



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)

(Stock Code: 8259)



Third Quarterly Report

For the nine months ended 30 September 2008

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

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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.*

* For identification purpose only



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QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and nine months ended 30 September 2008, with the unaudited comparatives for the corresponding periods in 2007, as follows:

Consolidated Income Statement

	Note	Unaudited For the three months ended 30 September		Unaudited For the nine months ended 30 September	
		2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Turnover	2	196,520	375,016	1,172,798	1,003,555
Cost of sales		(157,558)	(261,644)	(859,544)	(783,909)
Gross Profit		38,962	113,372	313,254	219,646
Other operating income		867	4,148	12,966	10,643
Distribution expenses		(10,352)	(35,169)	(55,145)	(63,773)
Administrative expenses		(9,400)	(8,380)	(32,164)	(18,141)
Other operating expenses		(82)	(85)	(977)	(1,544)
Profit from operations		19,995	73,886	237,934	146,831
Net finance costs		(12,317)	(5,643)	(24,918)	(16,988)
Investment income		672	–	77,824	–
Share of profit/(loss) from an associate		176	(251)	1,859	1,787
Profit before taxation		8,526	67,992	292,699	131,630
Income tax	3	(550)	(4,606)	(47,978)	(7,247)
Profit for the period		7,976	63,386	244,721	124,383
Attributable to:					
Equity shareholders of the Company		8,117	63,406	243,224	123,910
Minority interests		(141)	(20)	1,497	473
Profit for the period		7,976	63,386	244,721	124,383
Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the period	4	–	–	29,859	27,133
Basic and diluted earnings per share	5	RMB0.002	RMB0.015	RMB0.057	RMB0.030

Notes:

1. Basis of preparation and accounting policies

The principal accounting policies adopted in preparing the unaudited consolidated results for the nine months ended 30 September 2008 conform with International Financial Reporting Standards (“IFRSs”) promulgated by the International Accounting Standards Board (“IASB”). IFRSs include International Accounting Standards (“IAS”) and Interpretations. These unaudited consolidated results for the nine months ended 30 September 2008 also comply with the applicable disclosure provisions of the GEM Listing Rules.

The unaudited consolidated results for the nine months ended 30 September 2008 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 2007.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2. Turnover

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

3. Income tax

On 16 March 2007, the Fifth Plenary Session of the Tenth National People’s Congress passed the Corporate Income Tax Law of the PRC (“new tax law”) which took effect on 1 January 2008. As a result of the new tax law, the applicable tax rate of the Company and the subsidiaries other than Baishui Andre Juice Co., Ltd.* (白水安德利果蔬汁有限公司) and Baishui Andre Bio-feed Stuff Co., Ltd.* (白水安德利生物飼料有限公司) has been changed to 25% from 1 January 2008. Baishui Andre Juice Co., Ltd.* (白水安德利果蔬汁有限公司) and Baishui Andre Bio-feed Stuff Co., Ltd.* (白水安德利生物飼料有限公司) can continue to enjoy a preferential tax rate of 15%. In accordance with the relevant PRC tax rules and regulations, certain of the Company’s subsidiaries are exempt from PRC income tax for two consecutive years starting from their first profit-making year, and are entitled to a 50% relief on PRC income tax for the following three years.

The subsidiary operating in the United States of America is subject to income tax at the appropriate current rates of taxation ruling in the United States of America.

4. Dividends

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2008 (nine months ended 30 September 2007: Nil).

Pursuant to a resolution passed at the annual general meeting on 19 May 2008, a dividend payable to equity shareholders of the Company totaling RMB29,859,000 for 2007 was approved.

Pursuant to a resolution passed at the annual general meeting on 28 May 2007, a dividend payable to equity shareholders of the Company totaling RMB27,133,000 for 2006 was approved.

5. Earnings per share

The calculation of basic and diluted earnings per share for the three months and the nine months ended 30 September 2008 is based on the unaudited profit attributable to the equity shareholders of the Company of approximately RMB8,117,000 and RMB243,224,000, respectively (for the three months and nine months ended 30 September 2007, the unaudited profit attributable to the equity shareholders of the Company was approximately RMB63,406,000 and RMB123,910,000, respectively) and the weighted average number of 4,265,536,000 shares in issue during the three months and the nine months ended 30 September 2008 (for the three months and nine months ended 30 September 2007, the weighted average number of the shares in issue was 4,256,210,000 and 4,072,774,000 respectively after adjusting for the capitalization issue in November 2007).

