



烟台北方安德利果汁股份有限公司
Yantai North Andre Juice Co., Ltd.*
(a joint stock limited company incorporated in the People's Republic of China)

Interim Report
For the six months ended 30 June 2003

* *For identification purpose only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This report, for which the directors (the “Directors”) of Yantai North Andre Juice Co., Ltd. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: 1. the information contained in this report is accurate and complete in all material respects and not misleading; 2. there are no other matters the omission of which would make any statement in this report misleading; and 3. all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



烟台北方安德利果汁股份有限公司

Yantai North Andre Juice Co., Ltd.*

(a joint stock limited company incorporated in the People's Republic of China)

INTERIM RESULTS (UNAUDITED)

The Board of Directors (the "Board") of the Company is pleased to announce the unaudited results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and six months ended 30 June 2003 as follows:

Consolidated Income Statement

	Note	Unaudited For the three months ended 30 June		Unaudited For the six months ended 30 June	
		2003 RMB'000	2002 RMB'000	2003 RMB'000	2002 RMB'000
Turnover	2	84,052	67,684	156,959	134,551
Cost of sales		(47,978)	(45,198)	(91,134)	(94,286)
Gross Profit		36,074	22,486	65,825	40,265
Other operating income		92	47,974	115	51,038
Distribution expenses		(15,788)	(381)	(24,203)	(1,429)
General and administration expenses		(2,706)	(2,300)	(4,675)	(3,872)
Other operating expenses		(69)	(47,294)	(69)	(50,500)
Profit from operations		17,603	20,485	36,993	35,502
Net finance costs		(2,465)	(1,482)	(5,101)	(3,112)
Profit before taxation	3	15,138	19,003	31,892	32,390
Taxation	4	77	(1,875)	(837)	(4,036)
Profit after taxation		15,215	17,128	31,055	28,354
Minority interests		–	51	285	51
Profit attributable to shareholders		15,215	17,179	31,340	28,405
Dividends	5	–	–	–	22,776
Basic earnings per share	6	RMB0.10	RMB0.15	RMB0.24	RMB0.25

* For identification purpose only

Consolidated Balance Sheet

	<i>Note</i>	Unaudited 30 June 2003 RMB'000	Audited 31 December 2002 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	301,158	218,020
Lease prepayments		22,770	19,338
Investment in subsidiaries		–	2,700
Deferred tax assets		–	78
Goodwill		1,912	–
Total non-current assets		325,840	240,136
Current assets			
Inventories		82,189	118,984
Trade receivables	8	78,276	64,024
Other receivables and prepayments		73,727	49,939
Cash and cash equivalents		37,343	25,586
Total current assets		271,535	258,533
Total assets		597,375	498,669
EQUITY, MINORITY INTERESTS AND LIABILITIES			
Current liabilities			
Short-term bank loans		152,860	158,899
Amount due to a shareholder	9	11,382	–
Trade payables	10	13,989	22,196
Other payables and accrued expenses		81,322	117,770
Income tax payable		1,139	1,897
Total current liabilities		260,692	300,762
Net current assets/(liabilities)		10,843	(42,229)
Total assets less current liabilities		336,683	197,907
Non-current liabilities			
Other long-term liabilities		2,847	2,847
Total non-current liabilities		2,847	2,847
Total liabilities		263,539	303,609
Minority interests		–	19,635
Capital and reserves			
Paid-in capital	11	151,880	113,880
Capital surplus		89,081	10
Reserves		14,443	14,443
Retained earnings		78,432	47,092
Total capital and reserves		333,836	175,425
Total equity, minority interests and liabilities		597,375	498,669

Condensed Consolidated Cash Flow Statement

Unaudited
For the six months
ended 30 June

	2003	2002
	RMB'000	RMB'000
Net cash inflow from operating activities	38,017	51,576
Net cash outflow from investing activities	(145,851)	(55,185)
Net cash outflow before financing	(107,834)	(3,609)
Net cash inflow/(outflow) from financing	119,591	(3,919)
Net increase/(decrease) in cash and cash equivalents	11,757	(7,528)
Cash and cash equivalents at beginning of the period	25,586	26,261
Cash and cash equivalents at end of the period	37,343	18,733
Analysis of balances of cash and cash equivalents		
Cash and bank balances	37,343	18,733

