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中國植物開發控股有限公司

CHINA BOTANIC DEVELOPMENT HOLDINGS LIMITED

(formerly known as Wah Yuen Holdings Limited 華園控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2349)

PROPOSED OPEN OFFER IN THE PROPORTION OF ONE OFFER SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE,

CONNECTED TRANSACTION AND SPECIAL DEAL: LOAN CAPITALISATION AND APPLICATION FOR WHITEWASH WAIVER

PROPOSED OPEN OFFER AND LOAN CAPITALISATION

The Board proposes to raise not less than approximately HK\$27.7 million before expenses by issuing not less than 345,968,750 Offer Shares and not more than 404,376,092 Offer Shares at the Subscription Price of HK\$0.08 per Offer Share on the basis of one (1) Offer Share for every two (2) Shares held on the Record Date.

The minimum number of Offer Shares to be issued pursuant to the terms of the Open Offer represents 50% of the Company's existing issued share capital and approximately 33.3% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

To qualify for the Open Offer, Shareholders must be registered as members of the Company on the Record Date and must not be a Prohibited Shareholder. In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant share certificates) must be lodged for registration with the Registrar on or before 2 January 2009, being the Latest Lodging Date. The register of members for the Shares will be closed from 5 January 2009 to 8 January 2009, both dates inclusive.

Pursuant to the Underwriting Agreement, China Water and the Company have agreed that the aggregate Subscription Price required to be paid by China Water and its associates under its underwriting obligation of the Underwriting Agreement and the Open Offer will be deemed to be paid by way of the full or partial capitalisation of the Loan of up to HK\$27,677,500 in first place and the remaining balance of the Subscription Price (if any) will be settled in cash. The exact amount of the Loan to be capitalised for such aggregate Subscription Price depends on the number of Offer Shares to be taken up by the Qualifying Shareholders.

The Open Offer is subject to the satisfaction of certain conditions as described under the section headed “Conditions of the Open Offer”. In particular, it is subject to the Underwriter not terminating the Underwriting Agreement (see the section headed “Termination of the Underwriting Agreement” below) prior to 4:00 p.m. on the third Business Day following the Latest Acceptance Date. Accordingly, the Open Offer may or may not become unconditional and may or may not proceed. Investors’ attention is drawn to the section headed “WARNING OF THE RISK OF DEALING IN SHARES” below.

Shareholders and potential investors of the Company are advised to exercise caution when dealings in the Shares up to the date when the conditions of the Open Offer are fulfilled.

WHITEWASH WAIVER

In the event that upon completion of the Open Offer, assuming no Qualifying Shareholders take up any Offer Shares, the Underwriter, as the underwriter of the Open Offer, will be required to subscribe for and take up all the Offer Shares that are not taken up by the Qualifying Shareholders under the Open Offer, which will result the Underwriter holding an aggregate of 478,968,750 Shares, representing approximately 46.15% of the entire issued share capital as enlarged by the Open Offer. Accordingly, the underwriting by the Underwriter will trigger an obligation for the Underwriter and parties acting concert with it to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already held by it and its concert parties.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll, which the Underwriter and the parties acting in concert with it and those who are involved in or interested in the Open Offer and the Whitewash Waiver will abstain from voting on the relevant resolution. It is a condition precedent to the Open Offer that the Whitewash Waiver is granted by the Executive. If the Whitewash Waiver is not granted by the Executive, the Open Offer will not proceed.

SPECIAL DEAL

As the Underwriter is a substantial Shareholder, the Loan Capitalisation will constitute Special Deal under the Takeovers Code. The Special Deal requires the consent of the Executive pursuant to Note 5 to Rule 25 of the Takeovers Code, the approval of the Independent Shareholders on a vote taken by way of poll at the EGM and the advices of the independent financial adviser that the Special Deal is arm's length transaction on normal commercial terms and the terms of the Special Deal are fair and reasonable. The Underwriter and the parties acting in concert with it and those who are involved in or interested in the Special Deal will abstain from voting on the relevant resolution for approving the Special Deal. An application will be made for the consent of the Executive in respect of the Special Deal. If the consent of the Executive or the approval of the Independent Shareholders cannot be obtained, the Open Offer will not proceed.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 17 November 2008 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 20 November 2008.