There was no difference between basic and diluted earnings per share as there were no dilutive potential shares outstanding during the period.

6. Capital and reserves

	Paid-in capital	Capital surplus	Share premium	Statutory reserves	Retained earnings	Total equity attributable to equity shareholders of the Company	Minority interests	Total equity
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Balance at 1 January 2008	426,554	10	166,761	107,038	321,939	1,022,302	71,137	1,093,439
Acquisition of a subsidiary	-	-	-	-	-	-	8,849	8,849
Acquisition of minority interests	-	-	(23,226)	-	-	(23,226)	(72,774)	(96,000)
Profit for the period	-	-	-	-	243,224	243,224	1,497	244,721
Dividends to equity shareholders of the Company	-	-	-	-	(29,859)	(29,859)	-	(29,859)
Balance at 30 September 2008	<u>426,554</u>	<u>10</u>	<u>143,535</u>	<u>107,038</u>	<u>535,304</u>	<u>1,212,441</u>	<u>8,709</u>	<u>1,221,150</u>
Balance at 1 January 2007	180,888	10	274,816	83,594	158,642	697,950	9,587	707,537
Issuance of new shares	13,000	-	135,446	-	-	148,446	-	148,446
Shares issuance expenses	-	-	(7,788)	-	-	(7,788)	-	(7,788)
Acquisition of a subsidiary	-	-	-	-	-	-	53,282	53,282
Profit for the period	-	-	-	-	123,910	123,910	473	124,383
Dividends to equity shareholders of the Company	-	-	-	-	(27,133)	(27,133)	-	(27,133)
Balance at 30 September 2007	<u>193,888</u>	<u>10</u>	<u>402,474</u>	<u>83,594</u>	<u>255,419</u>	<u>935,385</u>	<u>63,342</u>	<u>998,727</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the nine months ended 30 September 2008, the Group's turnover increased to approximately RMB1,172,798,000 as compared to approximately RMB1,003,555,000 for the corresponding period in 2007, representing an increase of approximately RMB169,243,000 or 17%. The Group's turnover was principally derived from the manufacture and sale of apple juice concentrate, pear juice concentrate, apple essence, feedstuff and related products. The increase in turnover was mainly attributable to the increase of selling price of apple juice concentrate. The increase in selling price was mainly attributable to the market demand for the Group's products.

For the nine months ended 30 September 2008, the Group's gross profit was approximately RMB313,254,000 and the gross profit margin was approximately 27%. For the corresponding period in 2007, the gross profit was approximately RMB219,646,000 and gross profit margin was 22%.

For the nine months ended 30 September 2008, the Group's net profit (i.e. the profit for the period attributable to equity shareholders of the Company) was approximately RMB243,224,000 as compared to approximately RMB123,910,000 for the corresponding period in 2007, representing an increase of approximately RMB119,314,000 or 96%. The increase in net profit was mainly attributable to the increase in selling price of the Group's products, and the income from acquisition of 70% equity interest in Qingdao Nannan Beverage Co., Ltd.* (青島南南飲料有限公司) ("Qingdao Nannan") and disposal of 50% equity interest in Yongji Andre Juice Co., Ltd.* (永濟安德利果蔬汁有限公司) ("Yongji Andre") which amounted to approximately RMB87,060,000 in total.

For the nine months ended 30 September 2008, the other operating income of the Group was approximately RMB12,966,000, as compared to approximately RMB10,643,000 for the corresponding period in 2007, representing an increase of approximately RMB2,323,000 or 22%. Such increase was mainly attributable to the Group's acquisition of the equity interests in Qingdao Nannan on 31 March 2008, when 70% of the fair value of the identified net assets of the target company exceeded the acquisition price by approximately RMB9,908,000.

For the nine months ended 30 September 2008, the Group incurred distribution expenses of approximately RMB55,145,000, as compared to approximately RMB63,773,000 for the corresponding period in 2007, representing a decrease of approximately RMB8,628,000 or 14%. The Group's distribution expenses mainly included transport, export inspection and marketing expenses. Such decrease was mainly attributable to the decrease in sales volume.

