



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: 2218)*



**Interim Report**

For the six months ended 30 June 2012



烟台北方安德利果汁股份有限公司

**Yantai North Andre Juice Co., Ltd.\***

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

**INTERIM RESULTS (UNAUDITED)**

The Board of Directors (the “Board”) of Yantai North Andre Juice Co., Ltd.\* (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2012, with the comparatives of the corresponding period in 2011, as follows:

**Condensed Consolidated Statement of Comprehensive Income**

		<b>Unaudited</b>	
		<b>For the six months</b>	
		<b>ended 30 June</b>	
	<i>Note</i>	<b>2012</b>	2011
		<b>RMB'000</b>	<b>RMB'000</b>
Turnover	2	745,517	782,170
Cost of sales		<b>(605,274)</b>	(582,950)
<b>Gross profit</b>		<b>140,243</b>	199,220
Other income		3,184	3,141
Distribution costs		<b>(35,937)</b>	(53,528)
Administrative expenses		<b>(24,152)</b>	(25,440)
Other operating expenses		<b>(1,145)</b>	(1,338)
<b>Profit from operations</b>		<b>82,193</b>	122,055
Net finance costs		<b>(18,502)</b>	(19,798)
Investment income/(loss)	3	1,815	(2,234)
Share of profit from an associate		1,364	3,921
<b>Profit before taxation</b>	4	<b>66,870</b>	103,944
Income tax	5	<b>(2,813)</b>	(4,601)
<b>Profit for the period</b>		<b>64,057</b>	99,343
Other comprehensive income		–	–
<b>Total comprehensive income for the period</b>		<b>64,057</b>	99,343

\* For identification purpose only

**Unaudited  
For the six months  
ended 30 June**

	<b>2012</b>	2011
	<b>RMB'000</b>	RMB'000
<b>Profit attributable to:</b>		
Equity shareholders of the Company	64,057	96,921
Minority interests	–	2,422
<b>Profit for the period</b>	<b>64,057</b>	<b>99,343</b>
<b>Total comprehensive income attributable to:</b>		
Equity shareholders of the Company	64,057	96,921
Minority interests	–	2,422
<b>Total comprehensive income for the period</b>	<b>64,057</b>	<b>99,343</b>
<b>Basic and diluted earnings per share</b>	<b>RMB0.0152</b>	<b>RMB0.0227</b>

Note

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## Condensed Consolidated Statement of Financial Position

	<i>Note</i>	<b>Unaudited 30 June 2012 RMB'000</b>	Audited 31 December 2011 RMB'000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	8	799,455	803,090
Lease prepayments		88,625	89,687
Interest in an associate		61,924	60,560
Goodwill		6,019	6,019
Deferred tax assets		1,157	2,329
Total non-current assets		<u>957,180</u>	<u>961,685</u>
Current assets			
Short-term investments		30,813	128,488
Inventories	9	331,511	822,723
Trade and bills receivable		217,407	113,886
Other receivables and prepayments		88,169	109,769
Restricted deposits		673	–
Cash and cash equivalents	10	412,942	96,641
Total current assets		<u>1,081,515</u>	<u>1,271,507</u>
Total assets		<u><b>2,038,695</b></u>	<u><b>2,233,192</b></u>
<b>EQUITY AND LIABILITIES</b>			
Current liabilities			
Bank borrowings		409,975	524,681
Trade and bills payable	11	113,928	131,346
Other payables and accrued expenses		89,458	48,224
Dividend payable		21,994	1,545
Current tax liabilities		21,527	20,775
Total current liabilities		<u>656,882</u>	<u>726,571</u>
Net current assets		<u>424,633</u>	<u>544,936</u>
Total assets less current liabilities		<u>1,381,813</u>	<u>1,506,621</u>
Non-current liabilities			
Bank borrowings		–	120,000
Other long-term liabilities		549	249
Total non-current liabilities		<u>549</u>	<u>120,249</u>
Total liabilities		<u>657,431</u>	<u>846,820</u>
Capital and reserves			
Share capital	12	408,988	426,554
Reserves		972,276	959,818
Total equity		<u>1,381,264</u>	<u>1,386,372</u>
Total equity and liabilities		<u><b>2,038,695</b></u>	<u><b>2,233,192</b></u>

