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**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)**

## **ANNOUNCEMENT**

### **CONNECTED TRANSACTION DISPOSAL OF 10% INTEREST IN ANDRE PECTIN**

The Board is pleased to announce that on 11 November 2009, Andre Group (as purchaser) entered into the Share Transfer Agreement with Andre BVI (as vendor) whereby, subject to certain conditions precedent, Andre Group agreed to purchase from Andre BVI, a wholly-owned subsidiary of the Company, 10% equity interest in Andre Pectin at a cash consideration of RMB25,000,000.

Upon completion of the Share Transfer Agreement and the Other Share Transfer Agreements, Andre Group will own 40% equity interest in Andre Pectin whereas Andre BVI will cease to have any equity interest in Andre Pectin.

Under the GEM Listing Rules, Andre Group is an associate of Mr. Wang An, who is a director of the Company and controls 80% interest in Andre Group. Therefore, Andre Group is a connected person of the Company and the Proposed Share Transfer will constitute a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules. As the relevant percentage ratios (as defined in Rules 19.07) in relation to the Proposed Share Transfer are less than 2.5% and the total consideration is more than HK\$1,000,000, the Proposed Share Transfer will be subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules.

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## KEY TERMS OF THE SHARE TRANSFER AGREEMENT

- (1) **Date:** 11 November 2009
- (2) **Parties:** (a) Andre BVI (as vendor)
- (b) Andre Group (as purchaser)

### (3) Proposed Share Transfer

Andre Group agreed to purchase from Andre BVI 10% equity interest in Andre Pectin at a cash consideration of RMB25,000,000.

### (4) Consideration

The total consideration for the Proposed Share Transfer shall be RMB25,000,000, which represents 10% of the unaudited net assets book value of Andre Pectin as at 30 September 2009 of RMB182,000,000 plus a premium of approximately 37% and also represents 10% of the appraised net assets value of Andre Pectin as at 30 September 2009 of RMB208,000,000 plus a premium of approximately 20%. The valuation methods used to appraise such net assets value of Andre Pectin were 重置成本法 (replacement cost method) and 市價法 (market price method). The consideration was determined after taken into account the prospectus of the profitability of Andre Pectin and after arm's length negotiations between Andre Group and Andre BVI. The amount of the consideration payable by Andre Group will be settled in cash in full at completion of the Share Transfer Agreement. Such amount of cash will be funded by the internal resources of Andre Group.

### (5) Completion

Completion of the Share Transfer Agreement is conditional upon, among other things, fulfillment of the following conditions:

- (a) all necessary internal corporate authorizations of Andre Pectin have been obtained in respect of the Proposed Share Transfer;
- (b) all relevant regulatory authorities have approved the Proposed Share Transfer and Share Transfer Agreement and all applicable registration and procedures have been completed;
- (c) all representations and warranties given by Andre Group under the Share Transfer Agreement are true and accurate; and
- (d) all representations and warranties given by Andre BVI under the Share Transfer Agreement are true and accurate.

In the event that the conditions precedent are not fulfilled (or waived by either party in writing) on or before 22 December 2009, the Share Transfer Agreement may be terminated by either party in accordance with the provisions contained therein.

## INFORMATION ABOUT ANDRE PECTIN

Andre Pectin was set up on 25 September 2003 as a preliminary step for the Group to develop its pectin business, in the ultimate pursuit to diversify its product mix. Andre Pectin is principally engaged in the manufacture and sales of pectin.

Upon incorporation, Andre Pectin was a (direct and indirect) wholly-owned subsidiary of the Company owned as to 75% by the Company and as to 25% by Andre US, a wholly-owned subsidiary of the Company. Pursuant to an agreement dated 3 March 2005, Andre BVI acquired 40% equity interest in Andre Pectin in the total consideration of US\$8 million (approximately HK\$62.4 million) and new strategic investors were introduced to Andre Pectin. Subsequently, Andre Pectin ceased to be a subsidiary of the Company. Further information about such agreement and transaction have been disclosed in the relevant announcement and circular of the Company dated 16 March 2005 and 4 April 2005 respectively.

On 11 November 2009, Andre BVI (as the vendor) also entered into two share transfer agreements (collectively referred to as the “Other Share Transfer Agreements”) with the Company and an Independent Third Party (as purchasers) separately, pursuant to which (i) Andre BVI agreed to sell and the Company agreed to purchase 20% equity interest in Andre Pectin, and (ii) Andre BVI agreed to sell and such Independent Third Party agreed to purchase 10% equity interest in Andre Pectin.

The interests of the Group and Andre Group in Andre Pectin before and after the completion of the Proposed Share Transfer and the transactions contemplated under the Other Share Transfer Agreements are illustrated as follows:

Owner of equity interests	Before completion		After completion	
	Equity interests (US\$)	Percentage of equity interests	Equity interests (US\$)	Percentage of equity interests
Andre BVI	8,000,000	40% <i>(Note 1)</i>	–	–
Andre Group	6,000,000	30%	8,000,000	40%
the Company	–	–	4,000,000	20%
Other shareholders <i>(Note 2)</i>	6,000,000	30%	8,000,000	40%
Total	20,000,000	100	20,000,000	100

*Note 1:* 10% equity interest will be transferred from Andre BVI to Andre Group whereas 20% equity interest will be transfer from Andre BVI to the Company and the remaining 10% equity interest held by Andre BVI will be transferred to an Independent Third Party pursuant to the Other Share Transfer Agreements.

