



中國植物開發控股有限公司
 CHINA BOTANIC DEVELOPMENT HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
 (Stock Code: 2349)

**ANNOUNCEMENT OF INTERIM RESULTS
 FOR THE SIX MONTHS ENDED 30 JUNE 2008**

INTERIM RESULT

The board of directors (the “Board”) of China Botanic Development Holdings Limited (the “Company” or “China Botanic”) announces the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2008 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
	<i>Note</i>		
Turnover	2	128,136	110,014
Cost of sales		(88,962)	(74,678)
Gross profit		39,174	35,336
Gain from changes in fair value of biological assets less estimated point-of-sales costs		60,211	–
Other operating income		2,756	954
Selling and distribution expenses		(13,388)	(12,229)
Administrative expenses		(20,779)	(8,857)
Profit from operations	3	67,974	15,204
Finance costs	4	(20,186)	(6,016)
Profit before taxation		47,788	9,188
Taxation	5	(3,972)	(1,868)
Profit for the period		43,816	7,320
Attributable to:			
– Equity holders of the Company		16,124	7,320
– Minority interests		27,692	–
		43,816	7,320
Earnings per share	6		
– Basic		2.33 cents	1.36 cents
– Diluted		1.10 cents	1.35 cents

CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 June 2008 (unaudited) HK\$'000	As at 31 December 2007 (audited) HK\$'000
	<i>Note</i>		
NON-CURRENT ASSETS			
Prepaid lease payments		3,191	3,147
Property, plant and equipment		205,130	174,508
Biological assets		139,893	74,909
Intangible assets		832	532
Deposits paid on acquisition of a subsidiary		–	6,000
Deposits paid on acquisition of property, plant and equipment		–	17,391
Goodwill		182,340	171,613
		<u>531,386</u>	<u>448,100</u>
CURRENT ASSETS			
Inventories		88,836	64,794
Trade and other receivables	8	189,626	215,354
Pledged bank deposits		32,898	23,622
Bank balances and cash		103,891	134,649
		<u>415,251</u>	<u>438,419</u>
CURRENT LIABILITIES			
Trade and other payables	9	30,074	49,285
Obligations under finance leases		6,845	9,830
Tax payable		3,267	5,742
Amounts due to minority shareholders		7,959	5,493
Amount due to a shareholder		2,000	11,626
Borrowings		156,486	119,346
		<u>206,631</u>	<u>201,322</u>
NET CURRENT ASSETS		<u>208,620</u>	<u>237,097</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>740,006</u>	<u>685,197</u>
NON-CURRENT LIABILITIES			
Obligations under finance leases		1,429	3,666
Borrowings		16,426	23,098
Convertible notes		253,495	244,834
Deferred tax liabilities		429	379
		<u>271,779</u>	<u>271,977</u>
NET ASSETS		<u>468,227</u>	<u>413,220</u>
CAPITAL AND RESERVES			
Share capital		6,919	6,919
Reserves		360,747	333,554
Equity attributable to equity holders of the Company		367,666	340,473
Minority interests		100,561	72,747
TOTAL EQUITY		<u>468,227</u>	<u>413,220</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2008

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. In preparing this interim financial report, the significant judgements made by management, in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended 31 December 2007.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2007. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”, which term collectively includes HKASs and Interpretations).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2007 and the Group adopted the following new interpretations for the accounting period beginning on or after 1 January 2008:

HK(IFRIC) – Int 11	HKFRS 2 – Group and treasury share transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of these new interpretations do not have a significant impact on the Group’s results and financial position. The Group has not early adopted the new/revised standards and interpretations to existing standards that have been issued but not yet effective for the financial year beginning 1 January 2008. The Group is in the process of assessing their impact to the Group’s results and financial position.

2. TURNOVER AND SEGMENT INFORMATION

Segment information is presented in respect of the Group’s business segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group’s internal financial reporting system. Turnover represents the sales value of goods sold less returns, discounts, value added taxes and other sale taxes. The Group is engaged in the following main business segments:

- (i) Wah Yuen Foods Business Segment engages in production and distribution of snack food, convenience frozen food and other food products.

- (ii) Seabuckthorn Business Segment engages in cultivation of seabuckthorn seedlings, as well as manufacture, sales, research and development of seabuckthorn-related health products.

