

China Botanic Pharmaceutical
Form DEF 14A
September 15, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(RULE 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant x
Filed by a party other than the Registrant o

Check the appropriate box:

- .. Preliminary Proxy Statement
- .. Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- .. Definitive Additional Materials
- .. Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

CHINA BOTANIC PHARMACEUTICAL INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Edgar Filing: China Botanic Pharmaceutical - Form DEF 14A

- | | |
|----|---|
| 1) | Amount Previously Paid: |
| 2) | Form, Schedule or Registration Statement No.: |
| 3) | Filing Party: |
| 4) | Date Filed: |
-

CHINA BOTANIC PHARMACEUTICAL INC.
Level 11, Changjiang International Building
No. 28, Changjiang Road
Nangang District, Harbin
Heilongjiang Province, China 150090
+86-451-5762-0378

To Our Stockholders:

We are pleased to invite you to attend the annual meeting of stockholders of China Botanic Pharmaceutical Inc. The meeting will be held on Saturday, October 15, 2011, at 10:00 a.m., local time, at Level 11, Changjiang International Building, No. 28, Changjiang Road, Nangang District, Harbin, Heilongjiang Province, China 150090.

The accompanying Notice of the Annual Meeting of Stockholders and Proxy Statement contain the matters to be considered and acted upon, and you should read such material carefully.

The Proxy Statement contains information about the four nominees for election as Directors and to ratify the appointment of Windes & McClaughry Accountancy Corporation as our independent registered public accounting firm for the 2011 fiscal year. The Board of Directors strongly recommends your approval of these proposals.

We hope you will be able to attend the meeting, but, if you cannot do so, it is important that your shares be represented. Accordingly, we urge you to mark, sign, date and return the enclosed proxy promptly. You may, of course, withdraw your proxy, if you attend the meeting and choose to vote in person.

We look forward to seeing you at the meeting.

Sincerely yours,

/s/Shao ming Li
Shao ming Li
Chairman of the Board

September 15, 2011
Harbin, China

CHINA BOTANIC PHARMACEUTICAL INC.
Level 11, Changjiang International Building
No. 28, Changjiang Road
Nangang District, Harbin
Heilongjiang Province, China 150090
+86-451-5762-0378

NOTICE OF THE 2010 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD OCTOBER 15, 2011

NOTICE IS HEREBY GIVEN that an Annual Meeting of Stockholders of China Botanic Pharmaceutical Inc., a Nevada corporation (the "Company"), will be held at 10:00 a.m. (local time), on Saturday, October 15, 2011, at the Company's corporate office, located at Level 11, Changjiang International Building, No. 28, Changjiang Road, Nangang District, Harbin, Heilongjiang Province, China 150090, for the following purposes:

1. To elect four (4) directors of the Company;
2. To ratify the appointment of Windes & McClaughry Accountancy Corporation as the Company's independent registered public accounting firm for the 2011 fiscal year; and
3. To consider any other matters that properly come before the meeting.

A Proxy Statement describing the matters to be considered at the Annual Meeting is attached to this Notice. Our 2010 Annual Report accompanies this Notice, but it is not deemed to be part of the Proxy Statement.

Your Board of Directors believes these proposals are in the best interest of the Company and its stockholders and recommends that you vote for them.

The Board of Directors of the Company has fixed the close of business on September 13, 2011, as the record date for determining those stockholders who will be entitled to vote at the meeting or any postponement or adjournment thereof. Stockholders are invited to attend the meeting in person.

Whether or not you expect to attend the Annual Meeting, please execute the accompanying proxy, and return it promptly in the enclosed return envelope. If you grant a proxy, you may revoke it at any time prior to the Annual Meeting. Whether you grant a proxy, you may vote in person, if you attend the Annual Meeting. If your shares are not registered in your own name and you would like to attend the Annual Meeting, please ask the broker, trust, bank, or other nominee that holds your shares to provide you with evidence of your share ownership. This will enable you to gain admission to the Annual Meeting.

By Order of the Board of Directors

/s/ Jiang He
Jiang He
Secretary

September 15, 2011
Harbin, China

YOUR VOTE IS IMPORTANT

YOU ARE URGED TO COMPLETE, DATE, SIGN AND PROMPTLY RETURN YOUR PROXY IN THE ENCLOSED ENVELOPE WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED REGARDLESS OF THE NUMBER YOU OWN. ANY PROXY GIVEN BY YOU MAY BE REVOKED BY WRITTEN NOTIFICATION TO THE COMPANY'S PRESIDENT, BY FILING A DULY EXECUTED PROXY BEARING A LATER DATE, OR BY ATTENDING THE ANNUAL MEETING IN PERSON AND VOTING BY BALLOT.

CHINA BOTANIC PHARMACEUTICAL INC.
Level 11, Changjiang International Building
No. 28, Changjiang Road
Nangang District, Harbin
Heilongjiang Province, China 150090
+86-451-5762-0378

PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON OCTOBER 15, 2011

INFORMATION CONCERNING THE SOLICITATION

We are furnishing this proxy statement to you in connection with an Annual Meeting of Stockholders of China Botanic Pharmaceutical Inc. (the "Company") to be held on Saturday, October 15, 2011, at 10:00 a.m. (local time), at the Company's corporate office, located at Level 11, Changjiang International Building, No. 28, Changjiang Road, Nangang District, Harbin, Heilongjiang Province, China 150090, and at any postponement or adjournment thereof (the "Meeting").

Only stockholders of record on September 13, 2011 are entitled to notice of and to vote at the Meeting. As used in this Proxy Statement, the terms "we," "us" and "our" also refer to the Company.

This Proxy Statement and form of proxy were first mailed on or about September 15, 2011 to stockholders of record as of September 13, 2011.

The proxy solicited hereby, if properly signed and returned to us and not revoked prior to its use, will be voted at the Meeting in accordance with the instructions contained therein.

If no contrary instructions are given, each proxy received will be voted:

- "FOR" the nominees for the Board of Directors;
 - "FOR" the ratification of Windes & McClaughry Accountancy Corporation as our independent registered public accounting firm for our fiscal year 2011; and
- at the proxy holder's discretion, on such other matters, if any, which may properly come before the Meeting (including any proposal to adjourn the Meeting).

Any stockholder giving a proxy has the power to revoke it at any time before it is exercised by: (i) filing with the Company written notice of its revocation addressed to: Corporate Secretary, China Botanic Pharmaceutical Inc., Level 11, Changjiang International Building, No. 28, Changjiang Road, Nangang District, Harbin, Heilongjiang Province, China,, (ii) submitting a duly executed proxy bearing a later date, or (iii) appearing at the Meeting and giving the Corporate Secretary notice of his or her intention to vote in person.

Holders of record can ensure that their common shares are voted at the Meeting by completing, signing, dating and delivering the enclosed proxy card in the enclosed postage-paid envelope. Submitting by this method or voting by facsimile or the Internet as described below will not affect your right to attend the meeting and to vote in person. If

you plan to attend the Meeting and wish to vote in person, you will be given a ballot at the Meeting. Please note, however, that if your common shares are held in “street name” by a broker, bank or other nominee and you wish to vote at the meeting, you must bring to the Meeting a proxy from the record holder of the common shares authorizing you to vote at the Meeting.