## Condensed Consolidated Statement of Cash Flows

**Unaudited**  
**For the six months**  
**ended 30 June**

	<b>2012</b>	2011
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Net cash generated from operating activities	<b>452,234</b>	608,296
Net cash generated from/(used in) investing activities	<b>103,881</b>	(68,898)
Net cash used in financing activities	<b>(239,814)</b>	(255,422)
Net increase in cash and cash equivalents	<b>316,301</b>	283,976
Cash and cash equivalents at beginning of the period	<b>96,641</b>	142,906
Cash and cash equivalents at end of the period	<b>412,942</b>	426,882
Analysis of balances of cash and cash equivalents:		
Cash at bank and in hand	<b>412,942</b>	426,882

## Condensed Consolidated Statement of Changes in Equity (unaudited)

	Share capital <i>RMB '000</i>	Capital surplus <i>RMB '000</i>	Share premium <i>RMB '000</i>	Statutory reserves <i>RMB '000</i>	Retained earnings <i>RMB '000</i>	Total equity attributable to equity shareholders of the Company <i>RMB '000</i>	Minority interests <i>RMB '000</i>	Total equity <i>RMB '000</i>
At 1 January 2012	426,554	10	143,535	154,905	661,368	1,386,372	-	1,386,372
Total comprehensive income for the period	-	-	-	-	64,057	64,057	-	64,057
Purchase of own shares:								
– par value paid	(17,566)	-	-	-	-	(17,566)	-	(17,566)
– premium paid	-	-	(31,150)	-	-	(31,150)	-	(31,150)
Dividends to equity shareholders of the Company	-	-	-	-	(20,449)	(20,449)	-	(20,449)
At 30 June 2012	<u>408,988</u>	<u>10</u>	<u>112,385</u>	<u>154,905</u>	<u>704,976</u>	<u>1,381,264</u>	<u>-</u>	<u>1,381,264</u>
At 1 January 2011	426,554	10	143,535	136,206	487,828	1,194,133	5,012	1,199,145
Total comprehensive income for the period	-	-	-	-	96,921	96,921	2,422	99,343
Dividends to equity shareholders of the Company	-	-	-	-	(14,929)	(14,929)	-	(14,929)
At 30 June 2011	<u>426,554</u>	<u>10</u>	<u>143,535</u>	<u>136,206</u>	<u>569,820</u>	<u>1,276,125</u>	<u>7,434</u>	<u>1,283,559</u>

Notes:

**1. Basis of preparation and accounting policies**

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) promulgated by the International Accounting Standards Board.

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 2011.

The preparation of the condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

**2. Turnover**

Turnover primarily represents income arising from the sale of condensed juice net of value added tax.

No segment information is presented during the period as the Group is principally engaged in one operating segment which is the manufacture and sale of condensed juice and related products. The Group operates in the People’s Republic of China (“PRC”) and its major assets are located in the PRC.

The following is an analysis of the Group’s turnover by geographical markets:

	<b>Unaudited For the six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>RMB’000</b>	<i>RMB’000</i>
North America	<b>213,136</b>	239,350
Europe	<b>84,056</b>	220,142
Asia	<b>358,488</b>	186,202
Oceania	<b>52,511</b>	97,406
Others	<b>37,326</b>	39,070
	<hr/>	<hr/>
Total	<b>745,517</b>	782,170
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**3. Investment income/(loss)**