Reference is made to the announcement of the Company dated 11 November 2008 in relation to the possible fund raising exercise of the Company. The Board proposes to raise not less than approximately HK\$27.7 million before expenses by issuing not less than 345,968,750 Offer Shares at the Subscription Price of HK\$0.08 per Offer Share on the basis of one (1) Offer Share for every two (2) Shares held on the Record Date.

PROPOSED OPEN OFFER

Issue statistics

Basis of the Open Offer:	One (1) Offer Share for every two (2) Shares held on the Record Date
Number of Shares in issue:	691,937,500 Shares as at the date of this announcement
Number of outstanding Share Options:	31,500,000 Share Options to subscribe for an aggregate of 31,500,000 Shares as at the date of this announcement
Number of Shares to be allotted and issued upon the full conversion of the BOC Convertible Bonds:	85,314,685 Shares

Number of Offer Shares:	Not less than 345,968,750 Offer Shares and not more than 404,376,092 Offer Shares
Number of Offer Shares undertaken to be taken up by China Water:	Pursuant to the Underwriting Agreement, China Water has irrevocably undertaken to accept or procure acceptance of their entitlements under the Open Offer for 66,500,000 Offer Shares
Number of Offer Shares underwritten by the Underwriter:	Pursuant to the Underwriting Agreement, China Water has conditional agreed to underwrite not less than 279,468,750 Offer Shares (and not more than 337,876,092 Offer Shares if all the Share Options have been exercised and the BOC Convertible Bonds have been fully converted), on the terms and subject to the conditions set out in the Underwriting Agreement. The Open Offer (other than the Offer Shares undertaken to be taken up by China Water) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement

Of the 31,500,000 Share Options mentioned above, 26,500,000 Share Options are being held by the employees of the Company and the remaining 5,000,000 Share Options are being held by other consultant(s) of the Company. Among the holders of the Share Options, all employees and other consultants of the Company are independent third parties not connected with the Company and its connected persons (as defined under the Listing Rules).

The BOC Convertible Bonds in the principal amount of HK\$122,000,000 with the rights to convert into 85,314,685 Shares at an initial conversion price of HK\$1.43 per Share were issued by the Company to BOCI Financial Products Limited and Evolution Master Fund Ltd. SPC, Segregated Portfolio M. For further details of the BOC Convertible Bonds, please refer to the announcement of the Company dated 24 October 2007.

The CW Convertible Bonds in the aggregate principal amount of HK\$180,050,000 with the rights to convert into 1,200,333,333 Shares at an initial conversion price of HK\$0.15 were issued by the Company to Good Outlook Investments Limited, a wholly owned subsidiary of China Water. Pursuant to an agreement dated 22 September 2008, Good Outlook Investments Limited has agreed to sell and Global Business Investment Enterprises Limited, a wholly owned subsidiary of Prime, has agreed to acquire the CW Convertible Bonds in principal amount of HK\$25,000,000 at a consideration of HK\$30,000,000. For further details of the CW Convertible Bonds, please refer to the announcement and circular of the Company dated 12 July 2007 and 24 September 2007 respectively and the announcement of Prime dated 22 September 2008. China Water has undertaken that it will procure that the CW Convertible Bonds will not be converted into Shares prior to the completion of the Open Offer.

Save for the Share Options, the BOC Convertible Bonds and the CW Convertible Bonds mentioned above, there are no outstanding warrants or share options or securities or derivatives that are convertible or exchangeable into Shares or confer any right to subscribe for Shares as at the date of this announcement.

Subscription Price

The Subscription Price for the Offer Shares is HK\$0.08 per Offer Share, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Open Offer or applies for excess Offer Shares.

