

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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**

### **CONTINUING CONNECTED TRANSACTIONS**

#### **SUMMARY**

The Board hereby announces that on 27 May 2010, the Company entered into the Pectin Product Purchase Framework Agreement for the sale of pomace by the Company to Andre Pectin, an associate of a connected person, and determined the annual caps for the sale of pomace for the three years ended 31 December 2012.

The sale of pomace to Andre Pectin is a continuing connected transaction under the GEM Listing Rules. As each of the applicable percentage ratios is less than 2.5%, such transactions therefore are only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under the GEM Listing Rules.

#### **NEW NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS WITH ANDRE PECTIN**

##### ***Continuing Connected Transactions with Andre Pectin***

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

On 11 November 2009, Andre Group entered into a share transfer agreement with the Company whereby Andre Group acquired from the Company 10% equity interest in Andre Pectin at a cash consideration of RMB25,000,000. Further information about the agreement and transaction has been disclosed in the relevant announcement of the Company dated 11 November 2009. Upon completion of the share transfer agreement, Andre Group owns 40% equity interest in Andre Pectin.

Andre Group is a substantial shareholder holding 746,585,400 domestic shares of the Company, representing 17.5% of the total issued share capital of the Company as at the date of this announcement. Mr. Wang An, a director of the Company, indirectly controls 40% interest in Andre Pectin through his 80% interest in Andre Group. Andre Group is therefore a connected person of the Company and since Andre Group has 40% equity interest in Andre Pectin, Andre Pectin is an associate of Andre Group and is also a connected person of the Company.

Prior to Andre Pectin becoming a connected person of the Company, it has been purchasing pomace from the Company and its certain subsidiaries. The Company and its subsidiaries continue and will continue to sell pomace to Andre Pectin thereafter.

### ***Pectin Product Purchase Framework Agreement entered into with Andre Pectin***

In order to regulate the sale and purchase of pomace between the Group and Andre Pectin, the Company entered into a Pectin Product Purchase Framework Agreement with Andre Pectin on 27 May 2010. The principal terms of the Pectin Product Purchase Framework Agreement are as follows:

- Andre Pectin will purchase pomace products from the Group, including but not limited to apple pomace and pear pomace.
- The sale of pomace products to Andre Pectin by the Group shall be made on terms no less favourable than those offered by or to (as appropriate) independent third parties under comparable conditions. Otherwise, the Company is entitled to engage other customer(s) for the pomace products required by Andre Pectin.
- The parties (including their relevant associates or subsidiaries) shall enter into separate contracts to set out the specific terms and conditions for the sale of pomace products according to the principles and scope provided for under the Pectin Product Purchase Framework Agreement.

The Pectin Product Purchase Framework Agreement took effect on 1 January 2010 and shall expire on 31 December 2012, subject to renewal provided that it is in compliance with the relevant provisions governing connected transactions under the GEM Listing Rules.

### ***Pricing policy***

Under the Pectin Product Purchase Framework Agreement, Andre Pectin shall purchase pomace products from the Company in accordance with the following pricing principles (and in the following order):

- price prescribed by the PRC government; or
- where there is no government-prescribed price, the guidance price set by the PRC government; or
- where there is neither government-prescribed price nor government guidance price, a price determined through tender process or other available market price; or

- where none of the above is applicable or available, a price to be agreed between the parties. The agreed price shall be calculated based on the reasonable costs incurred in providing the pomace products plus reasonable profits. In setting the price, the parties may refer to the prices for previous relevant transactions, if available.

### ***Historical Figures***

The historical annual amounts in respect of the pomace products sold by the Group to Andre Pectin are as follows:

	<b>Twelve Months ended 31 December 2007</b>	<b>Twelve Months ended 31 December 2008</b>	<b>Twelve Months ended 31 December 2009</b>
<i>Revenue</i>		<i>(RMB million)</i>	
Pomace products sold by the Group to Andre Pectin	3.5	5.3	2.1

The annual amount of pomace products sold to Andre Pectin in 2009 was approximately RMB2.1 million but the amount of pomace products sold to Andre Pectin from 3 August 2009, the day when Andre Pectin became a connected person of the Company, to 31 December 2009 was minimal, with each of the applicable percentage ratios (as defined in the GEM Listing Rules, other than the profit ratio) less than 0.1%. According to the GEM Listing Rules, such amounts of continuing connected transactions between the Group and Andre Pectin are exempt from all reporting, announcement and independent shareholders' approval requirements.