Our holders of record and many stockholders who hold their common shares through a broker, bank or other nominees will have the option to submit their proxy cards or voting instruction cards electronically by the Internet. Please note that there are separate arrangements for using the telephone depending on whether your common shares are registered in our records in your name or in the name of a broker, bank or other nominee. Some brokers, banks or other nominees may also allow voting through the Internet. If you hold your common shares through a broker, bank or other nominee, you should check your voting instruction card forwarded by your broker, bank or other nominee to see which voting options are available.

Read and follow the instructions on your proxy or voting instruction carefully.

This proxy is solicited on behalf of our Board of Directors. We will bear the entire cost of preparing, assembling, printing and mailing proxy materials furnished by the Board of Directors to stockholders. Copies of proxy materials will be furnished to brokerage houses, fiduciaries and custodians to be forwarded to beneficial owners of the Company's stock entitled to vote. In addition to the solicitation of proxies by use of the mail, some of our officers, directors and employees may, without additional compensation, solicit proxies by telephone or personal interview.

Our Annual Report on Form 10-K for the fiscal year ended October 31, 2010, including financial statements, as amended by that certain Form 10-K/A (Amendment No. 1) is included in this mailing. Such reports and financial statements are not a part of this Proxy Statement except as specifically incorporated herein.

RECORD DATE AND VOTING RIGHTS

We are currently authorized to issue up to 100,000,000 shares of common stock, par value \$0.001 per share and 1,000,000 shares of preferred stock, no par value.

As of September 13, 2011, there were 37,239,536 shares of Common Stock issued and outstanding. Each share of Common Stock shall be entitled to one (1) vote on all matters submitted for stockholder approval. No shares of preferred stock are outstanding. The record date for determination of stockholders entitled to notice of and to vote at the Meeting is September 13, 2011.

Pursuant to our Bylaws, as amended, a majority of the shares entitled to vote, which includes the voting power that is present in person or by proxy, regardless of whether the proxy has authority to vote on all matters, constitutes a quorum for the transaction of business; and action by the stockholders on a matter other than the election of directors and amendment to the Articles is approved if the number of votes cast in favor of the action exceeds the number of votes cast in opposition to the action.

Abstentions and broker non-votes that indicate a vote for one or more of the proposals will be included in the calculation of the number of shares considered to be present at the meeting for quorum purposes. Broker non-votes refer to shares held by brokers and other nominees or fiduciaries that are present at the meeting but not voted on a matter because exchange or listing regulations require the brokers to have specific voting instructions from the beneficial owners for the shares to be voted and such instructions have not been received. For the election of directors, the nominees for director who receive the most votes will become our directors, provided such votes equal a majority of quorum. A majority of quorum is required to approve Proposal No. 2. Abstentions and broker non-votes will not be counted either for or against any proposal to determine if a proposal is approved.

PROPOSAL 1 - ELECTION OF DIRECTORS

General Information

Our Board of Directors has the authority to fix the number of Board seats and effective as of the date of the Annual Meeting of Stockholders our Board has approved fixing the number of directors at four (4). Directors serve for a term of one (1) year and stand for election at our annual meeting of stockholders. Pursuant to our Bylaws, a majority of directors may appoint a successor to fill any vacancy that occurs on the Board between annual meetings.

At the Meeting, stockholders will be asked to elect the nominees for director listed below.

Nominees for Director

The nominees for director have consented to being named as nominees in this Proxy Statement and have agreed to serve as directors, if elected. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the four (4) nominees named below. If any nominee of the Company is unable or declines to serve as a director at the time of the Meeting, the proxies will be voted for any nominee designated by the present Board of Directors to fill the vacancy. The Board of Directors has no reason to believe that any of the nominees will be unavailable for election. The Directors who are elected shall hold office until the next Annual Meeting of Stockholders or until their earlier death, resignation or removal, or until their successors are elected and qualified.

The following sets forth the persons nominated by the Board of Directors for election and certain information with respect to those individuals:

2

Name	Age	Title
Shaoming Li	48	Chairman of the Board, Chief Executive Officer and President
Bingchun Wu(1)	77	Independent Director
Changxiong Sun(1)	65	Independent Director
Dianjun Pi(1)	56	Director

(1) Serves as a member of the Audit, Compensation and Nominations Committee.

There are no family relationships between or among any of the executive officers or directors of the Company.

Biographies

Shaoming Li. Shaoming Li has served as the Chairman of the board of directors, Chief Executive Officer and President since founding Harbin Renhuang Pharmaceutical Co. Ltd. in 2006. Mr. Li has more than 20 years experience in the pharmaceutical and finance industry. Mr. Li has been the Chairman and Chief Executive Officer of Harbin Renhuang Pharmaceutical Stock Co. Ltd since 1996. From 1984 to 1996, Mr. Li served as Vice Chairman of Shenzhen Health Pharmaceutical Co. Ltd, a company dedicated to drug research, production, and sales. Mr. Li is a professor at Harbin Business University and Northeastern Agriculture University. Mr. Li also served as Vice Chairman of Heilongjiang Provincial Chinese Traditional Medicine Association and Heilongjiang Provincial Medicine Association. Mr. Li graduated from Central University of Finance and Economics in Beijing, China with a degree in finance.

Bingchun Wu. Bingchun Wu was appointed to our board of directors in April 2010. Mr. Wu is Chairman of the Compensation Committee of the board of directors. Since 2006, Mr. Wu has served as the Team Leader of the Chinese Medicine Research Group at the Heilongjiang Province Chinese Medicine Research Institute. From 2006 to 2007, Mr. Wu served as the Chief Expert of the Chinese Medicine Group of the Innovation System of Heilongjiang Province Science and Technology Department. From 2004 to 2006, Mr. Wu served as the Director of the Chinese Pharmacology Research Office and the Head of Chinese Medicine Research at the Heilongjiang Province Science and Technology Department. Mr. Wu has a degree in Pharmaceutical Science from Shenyang Medicine University and a bachelor's degree in financial management from Harbin University of Commerce.

Changxiong Sun. Changxiong Sun was appointed to our board of directors on April 2010. Mr. Sun is Chairman of the Nominations Committee of the board of directors. Since 2005, Mr. Sun has served as a Professor and Doctoral Tutor at the Management College of Harbin Institute of Technology. Since 2005 Mr. Sun has served as the Executive Director of the Overseas Development and Layout Association of China Industry, and as the Director of the Heilongjiang Dongbeiya Economy and Technology Committee. From 2004 to 2005, Mr. Sun served as the Vice Secretary General of the Harbin Municipal Government Committee. From 1999 to 2004, Mr. Sun served as the Director of the Harbin Finance Management Department. Mr. Sun has a degree in management science and engineering from the Harbin Institute of Technology.

Dianjun Pi. Dianjun Pi was appointed to the board of directors on April 27, 2010. Since 2004, Mr. Pi has served as our Executive Manager. From 2003 to 2004, Mr. Pi served as the Assistant General Manager of Sunflower Pharmaceuticals. From 1992 to 2003, Mr. Pi served as the Vice General Manager of China Resources Snow Breweries Co., Ltd. Mr. Pi has a post graduate degree from Renmin University of China.

