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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 : 2218)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

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 2011, with the comparatives of the corresponding period in 2010, as follows:

Condensed Consolidated Statement of Comprehensive Income

		Unaudited For the six months ended 30 June	
	Note	2011 RMB'000	2010 RMB'000
Turnover	2	782,170	465,894
Cost of sales		(582,950)	(407,980)
Gross profit		199,220	57,914
Other income		3,141	19,124
Distribution costs		(53,528)	(37,429)
Administrative expenses		(25,440)	(11,743)
Other operating expenses		(1,338)	(1,027)
Profit from operations		122,055	26,839
Net finance costs		(19,798)	(20,548)
Investment (loss)/income	3	(2,234)	900
Share of profit from associates		3,921	3,450
Profit before taxation	4	103,944	10,641
Income tax	5	(4,601)	(1,173)
Profit for the period		99,343	9,468
Other comprehensive income		—	—
Total comprehensive income for the period		99,343	9,468

* For identification purpose only

Unaudited
For the six months
ended 30 June

	<i>Note</i>	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Profit attributable to:			
Equity shareholders of the Company		96,921	10,465
Minority interests		2,422	(997)
Profit for the period		99,343	9,468
Total comprehensive income			
attributable to:			
Equity shareholders of the Company		96,921	10,465
Minority interests		2,422	(997)
Total comprehensive income			
for the period		99,343	9,468
Basic and diluted earnings per share	6	RMB0.0227	RMB0.0025

Condensed Consolidated Statement of Financial Position

		Unaudited 30 June 2011 RMB'000	Audited 31 December 2010 RMB'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	8	820,384	815,805
Lease prepayments		101,640	103,019
Interest in associates		57,431	52,470
Goodwill		1,452	1,452
Deferred tax assets		2,665	2,810
Total non-current assets		983,572	975,556
Current assets			
Inventories		326,229	791,653
Trade receivables	9	263,135	289,668
Other receivables and prepayments		79,022	134,264
Restricted deposits		—	6,400
Short-term investments		37,329	—
Cash and cash equivalents	10	426,882	142,906
Total current assets		1,132,597	1,364,891
Total assets		2,116,169	2,340,447
EQUITY AND LIABILITIES			
Current liabilities			
Bank borrowings		614,737	740,742
Trade and bills payable	11	57,871	159,355
Other payables and accrued expenses		120,747	73,863
Current tax liabilities		23,951	20,233
Dividend payable		15,055	10,267
Total current liabilities		832,361	1,004,460
Net current assets		300,236	360,431
Total assets less current liabilities		1,283,808	1,335,987
Non-current liabilities			
Bank borrowings		—	136,593
Other long-term liabilities		249	249
Total non-current liabilities		249	136,842
Total liabilities		832,610	1,141,302
Capital and reserves			
Share capital	12	426,554	426,554
Reserves		849,571	767,579
Total equity attributable to equity shareholders of the Company		1,276,125	1,194,133
Minority interests		7,434	5,012
Total equity		1,283,559	1,199,145
Total equity and liabilities		2,116,169	2,340,447

Condensed Consolidated Statement of Cash Flows

	Unaudited For the six months ended 30 June	
	2011 RMB '000	2010 RMB '000
Net cash generated from operating activities	608,296	260,173
Net cash used in investing activities	(68,898)	(36,085)
Net cash used in financing activities	(255,422)	(98,462)
Net increase in cash and cash equivalents	283,976	125,626
Cash and cash equivalents at beginning of the period	142,906	218,710
Cash and cash equivalents at end of the period	426,882	344,336
Analysis of balances of cash and cash equivalents:		
Cash at bank and in hand	426,882	344,336

Condensed Consolidated Statement of Changes in Equity (unaudited)

	Share capital RMB '000	Capital surplus RMB '000	Share premium RMB '000	Statutory reserves RMB '000	Retained earnings RMB '000	Total equity attributable to equity shareholders of the Company RMB '000	Minority interests RMB '000	Total equity RMB '000
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	426,554	10	143,535	136,206	569,820	1,276,125	7,434	1,283,559
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	–	–	–	–	10,465	10,465	(997)	9,468
Dividends to equity shareholders of the Company	–	–	–	–	(14,929)	(14,929)	–	(14,929)
At 30 June 2010	426,554	10	143,535	129,032	456,252	1,155,383	4,060	1,159,443

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 2010.

