



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 RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2010**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK
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This announcement, 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 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.*

* For identification purpose only

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 2010, with the unaudited comparatives for the corresponding period in 2009, as follows:

		Unaudited	
		For the three months	
		ended 31 March	
	<i>Note</i>	2010	2009
		RMB'000	RMB'000
Turnover	2	210,684	130,194
Cost of sales		(186,545)	(117,730)
Gross profit		24,139	12,464
Other income		8,508	10,001
Distribution expenses		(14,464)	(6,061)
Administrative expenses		(8,412)	(8,792)
Other operating expenses		(235)	(618)
Profit from operations		9,536	6,994
Net finance costs		(9,724)	(7,109)
Investment income	3	1,252	–
Share of profit from associates		1,821	1,508
Profit before taxation		2,885	1,393
Income tax	4	(1,000)	11,563
Profit for the period		1,885	12,956
Other comprehensive income		–	–
Total comprehensive income for the period		1,885	12,956
Profit attributable to:			
Equity shareholders of the Company		2,287	13,347
Minority interests		(402)	(391)
Profit for the period		1,885	12,956
Total comprehensive income attributable to:			
Equity shareholders of the Company		2,287	13,347
Minority interests		(402)	(391)
Total comprehensive income for the period		1,885	12,956
Basic and diluted earnings per share	6	RMB0.0005	RMB0.0031

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 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 ended 31 March 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 juice concentrate. Turnover primarily represents income arising from the sale of juice concentrate net of value added tax.

3. Investment income

	Unaudited	
	For the three months	
	ended 31 March	
	2010	2009
	RMB’000	RMB’000
Gain on disposal of equity interests in subsidiaries	713	—
Others	539	—
Total	1,252	—

During the three months ended 31 March 2010, the Group transferred 75% equity interest in each of Baishui Andre Bio-feedstuff Co., Ltd.* (白水安德利生物飼料有限公司) (“Baishui Andre Bio-feedstuff”) and Xuzhou Andre Pomace Products Co., Ltd.* (徐州安德利果渣製品有限公司) (“Xuzhou Andre Pomace”), two wholly-owned subsidiaries of the Company before the transfer, to Yantai Andre Pectin Co., Ltd.* (烟台安德利果膠有限公司) (“Andre Pectin”), an associate of the Company, for a total consideration of approximately RMB6,690,000. After the completion of these transfers, Baishui Andre Bio-feedstuff and Xuzhou Andre Pomace became associates of the Company.

The Group’s effective interests in the assets and liabilities disposed of during the three months ended 31 March 2010 are analysed as follows:

	Unaudited
	RMB’000
Assets	9,444
Liabilities	(3,467)
Net assets	5,977

* For identification purpose only

4. Income tax

According to the Corporate Income Tax Law of the PRC (“New Tax Law”) which took effect on 1 January 2008, the applicable tax rate of the Company, all of the subsidiaries and jointly controlled entities 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) is 25% from 1 January 2008. 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 PRC tax rules and regulations, certain subsidiaries and jointly controlled entities of the Company 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 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 will be subject to the unified tax 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 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 31 March 2010, are recognised as primary processing of agricultural produce under the New Tax Law and therefore are exempt from the PRC income tax.

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.

5. Change of accounting estimates

During the three months ended 31 March 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 effect of these changes on depreciation charges for the current and future financial years are approximated 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

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6. 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 RMB2,287,000 (2009: RMB13,347,000) and the weighted average of 4,265,536,000 shares (2009: 4,265,536,000 shares) in issue during the three months ended 31 March 2010.

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 2010 and 2009.

7. Dividends

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2010 (2009: Nil).