Director Qualifications

In its assessment of each potential candidate, including those recommended by our stockholders, the Nominations Committee considers the nominee's judgment, integrity, experience, independence, understanding of the Company's business or other related industries and such other factors the Nominating Committee determines are pertinent in light of the current needs of the Board. The Nominating Committee also takes into account the ability of a Director to devote the time and effort necessary to fulfill his or her responsibilities to the Company.

The Board and Nominating Committee believe that the leadership skills and other experiences of its Board members, as described below, provide the Company with a range of perspectives and judgment necessary to guide our strategies and monitor their execution.

Shaoming Li. Shaoming Li is the founder of Harbin Renhuang Pharmaceutical Co. Ltd. and has more than 20 years experience in the pharmaceutical and finance industry in China. Mr. Li contributes to our Board his leadership skill and his vision for the Company.

Bingchun Wu. Bingchun Wu has more than 40 years experience in the Chinese medicine industry. Mr. Wu contributes to our Board his industry knowledge and experience.

Changxiong Sun. Changxiong Sun has more than 30 years experience in institutional and government management. Mr. Sun contributes to our Board his management experience.

Dianjun Pi. Dianjun Pi has more than 15 years experience in corporate management. Mr. Pi contributes to our Board his company management and control experience.

The Board does not have a specific diversity policy, but considers diversity of race, ethnicity, gender, age, cultural background and professional experiences in evaluating candidates for Board membership. Diversity is important because a variety of points of view contribute to a more effective decision-making process.

Vote Required

The election of each nominee for director requires the approval by a plurality of votes entitled to be cast with respect to that nominee by the stockholders, present in person or by proxy.

Recommendation of the Board

The Board recommends that the stockholders vote “FOR” the nominees listed above.

PROPOSAL 2 – RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our Audit Committee has appointed Windes & McClaughry Accountancy Corporation (“Windes”) as our independent auditor. Although our Audit Committee is directly responsible for selecting and retaining our independent auditor and even though ratification is not required by our bylaws, the Board is submitting the selection of Windes to our stockholders for ratification as a matter of good corporate practice and we are asking our stockholders to approve the appointment of Windes. In the event our stockholders fail to ratify the appointment, the Audit Committee may reconsider this appointment.

The Company has been advised by Windes that neither the firm nor any of its associates had any relationship with the Company other than the usual relationship that exists between independent registered public accountant firms and their clients during the last fiscal year. Representatives of Windes will be available via teleconference during the Meeting, at which time they may make any statement they consider appropriate and will respond to appropriate questions raised at the Meeting.

Independent Registered Public Accounting Firm’s Fees

The following is a summary of the fees billed to the Company by Windes for professional services rendered for the fiscal years ended October 31, 2010 and 2009:

	2010	2009
Total Audit Fees	\$ 195,000	\$ 127,500

Edgar Filing: China Botanic Pharmaceutical - Form DEF 14A

Total Audit Related Fees	\$ -0-	\$ -0-
Total Tax Fees	\$ -0-	\$ -0-
Total of All Other Fees	-0-	-0-

All services and fees described above for the years ended October 31, 2010 and October 31, 2009 were approved by either the entire board of directors or the Audit Committee. The Audit Committee's pre-approval policies and procedures were detailed as to the particular service and the audit committee was informed of each service and such policies and procedures did not include the delegation of the audit committee's responsibilities.

Vote Required

The ratification of the appointment of Windes as our independent auditor requires the approval by the holders of a majority of the shares of our common stock issued and outstanding, present in person or voting by proxy.

Recommendation of the Board

The Board unanimously recommends a vote FOR ratification of the selection of Windes as the Company's independent registered public accounting firm for the fiscal year 2011.

**DIRECTORS, EXECUTIVE OFFICERS,
PROMOTERS AND CONTROL PERSONS**

The following table sets forth the name and age of each member of our current members of our board of directors and/or executive officers, the positions and offices held by each of them with us, and the period during which they have served in their respective position. Directors serve until the election and qualification of their successors. There was no arrangement or understanding between any executive officer or director and any other person pursuant to which any person was elected as an executive officer or director. There are no family relationships among our officers, directors, or persons nominated for such positions.

Name	Age	Position	Period Served
Shaoming Li	48	Chairman of the board of directors, Chief Executive Officer, and President	2006-present
Weiqiu Dong	41	Chief Financial Officer	2010-present
Xiaoheng Shao	53	Independent Director, Chairman of Audit Committee	2010-present
Bingchun Wu	77	Independent Director, Chairman of Compensation Committee	2010-present
Changxiong Sun	65	Independent Director, Chairman of Nominations Committee	2010-present
Dianjun Pi	56	Director	2010-present
Jiang He	39	Secretary	2006-present

The biographies of Messrs. Li, Wu, Sun, and Pi can be found under Proposal 1 - Election of Directors.

Weiqiu Dong. Weiqiu Dong was appointed to the position of Chief Financial Officer effective December 14, 2010. Since September 2006, Mr. Dong has been an Investment Manager with Hatitac Inc., an investment manager with in excess of \$5,000,000 under management, and Mr. Dong was responsible for financial planning, risk management, tax planning and company accounting services. From March 2006 to October 2008, Mr. Dong was an investment manager with HUB International, an investment manager with over \$3,000,000 under management. From September 2000 to February 2006, Mr. Dong was an Investment Manager with Freedom 55 Financial, an investment manager with over \$2,000,000 under management. From March 1998 to April 2000, Mr. Dong was a Senior Audit Manager with TianHua Accounting Firm, an accounting and tax services firm, and Mr. Dong was responsible for supervising and

performing annual audits, tax and acquisition reviews of publicly listed companies and private companies. Mr. Dong is a Certified Financial Planner and received a Bachelor Degree of Engineering from North-western Polytechnic University, Xi'an, China.

Xiaoheng Shao. Xiaoheng Shao was appointed to our board of directors in April 2010. Mr. Shao currently serves as (i) independent director and chairman of the audit committee of: Xueda Education Group, a Chinese personalized tutoring services company listed on the NYSE; American Dairy, Inc., a Chinese dairy products company listed on NYSE; China Biologic Products, Inc., a biopharmaceutical company listed on NASDAQ; China Recycling Energy Corporation, an energy recycling system design company listed on NASDAQ and Yongye International, Inc., a Chinese agricultural company listed on NASDAQ; (ii) independent director of AsiaInfo-Linkage, Inc., a Chinese telecom software solutions provider listed on NASDAQ and China Medicine Corporation, a distributor and developer of medicine listed on bulletin board; (iii) independent director and chairman of the nominating committee of Agria Corporation, a Chinese agricultural company listed on NYSE; and (iv) independent director and chairman of the audit and compensation committees of China Nuokang Bio-Pharmaceutical, Inc., a biopharmaceutical company listed on NASDAQ. He served as the chief financial officer of Trina Solar Limited from 2006 to 2008. In addition, Mr. Shao served from 2004 to 2006 as the chief financial officer of ChinaEdu Corporation, an educational service provider, and of Watchdata Technologies Ltd., a Chinese security software company. Prior to that, Mr. Shao worked at Deloitte Touche Tohmatsu CPA Ltd. for approximately a decade. Mr. Shao received his master's degree in health care administration from the University of California at Los Angeles in 1988 and his bachelor's degree in art from East China Normal University in 1982. Mr. Shao is a member of the American Institute of Certified Public Accountants. On August 24, 2011, Mr. Shao notified the Company that for personal reasons, he did not wish to stand for re-election to the Board at the Meeting.