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2012</b>	2011
	<b>RMB'000</b>	<b>RMB'000</b>
Gain/(loss) on disposal of equity securities	<b>1,055</b>	(2,545)
Gain on disposal of equity interest in a subsidiary	–	76
Others	<b>760</b>	235
	<hr/>	<hr/>
Total	<b>1,815</b>	(2,234)
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**4. Profit before taxation**

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

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2012</b>	2011
	<b>RMB'000</b>	<b>RMB'000</b>
Depreciation of property, plant and equipment	<b>11,596</b>	16,371
Interest expenses on bank borrowings repayable within five years	<b>18,596</b>	17,995
Amortisation of lease prepayments	<b>1,294</b>	1,379
Interest income	<b>(142)</b>	(592)
Net exchange (gain)/loss	<b>(1,713)</b>	2,062
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	<hr/> <hr/>	<hr/> <hr/>



## 5. Income tax

According to the Corporate Income Tax Law of the PRC (the “New Tax Law”) which took effect on 1 January 2008, the applicable tax rate of the Company, all of the subsidiaries and jointly controlled entity 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) continued to enjoy a preferential tax rate of 15% till the end of 2020. In accordance with the relevant PRC tax rules and regulations, certain subsidiaries and a jointly controlled entity of the Company 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, 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 will be 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 have commenced 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. The production of juice concentrate of the Company and certain of its subsidiaries, 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), Xuzhou Andre Juice Co., Ltd.\* (徐州安德利果蔬汁有限公司), Yantai Andre Juice Co., Ltd.\* (烟台安德利果汁飲料有限公司), 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) 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.

## 6. Basic and diluted earnings per share

The calculation of basic and diluted earnings per share for the six months ended 30 June 2012 is based on the unaudited profit attributable to equity shareholders of the Company of RMB64,057,000, and the weighted average of 4,203,116,000 shares in issue during the six months ended 30 June 2012.

The calculation of basic and diluted earnings per share for the six months ended 30 June 2011 is based on the unaudited profit attributable to equity shareholders of the Company of RMB96,921,000, and the weighted average of 4,265,536,000 shares in issue during the six months ended 30 June 2011.

There was no difference between basic and diluted earnings per share as there were no dilutive potential ordinary shares outstanding for the six months ended 30 June 2012 and 2011 respectively.

\* For identification purpose only

## 7. Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period:

	Unaudited For the six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Final dividend in respect of the previous financial year, approved during the interim period, of RMB0.005 per share (2011: RMB0.0035 per share)	<u>20,449</u>	<u>14,929</u>
Final dividend in respect of the previous financial year, paid during the interim period	<u>—</u>	<u>10,141</u>

Pursuant to a resolution passed at the annual general meeting on 26 June 2012, a dividend payable to equity shareholders of the Company of RMB0.005 per share totaling RMB20,449,000 for 2011 was approved.

## 8. Property, plant and equipment

During the six months ended 30 June 2012, the additions and the disposals of the property, plant and equipment amounted to RMB11,600,000 and RMB3,639,000 respectively.

During the six months ended 30 June 2011, the additions and the disposals of the property, plant and equipment amounted to RMB24,954,000 and RMB4,004,000 respectively.

**9. Trade and bills receivable**

An ageing analysis of trade receivables is as follows:

	<b>Unaudited 30 June 2012 RMB'000</b>	Audited 31 December 2011 RMB'000
Within 3 months	198,097	100,459
Over 3 months but less than 6 months	17,446	13,325
Over 6 months	1,864	102
	<hr/>	<hr/>
Total	<b>217,407</b>	113,886
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Customers are generally granted credit terms of one to six months, depending on the credit standing of individual customers.