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:

	Unaudited For the six months ended 30 June	
	2011 RMB’000	2010 RMB’000
North America	239,350	147,588
Europe	220,142	100,209
Others	322,678	218,097
Total	<u>782,170</u>	<u>465,894</u>

3. Investment (loss)/income

		Unaudited For the six months ended 30 June	
	Note	2011 RMB'000	2010 RMB'000
Net realised and unrealised losses			
on trading equity securities		(2,545)	—
Gain on disposal of equity interest in a subsidiary	(i)	76	713
Others		235	187
Total		(2,234)	900

- (i) During the six months ended 30 June 2011, the Group transferred 75% equity interest in Longkou Andre Bio-feedstuff Co., Ltd.* (龍口安德利生物飼料有限公司) (“Longkou Andre Bio-feedstuff”), a wholly-owned subsidiary of the Company, to Yantai Andre Pectin Co., Ltd.* (烟台安德利果膠股份有限公司) (“Andre Pectin”), an associate of the Company, for a consideration of approximately RMB3,202,000. The investment income recognised for the six months ended 30 June 2011 represented the difference between the consideration received and the carrying amount of the equity interest disposed of. After the completion of this transfer, Longkou Andre Bio-feedstuff became an associate of the Company.

The effect of the disposal on the financial position of the Group is analysed as follows:

	Unaudited For the six months ended 30 June 2011 RMB'000
Property, plant and equipment	1,331
Inventories	330
Other receivables and prepayments	5,854
Cash and cash equivalents	52
Trade payables	(255)
Other payables and accrued expenses	(3,144)
Net assets	4,168

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4. Profit before taxation

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

	Unaudited For the six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Depreciation of property, plant and equipment	16,371	15,904
Interest expenses on bank borrowings repayable within five years	17,995	20,906
Amortisation of lease prepayments	1,379	1,173
Interest income	(592)	(232)
Exchange loss/(gains) (net)	2,062	(558)
	<u> </u>	<u> </u>

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 entities is 25% from 1 January 2008. In accordance with the relevant PRC tax rules and regulations, certain subsidiaries and jointly controlled entities 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 and jointly controlled entities will continue to enjoy the tax-exemption or 50% relief on the applicable income tax rate under the New Tax Law until the expiry of the Tax Holidays previously granted, and thereafter they 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 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 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), Yongji Andre Juice Co., Ltd.* (永濟安德利果蔬汁有限公司) and Yongji Nannan Beverage Co., Ltd.* (永濟南南果蔬汁有限公司) and the production of bio-feedstuff of Longkou Andre Bio-feedstuff Co., Ltd.* (龍口安德利生物飼料有限公司), an associate of the Company as at 30 June 2011, 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.

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6. Basic and diluted earnings per share

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.

The calculation of basic and diluted earnings per share for the six months ended 30 June 2010 is based on the unaudited profit attributable to equity shareholders of the Company of RMB10,465,000, and the weighted average of 4,265,536,000 shares in issue during the six months ended 30 June 2010.

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 2011 and 2010 respectively.

7. Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

Pursuant to a resolution passed at the annual general meeting on 28 June 2011, a dividend payable to equity shareholders of the Company totaling RMB14,929,000 for 2010 was approved.

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

During the six months ended 30 June 2011, the dividend of RMB10,141,000 (2010: RMB4,710,000) was paid to the equity shareholders by the Group.

8. Property, plant and equipment

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.

During the six months ended 30 June 2010, the additions and the disposals of the property, plant and equipment amounted to RMB47,974,000 and RMB2,241,000 respectively.

9. Trade receivables

An ageing analysis of trade receivables is as follows:

	Unaudited 30 June 2011 RMB'000	Audited 31 December 2010 RMB'000
Within 3 months	259,411	259,922
Over 3 months but less than 6 months	3,257	24,535
Over 6 months	467	5,211
Total	<u>263,135</u>	<u>289,668</u>

Customers are generally granted credit terms of one to six months, depending on the credit standing of individual customers.