The Subscription Price represents:

- (i) a discount of approximately 15.79% to the closing price of HK\$0.095 per Share as quoted on the Stock Exchange on 14 November 2008;
- (ii) a discount of approximately 20.32% to the average closing price of HK\$0.1004 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including 14 November 2008, being the Last Trading Date;
- (iii) a discount of approximately 11.11% to the theoretical price of HK\$0.09 per Share based on the closing price of HK\$0.095 as quoted on the Stock Exchange on 14 November 2008, being the Last Trading Date; and
- (iv) a discount of approximately 84.90% to the net asset value per Share of approximately HK\$0.53 based on the unaudited consolidated net asset value of the Group as at 30 June 2008 as shown in the interim report of the Company for the six months ended 30 June 2008 and the number of Shares in issue immediately before completion of the Open Offer and assuming there will neither be any exercise of the Share Options nor conversion of the BOC Convertible Bonds and/or the CW Convertible Bonds.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the generally decreasing trend of the price of the Shares. The Group needs additional funds to finance its operations and business activities. In view of the recent financial conditions of the Group as mentioned above and taking into consideration of the theoretical price per Share, in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors consider that the proposed discount of the Subscription Price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors consider the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Open Offer

The Open Offer is conditional upon the following conditions being fulfilled:

- (a) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) (such vote shall be taken by way of poll) to approve the Loan Capitalisation, the Special Deal and the Whitewash Waiver;

- (b) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (c) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date;
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Offer Shares;
- (e) compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement;
- (f) compliance with and performance of all the undertakings and obligations of China Water under the Underwriting Agreement;
- (g) the Executive granting the Whitewash Waiver and the consent to Special Deal to the Underwriter and parties acting concert with it and the satisfaction of all conditions (if any) attached to the Whitewash Waiver and the consent;
- (h) the Open Offer and the transactions contemplated thereunder not being regarded as a reverse takeover under Rule 14.06 of the Listing Rules; and
- (i) all necessary consents and approval to be obtained by the Underwriter having been duly obtained.

If any of the conditions of the Open Offer are not fulfilled on or before 3 February 2009 (or such later time and/or date as the Company and the Underwriter may determine), neither the Company nor the Underwriter shall have any rights or be subject to any obligations arising from the Underwriting Agreement and the Open Offer will not proceed.

Status of the Open Offer

The Offer Shares, when allotted, issued and fully-paid, will rank pari passu with the Shares in issue in all respects. Holders of such Offer Shares will be entitled to receive full future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares. The Offer Shares will be traded in board lot of 4,000 Shares which is the same as the board lot size for trading in Shares on the Stock Exchange.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to Qualifying Shareholders and (ii) the Prospectus, for information only, to the Prohibited Shareholders and the holders of Share Options.

To qualify for the Open Offer, the Shareholder must be registered as a member of the Company on the Record Date and must not be a Prohibited Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (with the relevant share certificate(s)) with the Registrar, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on the Latest Lodging Date. Holders of Share Options who wish to participate in the Open Offer should exercise their Share Options in accordance with their respective terms no later than the Latest Lodging Date.

Closure of register of members

The Company's register of members will be closed from 5 January 2009 to 8 January 2009, both dates inclusive, for the purpose of, among other things, establishing entitlements to the Open Offer. No transfer of Shares will be registered during this period.

Rights of Overseas Shareholders and Prohibited Shareholders

If at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside of Hong Kong, that Shareholder may not be eligible to take part in the Open Offer. The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than that in Hong Kong.

In compliance with Rule 13.36(2) of the Listing Rules, the Directors will make enquiries as to whether the issue of Offer Shares to the Overseas Shareholder may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Overseas Shareholders, no provisional allotment of Offer Shares will be made to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders. The Company will disclose the results of the enquiry in the circular and/or the Prospectus regarding the legal restrictions on the issue and allotment of Offer Shares to the Overseas Shareholders.

The Prohibited Shareholders will be entitled to vote at the EGM to consider and, if thought fit, for the resolution(s) approving, among other things, the Open Offer.

Fractional entitlement to the Offer Shares

No fractional entitlements or allotments are expected to arise as a result of the Open Offer.

Application for excess Offer Shares

Qualifying Shareholders are entitled to apply for any unsold entitlements of the Prohibited Shareholders and any Offer Shares not taken up by the Qualifying Shareholders by completing the form of application for excess Offer Shares and lodging the same with a separate remittance for the excess Offer Shares being applied for.