**10. Cash and cash equivalents**

	<b>Unaudited 30 June 2012 RMB'000</b>	Audited 31 December 2011 RMB'000
Cash at bank and in hand	412,942	96,641
	<hr/> <hr/>	<hr/> <hr/>

## 11. Trade and bills payable

An ageing analysis of trade and bills payable is as follows:

	<b>Unaudited 30 June 2012 RMB'000</b>	Audited 31 December 2011 RMB'000
Within 6 months	60,562	124,224
Over 6 months but less than 1 year	44,951	6,512
Over 1 year	8,415	610
	<hr/>	<hr/>
Total	<b>113,928</b>	<b>131,346</b>
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## 12. Share capital

- (a) During the six months ended 30 June 2012, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month/Year	Number of Shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	<b>Unaudited Aggregate price paid RMB'000</b>
February 2012	23,635,000	0.29	0.25	5,026
April 2012	49,060,000	0.37	0.29	13,466
May 2012	102,961,000	0.37	0.34	30,224
				<hr/>
				<b>48,716</b>
				<hr/> <hr/>

- (b) Pursuant to a resolution passed at the annual general meeting on 26 June 2012, the consolidation of every ten shares of RMB0.10 each into one consolidated share of RMB1.00 was approved. Up to the date of issue of this interim report, the share consolidation, which is subject to the approvals from the relevant PRC authorities and The Stock Exchange of Hong Kong Limited, has not been completed yet.

### 13. Commitments

As at 30 June 2012, the Group had capital commitments in respect of property, plant and equipment not provided for in the condensed consolidated interim financial statements as follows:

	<b>Unaudited 30 June 2012 RMB'000</b>	Audited 31 December 2011 RMB'000
Contracted for	<b>3,103</b>	5,821

### 14. Related party transactions

During the six months ended 30 June 2012, the Group entered into the following material related party transactions:

	<b>Unaudited For the six months ended 30 June 2012 RMB'000</b>	2011 RMB'000
Sales to a jointly controlled entity	<b>464</b>	1,388
Purchase from a jointly controlled entity	<b>5</b>	396
Sales to an associate	<b>738</b>	155

### 15. Contingent liabilities

During the year ended 31 December 2011, the Company received a notice of arbitration issued by the International Court of Arbitration of the International Chamber of Commerce. According to the notice of arbitration, AGRANA Juice Holding GmbH (“AGRANA”) submitted an arbitration application to request a damage of USD9,785,656 (equivalent to approximately RMB64,551,000) from the Company in respect of a dispute arising from an agreement relating to the purchase of the apple juice concentrate. The Company considers that it has reasonable defense to the arbitration, and the directors do not believe it probable that the court of arbitration will find against the Company. No provision has therefore been made in respect of this arbitration.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

For the six months ended 30 June 2012, the Group's turnover decreased to approximately RMB745,517,000 as compared to approximately RMB782,170,000 for the corresponding period in 2011, representing a decrease of approximately RMB36,653,000 or 5%. 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 of the apple juice concentrate.

For the six months ended 30 June 2012, the Group's gross profit was approximately RMB140,243,000 and the gross profit margin was approximately 19%. For the corresponding period in 2011, the gross profit was approximately RMB199,220,000 and gross profit margin was approximately 25%. The decrease in gross profit margin was attributable to the increase in purchase cost of industrial and commercial apple due to the inflation in the PRC.

For the six months ended 30 June 2012, the Group's net profit (i.e. the profit for the period attributable to equity shareholders of the Company) decreased to approximately RMB64,057,000, as compared to approximately RMB96,921,000 for the corresponding period in 2011, representing a decrease of approximately RMB32,864,000 or 34%. The decrease in net profit was mainly attributable to the decrease in gross profit margin.

For the six months ended 30 June 2012, the Group incurred distribution expenses of approximately RMB35,937,000, as compared to approximately RMB53,528,000 for the corresponding period in 2011, representing a decrease of approximately RMB17,591,000. The Group's distribution expenses mainly included transport, export inspection and marketing expenses. Such decrease was mainly attributable to the decrease in sales volume and better control of distribution expenses.