10. Cash and cash equivalents

	Unaudited 30 June 2011 RMB'000	Audited 31 December 2010 RMB'000
Cash at bank and in hand	<u>426,882</u>	<u>142,906</u>

11. Trade and bills payable

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

	Unaudited 30 June 2011 RMB'000	Audited 31 December 2010 RMB'000
Within 6 months	49,646	145,772
Over 6 months but less than 1 year	6,460	11,716
Over 1 year	1,765	1,867
Total	<u>57,871</u>	<u>159,355</u>

12. Share capital

Registered:

2,505,360,000 (2010: 2,505,360,000) Domestic shares
of RMB0.10 each (2010: RMB0.10 each)

1,760,176,000 (2010: 1,760,176,000) H shares
of RMB0.10 each (2010: RMB0.10 each)

Total

Issued and fully paid:

2,505,360,000 (2010: 2,505,360,000) Domestic shares
of RMB0.10 each (2010: RMB0.10 each)

1,760,176,000 (2010: 1,760,176,000) H shares
of RMB0.10 each (2010: RMB0.10 each)

Total

Unaudited 30 June 2011 RMB'000	Audited 31 December 2010 RMB'000
250,536	250,536
176,018	176,018
426,554	426,554
250,536	250,536
176,018	176,018
426,554	426,554

13. Commitments

As at 30 June 2011, the Group had capital commitments in respect of property, plant and equipment not provided for in the condensed consolidated interim financial statements as follows:

Contracted for

Unaudited 30 June 2011 RMB'000	Audited 31 December 2010 RMB'000
27,698	20,620

14. Related party transactions

During the six months ended 30 June 2011, the Group entered into the following material related party transactions:

	Unaudited for the six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Sales to the jointly controlled entities	1,388	—
Purchase from the jointly controlled entities	396	48,248
Sales to the associates	155	969
	<u> </u>	<u> </u>

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2011, the Group's turnover increased to approximately RMB782,170,000 as compared to approximately RMB465,894,000 for the corresponding period in 2010, representing an increase of approximately RMB316,276,000 or 68%. 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 selling price of apple juice concentrate. The apple juice selling price had been increasing significantly since the fourth quarter of 2010 due to the recovery of the apple juice sales market.

For the six months ended 30 June 2011, the Group's gross profit was approximately RMB199,220,000 and the gross profit margin was approximately 25%. For the corresponding period in 2010, the gross profit was approximately RMB57,914,000 and gross profit margin was approximately 12%.

For the six months ended 30 June 2011, the Group's net profit (i.e. the profit for the period attributable to equity shareholders of the Company) increased to approximately RMB96,921,000, as compared to approximately RMB10,465,000 for the corresponding period in 2010, representing an increase of approximately RMB86,456,000 or 826%. The increase in net profit was mainly attributable to the significant increase in selling price caused by the recovery of the apple juice sales market.

For the six months ended 30 June 2011, other income of the Group was approximately RMB3,141,000, as compared to approximately RMB19,124,000 for the corresponding period in last year, representing a decrease of approximately RMB15,983,000. The decrease in other income was mainly due to the decrease in grants from the PRC government.

For the six months ended 30 June 2011, the Group incurred distribution expenses of approximately RMB53,528,000, as compared to approximately RMB37,429,000 for the corresponding period in 2010, representing an increase of approximately RMB16,099,000. The Group's distribution expenses mainly included transport, export inspection and marketing expenses. Such increase was mainly attributable to the increase in ocean freight expenses caused by the decrease in the proportion of sales in FOB terms, and the increase in land transportation expenses caused by the rise in fuel cost.

For the six months ended 30 June 2011, the Group incurred administrative expenses of approximately RMB25,440,000 as compared to approximately RMB11,743,000 for the corresponding period in 2010, representing an increase of approximately RMB13,697,000. Such increase was mainly attributable to the inflation in the PRC.

For the six months ended 30 June 2011, the net finance costs of the Group were approximately RMB19,798,000, as compared to approximately RMB20,548,000 for the corresponding period in 2010, representing a slight decrease of approximately RMB750,000. Such decrease was mainly due to the decrease in average loan balance.

Business Review

Stabilising Market Coverage

With years of continuous effort, 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 the PRC market.

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.