Consolidated Statement of Changes in Equity

	Paid-in capital	Capital surplus	Reserves	Retained earnings	Total capital and reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2003	113,880	10	14,443	47,092	175,425
Issuances of shares (<i>note 11</i>)	38,000	111,163	–	–	149,163
Share issue expenses	–	(22,092)	–	–	(22,092)
Net profit for the period	–	–	–	31,340	31,340
Balance at 30 June 2003	151,880	89,081	14,443	78,432	333,836
Balance at 1 January 2002	113,880	10	5,070	29,209	148,169
Net profit for the period	–	–	–	28,405	28,405
Dividends	–	–	–	(22,776)	(22,776)
Balance at 30 June 2002	113,880	10	5,070	34,838	153,798

1. Basis of preparation and accounting policies

The principal accounting policies adopted in preparing the unaudited consolidated results for the six months ended 30 June 2003 conform with International Financial Reporting Standards (“IFRS”) promulgated by the International Accounting Standards Board. IFRS include International Accounting Standards and Interpretations. These unaudited consolidated results for the six months ended 30 June 2003 also comply with the applicable disclosure provisions of the GEM Listing Rules of the Hong Kong Stock Exchange.

The unaudited consolidated results for the six months ended 30 June 2003 are prepared on the historical cost basis.

The accounting policies have been consistently applied by the Group and are consistent with those used in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2002.

2. Turnover

The Group is principally engaged in the production and sale of condensed juice. Turnover represents income arising from the sales of condensed juice net of value added tax.

3. Profit before taxation

Profit before taxation is arrived at after charging/(crediting) the following items:

	Unaudited		Unaudited	
	For the three months		For the six months	
	ended 30 June		ended 30 June	
	2003	2002	2003	2002
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(a) Net finance costs:				
Interest on bank loans repayable within five years	2,003	1,446	4,246	3,018
Bank charges and others	509	71	925	160
Interest Income	(47)	(35)	(70)	(66)
(b) Other items:				
Amortisation of goodwill	66	–	66	–
Depreciation	1,176	284	4,659	3,345
Auditors’ remuneration	10	15	20	30
Research and development expenses	6	–	7	–
Staff costs (including directors’ remuneration)				
– wages and salaries	654	495	1,401	1,051
– contributions to retirement benefit schemes	97	103	202	219

4. Taxation

The Company is subject to PRC income tax, before any relief or concession, at a rate of 24%. In accordance with the relevant PRC tax rules and regulations, the Company is exempt from PRC income tax for two years starting from its first profit-making year, and is entitled to a 50% relief on PRC income tax for the following three years. As 1999 was the Company's first profitable year, the applicable income tax rate for 2003 is 12%.

The subsidiary operating in the United States is subject to income tax at the appropriate current rates of taxation ruling in the United States. During the six months ended 30 June 2003, the subsidiary was subject to the United States Federal and State income tax at a statutory rate of 34% and 8.84%, respectively.

The subsidiary operating in Shaanxi, PRC is also subject to PRC income tax, before any relief or concession, at a rate of 15%. In accordance with the relevant PRC tax rules and regulations, the subsidiary is exempt from PRC income tax for two years starting from its first profit-making year, and is entitled to a 50% relief on PRC income tax for the following three years. As 2002 was the subsidiary's first profitable year, the applicable income tax rate for 2003 is 0%.

The subsidiary operating in Longkou, PRC is also subject to PRC income tax, before any relief or concession, at a rate of 24%. In accordance with the relevant PRC tax rules and regulations, the subsidiary is exempt from PRC income tax for two years starting from its first profit-making year, and is entitled to a 50% relief on PRC income tax for the following three years. Accordingly, the applicable income tax rate for 2003 is 0%.

The subsidiaries in Xuzhou, PRC had no profits attributable to PRC income tax for the six months ended 30 June 2003.

5. Dividends

The directors recommend a special dividend of RMB0.23 per share for the year 2002 which shall be approved in extraordinary general meeting.

Pursuant to a resolution passed at the shareholders' meeting on 9 March 2002, a dividend totaling RMB 22,776,000 for 2001 was approved and paid thereafter.