For the six months ended 30 June 2012, the Group incurred administrative expenses of approximately RMB24,152,000 as compared to approximately RMB25,440,000 for the corresponding period in 2011, representing a slight decrease of approximately RMB1,288,000. Such decrease was attributable to the better control of administrative expenses.

For the six months ended 30 June 2012, the net finance costs of the Group were approximately RMB18,502,000, as compared to approximately RMB19,798,000 for the corresponding period in 2011, representing a slight decrease of approximately RMB1,296,000. Such decrease was mainly due to the decrease in average loan balance.

## **Business Review**

### *Stabilising Market Coverage*

During 2012, by adapting to the market demand and leveraging on its advanced production technology, superb product quality and comprehensive customer services, the Group maintained steady growth in markets sales. With years of continuous efforts, 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.

### *Expanding Domestic Sales Market*

The Group continued to maintain close and stable business relationships with certain renowned beverage manufacturers in the PRC and has developed new good customers with broadened sales channels. In 2012, domestic sales of apple juice, pear juice and essence all increased as compared with the previous year; its market share in terms of sales volume in the domestic market also increased as compared to that of the previous year.

### *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.

## **Future Prospects**

### *Market Expansion and Product Diversification*

Currently the Group has established relatively stable market penetration and customers groups in major consumer markets of apple juice concentrate 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 the development of new customer 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.

### *Continue the Development of Traceability and Farm Management Improvement Linkages Project*

In the coming year, the Group will more strictly implement the GLOBALGAP standardisation in the regulation and development of existing and newly established recognition bases. Improvements will be made in the areas of production, management, storage and sales, etc. to generate more revenue from the GLOBALGAP bases, with a view to building up the modelling status so that surrounding fruityards will follow the GLOBALGAP standardisation.

### *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 to actively engage in cooperation with domestic and international financial institutions to diversify its financing channels and increase the variety of financing products, in order to reduce the Group's exchange rate risk and finance cost, improve capital structure and facilitate better business development.

## **ARBITRATION**

### **ICC Arbitration brought by AGRANA against the Company**

By a request for arbitration dated 7 December 2011, AGRANA Juice Holding GmbH ("AGRANA") brought ICC proceedings against the Company in respect of a shareholders' agreement in relation to Xianyang Andre Juice Co., Ltd. ("Xianyang SHA") dated 9 June 2006 and an Allocation Plan dated 14 January 2011 for an amount of RMB64,551,079. Xianyang Andre Juice Co., Ltd. was previously a jointly controlled entity of the Group and was fully disposed to AGRANA on 21 July 2011.

In January 2012, the Company served submissions to object to the jurisdiction of the Arbitration Tribunal. Both the Company and AGRANA served further rounds of submissions on jurisdiction between February and June 2012.

In February 2012, the Company further served an answer to the request for arbitration and made a counterclaim for damages in the amount of RMB899,697.40 for breach of the Xianyang SHA by AGRANA. In March 2012, AGRANA served a reply to the Company's counterclaim and in June 2012, AGRANA served its Memorial of Claim. The hearing of the arbitration is expected to take place in mid-January 2013.



## **ICC Arbitration brought by the Company against AGRANA**

In March 2012, the Company filed a separate request for arbitration in Hong Kong against AGRANA for breach of the Distribution and Agency Agreement dated 28 February 2008 (the “Agreement”) for failure on the part of AGRANA to perform its obligations as the distributor to purchase the minimum quantities of apple juice concentrate specified in the Agreement in an amount of RMB40,128,693, being the gross margin of the shortfall in the minimum commitments.

In May 2012, AGRANA filed an answer to the request for arbitration.

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 30 June 2012, the Group had a total of 977 employees and the total employee remuneration for the six months ended 30 June 2012 was approximately RMB15,376,000. The Group’s employment and remuneration policies remained unchanged with those described in the prospectus of the Company dated 11 April 2003. The salaries and benefits of the employees of the Group were kept at a competitive level and employees were rewarded on a performance related basis with general framework of the Group’s salary and bonus system which is reviewed annually. A wide range of benefits, including statutory compulsory welfare plans, were also provided to employees.

