



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)



First Quarterly Report

For the Three months ended 31 March 2009

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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Yantai North Andre Juice Co., Ltd.*

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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 ended 31 March 2009, with the unaudited comparatives for the corresponding period in 2008, as follows:

Consolidated Income Statement

	Note	Unaudited For the three months ended 31 March	
		2009 RMB'000	2008 RMB'000
Turnover	2	130,194	532,612
Cost of sales		(117,730)	(373,049)
Gross profit		12,464	159,563
Other operating income		9,383	10,369
Distribution expenses		(6,061)	(21,901)
Administrative expenses		(8,792)	(9,138)
Profit from operations		6,994	138,893
Net finance costs		(7,109)	(4,890)
Share of profit from an associate		1,508	703
Profit before taxation		1,393	134,706
Income tax	3	11,563	(22,066)
Profit for the period		12,956	112,640
Attributable to:			
Equity shareholders of the Company		13,347	111,003
Minority interests		(391)	1,637
Profit for the period		12,956	112,640
Dividends payable to equity shareholders of the Company attributable to the period	4	—	—
Basic and diluted earnings per share	5	RMB0.003	RMB0.026

Notes:

1. Basis of preparation and accounting policies

The principal accounting policies adopted in preparing the unaudited consolidated results for the three months ended 31 March 2009 conform with International Financial Reporting Standards (“IFRSs”) promulgated by the International Accounting Standards Board (“IASB”). IFRSs include International Accounting Standards (“IAS”) and related Interpretations. These unaudited consolidated results for the three months ended 31 March 2009 also comply with the applicable disclosure provisions of the GEM Listing Rules.

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 2008.

The preparation of financial statements in accordance with IFRSs requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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

According to the Corporate Income Tax Law of the PRC which took effect on 1 January 2008 (“New Tax Law”), the applicable tax rate of the Company and all of the subsidiaries other than Baishui Andre Juice Co., Ltd.* (白水安德利果蔬汁有限公司) is 25% from 1 January 2008. Baishui Andre Juice Co., Ltd.* (白水安德利果蔬汁有限公司) can continue to enjoy a preferential tax rate of 15% till the end of 2010. 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 (“Tax Holidays”). Pursuant to the transitional arrangement under the New Tax Law, certain subsidiaries will continue to enjoy the tax-exemption or 50% relief on the applicable income tax rate under the New Tax Law until the expiry of the Tax Holidays previously granted, and thereafter they are subject to the unified rate of 25%. For those enterprises whose preferential tax treatment had not commenced due to lack of taxable profit, such preferential tax treatment would commence from 1 January 2008.

According to the New Tax Law, income derived from primary processing of agricultural produce is exempt from the PRC income tax. During the three months ended 31 March 2009, the production of condensed juice of the Company and Baishui Andre Juice Co., Ltd.* (白水安德利果蔬汁有限公司) and the production of bio-feedstuff of Baishui Andre Bio-feedstuff Co., Ltd.* (白水安德利生物飼料有限公司) were qualified as primary processing of agricultural produce under the New Tax Law and therefore would be entitled to an exemption from the PRC income tax which took effect from 1 January 2008.

Accordingly, the management expects that the PRC income tax paid and payable for the period after 1 January 2008 in connection with the primary processing of agricultural produce of the Company, Baishui Andre Juice Co., Ltd.* (白水安德利果蔬汁有限公司) and Baishui Andre Bio-feedstuff Co., Ltd.* (白水安德利生物飼料有限公司) would be entitled to a refund and a waiver respectively.

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 three months ended 31 March 2009 (2008: Nil).

5. Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the unaudited profit attributable to equity shareholders of the Company of RMB13,347,000 (2008: RMB111,003,000) and the weighted average of 4,265,536,000 shares (2008: 4,265,536,000 shares) in issue during the three months ended 31 March 2009.

There was no difference between basic and diluted earnings per share as there were no dilutive potential ordinary shares outstanding for the three months ended 31 March 2009 and 2008.