	Wah Yuen Foods Business		Seabuckthorn Business		Eliminations		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE								
External sales	118,550	110,014	9,586	-	-	-	128,136	110,014
Inter-segment sales	9,653	10,450	-	-	(9,653)	(10,450)	-	-
Total revenue	<u>128,203</u>	<u>120,464</u>	<u>9,586</u>	<u>-</u>	<u>(9,653)</u>	<u>(10,450)</u>	<u>128,136</u>	<u>110,014</u>
SEGMENT RESULTS	<u>17,381</u>	<u>14,250</u>	<u>50,302</u>	<u>-</u>			67,683	14,250
Unallocated corporate income							2,756	954
Unallocated corporate expenses							(2,465)	-
Finance costs							(20,186)	(6,016)
Taxation							(3,972)	(1,868)
Profit for the period							<u>43,816</u>	<u>7,320</u>

3. PROFIT FROM OPERATIONS

The Group's profit from operations is stated after charging/(crediting) the followings:

	For the six months ended 30 June	
	2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Cost of inventories sold	88,962	74,678
Gain from changes in fair value of biological assets		
less estimated point-of-sales costs	(60,211)	-
Depreciation and amortisation	5,831	3,139
Equity-settled share option expenses	2,465	153
Operating lease rental in respect of rental premises	<u>1,287</u>	<u>790</u>

4. FINANCE COSTS

	For the six months ended 30 June	
	2008	2007
	(unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>
Interest expense on bank borrowings wholly repayable within five years	6,673	5,453
Interest expense on obligations under finance leases	321	563
Effective interest expense on convertible notes	<u>13,192</u>	<u>–</u>
	<u>20,186</u>	<u>6,016</u>

5. TAXATION

	For the six months ended 30 June	
	2008	2007
	(unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>
Current income tax:		
Hong Kong Profits Tax		
– current period	540	495
– under provision in prior periods	–	368
PRC Enterprise Income Tax		
– current period	<u>3,382</u>	<u>1,005</u>
Current tax charge for the period	3,922	1,868
Deferred tax charge for the period	<u>50</u>	<u>–</u>
	<u>3,972</u>	<u>1,868</u>

Hong Kong Profits Tax was provided at rate of 16.5% (six months ended 30 June 2007: 17.5%) on the estimated assessable profits arising in or derived from Hong Kong. In June 2008, the Hong Kong Special Administrative Region Government enacted a change in the profits tax rate from 17.5% to 16.5% commencing the fiscal year 2008/2009.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Law") which has taken effect on 1 January 2008. As a result of the New Law, the Company's subsidiaries in the PRC are subject to statutory income tax rate of 25% since then.

7. INTERIM DIVIDEND

The Board do not recommend the payment of an interim dividend for the six months ended 30 June 2008 (six months ended 30 June 2007:Nil).

8. TRADE AND OTHER RECEIVABLE

The Group adopts a general policy of allowing average credit periods ranging from 90 days to 180 days to its trade customers. However, for certain customers with long-established relationship and good past repayment histories, a longer credit period may be granted up to one year.

An aged analysis of trade receivables (net of allowance for bad and doubtful debts) is as follows:

	As at 30 June 2008 (unaudited) HK\$'000	As at 31 December 2007 (audited) HK\$'000
Within 90 days	62,445	78,174
91 to 180 days	34,181	30,606
Over 180 days	46,004	60,406
	<hr/>	<hr/>
Trade receivables	142,630	169,186
Deposits, prepayments and other receivables	46,996	46,168
	<hr/>	<hr/>
	189,626	215,354
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of the Group's trade and other receivables approximated their fair value.

9. TRADE AND OTHER PAYABLE

An aged analysis of the trade payables is as follows:

	As at 30 June 2008 (unaudited) HK\$'000	As at 31 December 2007 (audited) HK\$'000
Within 90 days	6,633	11,325
91 to 180 days	2,523	1,809
Over 180 days	2,247	7,731
	<hr/>	<hr/>
Trade payables	11,403	20,865
Other payables	18,671	28,420
	<hr/>	<hr/>
	30,074	49,285
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of the Group's trade and other payables approximated their fair value.

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review

China Botanic is the largest manufacturer and provider of seabuckthorn as well as a leading provider of seabuckthorn-related products and healthcare products in the PRC. Since November 2007, the Group has established a dominant market presence and gained a strong foothold in the seabuckthorn market in China.

The Group is also involved in food manufacturing, research and development, and sales and distribution. It offers over 200 types of quality snack products in unique asian flavour under the “Wah Yuen”, “Rocco” and “采楓” brands.

The Group’s revenue for the six months ended 30 June 2008 amounted to HK\$128,136,000, representing an increase of 16.5% as compared to the same period last year. Profit attributable to the equity holders increased substantially by 120% to HK\$16,124,000.

The satisfactory results were attributable to the stable sales performance of “Wah Yuen” food products as well as the profitable seabuckthorn and healthcare products. During the period, food manufacturing remained as the core revenue contributor of the Group and amounted to 92.5% of the Group’s revenue. However, it is expected that seabuckthorn and healthcare products will become key growth driver in coming years.