The Directors will allocate the excess Offer Shares at their discretion on a fair and equitable basis on the suggestions given by the Registrar but will give preference to topping-up odd lots to whole board lots of Shares. The same basis of allocation of the excess Offer Shares will be applied to all Qualifying Shareholders including China Water.

Shareholders with Shares held by a nominee company are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Share certificates for the Offer Shares and refund cheques

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Offer Shares on or before 29 January 2009 by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares are also expected to be posted on or before 5 February 2009 by ordinary post at their own risk.

Application for listing of the Offer Shares on the Stock Exchange

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

Reasons for the Open Offer and the use of proceeds

The Group is principally engaged in the production and distribution of snack food and convenience frozen food products and in cultivation of seabuckthorn seedlings, manufacture, sales, research and development of seabuckthorn-related health products.

Upon the full subscription of the Offer Shares and assuming no further Shares have been allotted and issued from the date hereof to the Record Date, the Company will receive gross proceeds of approximately HK\$27.7 million before expenses. Assuming all Share Options have been exercised and the BOC Convertible Bonds have been fully converted into Shares from the date hereof to the Record Date, the Company will receive a maximum proceeds of approximately HK\$32.4 million. The Group needs additional funds to finance its operations and activities for expanding its businesses. While the Group intends to continue to pursue its principal business, the Directors intend to apply the net proceeds of the Open Offer towards general working capital of the Group.

The Directors have considered other alternative fund raising methods such as issue of new shares and bank borrowings and consider that the Open Offer has the benefits of allowing the Qualifying Shareholders to maintain their respective pro rata shareholdings if they take up their entitled Offer Shares and participate in the future growth of the Group.

The Directors believe that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

UNDERWRITING ARRANGEMENT

Undertakings from China Water

Pursuant to the Underwriting Agreement, China Water, who is indirectly holding 133,000,000 Shares, have undertaken not to transfer or otherwise dispose any Shares between the date of the Underwriting Agreement and the Latest Acceptance Date.

China Water also undertakes that between the date of the Underwriting Agreement and the Latest Acceptance Date, they will procure there be no conversion of any CW Convertible Bonds into the Shares.

Pursuant to the Underwriting Agreement, China Water has irrevocably undertaken to accept or procure acceptance of its entitlement under the Open Offer for 66,500,000 Offer Shares.

Save for the undertakings under the Underwriting Agreement as disclosed above, the Board had not received any information or irrevocable undertakings from any substantial Shareholders of their intention to take up the securities of the Company to be offered to them under the Open Offer.

Underwriting Agreement

Date: 17 November 2008

Underwriter: China Water

China Water is a listed company with the issued shares of which listed on the main board of the Stock Exchange.

China Water is a substantial Shareholder of the Company indirectly holding 133,000,000 Shares.

Number of Offer Shares underwritten: Not less than 345,968,750 Offer Shares and not more than 404,376,092 Offer Shares upon full exercise of Share Options and full conversion of the BOC Convertible Bonds

Commission: No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement

Pursuant to the Underwriting Agreement, China Water has conditional agreed to underwrite 279,468,750 Offer Shares (and not more than 337,876,092 Offer Shares if all the Share Options have been exercised and the BOC Convertible Bonds have been fully converted), on the terms and subject to the conditions set out in the Underwriting Agreement. The Open Offer (other than the Offer Shares undertaken to be taken up by China Water) will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

LOAN CAPITALISATION

Pursuant to the Underwriting Agreement, China Water and the Company have agreed that the aggregate Subscription Price required to be paid by China Water and its associates under its underwriting obligation of the Underwriting Agreement and the Open Offer will be deemed to be paid by way of the full or partial capitalisation of the Loan of up to HK\$27,677,500 in first place and the remaining balance of the Subscription Price (if any) will be settled in cash. The exact amount of the Loan to be capitalised for such aggregate Subscription Price depends on the number of Offer Shares to be taken up by the Qualifying Shareholders.

The completion of the Loan Capitalisation is subject to the same conditions of the Underwriting Agreement. Completion of the Loan Capitalisation shall take place simultaneously with the issue of the Offer Shares by the Company pursuant to the terms of the Open Offer.