## **DIVIDEND**

The Board proposed a final dividend of RMB0.005 per share for the year ended 31 December 2011. The proposal to declare and pay this final dividend was passed at the annual general meeting of the Company held on 26 June 2012.

The Board proposed not to distribute interim dividend for the period ended 30 June 2012.

## **SIGNIFICANT INVESTMENT**

No significant investment was made by the Group during the six months ended 30 June 2012.

## **MATERIAL ACQUISITION AND DISPOSAL**

No material acquisitions or disposals of subsidiaries and associated companies have been made by the Company during the six months ended 30 June 2012.

## **CONTINGENT LIABILITIES**

Save as disclosed in note 15 to the Interim Result section and the Arbitration section of this interim report, the Directors were not aware of any material contingent liability as at 30 June 2012.

## **CHARGE ON ASSETS**

As at 30 June 2012, the Group did not have any charge on its assets.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally financed its operations and investing activities with internally generated financial resources and loans from banks. As at 30 June 2012, the Group had outstanding bank loans amounted to approximately RMB409,975,000, of which RMB200,000,000 was borrowed at interest rates ranging from 6.1% to 7.22%, RMB110,116,000 was borrowed at LIBOR +2.7% to +4.5%, and RMB63,249,000 was borrowed at floating interest rate of the lender's cost of fund +4%, and RMB36,610,000 was borrowed at fixed interest rate of 5.85%.

As at 30 June 2012, the Group had a net cash and cash equivalent position of approximately RMB412,942,000. The Group's gearing ratio at 30 June 2012 was approximately 32% (30 June 2011: approximately 39%) which was calculated based on the Group's total liabilities of approximately RMB657,431,000 (30 June 2011: approximately RMB832,610,000) and total equity and liabilities of approximately RMB2,038,695,000 (30 June 2011: approximately RMB2,116,119,000). The Directors considered that the Group had sufficient financial resources to meet its ongoing operation requirements.

## **FOREIGN EXCHANGE EXPOSURE**

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

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

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

As at 30 June 2012, the Company repurchased a total of 175,656,000 of its H shares of par value of HK\$0.10 each on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at prices ranging from HK\$0.25 to HK\$0.37 per H share, for a total consideration of HK\$59,399,285.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2012.

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

As at 30 June 2012, 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 Appendix 10 of the 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 (Note 2)	Personal	47.42% (L)	29.05% (L)
	H Shares	17,085,000 (L)	Interest of controlled corporations (Note 3)	Personal	1.08% (L)	0.42% (L)
Liu Tsung-Yi	H Shares	1,954,000 (L)	Beneficial owner	Personal	0.12% (L)	0.048% (L)

Notes:

The letter "L" denotes a long position.

- (1) As at 30 June 2012, 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 10.80% and 0.42% interest in the total issued share capital of the Company, respectively; and (b) 90% 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 18.25% 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 was 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 June 2012, 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 in the shares of the Company**

Name of Shareholders	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)	10.80% (L)
	H Shares	17,085,000 (L)	Beneficial owner	Corporate	1.08% (L)	0.42% (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)	18.25% (L)
Donghua Fruit Industry Co., Ltd.	Domestic Shares	657,794,593 (L) <i>(Note 3)</i>	Beneficial owner	Corporate	26.26% (L)	16.08% (L)
Uni-President Enterprises Corp.	Domestic Shares	637,460,401 (L) <i>(Note 4)</i>	Interests of controlled corporations <i>(Note 5)</i>	Corporate	25.44% (L)	15.59% (L)
Atlantis Capital Holdings Limited	H Shares	320,000,000 (L) <i>(Note 6)</i>	Interests of controlled corporations	Corporate	20.20% (L)	7.82% (L)
Norges Bank	H Shares	123,360,000 (L)	Beneficial owner	Corporate	7.79% (L)	3.02% (L)
Mitsui & Co., Ltd.	H Shares	213,400,000 (L) <i>(Note 7)</i>	Beneficial owner	Corporate	13.47% (L)	5.22% (L)