*Note 2:* The other shareholders are Independent Third Parties.

The unaudited net assets book value and appraised net assets value of Andre Pectin as at 30 September 2009 were approximately RMB182,000,000 and RMB208,000,000 respectively. As at 31 December 2008 and 31 December 2007, the audited net profits (both before and after taxation and extraordinary items) attributable to Andre Pectin were approximately RMB10,089,206 and RMB1,252,412 respectively.

## **INFORMATION ABOUT THE COMPANY AND ANDRE BVI**

The Company is principally engaged in the business of manufacturing and sale of apple juice concentrate, pear juice concentrate, apple essence, feedstuff and related products. The H shares of the Company are listed on the GEM.

Andre BVI, a wholly-owned subsidiary of the Company, has been set up for the purpose of investment holding.

## **INFORMATION ABOUT THE ANDRE GROUP**

Andre Group is a limited liability company incorporated in the PRC and is principally engaged in the real property investment and consultation, developing and providing consultation and services in respect of fruit and vegetable juice manufacture technologies.

Mr. Wang An, a director of the Company, controls 80% equity interest in Andre Group. Andre Group is an associate of Mr. Wang An and therefore a connected person of the Company.

## **REASONS FOR THE PROPOSED SHARE TRANSFER**

Despite the fact that the Group has been well established in the manufacture and sales of apple juice concentrate, the Group strives to diversify its product mix by developing its pectin business. Andre Pectin was therefore set up in 2003 as a preliminary step by the Group.

The manufacture of pectin requires advanced technological know-how and support for market promotions, which involve substantial capital investments. The Directors believe that it may be more cost-effective for the Group to share the costs of investments and hence decide to transfer 10% equity interest in Andre Pectin to Andre Group.

Andre Group has ample experience in developing fruit and vegetable juice manufacture technologies. The Directors are therefore of the view that the further involvement of Andre Group will be able to facilitate the development of pectin business of the Group and advance the competitiveness of the Group in the marketplace.

The terms of the Share Transfer Agreement were negotiated on an arm's length basis with reference to the unaudited net assets book value and appraised net assets value of Andre Pectin as at 30 September 2009. The Directors consider that the terms of the Share Transfer Agreement were entered into on normal commercial terms and are fair and reasonable and are in the interest of the Group and shareholders of the Company as a whole.

It is expected that the unaudited gain on the disposal of 10% interest in Andre Pectin pursuant to the Share Transfer Agreement is approximately RMB6,784,000, which is calculated by reference to the consideration less 10% of the net assets value of Andre Pectin as at 30 September 2009. The Company proposes to use the proceeds from the Proposed Share Transfer as general working capital of the Company.

## **GEM LISTING RULES IMPLICATIONS**

Under the GEM Listing Rules, Andre Group is an associate of Mr. Wang An, who is a director of the Company and controls 80% interest in Andre Group. Therefore, Andre Group is a connected person of the Company and the Proposed Share Transfer will constitute a connected transaction of the Company pursuant to Chapter 20 of the GEM Listing Rules. As the relevant percentage ratios (as defined in Rules 19.07) in relation to the Proposed Share Transfer are less than 2.5% and the total consideration is more than HK\$1,000,000, the Proposed Share Transfer will be subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules.

## **DEFINITIONS**

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

“Andre BVI”	Andre Juice Co., Ltd., a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands
“Andre Group”	Shangdong Andre Group Co., Ltd.* (山東安德利集團有限公司), a limited liability company incorporated in the PRC and owned as to 80% by Mr. Wang An
“Andre Pectin”	Yantai Andre Pectin Co., Ltd. (烟台安德利果膠有限公司) (formerly known as Yantai North Andre Pectin Co., Ltd.), a limited liability company incorporated in the PRC
“Andre US”	Yantai North Andre Juice Inc., a wholly-owned subsidiary of the Company incorporated in the United States of America
“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors

“Company”	Yantai North Andre Juice Co., Ltd. * (烟台北方安德利果汁股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and whose H shares are listed on GEM
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Independent Third Party”	a party independent of any connected person of the Company as defined in the GEM Listing Rules and is independent of the Company and the connected persons of the Company
“PRC”	the People’s Republic of China
“Proposed Share Transfer”	transaction contemplated in the Share Transfer Agreement
“Share Transfer Agreement”	the agreement dated 11 November 2009, entered into between Andre BVI and Andre Group, pursuant to which Andre BVI agreed to sell and Andre Group agreed to purchase the 10% equity interest in Andre Pectin
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	US dollars, the lawful currency of the United States of America
“%”	Percent

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

Yantai, the PRC, 11 November 2009

As at the date hereof, the Board comprises:

Mr. Wang An (*Executive Director*)

Mr. Zhang Hui (*Executive Director*)

Mr. Jiang Hong Qi (*Executive Director*)

Mr. Lin Wu-Chung (*Non-executive Director*)

Mr. Liu Tsung-Yi (*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*)

*The announcement, for which the directors of the Company (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for seven days from the date of its posting and on the Company’s website at [www.andre.com.cn](http://www.andre.com.cn).*

\* *For identification purpose only*