



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 2010

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.**

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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 (the “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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

\* For identification purpose only



# 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)

### 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 the nine months ended 30 September 2010, with the unaudited comparatives of the corresponding periods in 2009, as follows:

|  |      | Unaudited<br>For the three months<br>ended 30 September |                 | Unaudited<br>For the nine months<br>ended 30 September |                 |
|--|------|---|-----------------|--|-----------------|
|  | Note | 2010<br>RMB'000   | 2009<br>RMB'000 | 2010<br>RMB'000  | 2009<br>RMB'000 |
| <b>Turnover</b>                                    | 2    | 273,618   | 163,859         | 739,512  | 454,902         |
| Cost of sales                                      |      | (253,353)   | (151,409)       | (661,333)  | (399,282)       |
| <b>Gross profit</b>                                |      | <b>20,265</b>   | 12,450          | <b>78,179</b>  | 55,620          |
| Other income                                       |      | 14,072  | 12,226          | 33,196   | 24,671          |
| Distribution expenses                              |      | (16,156)  | (13,063)        | (53,585)   | (28,227)        |
| Administrative expenses                            |      | (14,471)  | (11,747)        | (26,214)   | (28,649)        |
| Other operating expenses                           |      | (1,406)   | (321)           | (2,433)  | (1,154)         |
| <b>Profit/(loss) from operations</b>               |      | <b>2,304</b>  | (455)           | <b>29,143</b>  | 22,261          |
| Net finance costs                                  |      | (7,099)   | (8,602)         | (27,647)   | (26,381)        |
| Investment income                                  |      | 2,236   | -               | 3,136  | -               |
| Share of profit from associates                    |      | 3,335   | 4,736           | 6,785  | 5,873           |
| <b>Profit/(loss) before taxation</b>               |      | <b>776</b>  | (4,321)         | <b>11,417</b>  | 1,753           |
| Income tax   | 3    | 940   | (2,764)         | (233)  | 6,421           |
| <b>Profit/(loss) for the period</b>                |      | <b>1,716</b>  | (7,085)         | <b>11,184</b>  | 8,174           |
| <b>Other comprehensive income</b>                  |      | -   | -               | -  | -               |
| <b>Total comprehensive income for the period</b>   |      | <b>1,716</b>  | <b>(7,085)</b>  | <b>11,184</b>  | <b>8,174</b>    |
| <b>Profit attributable to:</b>                     |      |   |                 |  |                 |
| Equity shareholders of the Company                 |      | 1,891   | (6,747)         | 12,356   | 8,883           |
| Minority interests                                 |      | (175)   | (338)           | (1,172)  | (709)           |
| <b>Profit/(loss) for the period</b>                |      | <b>1,716</b>  | <b>(7,085)</b>  | <b>11,184</b>  | <b>8,174</b>    |
| <b>Total comprehensive income attributable to:</b> |      |   |                 |  |                 |
| Equity shareholders of the Company                 |      | 1,891   | (6,747)         | 12,356   | 8,883           |
| Minority interests                                 |      | (175)   | (338)           | (1,172)  | (709)           |
| <b>Total comprehensive income for the period</b>   |      | <b>1,716</b>  | <b>(7,085)</b>  | <b>11,184</b>  | <b>8,174</b>    |
| Basic and diluted earnings per share               | 6    | <b>RMB0.0004</b>  | RMB(0.0016)     | <b>RMB0.0029</b>                                       | RMB0.0021       |

\* For identification purpose only

Notes:

### 1. Basis of preparation and accounting policies

The principal accounting policies adopted in preparing the unaudited consolidated results for the three months and nine months ended 30 September 2010 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 and nine months ended 30 September 2010 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 2009.