Business Review

Seabuckthorn and seabuckthorn – related health products

In November 2007, the Group successfully completed a milestone acquisition of 100% equity interest in China Environmental Water Holdings Limited (“CEWH”). CEWH holds 50% equity stake in Conseco Seabuckthorn Company Limited (“Seabuckthorn Company”). Through Seabuckthorn Company and its subsidiaries, the Group has gained immediately access to the profitable seabuckthorn seedlings, and manufacturing and sale of seabuckthorn related health product businesses in the PRC. This marked a new chapter of the Group’s development and helped strengthen its revenue base and financial position.

During the period under review, revenue from the seabuckthorn business amounted to HK\$9,586,000, representing 7.5% of total turnover. Performance was attributable to growth in sales, stronger demand for seabuckthorn and healthcare products, as well as contribution from the Group’s newly acquired business, Shanghai Worldbest Lanke Biological Product Sales Co. Limited.

The Group continued to market and promote seabuckthorn products. Seabuckthorn is known for its high contents of protein, vitamin C and E and amino acids. Currently, the Group has an extensive product portfolio of over 30 seabuckthorn and related healthcare products, including seabuckthorn fruit pulp, seabuckthorn juice, healthcare and cosmetic products. The products are widely distributed to major supermarkets, healthcare chains and other retail outlets in major provinces and cities.

“Conseco Seabuckthorn” has also achieved high brand recognition and is widely accepted by health-conscious consumers in the PRC. In June 2008, the Group’s seabuckthorn fruit juice product “Conseco Seabuckthorn” was granted “The Award of Innovative Product” by SIAL China, an organisation known nationwide.

Packaged food and convenience frozen food products

During the period under review, the Group achieved satisfactory performance, raking in HK\$118,550,000 in revenue, which represented a stable 7.8% growth in this period. The result was attributable to improvement of the product mix and distribution channels in Hong Kong and the PRC, as well as healthy growth of consumer spending. Despite the earthquake in Sichuan and the snowstorm in Central China have taken a toll on the whole consumption sector and although there was mounting pressure from the rise in raw material costs and overheads in the country, the Group was able to manage effectively its highly efficient operations, and the segment result from operations stayed at a satisfactory level of HK\$17,381,000 (30 June 2007: HK\$14,250,000).

The Group continued to enhance its market presence through cooperation with key retail chains and by launching joint promotion programmes and special packages. It successfully marketed a variety of snack food and convenience food products, such as Beancurd Roll with abalone sauce, Fried Turnip Cake with XO sauce and Chilli Fried Fish. With an extensive retail network in both Hong Kong and the PRC, the Group has further fortified its market position as one of the quality packaged food brands most favoured by consumers in the region.

Business partnership with Sojitz Corporation was in good progress. Through providing manufacturing services to Sojitz and exporting its premium products to Japan, the Group has successfully improved sales in the overseas market. However, during the period, the “poisoned dumpling incident” in Shandong, the PRC set back China’s effort to shore up confidence in its product safety after a string of warnings and recalls abroad. The government imposed more strict inspection requirement for all export companies in the PRC. As a result, the Group’s export volume and shipment time have been affected by such regulatory requirement. The pet food business was run smoothly and the Group secured an encouraging amount of sales orders from the U.S and Korea via overseas distributors and sourcing agents.

Production Facilities

Currently, the Group operates three production facilities, which are located in Hong Kong and at Huadu District of Guangzhou in Guangdong Province while, the Group has its own seabuckthorn cultivation bases in Erdos Plateau, Loess Plateau and seedling bases over a total area of about 340,000 hectares in Beijing, Inner Mongolia Autonomous Region, Shaanxi province and Shanxi province, and the total planting area will increase at a speed of over 10% annually according to our plan of planting 40,000 hectares per year.

Accredited the internationally recognized Hazard Analysis and Critical Control Point (HACCP) certificate as well as the ISO 9001 and ISO 9002 certificates, the Group’s highly efficient production lines maintained smooth operation, delivering quality products in compliance with excellent hygiene standard.

Future Plans and Prospects

Market uncertainty brought about by the U.S. financial crisis, as well as concerns over inflation and possible economic downturn in Mainland China have adversely affected both the business environment and consumer confidence. However, with the continuous rise in national income and consumer spending, China's food and healthcare market will continue to grow rapidly. The Group remains optimistic about its business outlook in the second half of 2008 and beyond.

As a leading manufacturer and provider of a comprehensive range of seabuckthorn-related products and healthcare products with a strong sense of commitment, the Group always strives to strengthen its market presence by providing premium products to customers, with a view to creating value for shareholders.

With the growing demand in the emerging healthcare market in the PRC, it is believed that seabuckthorn-related products will become the key growth driver in the medium to long-term. The Group is well-positioned to capitalise on the promising prospects by broadening the domestic retail network and penetrating further into all major cities in the PRC. It also plans to launch new series of seabuckthorn healthcare products, including seabuckthorn fruit juice under the "Conseco Seabuckthorn" brand to be distributed through key sales channels.