6. Earnings per share

(a) Basic earnings per share

For the three months and the six months ended 30 June 2003, the calculation of earnings per share is based on the unaudited profit attributable to shareholders of RMB15,215,000 and RMB31,340,000, respectively (For the three months and six months ended 30 June 2002, the unaudited profit attributable to shareholders is RMB17,179,000 and RMB28,405,000 respectively) divided by the weighted average number of shares issued during the respective period. For the three months and the six months ended 30 June 2003, the weighted average number of shares in issue is 145,198,681 and 129,625,856 respectively (For the three months and the six months ended 30 June 2002, the weighted average number of shares in issue is 113,880,000).

(b) Diluted earnings per share

Diluted earnings per share has not been calculated for the three months and six months ended 30 June 2002 and 2003 as there were no dilutive potential ordinary shares outstanding during these periods.

7. Property, plant and equipment

During the period from 1 January 2003 to 30 June 2003, the Group had additions to property, plant and equipment in the amount of RMB87,797,000.

8. Trade receivables

An ageing analysis of trade receivables is as follows:

	Unaudited	Audited
	30 June	31 December
	2003	2002
	RMB'000	RMB'000
Within 3 months	73,547	61,247
Over 3 months but less than 6 months	4,651	2,584
Over 6 months but less than 1 year	–	193
Over 1 year	78	–
	<hr/>	<hr/>
Total	78,276	64,024
	<hr/> <hr/>	<hr/> <hr/>

Customers are generally granted credit terms of 3 to 6 months, depending on the credit standing of individual customers.

9. Amount due to a shareholder

The outstanding balance as at 30 June 2003 represents the cash consideration payable to Korea Jeong Soo Andre Co., Ltd., a shareholder of the Company, in relation to the acquisition of 25% equity interest in Yantai Longkou Andre Juice Co., Ltd.

10. Trade payables

An ageing analysis of trade payables is as follows.

	Unaudited 30 June 2003 <i>RMB'000</i>	Audited 31 December 2002 <i>RMB'000</i>
Within 6 months	13,695	22,114
Over 6 months but less than 1 year	222	33
Over 1 year	72	49
Total	13,989	22,196

11. Paid-in capital

	No. of shares <i>('000)</i>	<i>RMB'000</i>
Registered, issued and fully paid:		
As at 1 January 2003	113,880	113,880
Issuance of shares (<i>note</i>)	38,000	38,000
As at 30 June 2003	151,880	151,880

Note: Pursuant to a resolution passed at the shareholders' meeting on 14 September 2002 and approvals from relevant government authorities, the Company was authorised to increase its share capital to a maximum of RMB157,580,000 immediately after the listing of the Company's H shares on the GEM of the Stock Exchange.

On 17 April 2003, the Company issued 38,000,000 H shares with a par value of RMB1.00 each, at a price of HK\$3.70 per H share by placing.

All the share issued by the Company rank pari passu.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

It is the Group's business objective to become one of the well-known manufacturers in the apple juice concentrate industry and other fruit and vegetable juice concentrate industry, both in the PRC and the US, with an established brand name of itself.

For the six months ended 30 June 2003, turnover of the Group increased to approximately RMB156.9 million, compared to RMB134.6 million for the corresponding period in 2002. The Group's turnover for the six months ended 30 June 2003 was principally derived from the manufacture and sale of apple juice concentrate, apple extract and related products.

As compared with the same period in 2002, the increase in the Group's turnover during the first half of 2003 was mainly attributable to higher income arising from the sale of apple juice concentrate. The Directors believe that the quality of the Group's products had increased the sales demand from its customers during 2003.

Distribution expenses of the Group principally comprised transportation expenses, export inspection expenses and promotion expenses. The significant increase in distribution expenses for the six months ended 30 June 2003 was mainly attributable to the higher export inspection expenses and transportation expenses.

The Group recorded a profit attributable to shareholders of approximately RMB31.3 million for the six months ended 30 June 2003, compared with a profit attributable to shareholders of approximately RMB28.4 million for the corresponding period in 2002.

Prospects

Production capacity

In view of the increasing demand for apple juice concentrate, a new production plant of the Group located in Xuzhou, Jiangsu Province has been constructed and commenced operation in July 2003. Such new production plant will be equipped with similar machineries and equipment as in the existing production plants of the Group. Upon such new production plant coming into full operation, the Directors anticipate that the overall production capacity of the Group will increase from the existing 100,000 tonnes of apple juice concentrate per pressing season to approximately 125,000 tonnes of apple juice concentrate per pressing season.