6. Changes in equity

	Share 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 2009	426,554	10	143,535	122,785	432,440	1,125,324	7,550	1,132,874
Profit for the period	-	-	-	-	13,347	13,347	(391)	12,956
Balance at 31 March 2009	<u>426,554</u>	<u>10</u>	<u>143,535</u>	<u>122,785</u>	<u>445,787</u>	<u>1,138,671</u>	<u>7,159</u>	<u>1,145,830</u>
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
Profit for the period	-	-	-	-	111,003	111,003	1,637	112,640
Balance at 31 March 2008	<u>426,554</u>	<u>10</u>	<u>166,761</u>	<u>107,038</u>	<u>432,942</u>	<u>1,133,305</u>	<u>81,623</u>	<u>1,214,928</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the three months ended 31 March 2009, the Group's turnover decreased to approximately RMB130,194,000 as compared to approximately RMB532,612,000 for the corresponding period in 2008, representing a decrease of approximately RMB402,418,000 or 76%. 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 decrease in turnover was mainly attributable to the decrease in sales volume and selling price of apple juice concentrate. The decrease in sales volume and selling price was mainly caused by the worldwide economic crisis, which resulted in the drop of overall consumption of apple juice.

For the three months ended 31 March 2009, the Group's gross profit was approximately RMB12,464,000 and the gross profit margin was approximately 10%. For the corresponding period in 2008, the gross profit was approximately RMB159,563,000 and gross profit margin was approximately 30%.

For the three months ended 31 March 2009, the Group's net profit (i.e. the profit for the period attributable to equity shareholders of the Company) decreased to approximately RMB13,347,000, as compared to approximately RMB111,003,000 for the corresponding period in 2008, representing a decrease of approximately RMB97,656,000 or 88%. The significant decrease in net profit was mainly attributable to the decrease in sales volume and selling price of the Group's products.

For the three months ended 31 March 2009, the Group incurred distribution expenses of approximately RMB6,061,000, as compared to approximately RMB21,901,000 for the corresponding period in 2008, representing a decrease of approximately RMB15,840,000. The Group's distribution expenses mainly included transport, export inspection and marketing expenses. Such decrease was mainly attributable to the decrease in sales volume, ocean freight and storage fees.

For the three months ended 31 March 2009, the Group incurred administrative expenses of approximately RMB8,792,000 as compared to approximately RMB9,138,000 for the corresponding period in 2008, representing a decrease of approximately RMB346,000. Such decrease was mainly attributable to the strengthened costs control and the reduction in administrative expenditures by the Group.

For the three months ended 31 March 2009, the net finance costs of the Group were approximately RMB7,109,000, as compared to approximately RMB4,890,000 for the corresponding period in 2008, representing an increase of approximately RMB2,219,000. Such increase was mainly due to the reduction of currency exchange gain caused by appreciation of Renminbi resulted from the exchange rate of Renminbi against US dollar became more stable.

Share of Profit from an Associate

For the three months ended 31 March 2009, share of profit from an associate of the Group was approximately RMB1,508,000, as compared to approximately RMB703,000 in 2008, representing an increase of approximately RMB805,000. The increase was due to the increase in the pectin output in 2009, reduction in production cost and the increase in sales and gross profit of pectin products.

Income Tax

For the three months ended 31 March 2009, the income tax income of the Group was approximately RMB11,563,000, as compared to the income tax expense of approximately RMB22,066,000 for the corresponding period in 2008. During the three months ended 31 March 2009, the production of condensed juice of the Company and Baishui Andre Juice Co., Ltd.* (白水安德利果蔬汁有限公司) and the production of bio-feedstuff of Baishui Andre Bio-feedstuff Co., Ltd.* (白水安德利生物飼料有限公司) were qualified as primary processing of agricultural produce under the New Tax Law and therefore would be entitled to an exemption from the PRC income tax which took effect from 1 January 2008. Accordingly, the Group recognised the income tax income of approximately RMB11,563,000 for the three months ended 31 March 2009.

Business Review

Enhancing Market Coverage

With years of continuous effort, the Group has already expanded its sales network to major countries and regions in the world, including the US, Japan, Europe, Oceania and African countries and PRC market.

Optimisation of Customer Base

While expanding its market places and market share, the Group also leveraged on the prime quality of its products to optimise its profile of customer base continuously. Currently, the customer base of the Group mainly comprises renowned beverage manufacturers of the world.

Development of Bases for Apples with High Acidity

The bottleneck that hinders the development of apple juice enterprises is the uncertainty in the quality and production quantity of apples, the major raw material. In view of the intense competition in the low to mid acidity apple juice concentrate market, the Company has taken a unique approach and encouraged peasants to develop bases of apples with high acidity surrounding the production bases of the Group, which are now covering a large area. As the Group made an early start in developing the bases of apples with high acidity, some of the bases are attaining the capacity gradually, which guarantees the supply of raw materials for the Company.

Future Prospects

Develop Financing Channels

The Group will closely monitor the trend of Renminbi exchange rate against US dollar and adjust the proportion of Renminbi and US dollar loans. The Group will continue in actively engaging cooperation with domestic and international financial institutions to diversify its financing channels and increase the variety of financing products, with the aim of reducing the Group's exchange rate risk and finance cost, improve capital structure and facilitate better business development.