For the nine months ended 30 September 2008, the Group incurred administrative expenses of approximately RMB32,164,000 as compared to approximately RMB18,141,000 for the corresponding period in 2007, representing an increase of approximately RMB14,023,000 or 77%. Such increase was mainly attributable to the commencement of operation of Yongji Andre in the second half of 2007, the completion of acquisition of Binzhou Andre Juice Co., Ltd.* (濱州安德利果汁飲料有限公司) ("Binzhou Andre") in June 2007 and also the completion of acquisition of Qingdao Nannan in March 2008 which led to an increase in general administrative expenses in 2008.

For the nine months ended 30 September 2008, the net finance costs of the Group increased to approximately RMB24,918,000, as compared to approximately RMB16,988,000 for the corresponding period in 2007, representing an increase of approximately RMB7,930,000 or 47%. Such increase was mainly due to the increase of bank loan and interest rate.

For the nine months ended 30 September 2008, the investment income of the Group was approximately RMB77,824,000. On 30 June 2008, the Group transferred 50% equity interest in Yongji Andre to AGRANA Juice GmbH (“AGRANA”) for a total consideration of EUR11,000,000, the investment income amounting to approximately RMB77,152,000 represented the difference between the consideration received and the carrying amount of the interests disposed of.

Business Review

Cooperation with International Financial Institutions

Under the trend of continued appreciation of Renminbi against US dollar, the Group has enhanced its cooperation with international renowned financial institutions to appropriately increase the proportion of US dollar in the loan portfolio as a whole. The Directors believe that such long-term and short-term US dollar funding arrangements can reduce the Group’s exchange rate risk and finance cost, and can facilitate better business development.

Enhancing Market Coverage

With years of continual efforts, the Group has already expanded its sales network to major countries and regions in the world, including the US, Japan, European countries and the PRC markets.

Optimization of Customer Base

While expanding its market places and market share, the Group has also optimized its customer profiles by taking advantage of the insufficient product supply in recent years. Currently, the customer base of the Company mainly comprises the renowned beverage manufacturers of the world.

Cooperation with International Renowned Enterprises

On 30 June 2008, the Group completed the disposal of 50% equity interest in Yongji Andre to AGRANA, a wholly owned subsidiary of AGRANA AG. AGRANA AG is one of the world’s leaders in fruit preparations and Europe’s largest manufacturer of fruit juice concentrates. The Directors are of the view that with the experience of AGRANA in the fruit preparations and fruit juice concentrates sectors, the further strategic alliance with AGRANA in Yongji Andre, in addition to its strategic alliance with the Company in Xianyang Andre Juice Co., Ltd.* (咸陽安德利果蔬汁有限公司) (“Xianyang Andre”), will provide more opportunities to the Company to further develop its markets and distribution channels in Europe as well as in other international markets, thereby enhancing the market capabilities and sales volume of the Company.

Further Acquisition of Binzhou Andre

On 1 April 2008, the Group acquired from Korea Jeong Soo Andre Co., Ltd. 49% equity interest in Binzhou Andre. Binzhou Andre was 51% owned by the Group before the above transaction and had become a wholly owned subsidiary of the Group upon completion. The Board considers that the above acquisition represents a good opportunity for the Company to increase its production capacity and to obtain better control and management of Binzhou Andre.

Further Increase Juice Production Capacity

During the period ended 30 September 2008, the Group has built a new production line at both Xianyang Andre and Xuzhou Andre Juice Co., Ltd.* (徐州安德利果蔬汁有限公司) and renovated a production line at the Group's headquarters in Muping so as to expand its production capacity. Upon completion of such expansion, the Group has owned 14 modern production lines for fruit juice, and reach an aggregate annual production capacity of over 310,000 tonnes (including controlled and jointly controlled entities) when the start of the new pressing season.

Future Prospects

Expand Markets

While strengthening its position in the existing markets, the Group will at the same time focus on market diversification. In respect of the overseas market, apart from strengthening its US market and the developed European market and Japanese market, the Group is actively liaising with its various customers with a view to achieving further breakthroughs in the European, North American, Asian as well as the Australian markets. At the same time, the Group will actively promote its products in the domestic PRC market.

Development of Financing Channels

With the continued appreciation of Renminbi against US dollar, the Group will actively engage in cooperation with international financial institutions to diversify its financing channels, enlarge financing means, especially with regard to long-term US dollar funding arrangements which may facilitate the reduction of the Group's exchange rate risk and finance cost, improve capital structure, strengthen risk-resistant capability and at the same time enhance the Group's business development.