Jiang He. Jiang He was hired as special assistant to the President in 2004 and has served as our Secretary since 2006. In this role he is in charge of asset management, risk and crisis management, and internal audit. From 2001 to 2004, prior to joining us, he was the Vice General Manager of Heilongjiang Tiansheng High Tech Co. Ltd. In this position Mr. He was primarily responsible for managing projects, including, but not limited to, Clean Coal Projects. He received his master's degree in industrial economics in July, 2004, and his bachelor's degree in management from Jilin University in 1992.

Our Board of Directors

During fiscal year 2010, our board of directors is comprised of a majority of independent directors as defined under NYSE Amex listing standards. Messrs. Shao, Sun and Wu satisfy the independence requirements established by Section 803(A)(2) of the NYSE AMEX Rules. The board of directors has determined that none of the designated independent directors have any relationship that, under NYSE Amex rules, would preclude their service on any of the standing committees of the board of directors. In making its determination, the board considered transactions and relationships between each director or his immediate family and the Company and its subsidiaries.

Mr. Xiaoheng Shao, served as our independent director and chairman of our audit committee since April 13, 2010. On August 24, 2011, Mr. Shao informed us that for personal reasons, he did not wish to stand for re-election to the Board at the Meeting.

We are a smaller reporting company and under the NYSE AMEX Rules, we are only required to maintain a Board comprising of directors at least half of which are independent directors, and an audit committee of at least two members, comprised solely of independent directors who also meet the requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended ("Exchange Act").

We have the following board committees: Audit Committee, Compensation Committee and Nominations Committee. Each Board Committee consists entirely of independent and non-employee directors. The Board has adopted a written charter for each of the committees which is available on the Company's website www.renhuang.com. Printed copies of each of our committee charter may be obtained, without charge, by contacting the corporate secretary, China Botanic Pharmaceutical Inc., Level 11, Changjiang International Building, No. 28, Changjiang Road, Nangang District, Harbin, Heilongjiang Province, China 150090.

Board Leadership Board's Role in Risk Oversight

Our chairman of the board of director and chief executive officer is Mr. Li. During fiscal year 2010, the majority of directors are independent and our Audit Committee, Compensation Committee and Nominating Committee are comprised entirely of independent directors. We do not have a lead independent director. Audit Committee is responsible for oversight of risks relating to our accounting matters, financial reporting and legal and regulatory compliance. To satisfy these oversight responsibilities, the Audit Committee meets with management, our internal auditor and independent registered public accounting firm. The Compensation Committee is responsible for overseeing risks relating to employment policies and our policies on structuring compensation programs. To satisfy these oversight responsibilities, the Compensation Committee intends to meet regularly with management to understand the implications of compensation decisions, and particularly risks our compensation policies pose to our finances, human resources and stockholders.

Meetings of the Board of Directors

The Board took action by unanimous board of director consents 6 times during the fiscal year 2010 in lieu of meetings. During the fiscal year 2010, all actions were taken by consent of all of the directors of the board. During the

fiscal year 2010, we had two audit committee meetings. We do not have a policy with regard to Board members' attendance at annual meetings of stockholders. For our Board, this is our first Annual Meeting of Stockholders.

Audit Committee

Our board of directors has established an Audit Committee in accordance with section 3(a)(58)(A) of the Exchange Act which, during fiscal year 2010, consists of the following independent directors: Messrs. Shao, Sun and Wu. Each member of the Audit Committee meets the independence criteria prescribed by Rule 10A-3 under the Exchange Act, and each constitutes an "independent director" as defined in Section 803(A)(2) of the NYSE AMEX Rules.

The primary purpose of the Audit Committee is to oversee our accounting and financial reporting processes and the function of the Audit Committee includes retaining our independent auditors, reviewing their independence standards, reviewing and approving the planned scope of our annual audit, reviewing and approving any fee arrangements with our auditors, overseeing their audit work, reviewing and pre-approving any non-audit services that may be performed by them, reviewing the adequacy of accounting and financial controls, reviewing our critical accounting policies and reviewing and approving any related party transactions.

The Audit Committee of the board of directors has furnished the following report:

Our management is responsible for preparing the Company's financial statements. The Company's independent registered public accounting firm is responsible for auditing the financial statements. The activities of the committee are in no way designed to supersede or alter those traditional responsibilities. The Audit Committee's role does not provide any special assurances with regard to Company's financial statements, nor does it involve a professional evaluation of the quality of the audits performed by the independent registered public accounting firm.

The Audit Committee has reviewed and discussed with management and the independent accounting firm, as appropriate, (1) the audited financial statements and (2) management's report on internal control over financial reporting and the independent accounting firm's related opinions. The Audit Committee has discussed with the independent registered public accounting firm, Windes the required communications specified by auditing standards together with guidelines established by the SEC and the Sarbanes-Oxley Act. The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board, regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with Windes the firm's independence. Based on the review and discussions referred to above, the Audit Committee recommended to the board of directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for 2010 for filing with the SEC.

Xiaoheng Shao, Bingchun Wu, Changxiong Sun

Audit Committee Financial Expert

In April, 2010, Mr. Xiaoheng Shao was appointed as the chairman of audit committee of our board of directors and served as the chairman of our audit committee until his resignation. Mr. Shao serves as chairman of audit committee and as an audit committee expert of a number of NYSE or NASDAQ listed companies. He also has 10 years experience working with Deloitte Touche Tohmatsu CPA Ltd. Mr. Shao received his master's degree in health care administration from the University of California at Los Angeles in 1988 and his bachelor's degree in art from East China Normal University in 1982. Mr. Shao is a member of the American Institute of Certified Public Accountants. During his term with the Company, Mr. Shao's extensive finance, industry, and executive experience provides our Board with a valuable resource in understanding company operations and evaluating strategic opportunities. During fiscal year ended October 31, 2010, the Board has determined that Mr. Shao is the "audit committee financial expert" as such term is defined in Item 407(d) of Regulation S-K promulgated by the SEC.

Other Board Committees

Our board of directors has two additional board committees: the Compensation Committee and the Nominations Committee. The members of our Compensation Committee and Nominations Committee are comprised of the following independent directors: Messrs. Sun, Wu and Shao. The Compensation Committee and Nominations Committee held no meetings during fiscal year 2010.

Compensation Committee

Our Compensation Committee assist the Board in discharging the Board's responsibilities relating to management organization, performance, compensation and succession. The Compensation Committee is permitted to delegate its authority in accordance with Nevada law unless prohibited by the Company's bylaws or the Compensation Committee charter. In discharging its responsibilities, the Compensation Committee shall, amongst other things:

- Consider and authorize the compensation philosophy for the Company's personnel.
- Review and approve corporate goals and objectives relevant to chief executive officer and senior management compensation, evaluate chief executive officer and senior management performance in light of those goals and objectives and, either as a committee or together with other independent directors (as directed by the Board of Directors), determine and approve chief executive officer and senior management compensation based on this evaluation.
- Annually review and approve perquisites for the chief executive officer and senior management.

