WILL I GET MY PAYMENT?

The Court will hold a hearing on September 16, 2010, to decide whether to approve the Settlement. If the Court approves the Settlement, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. It will also take time to process the Proofs of Claim submitted by all Class Members. Please be patient.

15. WHAT AM I GIVING UP TO GET A PAYMENT OR STAY IN THE CLASS?

Unless you exclude yourself, you will remain a Class Member. If the Settlement is approved, all Class Members who do not exclude themselves from the Class will release all "Settled Plaintiffs' Claims" (as defined below) against the "Released Parties" (as defined below).

- (a) "Settled Plaintiffs' Claims" means any and all claims, debts, demands, rights or causes of action or liabilities whatsoever (including but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including both known claims and Unknown Claims, accrued claims and unaccrued claims, foreseen claims and unforeseen claims, matured claims and not matured claims, whether known or unknown, (i) that have been asserted in this Class Action by the Class Members or any of them against any of the Released Parties, or (ii) that could have been, or could in the future be, asserted in the Class Action against any of the Released Parties which arise out of or relate in any way to the allegations, transactions, conduct, facts, matters or occurrences, representations or omissions involved, set forth, referred to or that could have been asserted in the Class Action, or (iii) that relate to the purchase, transfer, acquisition, holding, or sale of China Organic common stock during the Class Period, except claims relating to the enforcement of the Settlement or Settlement Agreement. To the extent applicable, with respect to the above, it is the intention of the Class Plaintiffs, on behalf of themselves and the Class Members, to expressly waive and relinquish: (a) the provisions, rights, and benefits of Section 1542 of the California Civil Code, which provides that: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor;" and (b) the provisions, right and benefits of any similar statute or common law of any other jurisdiction that may be, or may be asserted to be, applicable.
- (b) "Released Parties" means China Organic, Changqing Xu, Xuefeng Guo, Huizhi Xiao, Shujie Wu and Jian Lin, and any of its, his or their current, former or future subsidiaries, parents, divisions, affiliates, acquirers, officers, directors, shareholders, members, joint venturers, investors, underwriters, auditors, accountants, agents, servants, attorneys, investment advisors, employees, insurers, heirs, executors, representatives, predecessors, successors, assigns, trusts, and any Person, firm, trust, corporation, officer, director, or other individual or entity in which any Defendant has a controlling interest or which is related or affiliated with any of the Defendants, and the respective legal representatives, heirs, executors, administrators, predecessors, successors in interest, and/or assigns of any of them. Any reference herein to "Released Parties" shall be deemed to include the phrase "and each and all of them."

If you remain a Class Member, all of the Court's orders will apply to you and legally bind you.

E. EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from the Settlement, but you want to keep the right to sue or to continue to sue the Defendants on your own about any Settled Claim, then you must exclude yourself from the Class. This is sometimes referred to as "opting out" of the Class. If you want to be excluded from the Class certified with respect to this Settlement, you must submit a request for exclusion.

16. HOW DO I GET OUT OF THE SETTLEMENT?

To exclude yourself from the Settlement, you must send a letter by mail stating that you "request exclusion from the Class certified in connection with the Settlement in *Provo v. China Organic Agriculture, Inc.*, Case No.: 08-cv-10810." Persons requesting exclusion are also requested to provide the date(s), price(s), and number of shares of all purchases and sales of China Organic stock during the Class Period. In addition, be sure to include your name, address, telephone number, and your signature. Your exclusion request must be mailed to the following address no later than August 27, 2010:

**PROVO V. CHINA ORGANIC AGRICULTURE, INC.
CLAIMS ADMINISTRATOR
EXCLUSIONS
C/O A.B. DATA, LTD.
PO BOX 170500
MILWAUKEE, WI 53217-8042**

You cannot exclude yourself on the phone or by email. If you ask to be excluded, you will not get any payment from the Settlement and you cannot object to the Settlement. You will not give up any rights to sue the Defendants for the claims that the Settlement resolves, and you may be able to sue (or continue to sue) the Defendants in the future for the claims involved in this lawsuit.

17. IF I DO NOT EXCLUDE MYSELF, CAN I SUE THE SETTLING DEFENDANTS FOR THE SAME THING LATER?

No. If you are a Class Member, unless you exclude yourself from the Settlement, you give up any rights to sue the Released Parties, including the Defendants, for the claims that the Settlement resolves. If you have a pending lawsuit against any of the Released Parties, speak to your lawyer in that case immediately. You must exclude yourself from **this** Class to continue your own lawsuit against the Defendants. Again, the exclusion deadline is August 27, 2010.

18. IF I EXCLUDE MYSELF, CAN I GET MONEY FROM THIS SETTLEMENT?

No. If you exclude yourself from the Settlement, do not send in a Proof of Claim to ask for any money.

F. THE LAWYERS REPRESENTING YOU

19. DO I HAVE A LAWYER IN THIS CASE?

The Court ordered that the law firms of Sarraf Gentile LLP in New York and Vianale & Vianale LLP in Florida will represent you and other Class Members. These lawyers are called Lead Plaintiffs' Counsel. If you prefer to be represented by your own lawyer, you may hire one at your own expense.