Construction of Production Lines for Fruit Pulp

To meet increasing demand for apple pulp in the international market, the Group is building a new production line for apple pulp with an annual capacity of 10,000 tonnes at the present Muping production base, so as to increase the product variety of the Group and to improve corporate effectiveness.

Accelerate Pace for Acquisition and Merger

The Group will continue to target small and medium enterprises in the industry, domestic or abroad, to further increase the Group's annual production capacity for juice concentrate through capital activities such as merger and acquisition, and to strengthen its leading position in the industry.

Enhance Pectin Production Capacity

The pectin production equipment of the Yantai plant, which has an annual production capacity of 2,000 tonnes, has successfully commenced mass production. On the basis of the successful mass production of the current pectin production line, the Group is planning to start the construction of the second pectin production line as soon as possible to lift the production capacity of pectin to 4,000 tonnes per annum, with a view to increasing pectin production capacity as soon as possible to achieve economy of scale.

Continued Development of Traceability and Farm Management Improvement Linkages Project

With five trial villages (with an aggregate of 1,747 acreages) in Yantai successfully recognized by EUREPGAP in 2007, the Group will experiment with trial villages in Xianyang district of Shanxi Province for the implementation of EUREPGAP projects, so as to gain further expertise, and build a more solid foundation for large scale promotion for such projects.

Product Diversification for Pectin Products

The Group had successfully applied for the National Science and Technology Support Program of the “11th Five-Year Plan” and will strive to apply for the extended programs to develop more than 10 new products, among them, low methoxyl pectin, amidated low methoxyl pectin, citrous pectin and compound collid, so as to achieve pectin product diversification and maximization of product effectiveness.

LOAN AGREEMENT WITH IFC

On 21 April 2005, the Company entered into a loan agreement (the “Loan Agreement”) with IFC for a loan of US\$15,000,000 (approximately HK\$117,000,000) repayable by 10 approximately equal instalments commencing on 15 March 2007 until all monies payable under the Loan Agreement have been fully repaid.

Pursuant to the Loan Agreement, Glory Cause Land Afforestation Co., Ltd.* (光彩事業國土綠化整理有限公司), being the then controlling shareholder of the Company, Beijing RAJ Network Sales Co., Ltd.* (北京瑞澤網絡銷售有限責任公司), Yantai Donghua Fruit Co., Ltd.* (烟台東華果業有限公司) and Donghua Fruit Industry Co., Ltd. have collectively undertaken to IFC and the Company to retain their legal and beneficial aggregate ownership of not less than 40% in the issued share capital of the Company so long as any part of the principal of or interest on the loan under or any other sums due under the Loan Agreement remain outstanding and unpaid. In the event that their legal and beneficial aggregate ownership falls below the above aggregate percentage level, the Company shall be required to repay the principal amount of the loan from time to time outstanding and the interest thereon accrued.

On 21 March 2006, after the subscription of H shares by IFC, the Company entered into an Amended and Restated Agreement supplemental to the Loan Agreement (the “Amended Loan Agreement”) with IFC to amend the facility to be granted by IFC under the Loan Agreement from US\$15,000,000 to US\$8,000,000 and to make certain other incidental changes to the Loan Agreement, including the cancellation of the charge over all assets in the Group in favour of IFC.

The Amended Loan Agreement was signed subject to the entering into of (a) the Yantai Share Retention Agreement, pursuant to which each of Glory Cause Land Afforestation Co., Ltd.* (光彩事業國土綠化整理有限公司), Beijing RAJ Network Sales Co., Ltd.* (北京瑞澤網絡銷售

有限責任公司), Yantai Donghua Fruit Co., Ltd.* (烟台東華果業有限公司) and Donghua Fruit Industry Co., Ltd. would undertake to maintain an aggregate interest of no less than 40% in the issued share capital of the Company; and (b) Donghua Share Retention Agreement, pursuant to which Mr. Wang An and Mr. Zhang Hui would agree to maintain the specified percentage interests in each of Yantai Donghua Fruit Co., Ltd.* (烟台東華果業有限公司) and Donghua Fruit Industry Co., Ltd..

As at the date of this report, both the Yantai Share Retention Agreement and the Donghua Share Retention Agreement have not yet been finalised and the loan of US\$8,000,000 under the Amended Loan Agreement is not yet available to be drawn down.

TERM FACILITY AGREEMENT WITH CERTAIN FINANCIAL INSTITUTIONS

On 2 June 2006, the Company as borrower entered into the Term Facility Agreement with certain financial institutions whereby the lenders have agreed to make available to the Company a term facility in an aggregate amount of US\$60,000,000 (approximately HK\$468,000,000 upon drawdown).