- Make recommendations to the Board of Directors with respect to the Company's employee benefit plans.
 - Administer incentive, deferred compensation and equity based plans.
 - Annually review and update this Charter for consideration by the Board of Directors.
 - Annually evaluate performance and function of the Compensation Committee.
- Report the matters considered and actions taken by the Compensation Committee to the Board of Directors.

Compensation Committee Interlocks and Insider Participation

All current members of the Compensation Committee are independent directors, and all past members were independent directors at all times during their service on such Committee. None of the past or present members of our Compensation Committee are present or past employees or officers of ours or any of our subsidiaries. No member of the Compensation Committee has had any relationship with us requiring disclosure under Item 404 of Regulation S-K. None of our executive officers serves on the board of directors or compensation committee of a company that has an executive officer that serves on our Board or compensation committee.

Nominations Committee

The Nominations Committee assists the Board in identifying individuals qualified to become our directors and in determining the composition of the Board and its committees. The Nominations Committee is responsible for, among other things:

- Make recommendations to the Board with respect to the size and composition of the Board;
- Make recommendations to the Board on the minimum qualifications and standards for director nominees and the selection criteria for the Board members, and
 - Review the qualifications of potential candidates for the Board;
- Make recommendations to the Board on nominees to be elected at the Annual Meeting of Stockholders; and
- Seek and identify a qualified director nominee, in the event that a director vacancy occurs, to be recommended to the Board for either appointment by the Board to serve the remainder of the term of a director position that is vacant or election at the Annual Meeting of the Stockholders.

Nominations to the Board of Directors

Our directors take a critical role in guiding our strategic direction and oversee the management of the Company. Board candidates are considered based upon various criteria, such as their broad-based business and professional skills and experiences, a global business and social perspective, concern for the long-term interests of the stockholders and personal integrity and judgment. In addition, directors must have time available to devote to Board activities and to enhance their knowledge of the growing industry. Accordingly, we seek to attract and retain highly qualified directors who have sufficient time to attend to their substantial duties and responsibilities to the Company.

It is the Nominations Committee's responsibility to consider properly submitted stockholder recommendations (as opposed to a formal nomination) for candidates for membership on the Board. A stockholder may submit a recommendation for a candidate for membership on the Board by submitting in writing the name and background of such candidate to the Nominations Committee, c/o Secretary, China Botanic Pharmaceutical Inc. Level 11, Changjiang International Building, No. 28, Changjiang Road, Nangang District, Harbin, Heilongjiang Province, China 150090. The Nominations Committee will consider a recommendation only if (1) appropriate biographical and background information on the candidate is provided, (2) the recommended candidate has consented in writing to a nomination and public disclosure of the candidate's name and biographical information, and (3) the recommending stockholder has consented in writing to public disclosure of such stockholder's name. Required biographical and background information include: (A) the name, age, business address and residence of such person, (B) the principal

occupation and employment of such person, and (C) biographical information on the recommended candidate that the recommending stockholder believes supports such candidacy (keeping in mind the criteria discussed above that the Nominations Committee considers in making recommendations for nomination to the Board).

Communications with the Board

The Company has a process for stockholders and other interested parties who wish to communicate with the Board. Stockholders and other interested parties who wish to communicate with the Board may contact our Board, or specific members of our Board, by writing to: Stockholder Communications, China Botanic Pharmaceutical Inc. Level 11, Changjiang International Building, No. 28, Changjiang Road, Nangang District, Harbin, Heilongjiang Province, China 150090. These communications will be reviewed by one or more employees of the Company designated by the Board, who will determine whether they should be presented to the Board. The purpose of this screening is to allow the Board to avoid having to consider irrelevant or inappropriate communications.

Code of Ethics

We have adopted a Code of Ethics. Written copies of the codes can be found on our website at www.renhuang.com and can be made available in print to any stockholder upon request at no charge by writing to our Secretary, China Botanic Pharmaceutical Inc. Level 11, Changjiang International Building, No. 28, Changjiang Road, Nangang District, Harbin, Heilongjiang Province, China 150090. Our Codes of Ethics are intended to be a codification of the business and ethical principles which guide us, and to deter wrongdoing, to promote honest and ethical conduct, to avoid conflicts of interest, and to foster full, fair, accurate, timely and understandable disclosures, compliance with applicable governmental laws, rules and regulations, the prompt internal reporting of violations and accountability for adherence to the Codes.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities, to file with the Securities and Exchange Commission (hereinafter referred to as the "Commission") initial statements of beneficial ownership, reports of changes in ownership and Annual Reports concerning their ownership, of Common Stock and other of our equity securities on Forms 3, 4, and 5, respectively. Executive officers, directors and greater than 10% stockholders are required by Commission regulations to furnish us with copies of all Section 16(a) reports they file.

To the best of our knowledge, based solely on information publicly available, during the fiscal year ended October 31, 2010, all of our directors and executive officers complied with Section 16(a) filing requirements except for late Form 3 filings by, Mr. Xiaoheng Shao and Ms. Yan Yi Chen.

Certain Relationships and Related Transactions, and Director Independence

Transactions with Related Persons and Director Nominees:

Mr. Shaoming Li, our chairman, chief executive officer and president, is also chairman and a 50% stockholder of Renhuang Stock Co. We lease property and a plant from Renhuang Stock Co. Our rental expenses for this lease during the years ended October 31, 2010 and 2009 amounted to \$367,224 and \$615,594, respectively.

During the years ended October 31, 2010 and 2009, we sold goods in the amount of \$0 and \$430,889, respectively, to Heilongjiang Renhuang Pharmaceutical Limited, a company in which Mr. Li is a major stockholder.

On October 12, 2009, we through our wholly own subsidiary, Harbin Renhuang Pharmaceutical Co. Ltd, entered into a Purchase Agreement with Renhuang Stock Co. to acquire the land use right, property and plant, for a total consideration of \$23,472,000. Pursuant to the Purchase Agreement, a payment of \$14,670,000 was made to Renhuang Stock Co., in October 2009 and recorded as deposits on the consolidated balance sheet. Pursuant to the Purchase Agreement, final payment of \$8,417,726 is due by December 31, 2011, at which time title for the assets will be transferred. Accordingly the transaction is considered incomplete as at October 31, 2010.

On September 1, 2009, we through our wholly-owned subsidiary, Harbin Renhuang Pharmaceutical Co. Ltd, entered into a Purchase Agreement with Renhuang Stock Co., to acquire two production patents, for a total consideration of \$2,347,200. Pursuant to the Purchase Agreement, a payment of \$1,467,000 was made to Renhuang Stock Co., in October 2009 and recorded as deposits on the consolidated balance sheet. Pursuant to the Purchase Agreement, final payment of \$880,200 is due by December 31, 2010, at which time title for the assets will be transferred. In August, 2010, final payment was made to Renhuang Stock Co. and the tile of the patent was transferred at the same month.