Reason for the Loan Capitalisation

The Directors consider that the Loan Capitalisation will enable the Group to repay part or whole of the liabilities of the Company without cash outflow and will allow the Group to reduce its gearing level. The Directors accordingly consider that the Loan Capitalisation is in the interests of the Company and the Shareholders as a whole.

Implications under Listing Rules

Since China Water is a substantial Shareholder holding 133,000,000 Shares, representing approximately 19.22% of the issued share capital of the Company as at the date of this announcement, the Loan Capitalisation constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and requires the approval of the Independent Shareholders.

Termination of the Underwriting Agreement

If at any time, prior to 4:00 p.m. on the third Business Day following the Latest Acceptance Date, which is expected to be 3 February 2009:

- (1) in the sole and absolute discretion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
 - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer, or

- (5) the circular, prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the sole and absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the Offer Shares provisionally allotted to it.

The Underwriter shall at its sole and absolute discretion be entitled by notice in writing to the Company, served prior to 4:00 p.m. on the third Business Day **after the Latest Acceptance Date**, to terminate the Underwriting Agreement.

The Underwriting Agreement further contains provisions that the Underwriter may terminate its commitment under the Underwriting Agreement if prior to 4:00 p.m. on the third Business Day **following the Latest Acceptance Date**, which is expected to be 3 February 2009, there is:

- (a) any material breach of any of the warranties or undertakings under the Underwriting Agreement;
or
- (b) any specified event described in the Underwriting Agreement comes to the knowledge of the Underwriter.

If the Underwriting Agreement is terminated by the Underwriter on or before the aforesaid deadline or does not become unconditional, the Open Offer will not proceed.

WARNING OF THE RISK OF DEALING IN SHARES

The Open Offer is conditional upon the obligations of the Underwriter under the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Shareholders and potential investors should therefore exercise caution when dealing in Shares, and if they are in any doubt about their positions, they should consult their professional advisers.

Shareholders should note that Shares will be dealt in on an ex-entitlement basis commencing from 30 December 2008 and that dealings in Shares will take place while the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled, will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser.

CHANGES IN SHAREHOLDING STRUCTURE

The following is the shareholding structure of the Company immediately before and after completion of the Open Offer, assuming no Share Options have been exercised and no BOC Convertible Bonds have been converted:

Shareholders	Immediately before completion of the Open Offer		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders shall take up his/her/its entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders shall take up his/her/its entitlements under the Open Offer)	
	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate
		%		%		%
Mr. But Ka Wai and his associates	151,562,000	21.90	151,562,000	14.60	227,343,000	21.90
China Water and its concert parties	133,000,000	19.22	478,968,750	46.15	199,500,000	19.22
Atlantis Investment Management Limited	69,292,000	10.01	69,292,000	6.68	103,938,000	10.02
<i>Public Shareholders</i>						
BOCI Financial Products Limited and its associates	9,148,000	1.32	9,148,000	0.88	13,722,000	1.32
Prime	15,292,000	2.22	15,292,000	1.47	22,938,000	2.21
Other Shareholders	313,643,500	45.33	313,643,500	30.22	470,465,250	45.33
Total	<u>691,937,500</u>	<u>100.00</u>	<u>1,037,906,250</u>	<u>100.00</u>	<u>1,037,906,250</u>	<u>100.00</u>

The following is the shareholding structure of the Company immediately before and after completion of the Open Offer, assuming all Share Options have been exercised and all BOC Convertible Bonds have been converted:

Shareholders	Immediately before completion of the Open Offer		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders shall take up his/her/its entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders shall take up his/her/its entitlements under the Open Offer)	
	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate
		%		%		%
Mr. But Ka Wai and his associates	151,562,000	18.74	151,562,000	12.49	227,343,000	18.74
China Water and its concert parties	133,000,000	16.45	537,376,092	44.30	199,500,000	16.45
Atlantis Investment Management Limited	69,292,000	8.57	69,292,000	5.71	103,938,000	8.57
<i>Public Shareholders</i>						
BOCI Financial Products Limited and its associates	68,238,909	8.44	68,238,909	5.63	102,358,363	8.44
Prime	15,292,000	1.89	15,292,000	1.26	22,938,000	1.89
Other Shareholders	<u>371,367,276</u>	<u>45.91</u>	<u>371,367,276</u>	<u>30.61</u>	<u>557,050,914</u>	<u>45.91</u>
Total	<u><u>808,752,185</u></u>	<u><u>100.00</u></u>	<u><u>1,213,128,277</u></u>	<u><u>100.00</u></u>	<u><u>1,213,128,277</u></u>	<u><u>100.00</u></u>

The Company will ensure that sufficient public float be maintained in compliance with Rule 8.08(1)(a) of the Listing Rules by taking all necessary appropriate steps.

EXPECTED TIMETABLE

The expected timetable for the Open Offer set out below is indicative only and it has been prepared on the assumption that the Open Offer will be approved by the Independent Shareholders at the EGM. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Despatch of Company's circular with notice of EGM	12 December 2008
Latest time for lodging forms of proxy for the purpose of the EGM	9:30 a.m. on 28 December 2008
Last day of dealings in Shares on a cum-entitlement basis	29 December 2008
EGM	9:30 a.m. on 30 December 2008
Announcement of results of EGM to be published on the Stock Exchange website	30 December 2008
First day of dealings in Shares on an ex-entitlement basis	30 December 2008
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer	4:00 p.m. on 2 January 2009
Register of members of the Company closed (both dates inclusive)	5 January 2009 to 8 January 2009 (both dates inclusive)
Record Date	8 January 2009
Register of members of the Company re-opens	9 January 2009
Despatch of the Prospectus Documents (in case of the Prohibited Shareholders, the Prospectus only)	9 January 2009
Latest time for acceptance of, and payment of Offer Shares and application for excess Offer Shares	4:00 p.m. on 29 January 2009
Latest time for the Open Offer to become unconditional (being the third Business Days following the Latest Acceptance Date)	4:00 p.m. on 3 February 2009
Announcement of results of acceptance of and excess application for the Offer Shares to be published on the Stock Exchange	On or before 5 February 2009
Despatch of refund cheques in respect of unsuccessfully or partially unsuccessful excess applications for excess Offer Shares	On or before 5 February 2009
Despatch of share certificates for Offer Shares	On or before 5 February 2009
Dealings in Offer Shares commence	9:30 a.m. on 9 February 2009

EFFECT OF BAD WEATHER ON THE LATEST ACCEPTANCE DATE

The Latest Acceptance Date will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning

in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 29 January 2009. Instead, the Latest Acceptance Date will be rescheduled to 12:00 noon on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon. If the Latest Acceptance Date is postponed in accordance with the foregoing, the dates mentioned in the section headed “EXPECTED TIMETABLE” in this announcement may be affected. An announcement will be made by the Company in such event.

ADJUSTMENTS IN RELATION TO THE SHARE OPTIONS AND THE BOC CONVERTIBLE BONDS AND THE CW CONVERTIBLE BONDS

Up to the date of this announcement, 31,500,000 outstanding Share Options have been granted by the Company under the Share Option Scheme entitling the holders thereof to subscribe for up to an aggregate of 31,500,000 Shares.

The issue of the Offer Shares will cause adjustments to the exercise price of the Share Options, the conversion price of the BOC Convertible Bonds and the CW Convertible Bonds. The Company will instruct its auditors to review and certify the basis of such adjustments as soon as possible. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

FUNDS RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save for the issue of the BOC Convertible Bonds, the Company has not performed any fund raising activities in the past twelve months from the date of this announcement. There is no change in the intended use of proceeds for the issue of the BOC Convertible Bonds.

WHITEWASH WAIVER

In the event that upon completion of the Open Offer, assuming no Qualifying Shareholders take up any Offer Shares, the Underwriter, as the underwriter of the Open Offer, will be required to subscribe for and take up all the Offer Shares that are not taken up by the Qualifying Shareholders under the Open Offer, which will result the Underwriter and its concert parties holding an aggregate of 478,968,750 Shares, representing approximately 46.15% of the entire issued share capital as enlarged by the Open Offer. Accordingly, the underwriting by the Underwriter may trigger an obligation for the Underwriter and parties acting concert with it to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already held by it and its concert parties.