20. HOW WILL THE LAWYERS BE PAID?

Lead Plaintiffs' Counsel will ask the Court to award attorneys' fees not to exceed one-third (33.3%) of the Gross Settlement Fund and for reimbursement of expenses advanced by Lead Plaintiffs' Counsel of no greater than \$75,000, plus interest. The requested fees and expenses would amount to an average of \$0.009 per damaged share of China Organic stock traded during the Class Period. Any award of attorneys' fees will be distributed by mutual agreement among Lead Plaintiffs' Counsel. In addition, a request will be made for service awards of \$500 for each of the five individual plaintiffs named in this Action.

Lead Plaintiffs' Counsel have expended considerable time and effort in the prosecution of this Action on a contingent-fee basis and have advanced the expenses associated with the Action with the expectation that if they were successful in obtaining a recovery for the Class, they would be paid a fair fee and the reasonable expenses advanced by them from that recovery. The maximum fee that Lead Plaintiffs' Counsel will request on behalf of Lead Plaintiffs' Counsel falls within the range of the percentage fees typically awarded in securities class action litigation.

G. OBJECTING TO THE SETTLEMENT

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

21. HOW DO I TELL THE COURT THAT I DO NOT LIKE THE SETTLEMENT?

If you are a Class Member, you can object to the Settlement if you do not like any part of it. You can give reasons why you think the Court should not approve it. To object, you must send a letter saying that you object to the Settlement in *Provo v. China Organic Agriculture, Inc.*, Case No.: 08-cv-10810. Be sure to include your name, address, telephone number, signature, and the reasons you object to the Settlement. Mail the objection to these following places postmarked no later than August 27, 2010:

The Court:

Clerk of the Court
Daniel Patrick Moynihan
United States Courthouse
500 Pearl Street
New York, NY 10007

Lead Plaintiffs' Counsel:

Ronen Sarraf, Esq.
SARRAF GENTILE LLP
116 John Street, Suite 2310
New York, NY 10038

Kenneth J. Vianale, Esq.
VIANALE & VIANALE LLP
2499 Glades Road, Suite 112
Boca Raton, FL 33431

Counsel for Defendants:

Ted G. Semaya, Esq.
EATON & VAN WINKLE LLP
3 Park Avenue, 16th Floor
New York, NY 10016

22. WHAT IS THE DIFFERENCE BETWEEN OBJECTING AND EXCLUDING?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

H. THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you do not have to do so.

23. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?

The Court will hold a Settlement Hearing on September 16, 2010, at 10:00 a.m., before the Honorable George B. Daniels, United States district judge, at the Daniel Patrick Moynihan United States Courthouse, Courtroom 21D, 500 Pearl Street, New York, NY 10007. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. At or after the hearing, the Court will decide whether to approve the Settlement and how much to pay Lead Plaintiffs' Counsel. We do not know how long these decisions will take.

24. DO I HAVE TO COME TO THE HEARING?

No. Lead Plaintiffs' Counsel will answer questions the Court may have. You are welcome to come at your own expense. If you submit a written objection, you do not have to attend the Settlement Hearing to address your concerns. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary to do so.

25. MAY I SPEAK AT THE HEARING?

You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must send a letter stating that it is your "Notice of Intention to Appear at the Settlement Hearing in *Provo v. China Organic Agriculture, Inc.*" Be sure to include your name, address, telephone number, and your signature on that document. Your Notice of Intention to Appear must be postmarked no later than August 27, 2010, and must be sent to the Clerk of the Court, Lead Plaintiffs' Counsel, and counsel for Defendants at the addresses set forth in the response to Question 21. You cannot speak at the hearing if you excluded yourself. Persons who intend to object to the Settlement and/or the application of Lead Plaintiffs' Counsel for an award of attorneys' fees and expenses and who desire to be heard at the Settlement Hearing must send a written objection in conformity with the instructions outlined in response to Question 21 above and include in their written objection the identity of witnesses they may call to testify and must identify the exhibits they intend to introduce into evidence at the Settlement Hearing.

I. IF YOU DO NOTHING

26. WHAT HAPPENS IF I DO NOTHING AT ALL?

If you do nothing, you will get no money from the Settlement. If you are a Class Member, however, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Released Parties, including the Defendants, regarding the legal issues in this case.

J. GETTING MORE INFORMATION

27. ARE THERE MORE DETAILS ABOUT THE SETTLEMENT?

This Notice summarizes the proposed Settlement. More details are set forth in the Settlement Agreement. You can get a copy of the Settlement Agreement by writing to the Claims Administrator at Provo v. China Organic Agriculture, Inc., Claims Administrator, c/o A.B. Data, Ltd., PO Box 170500, Milwaukee, WI 53217-8042 or downloading it from abdataclassaction.com/cases.aspx.

28. HOW DO I GET MORE INFORMATION?

You can obtain additional information concerning the Settlement by calling 866-778-9472 toll free; or by writing to the address provided in the answer to the previous question or going to the website noted above, where you may obtain additional information concerning the Settlement, Proofs of Claim, and other information that may help you determine whether you are a Class Member and whether you are eligible for a payment.

K. PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

The Gross Settlement Fund, less all taxes, approved costs, fees, expenses, and awards (the Net Settlement Fund) shall be distributed to Class Members who submit valid Proofs of Claim in connection with the Settlement ("Qualified Claimants").

The Claims Administrator shall determine each Qualified Claimant's *pro rata* share of the Net Settlement Fund based upon each Qualified Claimant's Recognized Loss. The Recognized Loss formula is not intended to be an estimate of the amount that a Class Member might have been able to recover after a trial, nor is it an estimate of the amount that will be paid to Qualified Claimants pursuant to the Settlement. The Recognized Loss formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Qualified Claimants.

A Qualified Claimant's recognized loss ("Recognized Loss") is determined by the date(s) the Qualified Claimant purchased or sold any shares of China Organic stock during the Class Period, as set forth below.

- A. For shares sold at a profit during the Class Period, the Recognized Loss is zero.
- B. For shares purchased between July 12, 2007 and August 14, 2008, inclusive, and held at the close of trading on August 14, 2008, the Recognized Loss shall be the lesser of:
 - 1. \$3.80 per share; or
 - 2. The difference between the purchase price per share and \$0.37 for each share still held at the close of trading on August 14, 2008.¹
- C. For shares purchased and sold between July 12, 2007 and August 14, 2008, inclusive, the Recognized Loss shall be zero, \$0.00.
- D. In determining Recognized Losses, the first in, first out (FIFO) principle of accounting will be applied. That is, sales of China Organic stock during the Class Period will be matched, in chronological order, first against China Organic stock the Qualified Claimant owned at the beginning of business on July 12, 2007, and then against all purchases of China Organic stock made during the Class Period.
- E. The prices utilized in determining a Qualified Claimant's Recognized Loss will be exclusive of any sales charges or commissions.
- F. The date of covering a "short sale" is deemed to be the date of purchase or acquisition of China Organic stock. The date of a "short sale" is deemed to be the date of sale of China Organic stock. The Recognized Loss Amount on "short sales" is zero, \$0.00.
- G. To the extent a Qualified Claimant had a gain from his, her, or its overall transactions in China Organic stock, the value of the recognized claim will be zero. To the extent that a Qualified Claimant suffered an overall loss on his, her, or its overall transactions in China Organic stock, but that loss was less than the Recognized Loss calculated above, then the Recognized Loss shall be limited to the amount of the actual loss.

The receipt or grant by gift, devise, or operation of law of China Organic stock during the Class Period shall not be deemed a purchase or sale of China Organic stock for the calculation of a Qualified Claimant's Recognized Loss, nor shall it be deemed an assignment of any claim relating to the purchase of such securities unless specifically provided in the instrument of gift or assignment. You can only make a claim for China Organic stock which you purchased for cash. You will not be able to make a claim for losses sustained on shares you received in return for services rendered to China Organic or for any consideration other than cash.

Each Qualified Claimant shall be allocated a *pro rata* share of the Net Settlement Fund based on his, her, or its Recognized Loss as compared to the total Recognized Losses of all Qualified Claimants.

Class Members who do not submit valid Proofs of Claim will not share in the proceeds of the Settlement. Class Members who do not either submit a request for exclusion or submit a valid Proof of Claim will nevertheless be bound by the Settlement and the Final Order of the Court dismissing this Action against the Defendants.

Checks and/or stock will be distributed to Qualified Claimants after approval of this Settlement, after all claims have been processed, and after the Court has approved the administrative determinations accepting and rejecting the claims submitted. The cash portion of the Net Settlement Fund shall be distributed by check. The stock portion of the Net Settlement Fund shall be distributed as stock, with the Claims Administrator rounding down each Qualified Claimant's Recognized Loss such that the stock will be distributed in whole numbers; i.e., there will be no fractional shares distributed.

L. SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased China Organic stock during the Class Period for the beneficial interest of a person or organization other than yourself, you are directed to send a copy of this Notice and the Proof of Claim to the beneficial owner of these securities postmarked no later than seven (7) days from the date of this Notice or to provide the names and addresses of such persons no later than seven (7) days from the date of this Notice to Provo v. China Organic Agriculture, Inc., Claims Administrator, Attention: Fulfillment Department, c/o A.B. Data, Ltd., 3410 West Hopkins Street, PO Box 170500, Milwaukee, WI 53217-8042, in which case the beneficial owner will be sent a copy of the Notice. Upon full compliance with these directions, such nominees may seek reimbursement of the reasonable expenses they actually incurred in complying with their obligations by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Proof of Claim may also be obtained from the Claims Administrator's website abdataclassaction.com/cases.aspx or by calling 866-778-9472.

DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF THE COURT REGARDING THIS NOTICE.

Dated: July 19, 2010

By Order of the Clerk of the Court
 United States District Court for the
 Southern District of New York

¹Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995, "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated." \$0.34 was the mean closing price of China Organic common stock during the 90-day period beginning on August 15, 2008, and ending on November 13, 2008.