Acquisition of 50% Equity Interest in Yongji Andre and Disposal of 50% Equity Interest in Xianyang Andre

On 26 April 2011, (1) the Company and Andre BVI, a wholly-owned subsidiary of the Company, entered into a share transfer agreement with AGRANA for the purchase by the Company and Andre BVI of an aggregate of 50% equity interest held by AGRANA in Yongji Andre for a total consideration of EUR6,000,000 (equivalent to approximately HK\$67,653,835) and (2) the Company also entered into a share transfer agreement with AGRANA for the sale to AGRANA of the 50% equity interest held by the Company in Xianyang Andre for the consideration of EUR11,500,000 (equivalent to approximately HK\$129,669,851). The equity interest of each of Yongji Andre and Xianyang Andre was held as to 50% by AGRANA and as to 50% by the Company at the date of signing of the share transfer agreements. Upon completions of the above share transfers, Yongji Andre will be owned as to 100% by the Group and Xianyang Andre will be owned as to 100% by AGRANA. For an efficient management of the two joint venture companies and the expansion of their respective sales markets, AGRANA and the Company agreed on the above share transfers after arm's length negotiations.

Share of Investment Cost in a Pomace Company

On 12 April 2011, Andre Pectin entered into a share transfer agreement with Yantai Longkou Andre Juice Co., Ltd. and Longkou Andre Bio-feedstuff whereby Andre Pectin agreed to purchase from Yantai Longkou Andre Juice Co., Ltd., a wholly owned subsidiary of the Company, 75% equity interest in Longkou Andre Bio-feedstuff at a cash consideration of approximately RMB3,202,000. Longkou Andre Bio-feedstuff is principally engaged in the manufacture and sale of bio-feedstuff. The manufacture of bio-feedstuff requires advanced technological know-how and support for market promotions, which involve substantial capital investments. The Directors believed that it may be more cost-effective for the Group to share the costs of investments and hence decided to transfer 75% equity interest in Longkou Andre Bio-feedstuff to Andre Pectin. Andre Pectin has ample experience in developing bio-feedstuff products manufacture technologies. The Directors are therefore of the view that the cooperation with Andre Pectin will facilitate the business development of the Group.

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 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.

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.

TERM FACILITY AGREEMENT WITH CERTAIN FINANCIAL INSTITUTIONS

On 27 May 2009, the Company as a borrower entered into the Term Facility Agreement with certain financial institutions whereby the lenders have agreed to make available to the Company a term facility in an aggregate amount of US\$45,000,000 (approximately HK\$349,000,000 upon drawdown) for a term of 36 months commencing from the date of the Term Facility Agreement, subject to early repayment or extension of the final maturity date (to the date falling 60 months from the date of the Term Facility Agreement) as requested by the Company in compliance with the provisions of the Term Facility Agreement.

Under the Term Facility Agreement, each of the following will constitute an event of default upon which the facility will, among others, become immediately due and payable:

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

As at 30 June 2011, 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.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2011, the Group had a total of 1,117 employees and the total employee remuneration for the six months ended 30 June 2011 was approximately RMB12,628,000. 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 RMB0.0035 per share for the year ended 31 December 2010. The proposal to declare and pay this final dividend was passed at the annual general meeting of the Company held on 28 June 2011.

The Board proposed not to distribute interim dividend for the period ended 30 June 2011.

SIGNIFICANT INVESTMENT

No significant investment was made by the Group during the six months ended 30 June 2011.

MATERIAL ACQUISITION AND DISPOSAL

The Group has the following material acquisitions and disposals during the reporting period:

- (1) On 26 April 2011, (1) the Company and Andre BVI, a wholly-owned subsidiary of the Company, entered into a share transfer agreement with AGRANA for the purchase by the Company and Andre BVI of an aggregate of 50% equity interest held by AGRANA in Yongji Andre for a total consideration of EUR6,000,000 (equivalent to approximately HK\$67,653,835) and (2) the Company also entered into a share transfer agreement with AGRANA for the sale to AGRANA of the 50% equity interest held by the Company in Xianyang Andre for the consideration of EUR11,500,000 (equivalent to approximately HK\$129,669,851). The equity interest of each of Yongji Andre and Xianyang Andre was held as to 50% by AGRANA and as to 50% by the Company at the date of signing of the share transfer agreements. Upon completions of the above share transfers, Yongji Andre will be owned as to 100% by the Group and Xianyang Andre will be owned as to 100% by AGRANA. As at 30 June 2011, these share transfers were still not completed.
- (2) On 12 April 2011, Andre Pectin entered into a share transfer agreement with Yantai Longkou Andre Juice Co., Ltd. and Longkou Andre Bio-feedstuff whereby Andre Pectin agreed to purchase from Yantai Longkou Andre Juice Co., Ltd., a wholly owned subsidiary of the Company, 75% equity interest in Longkou Andre Bio-feedstuff at a cash consideration of RMB3,201,873.19. Upon completion of the share transfer on 26 May 2011, Longkou Andre Bio-feedstuff was accounted for as an associate of the Group.