The terms of the Term Facility Agreement impose specific performance obligations on the part of the then controlling shareholders of the Company. Under the Term Facility Agreement, each of the following will constitute an event of default upon which the facility will, among others, become immediately due and payable:

- (i) Mr. Wang An does not or ceases to have or is not or ceases to be entitled to exercise, directly or through his controlled corporations, management control over each of the Company and its material subsidiaries; or
- (ii) the aggregate shareholding in the Company that is beneficially owned by Mr. Zheng Yue Wen and Mr. Wang An, whether directly or through their respective controlled corporations, is not or ceases to be larger than the aggregate shareholding (whether direct or indirect) in the Company of and/or held to the order of any other person and/or persons acting in concert with such other person/persons.

As at 30 September 2008, Mr. Wang An, whether directly or through his controlled corporations, held approximately 27.85% of the total issued share capital of the Company and was the single largest shareholder of the Company. Mr. Zheng Yue Wen ceased to have any equity interest in the Company since 27 March 2008. Both Mr. Zheng Yue Wen and Mr. Wang An are also executive Directors of the Company.

SIGNIFICANT INVESTMENT

There was no significant investment made by the Group during the nine months ended 30 September 2008.

MATERIAL ACQUISITION AND DISPOSAL

The Company completed the following material acquisitions and disposal during the nine months ended 30 September 2008:

- (i) disposal of 50% equity interest in Yongji Andre to AGRANA on 28 February 2008 (such disposal was completed on 30 June 2008);

- (ii) acquisition of 49% equity interest in Binzhou Andre from Korea Jeong Soo Andre Co., Ltd. on 17 March 2008 (such acquisition was completed on 1 April 2008); and
- (iii) acquisition of 70% equity interest in Qingdao Nannan from Qingdao Nannan Co., Ltd.* (青島南南有限公司) and Korea Nan Yeung Industrial Co., Ltd. on 2 October 2007 (such acquisition was completed on 31 March 2008).

Apart from the above transactions, no material acquisitions or disposals of subsidiaries and associated companies have been made by the Company during the period ended 30 September 2008.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the nine months ended 30 September 2008, neither the Company nor its subsidiaries have purchased, sold or redeemed any of the Company's shares.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

As at 30 September 2008, the interests and short positions of the Directors, the Supervisors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571) ("SFO")) which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under provisions of the SFO); and (b) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in the shares of the Company

Name of directors	Class of shares	Number of shares held	Capacity	Type of interest	Approximate percentage of domestic shares/H shares	Approximate percentage of total share capital
Wang An (Note 1)	Domestic shares	1,188,105,006 (L)	Interest of controlled corporations	Personal	47.42%	27.85%

Notes:

- (1) As at 30 September 2008, Mr. Wang An, a director of the Company, controlled 90% interest in China Pingan Investment Holdings Limited and 80% interest in Shandong Andre Group Co., Ltd.* (山東安德利集團有限公司). By an agreement dated 29 May 2007, Shandong Andre Group Co., Ltd.* agreed to purchase and Glory Cause Land Afforestation Co., Ltd.* (光彩事業國土綠化整理有限公司), a company previously controlled by Mr. Zheng Yue Wen, a director of the Company, agreed to sell, among other things, 60,000,000 domestic shares (which after completion of the placing on 16 July 2007 and the

capitalization issue on 19 November 2007 amounted to 132,000,000 domestic shares) in the Company, subject to approval by the relevant PRC government authority. On 27 March 2008, such transfer was approved by the relevant government authority. Upon completion of the transfer from Glory Cause Land Afforestation Co., Ltd.*, the aggregate interest in shares of Mr. Wang An through his controlled corporations, namely, China Pingan Investment Holdings Limited and Shandong Andre Group Co., Ltd.* amounted to 1,188,105,006 domestic shares, representing approximately 27.85% of the total share capital of the Company as at 30 September 2008.