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 People’s Republic of China (the “New Tax Law”) which took effect on 1 January 2008, the applicable tax rate of the Company, all the subsidiaries and the jointly controlled entities of the Company other than Baishui Andre Juice Co., Ltd.\* (白水安德利果蔬汁有限公司) and Xianyang Andre Juice Co., Ltd.\* (咸陽安德利果蔬汁有限公司) effective from 1 January 2008 is 25%. Baishui Andre Juice Co., Ltd.\* (白水安德利果蔬汁有限公司) and Xianyang Andre Juice Co., Ltd.\* (咸陽安德利果蔬汁有限公司) continue to enjoy a preferential tax rate of 15% until the end of 2010. In accordance with the relevant tax rules and regulations of the People’s Republic of China (the “PRC”), certain subsidiaries and jointly controlled entities are exempt from the PRC income tax for two consecutive years starting from their first profit-making year, and are entitled to a 50% relief on the PRC income tax for the following three years (“Tax Holidays”). Pursuant to the transitional arrangement under the New Tax Law, these subsidiaries and jointly controlled entities 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.

\* For identification purpose only

According to the New Tax Law, income derived from primary processing of agricultural produce is exempt from the PRC income tax. The production of juice concentrate of the Company and certain of its subsidiaries and jointly controlled entities, including Baishui Andre Juice Co., Ltd.\* (白水安德利果蔬汁有限公司), Binzhou Andre Juice Co., Ltd.\* (濱州安德利果汁飲料有限公司), Dalian Andre Juice Co., Ltd.\* (大連安德利果蔬汁有限公司), Xianyang Andre Juice Co., Ltd.\* (咸陽安德利果蔬汁有限公司), Xuzhou Andre Juice Co., Ltd.\* (徐州安德利果蔬汁有限公司), Yantai Longkou Andre Juice Co., Ltd.\* (烟台龍口安德利果汁飲料有限公司) and Yongji Andre Juice Co., Ltd.\* (永濟安德利果蔬汁有限公司), and the production of bio-stuff of Longkou Andre Bio-feedstuff Co., Ltd.\* (龍口安德利生物飼料有限公司) and Baishui Andre Bio-feedstuff Co., Ltd.\* (白水安德利生物飼料有限公司), an associate of the Company as at 30 September 2010, are recognised as primary processing of agricultural produce under the New Tax Law and therefore are exempt from the PRC income tax.

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

#### 4. Change of accounting estimates

During the nine months ended 30 September 2010, the Group conducted an operational efficiency review of its property, plant and equipment. Buildings and machinery, which management previously intended to dispose after 20 years and 10 years of use respectively, are now expected to remain in use for 40 years and 20 years from the date of use respectively, which is also in conformity with the industry practice. As a result, the expected useful lives of these assets increased. The effects of these changes on depreciation charges for the current and future financial years are approximately as follows:

|   | For the year ended 31 December |          |          |          |          |         |
|---|--------------------------------|----------|----------|----------|----------|---------|
|   | 2010                           | 2011     | 2012     | 2013     | 2014     | Later   |
|   | RMB'000                        | RMB'000  | RMB'000  | RMB'000  | RMB'000  | RMB'000 |
| (Decrease)/increase in depreciation charges | (54,338)                       | (51,509) | (42,208) | (31,012) | (24,092) | 203,159 |

#### 5. Dividends

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2010 (2009: Nil).

Pursuant to a resolution passed at the annual general meeting on 30 June 2010, a dividend payable to equity shareholders of the Company totaling RMB14,929,000 for 2009 was approved.

Pursuant to a resolution passed at the annual general meeting on 22 June 2009, a dividend payable to equity shareholders of the Company totaling RMB29,859,000 for 2008 was approved.

During the nine months ended 30 September 2010, the dividend of RMB13,102,000 (2009: RMB19,874,000) was paid to the equity shareholders by the Group.

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## 6. Basic and diluted earnings per share

The calculation of basic and diluted earnings per share for the three months and the nine months ended 30 September 2010 is based on the unaudited profit attributable to the equity shareholders of the Company of RMB1,891,000 and RMB12,356,000, respectively (for the three months and the nine months ended 30 September 2009, the unaudited (loss)/profit attributable to the equity shareholders of the Company was RMB(6,747,000) and RMB8,883,000, respectively) and the 4,265,536,000 weighted average number of shares in issue during the three months and the nine months ended 30 September 2010 (for the three months and the nine months ended 30 September 2009, the weighted average number of shares in issue was 4,265,536,000).