On April 10, 2010, the Company through its wholly own subsidiary, Harbin Renhuang Pharmaceutical Co. Ltd, entered into a Purchase Agreement with Heilongjiang Yongtai Company, to acquire two office floors for a total consideration of \$5,750,263. Pursuant to the Purchase Agreement, a payment of \$4,025,184 was made in April 2010 and recorded as deposits on the consolidated balance sheet. Pursuant to the Purchase Agreement, final payment of \$1,725,079 is due by December 20, 2012, at which time title for the assets will be transferred. Accordingly the transaction is considered incomplete as at October 31, 2010.

Review, Approval or Ratification of Transactions with Related Persons

Our Audit Committee reviews and approves or ratifies any related person transaction that is required to be disclosed. As such transactions required the approval of our Audit Committee, the above related party transactions during fiscal years ended October 31, 2010 and 2009 were reviewed, approved or ratified by our Audit Committee.

EXECUTIVE COMPENSATION

Summary Compensation Table

Our Compensation Committee, which consists of Messrs. Shaoming Li and Bingchun Wu, and Xiaoheng Shao,, assists our board of directors in reviewing and approving the compensation structure of our directors and executive officers, including all forms of compensation to be provided to our directors and executive officers. With the responsibility of establishing, implementing and monitoring our executive compensation program philosophy and practices, our Compensation Committee seeks to ensure that the total compensation paid to our directors and executive officers is fair and competitive.

The following table sets forth information for the fiscal years ended October 31, 2010 and 2009, regarding all forms of compensation received by all persons who served as our Principal Executive Officer, and Principal Financial Officer during the fiscal year ended October 31, 2010. We did not have any executive officer who received more than \$100,000 for services during the fiscal year ended October 31, 2010.

Name and Principal Position (a)	Year (b)	Salary (c)	Bonus (d)	Stock Awards (e)(1)	Option Awards (f)(1)	All Other Compensation (g)	Total (h)
Shaoming Li, Chairman of Board of Directors, Chief Executive Officer, and President	2010	\$ 31,250	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 31,250
	2009	\$ 31,250	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 31,250
Xiaoying Lu, Former Interim Chief Financial Officer(2)	2010	\$ 7,051	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 7,051
	2009	\$ 7,051	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 7,051
Yan Yi Chen, Former Interim Chief Financial Officer(3)	2010	\$ 33,590	\$ -0-	\$ -0-	\$ -0-	(4) \$ -0-	\$ 32,242
	2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wang Zuoliang Former Interim Chief Financial Officer(5)	2010	\$ 4,500	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 4,500
	2009	\$ 4,500	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 4,500
Jiang He, Secretary	2010	\$ 4,500	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 4,500
	2009	\$ 4,500	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 4,500

(1) Reflects the grant date fair value of the awards calculated in accordance with FASB ASC Topic 718 – Stock Compensation.

(2) Ms. Lu was appointed to the position of interim Chief Financial Officer effective August 20, 2010. Before the appointment, Ms Lu was served as our accounting manager.

(3) Ms. Chen resigned as interim chief financial officer on August 19, 2010.

(4) On January 13, 2010, Ms. Chen was granted an option to purchase 50,000 shares of our common stock at \$1.00 per share. The option becomes exercisable on January 13, 2013. The Options was cancelled on August 8, 2010, as Ms Chen resigned for personal reasons.

(5) Mr. Wang resigned as interim chief financial officer on January 13, 2010.

Employment Agreements with Executive Officers

On January 13, 2010, we entered into an employee agreement with Ms. Chen, who became our chief financial officer on that date. The agreement had a three-year term and provided that Ms. Chen would receive a base salary of approximately \$58,700, and would be entitled to receive an option grant to purchase 50,000 shares of our common stock, at an exercise price of \$1.00 per share, and valid for 3 years since the date of grant, on the commencement date and on the first and second anniversary under the 2007 Non-Qualified Company Stock Grant and Option Plan thereafter (for a total of 150,000 shares). The option is subject to a one year vesting schedule starting from each grant date. Ms. Chen was also eligible to receive discretionary bonuses at times and in amounts determined by our Compensation Committee and certain other benefits available to executive officers. Ms. Chen resigned on August 19, 2010. As a result, the options issued to Ms. Chen were cancelled.

On December 14, 2010, we entered into the CFO Appointment Agreement with Mr. Weiqiu Dong, who became our chief financial officer on that date. The agreement provides that Mr. Dong will receive an annual base salary of RMB 600,000 per year. In accordance with the appointment, Mr. Dong received, on December 16, 2010, an option to purchase 200,000 shares of the Company's common stock under our 2003 Omnibus Plan. The option has a three (3) year term and vests 60,000 shares on the first anniversary of the date of grant and 70,000 shares on each of the second and third anniversaries of the date of grant, conditioned upon continued employment on such date. The exercise price of the option grant is \$2.12, the closing price on the date of the grant. Fair market value of the option granted was \$259,251.

We have no other employment agreements with our executive officers. Our chairman, chief executive officer and president, Mr. Li receives \$31,250 in annual salary and is reimbursed for out of pocket expenses. Our secretary, Mr. He receives \$4,500 in annual salary and is reimbursed for out of pocket expenses.

Benefit Plans

We do not have any profit sharing plan or similar plans for the benefit of our officers, directors or employees. However, we may establish such plans in the future. Certain employees of our subsidiary, including Mr. Shaoming Li, our Chairman, Chief Executive Officer, and President, receive pension and healthcare benefits through plans offered by such subsidiary, as required by local Chinese laws.

2007 Non-Qualified Company Stock Grant and Option Plan and 2003 Omnibus Securities Plan

On March 19, 2007, our board of directors approved the 2007 Non-Qualified Company Stock Grant and Option Plan (the "2007 Plan"). The 2007 Plan is intended to serve as an incentive and to encourage stock ownership by our directors, officers, and employees, and certain persons rendering service to us, so that such persons may acquire or increase their proprietary interest in our success, and to encourage them to remain in our service. Under the 2007 Plan, up to 200,000 shares of our common stock may be subject to options.

On February 28, 2003, our board of directors approved our 2003 Omnibus Securities Plan (the "2003 Plan"), which was approved by our stockholders on April 11, 2003. The 2003 Plan offers selected employees, directors, and consultants the opportunity to acquire our common stock, and serves to encourage such persons to remain employed by us and to attract new employees. The 2003 Plan allows for the award of stock and options, up to 25,000 (after giving effect to the 1-for-30 reverse stock split in 2006) shares of our common stock. On May 1, of each year, the number of shares in the 2003 Securities Plan is automatically adjusted to an amount equal to ten percent of our outstanding stock on April 30, of the immediately preceding year. As of April 30, 2010, the number of shares of common stock outstanding was 37,239,536 making 3,723,954 shares of common stock subject to the 2003 Plan.

Outstanding Equity Awards at October 31, 2010

On January 13, 2010, 70,000 option was granted to Ms. Yan Yi Chen. On August 19, 2010, this option was forfeited since Ms. Chen resigned for her personal reasons. As of October 31, 2010, no equity awards that issued to any executive officers were outstanding.