- (2) The letter “L” denotes a long position.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS IN SHARES AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2008, so far as the Directors are aware, the following persons (other than the Directors, Supervisors and the chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the SFO and recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Long positions in the shares of the Company

Name of substantial shareholder	Class of shares	Number of shares held	Capacity	Type of interest	Approximate percentage of domestic shares/H shares	Approximate percentage of total share capital
China Pingan Investment Holdings Limited <i>(Note 2)</i>	Domestic shares	441,519,606 (L)	Beneficial owner	Corporate	17.62%	10.35%
Shandong Andre Group Co., Ltd.* 山東安德利集團有限公司 <i>(Note 2)</i>	Domestic shares	746,585,400(L)	Beneficial owner	Corporate	29.80%	17.50%
HSBC International Trustee Limited <i>(Note 3)</i>	Domestic shares	626,340,000 (L)	Trustee	Corporate	25.00%	14.68%
Prosper United Limited <i>(Note 3)</i>	Domestic shares	626,340,000 (L)	Interest of controlled corporation (controlling 100% interest of such corporation)	Corporate	25.00%	14.68%

Name of substantial shareholder	Class of shares	Number of shares held	Capacity	Type of interest	Approximate percentage of domestic shares/H shares	Approximate percentage of total share capital
ACME Team International Limited <i>(Note 3)</i>	Domestic shares	626,340,000 (L)	Interest of controlled corporation (controlling 100% interest of such corporation)	Corporate	25.00%	14.68%
Donghua Fruit Industry Co., Ltd. <i>(Note 3)</i>	Domestic shares	626,340,000 (L)	Beneficial owner	Corporate	25.00%	14.68%
Uni-President Enterprise Corp. 統一企業股份有限公司 <i>(Note 4)</i>	Domestic shares	186,329,594 (L)	Interest of controlled corporation (controlling 100% interest of such corporation)	Corporate	7.44%	4.37%
Cayman President Holdings Ltd. <i>(Note 4)</i>	Domestic shares	186,329,594 (L)	Interest of controlled corporation (controlling 100% interest of such corporation)	Corporate	7.44%	4.37%
Uni-President China Holdings Ltd. 統一企業中國控股有限公司 <i>(Note 4)</i>	Domestic shares	186,329,594(L)	Interest of controlled corporation (controlling 73.49% interest of such corporation)	Corporate	7.44%	4.37%
Uni-President Asia Holdings Limited 統一亞洲控股有限公司 <i>(Note 4)</i>	Domestic shares	186,329,594(L)	Interest of controlled corporation (controlling 100% interest of such corporation)	Corporate	7.44%	4.37%
President Enterprises (China) Investment Co. Ltd. 統一企業(中國)投資有限公司 <i>(Note 4)</i>	Domestic shares	186,329,594 (L)	Interest of controlled corporation (controlling 100% interest of such corporation)	Corporate	7.44%	4.37%

Name of substantial shareholder	Class of shares	Number of shares held	Capacity	Type of interest	Approximate percentage of domestic shares/H shares	Approximate percentage of total share capital
Chengdu President Enterprises Food Co., Ltd. 成都統一企業食品有限公司 (Note 4)	Domestic shares	186,329,594 (L)	Beneficial owner	Corporate	7.44%	4.37%
Yantai Anlin Fruit Industry Co., Ltd.* 烟台安林果業有限公司 (Note 5)	Domestic shares	394,585,400 (L)	Beneficial owner	Corporate	15.75%	9.25%
Atlantis Investment Management Ltd.	H shares	440,068,000 (L)	Investment manager	Corporate	25.00%	10.32%
Invesco Hong Kong Limited (previously known as Invesco Asia Limited)	H shares	158,781,000(L)	Investment manager	Corporate	9.02%	3.72%
JP Morgan Chase & Co. (Note 6)	H shares	129,420,820(L) 129,420,820(P)	Custodian corporation/ approved lending agent	Corporate	7.35%	3.03%
Mitsui & Co., Ltd. (Note 7)	H shares	213,400,000(L)	Beneficial owner	Corporate	12.12%	5.00%
International Finance Corporation (Note 7)	H shares	110,000,000(L)	Beneficial owner	Corporate	6.25%	2.58%
Everest Capital Limited (Note 7)	H shares	106,172,000(L)	Beneficial owner	Corporate	6.03%	2.49%
HSBC Investments (Hong Kong) Limited (Note 7)	H shares	90,068,000(L)	Investment manager	Corporate	5.12%	2.11%

Notes:

The above information relating to substantial shareholders of H shares is based on the information available on the website of the Stock Exchange.