There was no difference between basic and diluted earnings per share as there were no dilutive potential shares outstanding for the three months and the nine months ended 30 September 2010 and 2009, respectively.

## 7. 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 as at 1 January 2010                    | 426,554        | 10              | 143,535        | 129,032            | 460,716           | 1,159,847   | 5,057              | 1,164,904        |
| Total comprehensive income for the period       | -              | -               | -              | -                  | 12,356            | 12,356  | (1,172)            | 11,184           |
| Dividends to equity shareholders of the Company | -              | -               | -              | -                  | (14,929)          | (14,929)  | -                  | (14,929)         |
| Balance as at 30 September 2010                 | <u>426,554</u> | <u>10</u>       | <u>143,535</u> | <u>129,032</u>     | <u>458,143</u>    | <u>1,157,274</u>  | <u>3,885</u>       | <u>1,161,159</u> |
| Balance as at 1 January 2009                    | 426,554        | 10              | 143,535        | 122,785            | 432,440           | 1,125,324   | 7,550              | 1,132,874        |
| Total comprehensive income for the period       | -              | -               | -              | -                  | 8,883             | 8,883   | (709)              | 8,174            |
| Dividends to equity shareholders of the Company | -              | -               | -              | -                  | (29,859)          | (29,859)  | -                  | (29,859)         |
| Balance as at 30 September 2009                 | <u>426,554</u> | <u>10</u>       | <u>143,535</u> | <u>122,785</u>     | <u>411,464</u>    | <u>1,104,348</u>  | <u>6,841</u>       | <u>1,111,189</u> |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

For the nine months ended 30 September 2010, the Group's turnover increased to approximately RMB739,512,000 as compared to approximately RMB454,902,000 for the corresponding period in 2009, representing an increase of approximately RMB284,610,000 or 63%. 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 in sales volume and selling price of apple juice concentrate. The increase in sales volume and selling price was mainly caused by the increase in apple juice consumer sales since the fourth quarter of 2009 due to the recovery of the apple juice sales market.

For the nine months ended 30 September 2010, the Group's gross profit was approximately RMB78,179,000 and the gross profit margin was approximately 11%. For the corresponding period in 2009, the gross profit was approximately RMB55,620,000 and gross profit margin was 12%.

For the nine months ended 30 September 2010, the Group's net profit (i.e. the profit attributable to equity shareholders of the Company) was approximately RMB12,356,000 as compared to approximately RMB8,883,000 for the corresponding period in 2009, representing an increase of approximately RMB3,473,000 or 39%. The increase in net profit was mainly attributable to the improvement in overall operating condition of the Group resulted from the recovery of the apple juice sales market.

For the nine months ended 30 September 2010, the Group incurred distribution expenses of approximately RMB53,585,000, as compared to approximately RMB28,227,000 for the corresponding period in 2009, representing an increase of approximately RMB25,358,000 or 90%. The Group's distribution expenses mainly included transport, export inspection and marketing expenses. Such increase was mainly attributable to the increase in sales volume and cost of transportation, causing the increase in transportation and export related expenses.

For the nine months ended 30 September 2010, the Group incurred administrative expenses of approximately RMB26,214,000 as compared to approximately RMB28,649,000 for the corresponding period in 2009, representing a decrease of approximately RMB2,435,000 or 8%. Such decrease was mainly attributable to the strengthened cost control and the reduction in administrative expenditures by the Group.

For the nine months ended 30 September 2010, the net finance costs of the Group increased to approximately RMB27,647,000, as compared to approximately RMB26,381,000 for the corresponding period in 2009, representing an increase of approximately RMB1,266,000 or 5%. Such increase was mainly due to the increase in average loan interest rate for loans denominated in foreign currency.

For the nine months ended 30 September 2010, the investment income of the Group was approximately RMB3,136,000. The investment income represented short term financial gain from investment of idle fund before the commencement of the pressing season.

For the nine months ended 30 September 2010, share of profit from associates of the Group was approximately RMB6,785,000, as compared to approximately RMB5,873,000 in 2009, representing an increase of approximately RMB912,000. The increase was due to the increase in sales volume of pectin products by Yantai Andre Pectin Co., Ltd.\* (烟台安德利果膠有限公司) (“Andre Pectin”).