Research and development

During the six months ended 30 June 2003, the Group has achieved a breakthrough in the development of second deposition control technology and anti-browning technology for apple juice concentrate. The second deposition process during the production of apple juice concentrate has been overcome. In addition, with the new anti-browning technology, clarity of the apple juice concentrate produced has been maintained and lasts for longer period of time. Accordingly, the Group has applied for patents in relation to the abovementioned technologies in the PRC.

Diversification of products

The Company intends to produce a wide variety of products such as pear juice and essence to broaden its revenue sources. The Directors believe that through the use of the Group's existing production facilities, the Group should be able to effectively integrate the new product varieties into its existing operation, achieving diversification of product types and enhancing its production capacity.

COMPARISON OF BUSINESS OBJECTIVES PLANS WITH ACTUAL BUSINESS PROGRESS

The Company was successfully listed on the GEM on 22 April 2003. The Company stated its business objectives for the period from 9 April 2003, being the latest practicable date ("LPD") prior to the printing of the prospectus of the Company dated 11 April 2003 (the "Prospectus"), to 30 June 2003. The actual progress mentioned below covers only the period from LPD to 30 June 2003.

Business objectives for the six months ended 30 June 2003 as mentioned in the Prospectus

The actual progress for the six months ended 30 June 2003

(1) Construction of additional production facilities

1. Formulate, plan and commence construction of production plant located in Xuzhou, Jiangsu province
2. Acquired 49% equity interest in Yantai Longkou Andre Juice Co., Ltd.

The production plant of the Company located in Xuzhou, Jiangsu province is currently under construction.

The 25% and 24% equity interest in Yantai Longkou Andre Juice Co., Ltd. was held by Korea Jeong Soo Andre Co., Ltd. and Yantai Jiacheng Trading Co., Ltd. respectively. Part of the consideration for the acquisition of 24% equity interest from Yantai Jiacheng Trading Co., Ltd. has been paid. The Directors anticipated that the remaining balance will be settled in the third quarter of 2003.

Under the current foreign exchange control system in the People's Republic of China (the "PRC"), the payment for the acquisition of 25% equity interest to Korea Jeong Soo Andre Co., Ltd., being a foreign company, is currently under review and approval from State Administration of Foreign Exchange of the PRC ("SAFE") is yet to be obtained. Upon obtaining the approval from SAFE, the acquisition of 25% equity interest from Korea Jeong Soo Andre Co., Ltd. will be settled.

(2) Expansion of sales and distribution network

1. Seek suitable distribution agents, strategic alliances and set up representative office for distribution of the Group's products in England
2. Market the Group's products via advertisements and journals in all representative offices

The Company has been seeking suitable distribution agent or strategic alliances and setting up representative office or distributing the Group's products in England.

The Company has market its products via advertisements and journals in all of its representative offices.

(3) Construction of low temperature storeroom

1. Formulate construction plan and commence construction of low temperature storeroom with storage capacity of approximately 10,000 tonnes of apple juice concentrate which is above the peak level of apple juice concentrate expected to be stored

Construction of the low temperature storeroom has been completed.

USE OF PROCEEDS

During the period from 1 January 2003 to 30 June 2003, the Group has applied the net proceeds as follows:

	Budgeted amount to be used up to 30 June 2003 as extracted from the Prospectus HK\$' million	Actual amount used up to 30 June 2003 HK\$' million
1. Construction of additional production facilities in <i>Baishui, Shaanxi province</i>		
– Construction of production plant	1.7	1.7
– Acquisition and installation of equipment and machineries	19.5	19.5
<i>Longkou, Shandong province</i>		
– Construction of production plant	2.8	2.8
– Acquisition and installation of equipment and machineries	21.2	21.2
– Payment for acquisition of 49% equity interest in Yantai Longkou Andre Juice Co., Ltd.	21.1	9.4 ^{note}
2. Expansion of sales and distribution network	3.6	3.5
3. Construction of low temperature storeroom	9.3	9.3
4. Repayment of bank loans	29.3	29.3
	<hr/>	<hr/>
Total	108.5	96.7
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2003, the balance of the unused proceeds from listing of the Company amounted to approximately HK\$23.2 million are placed on deposits with financial institutions.