- (1) The letter “L” denotes a long position; the letter “P” denotes a lending pool.
- (2) As at 30 September 2008, Mr. Wang An, a director of the Company, controlled 90% interest in China Pingan Investment Holdings Limited and 80% interest in Shandong Andre Group Co., Ltd.* (山東安德利集團有限公司). By an agreement dated 29 May 2007, Shandong Andre Group Co., Ltd.* agreed to purchase and Glory Cause Land Afforestation Co., Ltd.*, a company previously controlled by Mr.

Zheng Yue Wen, a director of the Company, agreed to sell, among other things, 60,000,000 domestic shares (which after completion of the placing on 16 July 2007 and the capitalization issue on 19 November 2007 amounted to 132,000,000 domestic shares) in the Company, subject to approval by the relevant PRC government authority. On 27 March 2008, such transfer was approved by the relevant government authority. Upon completion of the transfer from Glory Cause Land Afforestation Co., Ltd.*, the aggregate interest in shares of Mr. Wang An through his controlled corporations, namely, China Pingan Investment Holdings Limited and Shandong Andre Group Co., Ltd.* amounted to 1,188,105,006 domestic shares, representing approximately 27.85% of the total share capital of the Company as at 30 September 2008.

- (3) As at 30 September 2008, Donghua Fruit Industry Co. Ltd. was 100% controlled by ACME Team International Limited, a corporation which was 100% controlled by Prosper United Limited, which was in turn 100% controlled by HSBC International Trustee Limited.
- (4) As at 30 September 2008, Chengdu President Enterprises Food Co., Ltd. (成都統一企業食品有限公司) was 100% controlled by President Enterprises (China) Investment Co. Ltd. (統一企業(中國)投資有限公司), which was in turn 100% controlled by Uni-President Asia Holdings Limited (統一亞洲控股有限公司). Uni-President Asia Holdings Limited (統一亞洲控股有限公司) was a 100% controlled corporation of Uni-President China Holdings Ltd. (統一企業中國控股有限公司), which in turn was a controlled corporation (73.49%) of Cayman President Holdings Ltd., which was in turn 100% controlled by Uni-President Enterprises Corp. (統一企業股份有限公司).
- (5) By an agreement dated 29 May 2007, Yantai Anlin Fruit Industry Co., Ltd.* agreed to purchase and Glory Cause Land Afforestation Co., Ltd.*, a company previously controlled by Mr. Zheng Yue Wen, a director of the Company, agreed to sell, among other things, 179,357,000 domestic shares (which after completion of the placing on 16 July 2007 and the capitalization issue on 19 November 2007 amounted to 394,585,400 domestic shares) in the Company, subject to approval by the relevant PRC government authority. On 27 March 2008, such transfer was approved by the relevant government authority. Upon completion of the transfer from Glory Cause Land Afforestation Co., Ltd.*, the interest in shares of Yantai Anlin Fruit Industry Co., Ltd.* in the Company amounted to approximately 9.25% of the total share capital of the Company as at 30 September 2008.
- (6) JP Morgan Chase & Co. held 129,420,820 H shares representing 7.35% of the total H shares and 3.03% of the total share capital of the Company respectively. The 129,420,820 H shares were directly held by JP Morgan Chase Bank N.A, a corporation 100% controlled by JP Morgan Chase & Co..
- (7) Information relating to these shareholders is based on the information disclosed on the website of the Stock Exchange prior to completion of the capitalization issue on 19 November 2007 as adjusted by the changes in the share capital of the Company upon completion of the capitalization issue.

COMPETING INTERESTS

None of the Directors, the controlling 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 Institute of Certified Public 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. The audit committee comprises three independent non-executive Directors, namely Wu Jian Hui, who is the Chairman of the audit committee, Qu Wen and Yu Shou Neng.

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 quarterly results for the nine months ended 30 September 2008 with the Directors.

As at the date hereof, the Board comprises:

Mr. Zheng Yue Wen (*Executive Director*)

Mr. Wang An (*Executive Director*)

Mr. Zhang Hui (*Executive Director*)

Mr. Jiang Hong Qi (*Executive Director*)

Mr. Lo Chih-Hsien (*Non-executive Director*)

Mr. Wu Jian Hui (*Independent non-executive Director*)

Ms. Yu Shou Neng (*Independent non-executive Director*)

Ms. Qu Wen (*Independent non-executive Director*)

By order of the Board
Yantai North Andre Juice Co., Ltd.*
Zheng Yue Wen
Chairman

Yantai, the PRC, 11 November 2008

* *For identification purpose only*