For the nine months ended 30 September 2010, the income tax expenses of the Group was approximately RMB233,000. The income tax income was approximately RMB6,421,000 for the corresponding period in 2009. The production of condensed juice and bio-feedstuff of the Company and certain of its subsidiaries and jointly controlled entities, including Baishui Andre Juice Co., Ltd.\* (白水安德利果蔬汁有限公司), Xuzhou Andre Juice Co., Ltd.\* (徐州安德利果蔬汁有限公司), Yantai Longkou Andre Juice Co., Ltd.\* (烟台龍口安德利果汁飲料有限公司), Dalian Andre Juice Co., Ltd.\* (大連安德利果蔬汁有限公司), Binzhou Andre Juice Co., Ltd.\* (濱州安德利果汁飲料有限公司), Xianyang Andre Juice Co., Ltd.\* (咸陽安德利果蔬汁有限公司), Baishui Andre Bio-feedstuff Co., Ltd.\* (白水安德利生物飼料有限公司), Longkou Andre Bio-feedstuff Co., Ltd.\* (龍口安德利生物飼料有限公司), are recognized as primary processing of agricultural produce under the New Tax Law and therefore are exempt from the PRC income tax. Accordingly, the Group recognised the income tax income of approximately RMB6,421,000 for the corresponding period in 2009. During the nine months ended 30 September 2010, the company had reversed certain deferred tax asset arising from some of the income tax payable businesses, thereby incurring the income tax expenses during the reporting period.

## **Business Review**

### *Stabilising Market Coverage*

Since the fourth quarter of 2009, sales in overseas markets improved as a result of the gradual recovery of the global economy. To adapt to the market demand, the Group, through timely adjustment of its operating strategy and by leveraging on its advanced production technology, superb product quality and comprehensive customer service, was able to maintain steady and further market growth.

### *Expanding Domestic Sales Market*

The Group continued to maintain close and stable business relationships with certain renowned beverage manufacturers in China and has developed new good customers with broadened sales channels.

\* For identification purpose only



### *Commencement of Production of Joint Venture*

On 9 June 2009, the Company, Andre Juice Co., Ltd., a wholly-owned subsidiary of the Company and Chengdu President Enterprises Food Co., Ltd. (成都統一企業食品有限公司), a wholly-owned subsidiary of Uni-President China Holdings Ltd. (“Uni-President”), entered into a joint venture agreement, pursuant to which the parties agreed to establish a joint venture company in Shandong Province, the PRC to engage in the business of OEM processing and sales of various types of beverages, fruit juice, tea, dairy drinks, mineral water, jelly, flummery, cereal products, fruit puree, soybean milk, PET molding and stretching and other products. The joint venture company jointly established and invested by the Group and Uni-President had implemented pilot run at the end of the first quarter of 2010. Trial production and commercial production had started in the second quarter. Upon formal production and operation of the joint venture company, position of our products in the domestic market will be enhanced, which will help drive our market share in the domestic market.

### **Future Prospects**

#### *Market Expansion and Product Diversification*

Currently the Group has established relatively stable market penetration and customers groups in major apple juice concentrate consumer markets in the world, namely the US, European, Oceania, African countries and Japan. The Company will put more efforts in the development of various emerging markets, with a view to breaking through these markets. On the other hand, the Company has in recent years explored the market opportunities for its new products and niche products as well as development of new customers groups. This will satisfy both the needs of the market and our customers, as well as fulfill our target of product mix expansion.

#### *Further Exploitation of the Domestic Market*

As the domestic consumer market for apple juice concentrate further expands, the Group will continue to maintain good business relationships with existing customers in the coming year while actively exploring new customers through our prime product quality and comprehensive services, with a view to opening a new page in our domestic market sales.

### **TERM FACILITY AGREEMENT WITH CERTAIN FINANCIAL INSTITUTIONS**

On 27 May 2009, 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\$45,000,000 (approximately HK\$349,000,000 upon drawdown) for a term of 36 months commencing from the date of the Term Facility Agreement, subject to early repayment or extension of the final maturity date (to the date falling 60 months from the date of the Term Facility Agreement) as requested by the Company in compliance with the provisions of the Term Facility Agreement.