In August 2008, the Group proposed to acquire the entire equity interest in Guangdong Kangli Pharmaceutical Company Limited through Shenzhen Conseco Seabuckthorn Biotechnology Company Limited. Upon completion of the proposed acquisition, the Group will gain immediate access to direct sales business of healthcare products with ready available license, which will enable it to tap immense market potential and extend market reach via direct sales channels.

The Group is also set to launch and promote seabuckthorn fruit juice and fruit pulp in Hong Kong by the end of 2008. By leveraging on its established distribution channels and excellent relationship with all key chains and retailers, the Group will endeavour to tap the booming healthcare market in Hong Kong.

In addition, the Group will continue to offer quality packaged and convenience food products. By enhancing its capabilities in production and product development, the Group is confident that its packaged food business will generate steady and recurring income. With strong distribution channels and an excellent brand reputation in the industry, the Group will further strengthen cooperation with key retailers in both Hong Kong and the PRC, bringing innovative and tasty foods to consumers. Against the backdrop of the Beijing Olympics 2008, the Group will put emphasis on promoting its brand image in affluent areas so as to further promote sales growth.

Given the overseas market has demonstrated growth potential in the long term, the Group will further expend its export business by collaborating with Sojitz and other distribution agencies to explore business opportunities. Besides, the Group will continue to expend and upgrade its production facilities in order to meet market demand for quality food and pet products in overseas market.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated resources and banking facilities provided by its banks in Hong Kong and in the PRC.

As at 30 June 2008, the Group had total assets of HK\$947,735,000 which were financed by current liabilities of approximately HK\$207,729,000, long term liabilities of HK\$271,729,000 and total equity of HK\$468,277,000.

The cash and bank balance including pledged bank deposits is HK\$136,789,000 and total borrowing of HK\$434,681,000. Most of these borrowings were dominated in Hong Kong and Renminbi and bearing floating interest rates. The gearing ratio of the Group as at 30 June 2008 was 31% (31 December 2007: 27%), calculated on the basis of total borrowings less cash over total assets.

FOREIGN EXCHANGE EXPOSURE

As at 30 June 2008, the Group had no significant exposure to fluctuations in foreign exchange rates and any related hedges.

MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2008, the Group has no material acquisitions and disposals.

PLEGGED OF ASSETS and CONTINGENT LIABILITIES

There was no material changes in the Group's pledged of assets and contingent liabilities as compared to the most recent published annual report.

POST BALANCE SHEET EVENT

On 18 August 2008, the Group has entered into an agreement to acquire the entire equity interest in 廣東康力醫藥有限公司 (Guangdong Kangli Pharmaceutical Company Limited) (“Guangdong Kangli”) for a cash consideration of RMB23,600,000. Guangdong Kangli possesses the direct sale license regarding direct sale of health products and equipments. The license was issued by Ministry of Commerce of the PRC, which mainly covers the direct sales of health care products and equipments. Details of the transaction is set out in a circular issued by the Group on 12 September 2008.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2008, the total number of employees of the Group was approximately 700. The total staff costs for the period under review were approximately HK\$9,819,200 (six months ended 30 June 2007: HK\$8,630,540). The Group offers comprehensive remuneration and employees' benefits package to its employees. In additions, share options and discretionary bonuses are also granted to eligible staff based on their performance and the results of the Group.

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2008 (six months ended 30 June 2007: Nil).

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares for the six months ended 30 June 2008.

COMPLIANCE WITH APPENDIX 10 OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its own Code of Conduct regarding securities transaction by the Directors. Having made specific enquiry of all directors, the directors have confirmed that they have complied with the Model Code throughout the period under review.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with all applicable code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules during the six-months period to 30 June 2008.

AUDIT COMMITTEE

The audit committee comprises three members namely Mr. Ngai Chun Kong, Stephen who is a non-executive director of the Company, Mr. Ip Shing Tong, Francis and Mr. Ku Siu Fung, Stephen who are independent non-executive directors of the Company. The audit committee has reviewed the accounting principles and practices adopted by the Company and discussed internal control and financial reporting matters with management relating to the preparation of unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2008.

By order of the Board
China Botanic Development Holdings Limited
But Ka Wai
Chairman

Hong Kong, 26 September 2008

As at the date of this announcement, the Board comprises Mr. But Ching Pui (honorary chairman), Mr. But Ka Wai (chairman), Mr. But Chai Tong (vice chairman), Mr. Ying Wei and Ms. Gao Jihong as executive Directors, Ms. Leung Wai Ling, Mr. Ngai Chun Kong, Stephen and Ms. Wang Fang as non-executive Directors and Mr. Cheung Yu Yan, Tommy, Mr. Ip Shing Tong, Francis, Mr. Ku Siu Fung, Stephen and Mr. Chen Ziqiang as independent non-executive Directors.