As at the date of this announcement, other than the CW Convertible Bonds with the principal amount of HK\$155,050,000 and 133,000,000 Shares beneficially owned by the Underwriter and the parties acting in concert with it, the Underwriter and the parties acting in concert with it do not hold any other shares, convertible securities, warrants or options of the Company, or any outstanding derivative in respect of securities in the Company. Save for the disposal of the CW Convertible Bonds with principal amount of HK\$25,000,000 to Prime as disclosed in the announcement of Prime dated 22 September 2008, the Underwriter and the parties acting in concert with it have not acquired any voting rights of the Company and have not dealt in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares of the Company in the six months prior to the date of this announcement.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll, which the Underwriter and the parties acting in concert with it will abstain from voting on the relevant resolution. It is a condition precedent to the completion of the Open Offer that the Whitewash Waiver is granted by the Executive. If the Whitewash Waiver is not granted by the Executive, the Open Offer will not proceed.

The Directors (other than the independent non-executive Directors) believe that the Whitewash Waiver is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The independent non-executive Directors of the Company will first take into consideration of the advices of the independent financial adviser before making recommendation as to the fairness and reasonableness of the Whitewash Waiver.

SPECIAL DEAL

As the Underwriter is a substantial Shareholder, the Loan Capitalisation will constitute Special Deal under the Takeovers Code. The Special Deal requires the consent of the Executive pursuant to Note 5 to Rule 25 of the Takeovers Code, the approval of the Independent Shareholders on a vote taken by way of poll at the EGM and the advices of the independent financial adviser that the Special Deal is arm's length transaction on normal commercial terms and the terms of the Special Deal are fair and reasonable. An application will be made for the consent of the Executive in respect of the Special Deal. If the consent of the Executive or the approval of the Independent Shareholders cannot be obtained, the Open Offer will not proceed.

GENERAL

Pursuant to the Listing Rules, the Loan Capitalisation is conditional on, among other things, the approval by the Independent Shareholders. The EGM will be held for the Independent Shareholders to consider and, if thought appropriate, approve the Loan Capitalisation. As China Water, being the Underwriter to the Open Offer, is deemed to have a material interest in the Open Offer and the Loan Capitalisation, China Water and its concert parties and those who are involved in or interested in the Open Offer, the Whitewash Waiver, the Loan Capitalisation and the Special Deal will abstain from voting on the respective resolutions at the EGM for approving the Whitewash Waiver, the Loan Capitalisation and the Special Deal. The voting at the EGM will be taken by way of poll.

The Company will establish an independent board committee, which comprises all non-executive Directors and independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, to advise the Independent Shareholders as to whether the terms of the Open Offer, the Whitewash Waiver, the Special Deal and the Loan Capitalisation are fair and reasonable and whether the Open Offer, the Whitewash Waiver, the Special Deal and the Loan Capitalisation are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser. In this connection, the Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders as to whether the terms of the Open Offer, the Whitewash Waiver, the Special Deal and the Loan Capitalisation are fair and reasonable and whether the Open Offer, the Whitewash Waiver, the Special Deal and the Loan Capitalisation are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote. Further announcement will be made by the Company when the appointment of the independent financial adviser is made.

A circular including, among other things, details of (i) the Open Offer, the Loan Capitalisation, the Whitewash Waiver and the Special Deal; (ii) the recommendation of the independent board committee in relation to the Open Offer, the Loan Capitalisation, the Whitewash Waiver and the Special Deal; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in relation to the Open Offer, the Loan Capitalisation, the Whitewash Waiver and the Special Deal together with (iv) a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders as soon as practicable, subject to the conditions of the Open Offer being satisfied.

ADDITIONAL DISCLOSURE OF INTERESTS

As at the date of this announcement, no persons had irrevocably committed themselves to vote for or against the resolutions to be proposed at the EGM to approve the Whitewash Waiver and the Special Deal.