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 ceases to have or ceases to be entitled to exercise, directly or through his controlled corporations, management control over each of the Company and the material subsidiaries (as defined in the Term Facility Agreement) of the Company; or
- (ii) the aggregate shareholding in the Company that is beneficially owned by Mr. Wang An, whether directly or through his controlled corporations, 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; or
- (iii) the Company ceases to have or ceases to be entitled to exercise management control over each of its material subsidiaries, or the aggregate shareholding in each of its material subsidiaries that is beneficially owned by the Company, whether directly or indirectly, ceases to be larger than the aggregate shareholding (whether direct or indirect) in each such material subsidiary of and/ or held to the order of any other person and/or persons acting in concert with such other person.

As at 30 September 2010, Mr. Wang An, whether directly or through his controlled corporations, held approximately 28.25% of the total issued share capital of the Company and was the single largest shareholder of the Company. Mr. Wang An is an executive Director of the Company.

#### **SIGNIFICANT INVESTMENT**

No significant investment was made by the Group during the nine months ended 30 September 2010.

#### **MATERIAL ACQUISITION AND DISPOSAL**

On 10 February 2010, (1) Xuzhou Andre Juice, a wholly-owned subsidiary of the Company, and Xuzhou Andre Pomace entered into a share transfer agreement with Andre Pectin to sell 75% equity interest held by Xuzhou Andre Juice in Xuzhou Andre Pomace to Andre Pectin for a cash consideration of approximately RMB3,222,000; (2) Baishui Andre Juice, a wholly-owned subsidiary of the Company, and Baishui Andre Bio-feedstuff entered into a share transfer agreement with Andre Pectin to sell 75% equity interest held by Baishui Andre Juice in Baishui Andre Bio-feedstuff to Andre Pectin for a cash consideration of approximately RMB3,468,000.

These share transfers were completed in March 2010. Andre Pectin currently owns 75% equity interest in each of Xuzhou Andre Pomace and Baishui Andre Bio-feedstuff and the remaining 25% equity interest in each of Xuzhou Andre Pomace and Baishui Andre Bio-feedstuff are indirectly held by the Company. Mr. Wang An, a Director of the Company, through his controlled corporation, Shandong Andre Group Co., Ltd.\* (山東安德利集團有限公司) has 40% equity interest in Andre Pectin.

Saved as the disposals referred above, no material acquisitions or disposals of subsidiaries and associated companies have been made by the Company during the nine months ended 30 September 2010.

\* *For identification purpose only*

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the nine months ended 30 September 2010, 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, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2010, 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 of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

### Long positions and short 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<br>(Note 1) | Domestic Shares | 1,188,105,006 (L)     | Interest of controlled corporations (Note 2) | Personal         | 47.42% (L)  | 27.85% (L)                                    |
|                     | H Shares        | 17,085,000 (L)        | Interest of controlled corporations (Note 3) | Personal         | 0.97% (L)   | 0.40% (L)                                     |
| Liu Tsung-Yi        | H Shares        | 1,954,000 (L)         | Beneficial owner                             | Personal         | 0.11% (L)   | 0.045% (L)                                    |

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

- (1) As at 30 September 2010, 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 and 17,085,000 H Shares, representing 10.35% and 0.40% interest in the total issued share capital of the Company, respectively; 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).
- (3) The long position in 17,085,000 H Shares were held by China Pingan Investment Holdings Limited. Mr. Wang An was deemed to be interested in these H Shares through his 90% interest in China Pingan Investment Holdings Limited.