Expand Markets

While strengthening its position in the existing markets, the Group will at the same time focus on market and product sales diversification. In respect of the overseas market, apart from strengthening its US market and the developed European, Oceania, African countries and Japanese markets, the Group will strive to achieve further breakthroughs in the domestic sales market.

Accelerate Pace for Acquisition and Merger

The fluctuation of the industry will force some small and medium enterprises in the PRC out of competition. The Group will continue in aiming at taking over small and medium enterprises in the industry, domestic or abroad, through capital activities such as merger and acquisition, to further increase the Group's annual production capacity for juice concentrate, thereby strengthening our leading position in the industry.

Further Enhancement of Fruit Pulp Capacity

To meet with the increasing demand for fruit pulp in the international market, the Group has increased its fruit pulp production lines at appropriate times to further enhance the production capacity of fruit pulp, making fruit pulp another major product of the Group.

Continue Development of Traceability and Farm Management Improvement Linkages Project

While we are consolidating and strengthening the GLOBALGAP recognition project at the trial villages of Yantai, Shandong and Xianyang, Shaanxi, the Company will convene seminars on GLOBALGAP technology with IFC, CNCA, technical committee of GLOBALGAP and various major accreditation institutions, through which we will promote GLOBALGAP recognition and achieve the extensive implementation and promotion of the project in a way appropriate to the situations of the PRC, and drive the development of the whole fruit industry.

Enhance Pectin Production Capacity

The pectin production equipment of the Group's 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 and to satisfy the increasing domestic demand for our pectin products, 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, with a view to increasing pectin production capacity as soon as possible to achieve economy of scale. Our goal is to develop the pectin plant into a production base for the comprehensive series of HM, LMC and LMA as well as a complete pectin product range including apple pectin, citrus pectin and the apple pectin and citrus pectin compound.

Furthermore, pectin derivative products are pectin based nutrient supplements developed by our entity for those suffering from sub-health condition as a result of adapting to modern living. This is the health operation we have been striving to cultivate. After the effort we put into this area in 2007 and 2008, such products are ready for a full-scaled launch in the market. We will seek a significant breakthrough in sales nationwide, through the three market channels, that is sales point display, network sales and group purchase from special populations.

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 commencing on 15 March 2007 by 10 approximately equal instalments 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 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 all assets charged by IFC.

The Amended Loan Agreement is 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), 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. will 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 will 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 a 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 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 31 March 2009, 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. Mr. Zheng Yue Wen and Mr. Wang An are the executive Directors of the Company.

MATERIAL ACQUISITION AND DISPOSAL

No material acquisitions or disposals of subsidiaries and associated companies have been made by the Company during the three months ended 31 March 2009.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the three months ended 31 March 2009, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's shares.

DIRECTORS' AND SUPERVISORS' 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 31 March 2009.

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

As at 31 March 2009, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 such 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 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	Approximate percentage of total share capital
Wang An (Note 1)	Domestic Shares	1,188,105,006 (L) (Note 2)	Interest of controlled corporations (Note 1)	Personal	47.42% (L)	27.85% (L)

Notes: The letter "L" denotes a long position.

- (1) As at 31 March 2009, Mr. Wang An, a director of the Company, controlled (a) 90% interest in China Pingan Investment Holdings Limited, which held 441,519,606 Domestic Shares, representing 10.35% interest in the total issued share capital of the Company; and (b) 80% interest in Shandong Andre Group Co., Ltd.* (山東安德利集團有限公司), which held 746,585,400 Domestic Shares, representing 17.50% interest in the total issued share capital of the Company.
- (2) Mr. Wang An was deemed to be interested in these Domestic Shares through his interests in China Pingan Investment Holdings Limited and Shandong Andre Group Co., Ltd.* (山東安德利集團有限公司).