Compensation of Directors

The following table sets forth compensation paid to our non-executive directors for the fiscal year ended October 31, 2010.

Name	Fees	Stock	Option	Non-Equity	Nonqualified	All Other	Total
------	------	-------	--------	------------	--------------	-----------	-------

Edgar Filing: China Botanic Pharmaceutical - Form DEF 14A

	Paid in Cash (\$)	Awards (\$)	Awards (\$)	Incentive Plan Compensation (\$)	Deferred Compensation Earnings (\$)	Compensation (\$)	(\$)
(a)	(b)(1)	(c)(2)	(d)(2)	(e)	(f)	(g)	
Xiaoheng Shao	14,862	-0-	70,000	(3) -0-	-0-	-0-	-0-
Bingchun Wu	2,703	-0-	-0-	-0-	-0-	-0-	-0-
Changxiong Sun	2,703	-0-	-0-	-0-	-0-	-0-	-0-
Dianjun Pi	-0-	-0-	-0-	-0-	-0-	-0-	-0-

(1) The dollar value reflected is based on a conversion ratio of 1 RMB to every 0.1502 US dollars as of December 1, 2010.

(2) Reflects the grant date fair value of the awards calculated in accordance with FASB ASC Topic 718 –Stock Compensation.

(3) We entered into a independent director agreement with Mr. Shao dated April 13, 2010, pursuant to which we granted Mr. Shao an option to purchase a total amount of 70,000 shares of our common stock under the 2003 Plan at a purchase price of \$2.57 per share. The option will vest on a quarterly basis such that, for the first 11 quarter anniversaries, Mr. Shao will be entitled to purchase 5,833 shares of our common stock and, for the 12th quarter anniversary of the grant, he will be entitled to purchase 5,837 shares of our common stock. As of October 31, 2010, Mr. Shao was entitled to purchase 17,499 shares of our common stock under the option grant. Note that, the dollar amount disclosed in this table relates to a different number of acquirable shares than that in the beneficial ownership table below since the beneficial ownership table reflects that number of shares which are acquirable within 60 days of October 31, 2010. Accordingly, for purposes of the beneficial ownership table, the 5,833 shares that become acquirable on December 13, 2010 are reflected.

Independent Director Agreements

We currently have agreements with our independent directors.

On April 19, 2010, we entered into an independent director agreement with Mr. Wu, who became a director on April 20, 2010. The agreement provides that Mr. Wu will receive a base salary of approximately RMB 3,000 per month for board meeting attendance as well as expense reimbursement. The Agreement expires on the earlier of (i) the date Mr. Wu ceases to be a member of the board, or (ii) the date of termination of the Agreement.

On April 19, 2010, we entered into an independent director agreement with Mr. Sun, who became a director on April 20, 2010. The agreement provides that Mr. Sun will receive a base salary of approximately RMB 3,000 per month for board meeting attendance as well as expense reimbursement. The Agreement expires on the earlier of (i) the date Mr. Sun ceases to be a member of the board, or (ii) the date of termination of the Agreement.

On April 13, 2010, we entered into an independent director agreement with Mr. Shao, who became a director on April 15, 2010. The agreement provides that Mr. Shao, the Chair of our Audit Committee, will receive a base salary of approximately \$3,000 per month for board meeting attendance as well as expense reimbursement which is paid in Renminbi. Additionally, Mr. Shao was granted an option to purchase up to 70,000 shares of our common stock under the 2003 Plan, at an exercise price of \$2.57 per share. The option will vest on a quarterly basis such that Mr. Shao will be entitled to purchase 5,833 shares of our common stock on the first 11 quarter anniversaries of the grant date (April 15, 2010) and 5,837 shares of our common stock on the twelfth quarter anniversary of the grant date. The option has a term of 3 years, starting from the date of grant. The Agreement expires on the earlier of (i) the date Mr. Shao ceases to be a member of the board, or (ii) the date of termination of the Agreement.

There is currently no agreement with Mr. Li or Mr. Pi for compensation. Mr. Li and Mr. Pi are entitled to reimbursement for travel expenses. We do not pay additional amounts for committee participation or special assignments of the board of directors.

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth, as of September 13, 2011, information concerning the beneficial ownership of shares of our common stock held by our directors, our named executive officers, our directors and executive officers as a group, and each person known by us to be a beneficial owner of 5% or more of our outstanding common stock.

Beneficial ownership is determined according to the rules of the Commissioner. Beneficial ownership means that a person has or shares voting or investment power of a security and includes any securities that person has the right to acquire within 60 days after the measurement date, such as those acquirable pursuant to options, warrants or convertible notes. Except as otherwise indicated, we believe that each of the beneficial owners of our common stock listed below, based on information each of them has given to us, has sole investment and voting power with respect to such beneficial owner's shares, except where community property or similar laws may apply. For purposes of the column for shares underlying convertible securities, in accordance with rules of the Commissioner, shares of our common stock underlying securities that a person has the right to acquire within 60 days of September 13, 2011 are deemed to be beneficially owned by such person for the purpose of computing the percentage ownership of that person, but we do not treat them as outstanding for the purpose of computing the ownership percentage of any other person.

Name and Address of Beneficial Owner	Common Stock Beneficially Owned Shares Underlying				Percent (2)
	Total Outstanding	Convertible Securities (1)	Total		
Directors and Named Executive Officers(3)					
Shaoming Li	17,850,000(4)	0	17,850,000	47.9	%
Weiqiu Dong	21,800	0	21,800	*	%
Xiaoheng Shao	0	29,165 (5)	29,165	*	
Bingchun Wu	0	0	0	*	
Changxiong Sun	0	0	0	*	
Dianjun Pi	3,159,450 (6)	0	3,159,450	8.5	%
Jiang He	0	0	0	*	
Directors and executive officers as group (7 persons)	21,031,250(7)	29,165	21,060,415	56.6	%
5% Beneficial Owners					
Tuya Wulan – New BVI Co.(8) P.O. box 957, Offshore Incorporation Center, Road Town, Tortola, British Virgin Islands					
	2,975,000	0	2,975,000	7.9	%
Cheung Yunman – China Wealth Sources Co. (9) P.O. box 957, Offshore Incorporation Center, Road Town, Tortola, British Virgin Islands					
	4,278,000	0	4,278,000	11.5	%

*Individual owns less than 1% of our securities.

(1) Includes shares of our common stock issuable upon exercise of options or upon conversion of warrants or convertible notes within 60 days.

(2) Based on 37,239,536 shares of our common stock outstanding as of September 13, 2011.

(3) The address for this beneficial owner is No. 281, Taiping Road, Taiping District, Harbin, Heilongjiang Province, China 150050.

(4) Includes 17,850,000 shares of Common Stock owned by Celebrate Fortune Company Limited, an entity controlled by Mr. Shaoming Li.

(5) Includes 29,165 shares of Common stock which have vested as of September 13, 2011, with an exercise price of \$2.57 per share, in connection with option granted on April 2010 to purchase 70,000 shares of our common stock. The option vest on a quarterly basis such that Mr. Shao is entitled to purchase 5,833 shares of our common stock on the first 11 quarter anniversaries of the grant date and 5,837 shares of our common stock on the twelfth quarter anniversary of the grant date.