Note: The partial payment for acquisition of 24% equity interest held by Yantai Jiacheng Trading Co., Ltd (烟台市佳成貿易有限公司) amounted to approximately RMB10,000,000 (approximately HK\$9,413,536).

EMPLOYEES

As at 30 June 2003, the Group had a total of 175 employees. Staff costs including directors' remuneration for the six months ended 30 June 2003 and 2002 were RMB1.6 million and RMB1.3 million, respectively. The Group's employment and remuneration policies remained unchanged with those described in the Prospectus of the Company. The salaries and benefits of employees of the Group are kept at a competitive level and employees are rewarded on a performance related basis with general framework of the Group's salary and bonus system which is reviewed annually. A wide range of benefits, including statutory compulsory welfare plans, is also provided to employees.

DIVIDEND

The Board of Directors has resolved to recommend a special dividend of RMB0.23 per share which shall be approved in extraordinary general meeting. The dividends are expected to be payable on or before 21 October 2003 to shareholders of the Company whose names are on the Register of Members on 27 September 2003.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 27 August 2003 to 27 September 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for special dividends, all transfers accompanied by the relevant shares certificates must be lodged with the Company's Hong Kong branch registrar, Tengis Limited, G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m. on 26 August 2003.

SIGNIFICANT INVESTMENT

There were no significant investments held by the Group as at 30 June 2003.

MATERIAL ACQUISITIONS AND DISPOSALS DURING THE PERIOD AND FUTURE PLANS FOR INVESTMENTS

Other than the acquisition of 49% equity interest in Yantai Longkou Andre Juice Co., Ltd., the Group did not have any material acquisitions or disposals of subsidiaries and associated companies during the period ended 30 June 2003.

CONTINGENT LIABILITIES

As at 30 June 2003, the Directors are not aware of any material contingent liabilities.

CHARGE ON ASSETS

Other than the Group's value added tax refund for export sales and property, plant and equipment amounted to approximately RMB20.8 million and RMB14 million respectively, which had been pledged to banks for the issuance of bank loans, as at 30 June 2003, the Group did not have any charge on its assets.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations and investing activities with internally generated financial resources, proceeds from the placing of shares in April 2003 by the Company and loans from banks. As at 30 June 2003, the Group had outstanding bank loans amounted to approximately RMB152.9 million.

As at 30 June 2003, the Group had a net cash and cash equivalent position of approximately RMB37.3 million. The Group's gearing ratio at 30 June 2003 was 0.44 (31 December 2002: 0.61) which is calculated based on the Group's total liabilities of approximately RMB263.5 million (31 December 2002: RMB303.6 million) and total equity, minority interests and liabilities of approximately RMB597.4 million (31 December 2002: RMB498.7 million). The Directors considered that the Group had sufficient financial resources to meet its ongoing operation requirements.

FOREIGN EXCHANGE EXPOSURE

The operating revenue of the Group is substantially denominated in US dollars. It is the practice of the Group to convert its operating revenue denominated in US dollars to RMB for financing its operating expenses and capital requirements. The official rate for US dollars and RMB has generally been stable, however, the results of operations and the financial position of the Group may be affected by the changes in the exchange rates.

On the other hand, the conversion of RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2003, neither the Company nor its subsidiaries has purchase, sale or redemption any of the Company's shares.

DIRECTORS' AND SUPERVISOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the Directors or supervisors (the "Supervisors") of the Company or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right as at 30 June 2003.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES OF THE COMPANY

As at 30 June 2003, the interests and short positions of the Directors, the Supervisors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations, (within the meaning of Part XV of Securities and Futures Ordinance) if any, as required to be recorded in the register maintained by the Company under Section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by Directors of the Company as referred to in Rule 5.40 of the GEM Listing Rules were as follows:

Name of Directors	Class of shares	Number of ordinary shares of RMB1.00 each			Total
		interest in shares	Long position		
	interest in debentures		interest under equity derivatives		
Zheng Yue Wen	Domestic Shares	60,356,400 <i>Note (1)</i>	–	–	60,356,400
Wang An	Domestic Shares	19,929,000 <i>Note (2)</i>	–	–	19,929,000

Name of Directors	Class of shares	Number of ordinary shares of RMB1.00 each		Total
		Short position		
		short position in respect of shares	short position in respect of equity interest	
Zheng Yue Wen	Domestic Shares	–	–	–
Wang An	Domestic Shares	–	–	–

Notes:

- Zheng Yue Wen holds 43% equity interest in Beijing RAJ Network Sales Co., Ltd. (“Beijing RAJ”) and Beijing RAJ holds 3.75% of the shareholdings of the Company directly. Beijing RAJ also holds 80% of the equity interest in Beijing Yatai Century Technology Development Co., Ltd. (“Century Technology”). Century Technology holds 79% equity interest in Glory Cause Land Afforestation Co., Ltd. (“Glory Cause Land”). Glory Cause Land holds 35.99% of the shareholdings of the Company directly.
- Wang An holds 66.72% equity interest in Yantai Donghua Fruit Co., Ltd. (“Donghua Fruit”), which in turn holds 13.12% of the shareholdings of the Company directly.

Save as disclosed above, none of the Directors, the Supervisors and chief executives had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations, (within the meaning of Part XV of Securities and Futures Ordinance) if any, as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by Directors of the Company as referred to in Rule 5.40 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON

So far as the Directors are aware, as at 30 June 2003, the persons (other than the Directors, the Supervisors and chief executives) having an interest and short positions in the shares, underlying shares and debentures of 5% or more in the respective class of share capital of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of shareholders	Class of shares	Number of shares held				Percentage in the	Percentage
		Long position		Short position		respective class of share capital	in the issued share capital
		interest in	under equity	in respect	under equity		
		shares	derivatives	of shares	derivatives		
Beijing RAJ ^(Note 1)	Domestic Shares	60,356,400	–	–	–	73.61%	39.74%
Glory Cause Land	Domestic Shares	54,662,400	–	–	–	66.67%	35.99%
Century Technology ^(Note 2)	Domestic Shares	54,662,400	–	–	–	66.67%	35.99%
Korea Jeong Soo	Promoter	28,470,000	–	–	–	89.29%	18.75%
	Foreign Shares						
Oh Jeong Taek ^(Note 3)	Promoter	28,470,000	–	–	–	89.29%	18.75%
	Foreign Shares						
Donghua Fruit	Domestic Shares	19,929,000	–	–	–	24.31%	13.12%
Yung Ka Hee Titus	Promoter	3,416,400	–	–	–	10.71%	2.25%
	Foreign Shares						

Notes:

1. Beijing RAJ holds 5,694,000 Domestic Shares of the Company directly. Beijing RAJ also holds 80% of the equity interest in Century Technology. Century Technology holds 79% equity interest in Glory Cause Land.
2. Century Technology holds 79% equity interest in Glory Cause Land.
3. Oh Jeong Taek holds 55% of the equity interest in Korea Jeong Soo.

Other person

Name	Class of shares	Number of shares held				Percentage in the	Percentage
		Long position		Short position		respective class	in the
		interest in shares	under equity derivatives	in respect of shares	short position under equity derivatives	of share capital	issued share capital
Yi Jiang Yen (易江燕) (Note 4)	Domestic Shares	60,356,400	–	–	–	73.61%	39.74%
Zhang Xue Feng (張雪鳳) (Note 5)	Domestic Shares	19,929,000	–	–	–	24.31%	13.12%
Hu Pei Yu (胡佩玉) (Note 6)	Promoter Foreign Shares	28,470,000	–	–	–	89.29%	18.75%

Notes:

- Yi Jiang Yen (易江燕), the wife of Zheng Yue Wen, is not a shareholder of the Company. However, she is deemed to be interested in the 60,356,400 shares of the Company (under Divisions 2 and 3 of Part XV of the SFO).
- Zhang Xue Feng (張雪鳳), the wife of Wang An, is not a shareholder of the Company. However, she is deemed to be interested in the 19,929,000 shares of the Company (under Divisions 2 and 3 of Part XV of the SFO)
- Hu Pei Yu (胡佩玉), the wife of Oh Jeong Taek, is not a shareholder of the Company. However, she is deemed to be interested in the 28,470,000 shares of the Company (under Divisions 2 and 3 of Part XV of the SFO)

Save as disclosed above, as at 30 June 2003, the Directors were not aware of any other person who had an interest or short position in the shares or underlying shares which would fall to be disclosed under Division 2 and 3 of Part XV of the SFO.