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2009, so far as the Directors are aware, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests and short positions in the shares, underlying shares and debentures of the Company which were 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 and short 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	Domestic Shares	441,519,606 (L) <i>(Note 1)</i>	Beneficial owner	Corporate	17.62% (L)	10.35% (L)
Shandong Andre Group Co., Ltd.* 山東安德利集團有限公司	Domestic Shares	746,585,400 (L) <i>(Note 2)</i>	Beneficial owner	Corporate	29.80% (L)	17.50% (L)
HSBC International Trustee Limited	Domestic Shares	657,794,593 (L) <i>(Note 3)</i>	Trustee	Corporate	26.26% (L)	15.42% (L)
		626,340,000 (S)			25.00% (S)	14.68% (S)
Uni-President Enterprises Corp.	Domestic Shares	637,460,401 (L) <i>(Note 4)</i>	Interest of controlled corporations <i>(Note 5)</i>	Corporate	25.44% (L)	14.94% (L)
Atlantis Investment Management Ltd.	H Shares	344,295,000 (L)	Investment manager	Corporate	19.56% (L)	8.07% (L)
Mitsui & Co., Ltd.	H Shares	97,000,000 (L)	Beneficial owner	Corporate	5.51% (L)	2.27% (L)
JP Morgan Chase & Co.	H Shares	127,744,020 (L)	Custodian corporation/ approved lending agent	Corporate	7.26% (L)	2.99% (L)
		127,744,020 (P) <i>(Note 6)</i>			7.26% (P)	2.99% (P)
HSBC Global Asset Management (Hong Kong) Limited (Formerly known as HSBC Investments (Hong Kong) Limited)	H Shares	106,688,000 (L)	Investment manager	Corporate	6.06% (L)	2.50% (L)

Notes: The letter “L” denotes a long position. The letter “S” denotes a short position. The letter “P” denotes interests in a lending pool.

- (1) Mr. Wang An, a director of the Company, was deemed to be interested in these Domestic Shares through his 90% interest in China Pingan Investment Holdings Limited.
- (2) Mr. Wang An, a director of the Company, was deemed to be interested in these Domestic Shares through his 80% interest in Shandong Andre Group Co., Ltd.* (山東安德利集團有限公司) .
- (3) The long position in 657,794,593 Domestic Shares were held by HSBC International Trustee Limited in the capacity of trustee, which Domestic Shares were held directly by Donghua Fruit Industry Co., Ltd.. Each of ACME Team International Limited and Prosper United Limited was deemed to be interested in these Domestic Shares through their direct and indirect control of Donghua Fruit Industry Co., Ltd..

The short position in 626,340,000 Domestic Shares were held by HSBC International Trustee Limited in the capacity of trustee.

- (4) By an agreement dated 12 December 2008, Uni-President China Holdings Ltd., a non wholly-owned subsidiary of Uni-President Enterprises Corp. (統一企業股份有限公司), agreed to acquire an aggregate of 451,130,807 Domestic Shares of the Company, representing approximately 10.58% of the total issued share capital of the Company, through its wholly-owned subsidiaries, namely, Chengdu President Enterprises Food Co., Ltd. (成都統一企業食品有限公司) (in respect of 237,854,007 Domestic Shares, representing approximately 5.58% of the total issued share capital of the Company) and Guangzhou President Enterprises Co., Ltd. (廣州統一企業有限公司) (in respect of 213,276,800 Domestic Shares, representing approximately 5.00% of the total issued share capital of the Company) (the "Acquisition"). Prior to the Acquisition, Chengdu President Enterprises Food Co., Ltd. (成都統一企業食品有限公司) held 186,329,594 Domestic Shares, representing approximately 4.37% of the total issued share capital of the Company. The Acquisition was completed on 21 April 2009. Upon completion of the Acquisition, Uni-President China Holdings Ltd. had an aggregate interest of 637,460,401 Domestic Shares of the Company through Chengdu President Enterprises Food Co., Ltd. (成都統一企業食品有限公司) and Guangzhou President Enterprises Co., Ltd. (廣州統一企業有限公司), representing approximately 14.94% of the total issued share capital of the Company.
- (5) Pursuant to Part XV of the SFO, Uni-President Enterprises Corp. (統一企業股份有限公司) was deemed to be interested in such 637,460,401 Domestic Shares. The interests in the 637,460,401 Domestic Shares were held by a series of controlled corporations of Uni-President Enterprises Corp. (統一企業股份有限公司), of which 424,183,601 Domestic Shares, representing approximately 9.94% of the total issued share capital of the Company, were held by Chengdu President Enterprises Food Co., Ltd. (成都統一企業食品有限公司) and 213,276,800 Domestic Shares, representing approximately 5.00% of the total issued share capital of the Company, were held by Guangzhou President Enterprises Co., Ltd. (廣州統一企業有限公司) .
- (6) These H Shares were held directly by JP Morgan Chase Bank N.A., a wholly-owned subsidiary of JP Morgan Chase & Co..

COMPETING INTERESTS

As at 31 March 2009, 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 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 such committee, Qu Wen and Yu Shou Neng. The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed with the Directors about internal controls and financial reporting matters including a review of the first quarterly results for the three months ended 31 March 2009.

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, 5 May 2009