\* For identification purpose only

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

As at 30 September 2010, 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)<br><i>(Note 1)</i> | Beneficial owner  | Corporate        | 17.62% (L)   | 10.35% (L)                                    |
|   | H Shares        | 17,085,000 (L)                     | Beneficial owner  | Corporate        | 0.97% (L)  | 0.40% (L)                                     |
| Shandong Andre Group Co., Ltd.*<br>(山東安德利集團有限公司)  | Domestic Shares | 746,585,400 (L)<br><i>(Note 2)</i> | Beneficial owner  | Corporate        | 29.80% (L)   | 17.50% (L)                                    |
| Donghua Fruit Industry Co., Ltd.  | Domestic Shares | 657,794,593 (L)<br><i>(Note 3)</i> | Beneficial owner  | Corporate        | 26.26% (L)   | 15.42% (L)                                    |
| Uni-President Enterprises Corp.   | Domestic Shares | 637,460,401 (L)<br><i>(Note 4)</i> | Interests of controlled corporations<br><i>(Note 5)</i> | Corporate        | 25.44% (L)   | 14.94% (L)                                    |
| Atlantis Investment Management (Hong Kong) Limited  | H Shares        | 317,000,000 (L)<br><i>(Note 6)</i> | Investment manager                                      | Corporate        | 18.01% (L)   | 7.43% (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        | 110,244,020 (L)                    | Custodian corporation/<br>approved<br>lending agent     | Corporate        | 6.26% (L)  | 2.58% (L)                                     |
|   |                 | 110,244,020 (P)<br><i>(Note 7)</i> |   |                  | 6.26% (P)  | 2.58% (P)                                     |
| HSBC Global Asset Management (Hong Kong) Limited (Formerly known as HSBC Investments (Hong Kong) Limited) | H Shares        | 102,250,000 (L)                    | Investment manager                                      | Corporate        | 5.80% (L)  | 2.40% (L)                                     |

\* For identification purpose only

*Notes:* The letter “L” denotes a long 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 directly held by Donghua Fruit Industry Co., Ltd.. Based on the information provided by Donghua Fruit Industry Co., Ltd., Mr. Zhang Jiaming is deemed to be interested in such 657,794,593 Domestic Shares.
- (4) The long position in 637,460,401 Domestic Shares were held by 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), through its two wholly-owned subsidiaries, namely, Chengdu President Enterprises Food Co., Ltd. (成都統一企業食品有限公司), which held 424,183,601 Domestic Shares, and Guangzhou President Enterprises Co., Ltd. (廣州統一企業有限公司), which held 213,276,800 Domestic Shares.
- (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 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 directly 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% of the total issued share capital of the Company, were held directly by Guangzhou President Enterprises Co., Ltd. (廣州統一企業有限公司) .
- (6) According to the public information available on the website of the Stock Exchange, Atlantis Investment Management (Hong Kong) Limited was a controlled corporation of Atlantis Investment Management Limited, which was in turn controlled by Liu Yang; Atlantis Investment Management Limited and Liu Yang were deemed to be interested in such 317,000,000 H Shares.
- (7) These H Shares were held directly by JP Morgan Chase Bank N.A., a wholly-owned subsidiary of JP Morgan Chase & Co..

## **COMPETING INTERESTS**

Mr. Wang An, a Director of the Company, through his controlled corporation, Shandong Andre Group Co., Ltd.\* (山東安德利集團有限公司), has 40% equity interest in Andre Pectin. The Company currently has 20% equity interest in Andre Pectin.

Save as disclosed above, 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 the interest with the Group.

\* *For identification purpose only*

## 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 Qu Wen, who is the Chairlady of the audit committee, Yu Shou Neng and Xu Guang Zhou.

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 quarterly results for the nine months ended 30 September 2010.

As at the date hereof, the Board comprises:

Mr. Wang An (*Executive Director*)  
Mr. Zhang Hui (*Executive Director*)  
Mr. Lin Wu-Chung (*Non-executive Director*)  
Mr. Liu Tsung-Yi (*Non-executive Director*)  
Mr. Jiang Hong Qi (*Non-executive Director*)  
Ms. Yu Shou Neng (*Independent non-executive Director*)  
Ms. Qu Wen (*Independent non-executive Director*)  
Mr. Xu Guang Zhou (*Independent non-executive Director*)

By order of the Board  
**Yantai North Andre Juice Co., Ltd.\***  
**Wang An**  
*Chairman*

Yantai, the PRC, 10 November 2010

\* For identification purpose only