As at the date of this announcement, save as disclosed herein, no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Underwriter or the Company and which might be material to the Open Offer, the Whitewash Waiver and the Special Deal.

As at the date of this announcement, save for the Underwriting Agreement, there was no agreement, arrangement or undertaking to which the Underwriter is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition (in addition to the conditions as set out in this announcement in relation to the Open Offer and the Special Deal) to the Open Offer, the Whitewash Waiver and the Special Deal.

As at the date of this announcement, no Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) have been borrowed or lent by the Underwriter and parties acting in concert with it.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 17 November 2008 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 20 November 2008.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associates”	has the meaning ascribed thereto under the Listing Rules
“BOC Convertible Bonds”	the convertible bonds issued by the Company with principal amount of HK\$122,000,000 convertible into 85,314,684 Shares with an initial conversion price of HK\$1.43 per Shares
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business in dealing securities
“China Water”	China Water Affairs Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange
“Company”	China Botanic Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“CW Convertible Bonds”	the convertible bonds with principal amount of HK\$180,050,000 convertible into 1,200,333,333 Shares with an initial conversion price of HK\$0.15 per Share, as to HK\$25,000,000 beneficially held by Prime and as to the remaining balance of HK\$155,050,000 held by China Water
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Loan Capitalisation, the Whitewash Waiver and the Special Deal

“Executive”	Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate(s)
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than China Water, its concert parties and those who are involved in or interested in the Open Offer and the Whitewash Waiver and the Special Deal and those who are required by the Listing Rules or the Takeovers Code to abstain from voting in respect of the resolutions to approve the resolutions at the EGM
“Latest Acceptance Date”	being 4:00 p.m. 29 January 2009 or such other date and/or time as the Underwriter and the Company may agree as the latest date for acceptance and payment in respect of provisional allotments and applications for excess under the Open Offer
“Latest Lodging Date”	being 4:00 p.m. 2 January 2009 or such other date and/or time as the Underwriter and the Company may agree as the latest time for lodging transfer of Shares and/or exercising Share Options in order to be qualified for the Open Offer
“Last Trading Date”	14 November 2008, being the last trading day of the Shares prior to the release of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan of HK\$27,677,500 as at the date of this announcement owed by the Company to China Water
“Loan Capitalisation”	the capitalisation of the Loan in order to settle the underwriting obligations of the Underwriter under the Underwriting Agreement
“Overseas Shareholders(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) as shown on such register is(are) outside Hong Kong
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer

“Prospectus Documents”	the Prospectus, the provisional allotment letter and the form of application for excess Offer Shares
“Prospectus Posting Date”	9 January 2009 or such later date as the Underwriter may agree in writing with the Company
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Prohibited Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	8 January 2009, being the date by reference to which entitlements to the Open Offer will be determined
“Registrar”	Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, being the Company’s Hong Kong branch share registrar
”Offer Share(s)”	not less than 345,968,750 Shares and not more than 404,376,092 Shares to be issued pursuant to Open Offer
“Open Offer”	the proposed issue of Offer Shares on the basis of one (1) Offer Share for every two (2) Shares to Qualifying Shareholders by way of rights or to holders of Offer Shares at the Subscription Price, pursuant to the terms and conditions of the Underwriting Agreement
“Prime”	Prime Investments Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange
“Prohibited Shareholders”	Overseas Shareholders, to whom the Directors, based on legal opinions provided by legal advisers and on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient not to offer the Offer Shares
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option(s)”	the share option(s) granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company

“Special Deal”	the Special Deal under the Takeovers Code as a result of the Loan Capitalisation
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.08 per Offer Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	China Water
“Underwriting Agreement”	the underwriting agreement dated 17 November 2008 entered into among the Company and the Underwriter in relation to the Open Offer
“Whitewash Waiver”	the whitewash waiver from the obligation of the Underwriter and parties acting in concert with it to make a mandatory offer under Rule 26 of the Takeovers Code as a result of the underwriting of the Offer Shares under the Underwriting Agreement pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code
“%”	percent.

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

Hong Kong, 19 November 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 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.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.