8. Changes in equity

	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 2010	426,554	10	143,535	129,032	460,716	1,159,847	5,057	1,164,904
Total comprehensive income for the period	—	—	—	—	2,287	2,287	(402)	1,885
At 31 March 2010	<u>426,554</u>	<u>10</u>	<u>143,535</u>	<u>129,032</u>	<u>463,003</u>	<u>1,162,134</u>	<u>4,655</u>	<u>1,166,789</u>
						Total equity attributable to equity shareholders		
	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>	of the Company <i>RMB'000</i>	Minority interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
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	—	—	—	—	13,347	13,347	(391)	12,956
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>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the three months ended 31 March 2010, the Group's turnover increased to approximately RMB210,684,000 as compared to approximately RMB130,194,000 for the corresponding period in 2009, representing an increase of approximately RMB80,490,000 or 62%. 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 of apple juice concentrate. The increase in sales volume 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 three months ended 31 March 2010, the Group's gross profit was approximately RMB24,139,000, representing a gross profit margin of approximately 11%. For the corresponding period in 2009, the gross profit was approximately RMB12,464,000 and a gross profit margin of approximately 10%.

For the three months ended 31 March 2010, the Group's net profit (i.e. the profit for the period attributable to equity shareholders of the Company) decreased to approximately RMB2,287,000, as compared to approximately RMB13,347,000 for the corresponding period in 2009, representing a decrease of approximately RMB11,060,000 or 83%. The decrease in net profit was mainly attributable to the decrease in recognized income tax income.

For the three months ended 31 March 2010, the Group's distribution expenses amounted to approximately RMB14,464,000, as compared to approximately RMB6,061,000 for the corresponding period in 2009, representing an increase of approximately RMB8,403,000. 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 the increase in ocean freight expenses caused by the decrease in the proportion of sales in FOB terms.

For the three months ended 31 March 2010, the Group incurred administrative expenses of approximately RMB8,412,000 as compared to approximately RMB8,792,000 for the corresponding period in 2009, representing a decrease of approximately RMB380,000. Such decrease was mainly attributable to the strengthened costs control and the reduction in administrative expenses by the Group.

For the three months ended 31 March 2010, the net finance costs of the Group were approximately RMB9,724,000, as compared to approximately RMB7,109,000 for the corresponding period in 2009, representing an increase of approximately RMB2,615,000. Such increase was mainly due to the increase in average loan interest rate for loans denominated in foreign currency.

Share of Profit from Associates

For the three months ended 31 March 2010, share of profit from associates of the Group was approximately RMB1,821,000 as compared to approximately RMB1,508,000 in 2009, representing an increase of approximately RMB313,000. The increase was due to the increase in sales volume of pectin products by Andre Pectin.

Income Tax

For the three months ended 31 March 2010, the income tax expenses of the Group were approximately RMB1,000,000. The income tax income was approximately RMB11,563,000 for the corresponding period in 2009. The production of juice concentrate 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) 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 RMB11,563,000 for the corresponding period in 2009. During the three months ended 31 March 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.

Share of Investment Cost in Two Pomace Companies

On 10 February 2010, each of Xuzhou Andre Juice Co., Ltd.* (徐州安德利果蔬汁有限公司) (“Xuzhou Andre Juice”) and Baishui Andre Juice Co., Ltd.* (白水安德利果蔬汁有限公司) (“Baishui Andre Juice”), two wholly-owned subsidiaries of the Company, entered into an equity transfer agreement as vendor to sell its 75% equity interest in each of Xuzhou Andre Pomace and Baishui Andre Bio-feedstuff, respectively, to Andre Pectin as purchaser. After the completion of these transactions, Baishui Andre Bio-feedstuff and Xuzhou Andre Pomace became associates and are no longer wholly owned subsidiaries of the Company.

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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 31 March 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.

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 three months ended 31 March 2010.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the three months ended 31 March 2010, 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 2010.

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

As at 31 March 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 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)	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 31 March 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.

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

As at 31 March 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) <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.*	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)
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)	14.94% (L)
Atlantis Investment Management (Hong Kong) Limited	H Shares	317,000,000 (L) <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)

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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
JP Morgan Chase & Co.	H Shares	110,244,020 (L)	Custodian corporation/ approved lending agent	Corporate	6.26% (L)	2.58% (L)
		110,244,020 (P) (Note 7)			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)

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 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..
- (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..

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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.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee are to review and provide supervision over the financial reporting process and internal control of the Group. The audit committee comprises three independent non-executive Directors, namely Wu Jian Hui, who is the chairman of the 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 2010.

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

Yantai, the PRC, 10 May 2010

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*)

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* For identification purpose only