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**中國植物開發控股有限公司**  
CHINA BOTANIC DEVELOPMENT HOLDINGS LIMITED  
**(to be renamed as “China Water Property Group Limited”)**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2349)**

**DISCLOSEABLE TRANSACTION:  
FORMATION OF JOINT VENTURE**

The Board is pleased to announce that on 29 October 2009, the JV Agreement is entered into between Shanghai Partner and Shenzhen Subsidiary, a non-wholly owned subsidiary of the Company, pursuant to which the Shanghai JV will be established in Shanghai, the PRC.

It is intended that the Shanghai JV will be engaged principally in investment holdings, engineering and investment management consultancy services in property development business in the PRC. Shanghai JV will be owned beneficially as to 51% by Shenzhen Subsidiary and as to the balance of 49% by the Shanghai Partner. Upon establishment, Shanghai JV will become a non-wholly owned subsidiary of the Company.

Pursuant to the terms of the JV Agreement, the registered capital of Shanghai JV will be RMB50,000,000. RMB25,500,000 and RMB24,500,000 will be contributed by Shenzhen Subsidiary by way of cash and RMB24,500,000 will be contributed by Shanghai Partner by way of cash respectively.

The JV Agreement constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

Trading in the Shares of the Company has been suspended with effect from 9:30 am on 20 October 2009 at the request of the Company pending the release of an announcement in relation to a major transaction on the part of the Company. The announcement will be published separately and the Company will apply for resumption of trading in the Shares after the release of the said separate announcement.

The Board is pleased to announce that on 29 October 2009, the JV Agreement is entered into between Shanghai Partner and Shenzhen Subsidiary with details as follows:

## **THE JV AGREEMENT**

**Date** : 29 October 2009

**Parties** : (i) Shenzhen Subsidiary; and  
(ii) Shanghai Partner

Shanghai Partner and its ultimate beneficial owners, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Shanghai Partner has no past business relationship with the Group and did not engage in any other transaction with the Group.

### **Formation of joint venture company**

The parties to the JV Agreement agreed that Shanghai JV will be established in Shanghai, the PRC and will be owned as to 51% by Shenzhen Subsidiary and as to 49% by Shanghai Partner. It is intended that Shanghai JV will be engaged principally in investment holdings, engineering and investment management consultancy services in property development business in the PRC. As Shanghai JV has not been established, it has not yet committed to any specific project.

### **Registered capital**

Upon its establishment, the registered capital of Shanghai JV will be RMB50,000,000 (equivalent to about HK\$56,818,182) and will be contributed as to RMB25,500,000 (equivalent to approximately HK\$28,977,273) in cash by Shenzhen Subsidiary and as to RMB24,500,000 (equivalent to approximately HK\$27,840,909) in cash by Shanghai Partner. RMB7,650,000 will be contributed by Shenzhen Subsidiary upon the establishment of Shanghai JV with the remaining balance to be contributed within two years thereof. As to RMB7,350,000 will be contributed by Shanghai JV upon the establishment of Shanghai JV with the remaining balance to be contributed within two years thereof.

Upon establishment, Shanghai JV will become a non-wholly owned subsidiary of the Company and its financial results will be consolidated with the Group.

The Group intends to finance the capital contribution of Shenzhen Subsidiary to Shanghai JV from its internal financial resources.

The total investment of Shanghai JV has not been specified in the JV Agreement. Apart from the contribution towards the registered capital set out above, there are no further capital commitments that are required to be contributed by the parties to the JV Agreement at this stage. If there is any further capital commitments to be put up by the parties to the Shanghai JV, further announcement will be made if and when appropriate to comply with the requirements under the Listing Rules.

### **Profit and Loss Sharing**

The profit and loss of Shanghai JV will be shared by Shenzhen Subsidiary and Shanghai Partner in proportion to their respective contribution to the share capital in Shanghai JV.

### **Term**

Shanghai JV shall have a term for a fixed period of 20 years.

### **Board of directors of Shanghai JV**

The board of directors of Shanghai JV will comprise five directors, of which two will be appointed by Shanghai Partner and three will be appointed by Shenzhen Subsidiary. The chairman of the board of directors shall be elected by the directors of Shanghai JV.

### **INFORMATION ON SHANGHAI PARTNER**

Shanghai Partner is a company established in the PRC with a registered capital of RMB70,000,000. As at the date of this announcement, Shanghai Partner is an integrated enterprise with extensive experience in property development in Shanghai, the PRC.

### **REASONS FOR THE JV AGREEMENT**

The Group is principally 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. As disclosed in the prospectus of the Company dated 22 September 2009, the Group also intends to diversify its business to property development.

The Directors have been actively in exploring suitable business opportunities to broaden the revenue base and to diversify the business forms of the Group. The Directors consider that the JV Agreement represents an opportunity to the Group in investing in the property market in the PRC.

The Directors consider that the terms of the JV Agreement are entered into upon normal commercial terms following arm's length negotiations among the parties to the JV Agreement and the Directors consider that the terms of the JV Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## GENERAL

The JV Agreement constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

Trading in the Shares of the Company has been suspended with effect from 9:30 am on 20 October 2009 at the request of the Company pending the release of an announcement in relation to a major transaction on the part of the Company. The announcement will be published separately and the Company will apply for resumption of trading in the Shares after the release of the said separate announcement.

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	China Botanic Development Holdings Limited (to be renamed as “China Water Property Group Limited”), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors (including the independent non-executive directors) of the Company from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the joint venture agreement dated 29 October 2009 and entered into between Shanghai Partner and Shenzhen Subsidiary with respect to the formation of Shanghai JV
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shanghai JV”	上海聖恒投資有限公司 (Shanghai Sheng Heng Investment Company Limited) <sup>#</sup> , a joint venture to be established pursuant to the JV Agreement in Shanghai City, the PRC, which name is subject to the approval of the relevant authorities

“Shanghai Partner”	上海恒實投資有限公司 (Shanghai Heng Shi Investment Company Limited)#, a limited liability company incorporated and subsisting in Shanghai, the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shenzhen Subsidiary”	深圳高原聖果生物科技有限公司 (Shenzhen Conseco Seabuckthorn Company Limited)#, a limited liability company incorporated and subsisting in Shenzhen, the PRC, and a non-wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 29 October 2009

*As at the date of this announcement, the Board comprises Mr. But Ka Wai (Chairman), Ms. Wang Wen Xia (Vice Chairman), Mr. But Chai Tong (Vice Chairman), Mr. Sun Zhen Yu and Mr. Ren Qian as executive Directors, Mr. Zhou Kun as non-executive Director and Mr. Chen Ziqiang, Mr. Tam Pei Qiang and Ms. Li Ling as independent non-executive Directors.*

# *the English translations of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words*

*For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB0.88. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.*