SPONSOR'S INTERESTS

Pursuant to a sponsor agreement dated 22 April 2003 between the Company and Barits Securities (Hong Kong) Limited (“Barits”), Barits have been appointed as the sponsors to the Company as required under the GEM Listing Rules for a fee from 22 April 2003 to 31 December 2005.

Barits, its directors, employees or any of their respective associates did not have any interest in any securities of the Company or any of its associated corporations as at 30 June 2003.

COMPETING INTERESTS

None of the Directors, the management shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) had any interest in a business which competes or may compete with the businesses of the Group or has or may have any other conflicts of interest with the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Society of Accountants. The primary duties of the audit committee are to review and provide supervision over the financial reporting process and internal control of the Group in compliance with Rule 5.25 the GEM Listing Rules. The audit committee comprised two independent non-executive Directors, namely Zhang An Ming, who is the Chairman of such committee, and Hu Xiao Song.

The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the interim report for the six months ended 30 June 2003, with the Directors.

The Company had complied throughout the period under review the minimum standards of good practice concerning the general management responsibilities of the board of directors as set out in Rule 5.28 to 5.39 of the GEM Listing Rules.

By Order of the Board
Zheng Yue Wen
Chairman

Hong Kong, 12 August 2003



烟台北方安德利果汁股份有限公司

Yantai North Andre Juice Co., Ltd.*

(a joint stock limited company incorporated in the People's Republic of China)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Yantai North Andre Juice Co., Ltd. (the “Company”) will be held at the Company’s conference room on the 2nd floor of 188 Central Street, Muping Economic & Technical Development Zone, Yantai, People’s Republic of China (the “PRC”) on 27 September 2003 at 9:00 a.m. for the purpose of considering and if thought fit, passing the following resolution as ordinary resolutions:

1. “**THAT** the board of directors of the Company (the “Board”) be and are hereby authorised to pay an special dividend of RMB0.23 (or an equivalent amount in other currencies) per share in cash (or such other sum as the Board may consider permissible in the light of the profit of the Company) on such date, in such manner and based on such exchange rate as the Board shall consider appropriate and **THAT** the Board be and are hereby further authorised to decide or make changes to all relevant matters relating to the distribution of the said special dividend payment be approved.”

By order of the Board

Zheng Yue Wen

Chairman

Yantai North Andre Juice Co., Ltd.

12 August 2003

Note:

1. The register of members of the Company will be temporarily closed from Wednesday, 27 August 2003 to Saturday, 27 September 2003 (both days inclusive), during which no transfer of shares will be registered. Shareholders of the Company whose names appear on the register of members on Wednesday, 27 August 2003 are entitled to attend and vote at the meeting.

To be eligible to attend and vote at the meeting, holders of H shares whose transfers have not been registered are requested to deliver the transfer documents together with relevant share certificates to the address of the Company’s H share Registrars: Tengis Limited, G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m. on 26 August 2003

* *For identification purpose only*

2. Each shareholder entitled to attend and vote at the above mentioned meeting may appoint one or more proxies to attend and vote at the meeting on behalf of him in accordance with the company's Articles of Association. The proxy does not have to be a shareholder of the Company.

If more than one proxy is appointed, such proxies may only exercise their voting right at poll according to the authorisation specified in the Proxy form.

3. The instrument appointing a proxy must be in writing under the hand of his appointer or his attorney duly authorised in writing. If the instrument appointing a proxy is signed by other person authorised by the appointer, the power of attorney or other authority must be notarized. If the appointer is a legal person, then the instrument shall be signed under a legal person seal or signed by its director or an attorney duly authorised in writing. To be valid, the notarized power of attorney or other documents of authorisation and the form of proxy must be delivered to the Company's legal address not less than 24 hours before the time appointed for the holding of the meeting. The legal address of the Company: No. 188 Central Street, Muping Economic & Technical Development Zone, Yantai, PRC; direct telephone: 86535-4218988; facsimile: 86535-4218858.
4. The shareholders' general meeting is expected to last for less than half a day. Shareholders and their proxies attending the meeting shall be responsible for their own travelling and accommodation expenses.
5. The Ordinary Resolution No. 1 is to authorise the Directors to pay the special dividend for 2002. The special dividend is expected to be paid on or before Tuesday 21 October 2003 to the shareholders whose names appear on the register of members on 27 August 2003.
6. The shareholder who will be attending the meeting shall give the written notice of attendance to the Company at its legal address at least 20 days prior to the date of meeting.