(6) Includes 3,159,450 shares of Common Stock owned by Total Prosperity Company Ltd, an entity controlled by Mr. Dianjun Pi.

(7) Includes 17,850,000 shares of Common Stock owned by Celebrate Fortune Company Limited, an entity controlled by Mr. Shaoming Li, and 3,159,450 shares of Common Stock owned by Total Prosperity Company Ltd, an entity controlled by Mr. Dianjun Pi.

(8) Includes 2,975,000 shares of Common Stock owned by New BVI Co., an entity controlled by Mr. Tuya Wulan.

(9) Includes 4,278,000 shares of Common Stock owned by New China Wealth Sources Co., an entity controlled by Mr. Cheung Yunman.

Edgar Filing: China Botanic Pharmaceutical - Form DEF 14A

Our Annual Report on Form 10-K for the 2010 fiscal year, filed with the Commission on March 3, 2011, as amended by Form 10-K/A (Amendment No. 1) filed with the Commission on March 10, 2011, is being mailed along with this Proxy Statement to all stockholders entitled to notice of and to vote at the Annual Meeting. The Annual Report is not incorporated into this Proxy Statement and is not considered proxy solicitation material. Stockholders may also obtain an additional copy of the Annual Report, without charge, by writing to our office located at Level 11, Changjiang International Building, No. 28, Changjiang Road, Nangang District, Harbin, Heilongjiang Province, China 150090, Attention: Secretary. We will furnish upon request any exhibits to the Form 10-K upon the payment by the requesting stockholder of our reasonable expenses in furnishing such exhibits. Our Annual Report on Form 10-K, as well as certain other reports, proxy statements and other information regarding China Botanic Pharmaceutical Inc. are also available at the Commission's public website at <http://www.sec.gov>.

STOCKHOLDER PROPOSALS FOR THE 2011 ANNUAL MEETING

If you wish to have a proposal included in our proxy statement for next year's annual meeting in accordance with Rule 14a-8 under the Exchange Act, your proposal must be received by the Secretary of the Company at Level 11, Changjiang International Building, No. 28, Changjiang Road, Nangang District, Harbin, Heilongjiang Province, China 150090, no later than the close of business on May 18, 2012. A proposal which is received after that date or which otherwise fails to meet the requirements for stockholder proposals established by the Commission will not be included. The submission of a stockholder proposal does not guarantee that it will be included in the proxy statement.

DELIVERY OF DOCUMENTS TO STOCKHOLDERS SHARING AN ADDRESS

In accordance with notices to stockholders who hold their shares through a bank, broker or other holder of record (a “street-name stockholder”) and share a single address, only one proxy statement is being delivered to that address unless contrary instructions from any stockholder at that address were received. However, any such street-name stockholder residing at the same address who wishes to receive a separate copy of this proxy statement may request a copy by contacting the bank, broker or other holder of record, or the Company by telephone at: +86-451-5762-0378, or by mail to: Level 11, Changjiang International Building, No. 28, Changjiang Road, Nangang District, Harbin, Heilongjiang Province, China 150090, Attention: Secretary. In addition, any street-name stockholders residing at the same address who have received multiple copies of this proxy statement and wish to receive a single copy of the Company’s annual reports, information statements and proxy materials in the future may contact the bank, broker or other holder of record, or the Company at the contact information above.

OTHER BUSINESS

We do not know of any business to be presented for action at the meeting other than those items listed in the notice of the meeting and referred to herein. If any other matters properly come before the meeting or any adjournment thereof, it is intended that the proxies will be voted in respect thereof in accordance with their best judgment pursuant to discretionary authority granted in the proxy.

By Order of the Board of Directors

/s/Shaoxing Li

Shaoxing Li

Chairman, Chief Executive Officer and President

September 15, 2011
Harbin, China

CHINA BOTANIC PHARMACEUTICAL INC.
Level 11, Changjiang International Building
No. 28, Changjiang Road
Nangang District, Harbin
Heilongjiang Province, China 150090
+86-451-5762-0378

PROXY FOR ANNUAL MEETING OF STOCKHOLDERS, OCTOBER 15, 2011
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned revokes all previous proxies, acknowledges receipt of the notice of the stockholders' annual meeting to be held October 15, 2011 and the proxy statement, and appoints Shaoming Li a proxy, with full power to appoint substitutes, and hereby authorizes him to represent and to vote as designated below, all the shares of common stock of China Botanic Pharmaceutical Inc. held of record by the undersigned as of September 13, 2011, at the Annual Meeting of Stockholders to be held at the Company's corporate office, located at Level 11, Changjiang International Building, No. 28, Changjiang Road, Nangang District, Harbin, Heilongjiang Province, China 150090, at 10:00 a.m. (local time), on Saturday, October 15, 2011, and any adjournments or postponements thereof, and hereby ratifies all that said attorneys and proxies may do by virtue hereof.

PLEASE MARK VOTE IN BRACKET IN THE FOLLOWING MANNER USING DARK INK ONLY. x

1. Election of Directors to serve until the Annual Meeting of Stockholders for the year 2011.

Nominees

Shaoming Li	..	FOR	..	WITHHOLD AUTHORITY
Bingchun Wu	..	FOR	..	WITHHOLD AUTHORITY
Changxiaong Sun	..	FOR	..	WITHHOLD AUTHORITY
Dianjun Pi	..	FOR	..	WITHHOLD AUTHORITY

2. To approve the Board of Directors appointment of Windes & McClaughry Accountancy Corporation as our independent registered public accounting firm for our fiscal year 2011.

.. FOR .. AGAINST .. ABSTAIN

3. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Meeting.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" PROPOSALS ONE THROUGH THREE.

THIS PROXY ALSO DELEGATES DISCRETIONARY AUTHORITY TO VOTE WITH RESPECT TO OTHER BUSINESS WHICH PROPERLY MAY COME BEFORE THE MEETING, OR ANY ADJOURNMENTS OR POSTPONEMENTS THEREOF. IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING.

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

Edgar Filing: China Botanic Pharmaceutical - Form DEF 14A

PLEASE READ, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED ENVELOPE, OR FAX AT, 469-633-0088.

PROXY SENT BY MAIL OR FAX MUST BE RECEIVED BY 5:00 P.M. ON OCTOBER 14, 2011 (UNITED STATES, PACIFIC TIME ZONE)

TO VOTE ONLINE GO TO:

<http://www.stctransfer.com/proxyvote3>

You will need to login with your Control Number which is listed above your name at the top of this page.

Please see the Reverse side to sign and date.

THE UNDERSIGNED HEREBY ACKNOWLEDGES RECEIPT OF THE NOTICE OF ANNUAL MEETING AND PROXY STATEMENT FURNISHED IN CONNECTION THEREWITH.

Dated: _____, 2011

NAME OF REGISTERED STOCKHOLDER

SIGNATURE

PRINT NAME OF SIGNATORY

PRINT TITLE

Common Stock

Please sign exactly as name appears. When shares are held by joint tenants or more than one person, all owners should sign. When signing as attorney, as executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.