\* For identification purpose only

Name of Shareholders	Class of shares	Number of shares held	Capacity	Type of Interest	Approximate percentage of Domestic Shares/ H Shares	Approximate percentage of total share capital
JP Morgan Chase & Co.	H Shares	123,360,000 (L)	Custodian corporation/ approved lending agent	Corporate	7.79% (L)	3.02% (L)
		123,360,000 (P) (Note 8)			7.79% (P)	3.02% (P)
HSBC Global Asset Management (Hong Kong) Limited (Formerly manager known as HSBC Investments (Hong Kong) Limited)	H Shares	100,000,000 (L)	Investment manager	Corporate	6.31% (L)	2.45% (L)

*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 90% 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 10.37% 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 5.21% 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 Capital Holdings Limited was a 100% controlled corporation of Liu Yang; Liu Yang was deemed to be interested in such 320,000,000 H Shares.

\* For identification purpose only

- (7) After the capitalization of shares by the Company in 2007, the number of H Shares held by Mitsui & Co., Ltd. was adjusted from 97,000,000 shares to 213,400,000 shares.
- (8) According to the public information available on the website of the Stock Exchange, 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 30 June 2012, none of the Directors, the management shareholders of the Company and their respective associates (as defined under the 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.

## **CORPORATE GOVERNANCE PRACTICES**

The articles of association, terms of reference of audit committee and terms of reference of supervisory committee of the Company form the framework for the code of corporate governance practices of the Company.

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the revised Code on Corporate Governance Practices (the "CG Code") as well as the former CG Code contained in the Listing Rules throughout the reporting period except for the following:

According to Code A.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. The Company is negotiating with the relevant insurance agents about the liability insurance for the Directors and will arrange such insurance cover in due course.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings set out in Appendix 10 of the Listing Rules (the "Required Standard") as the Company's code of conduct regarding securities transactions by its Directors. A copy of the Required Standard has been sent to each Director one month before the date of the Board meeting to approve the Company's 2012 interim results, with a reminder that the Director could not deal in the securities and derivatives of the Company until after such results have been published.

Under the Required Standard, the Directors are required to notify the chairman of the Company and receive a dated acknowledgement in writing before dealing in the securities and derivatives of the Company and, in the case of the chairman of the Company himself, he must notify the chairman of the audit committee and receive a dated acknowledgement in writing before any dealing.

All Directors, upon specific enquiries, have confirmed that they have complied with the Required Standard during the six-month period ended 30 June 2012.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with the Required Standard. No incident of non-compliance was noted by the Company for the six-month period ended 30 June 2012.

## **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. All of its members are independent non-executive Directors (namely Ms. Qu Wen, Ms. Yu Shou Neng, Mr. Gong Fan and Mr. Chow Kam Hung) and its current chairman, Mr. Gong Fan, is an independent non-executive Director.

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 interim results for the six months ended 30 June 2012.

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

Yantai, the PRC, 9 August 2012

As at the date hereof, the Board comprises:

Mr. Wang An (*Executive Director*)  
Mr. Zhang Hui (*Executive Director*)  
Mr. Wang Yan Hui (*Executive Director*)  
Mr. Lin Wu-Chung (*Non-executive Director*)  
Mr. Liu Tsung-Yi (*Non-executive Director*)  
Ms. Yu Shou Neng (*Independent non-executive Director*)  
Ms. Qu Wen (*Independent non-executive Director*)  
Mr. Gong Fan (*Independent non-executive Director*)  
Mr. Chow Kam Hung (*Independent non-executive Director*)

\* For identification purpose only