### ***Proposed Annual Caps for 2010, 2011 and 2012***

Based on the historical amounts of pomace sold by the Group to Andre Pectin for the two financial years ended 31 December 2009, the Board has determined the annual transaction amounts under the Pectin Product Purchase Framework Agreement for the three financial years ended 31 December 2012 as follows:

	<b>Twelve Months ending 31 December 2010</b>	<b>Twelve Months ending 31 December 2011</b>	<b>Twelve Months ending 31 December 2012</b>
<i>Revenue</i>		<i>(RMB million)</i>	
Pomace products sold by the Group to Andre Pectin	8	5	5

The juice concentrate produced by the Group is pressed, sterilized and concentrated from apples and pears. The residual is pomace. Pomace derived from the production of juice concentrate will be accumulated by the Group and sold to Andre Pectin. Based on the Company's estimate on future pomace prices and on the assumption that the world economy continues to recover and by reference to the historical transaction amounts for the financial year ended 31 December 2008, the Directors estimate

that the annual amount for the sale of pomace to Andre Pectin for each of the two financial years ended 31 December 2012 will be approximately RMB5 million. The Directors expect that a total amount of approximately RMB3 million pomace accumulated during the financial year of 2009 will also be sold to Andre Pectin in the financial year of 2010 and therefore estimate that the annual amount for the sale of pomace to Andre Pectin for the twelve months ending 31 December 2010 will be approximately RMB8 million.

### ***Reasons for and benefit of the continuing connected transactions with Andre Pectin***

The Group has been selling pomace to Andre Pectin prior to its becoming a connected person of the Company. As such transactions are conducted upon normal commercial terms and in the ordinary business of the Group and Andre Pectin, the Group would continue to sell pomace products to Andre Pectin.

### **IMPLICATIONS UNDER THE GEM LISTING RULES**

As each of the applicable percentage ratios is less than 2.5%, the transactions under the Pectin Product Purchase Framework Agreement are only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the GEM Listing Rules.

### **DIRECTORS' OPINION ON THE ABOVE CONNECTED TRANSACTIONS**

The Directors (including the independent non-executive Directors) consider that (i) the connected transactions set out above have been conducted on normal commercial terms or on terms no less favourable than those available to independent third parties under the prevailing local market conditions and are entered into in the Group's ordinary and usual course of business, and are fair and reasonable and in the best interests of the shareholders of the Company as a whole; and (ii) all new annual caps for the continuing connected transactions mentioned above are fair and reasonable and in the best interests of the shareholders of the Company as a whole.

### **GENERAL INFORMATION RELATING TO THE COMPANY AND ANDRE PECTIN**

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 Pectin is principally engaged in the pectin businesses. Andre Group acquired 30% equity interest in Andre Pectin by 3 August 2009 and acquired another 10% equity interest in Andre Pectin pursuant to an equity transfer agreement dated 11 November 2009. Andre Pectin is owned as to 40% by Andre Group, which is a substantial shareholder holding 746,585,400 domestic shares of the Company, representing 17.5% of the total issued share capital of the Company as at the date of this announcement. Andre Pectin is an associate of Andre Group and therefore a connected person of the Company since 3 August 2009. Mr. Wang An, a director of the Company, indirectly controls 40% interest in Andre Pectin through his 80% interest in Andre Group. Andre Pectin is also an associate of Mr. Wang An.

The Company has 20% equity interest in Andre Pectin. The remaining equity interests of Andre Pectin are held as to 40% by Andre Group, 35% by Richride Investments Limited and 5% by Yantai Anlin Fruit Industry Co., Ltd.\* (烟台安林果業有限公司).

## DEFINITIONS

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

“Andre Group”	Shandong 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, a Director of the Company
“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
“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
“Pectin Product Purchase Framework Agreement”	a framework agreement dated 27 May 2010 entered into between the Company and Andre Pectin for the sale of pomace products to Andre Pectin
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

Percent

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

Yantai, the PRC, 27 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*)

*The announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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: (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