Saved as the acquisitions and disposals referred above, no material acquisitions or disposals of subsidiaries and associated companies have been made by the Company during the six months ended 30 June 2011.

CONTINGENT LIABILITIES

As at 30 June 2011, the Directors were not aware of any material contingent liability.

CHARGE ON ASSETS

As at 30 June 2011, 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 2011, the Group had outstanding bank loans amounted to approximately RMB614,737,000, of which RMB346,000,000 was borrowed at interest rates ranging from 5.28% to 7.31%, RMB199,895,000 was borrowed at LIBOR+3.2% to +4.6% , and RMB68,842,000 was borrowed at COF+3%.

As at 30 June 2011, the Group had a net cash and cash equivalent position of approximately RMB426,882,000. The Group's gearing ratio at 30 June 2011 was approximately 39% (30 June 2010: approximately 47%) which was calculated based on the Group's total liabilities of approximately RMB832,610,000 (30 June 2010: approximately RMB1,019,835,000) and total equity and liabilities of approximately RMB2,116,119,000 (30 June 2010: approximately RMB2,179,278,000). 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

During the six months ended 30 June 2011, neither the Company nor its subsidiaries have purchased, sold or redeemed any of the Company's shares.

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

As at 30 June 2011, 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 of Hong Kong Limited (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)	27.85% (L)
	H Shares	17,085,000 (L)	Interest of controlled corporations (Note 3)	Personal	0.97% (L)	0.40% (L)
Liu Tsung-Yi	H Shares	1,954,000 (L)	Beneficial owner	Personal	0.11% (L)	0.045% (L)

Notes:

The letter “L” denotes a long position.

- (1) As at 30 June 2011, 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) 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 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 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 2011, 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) (Note 1)	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.* (山東安德利集團有限公司)	Domestic Shares	746,585,400 (L) (Note 2)	Beneficial owner	Corporate	29.80% (L)	17.50% (L)
Donghua Fruit Industry Co., Ltd.	Domestic Shares	657,794,593 (L) (Note 3)	Beneficial owner	Corporate	26.26% (L)	15.42% (L)
Uni-President Enterprises Corp.	Domestic Shares	637,460,401 (L) (Note 4)	Interests of controlled corporations (Note 5)	Corporate	25.44% (L)	14.94% (L)
Atlantis Investment Management (Hong Kong) Limited	H Shares	320,000,000 (L) (Note 6)	Investment manager	Corporate	18.18% (L)	7.50% (L)
Norges Bank	H Shares	110,244,020 (L)	Beneficial owner	Corporate	6.26% (L)	2.58% (L)
Atlantis Fund Management (Guernsey) Limited	H Shares	100,000,000 (L)	Investment manager (Note 7)	Corporate	5.68% (L)	2.34% (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
Mitsui & Co., Ltd.	H Shares	213,400,000 (L) (Note 8)	Beneficial owner	Corporate	12.12% (L)	5.00% (L)
JP Morgan Chase & Co.	H Shares	110,244,020 (L) 110,244,020 (P) (Note 9)	Custodian corporation/ approved lending agent	Corporate	6.26% (L) 6.26% (P)	2.58% (L) 2.58% (P)
HSBC Global Asset Management (Hong Kong) Limited (Formerly manager 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 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 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 100% controlled corporation of Liu Yang; Liu Yang was deemed to be interested in such 320,000,000 H Shares.
- (7) According to the public information available on the website of the Stock Exchange, these H Shares were held directly by Atlantis Investment Management Limited, a wholly-owned subsidiary of Atlantis Fund Management (Guernsey) Limited.

- (8) 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.
- (9) 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 2011, 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 Code on Corporate Governance Practices contained in the Listing Rules throughout the reporting period.

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 2011 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 2011.

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 2011.

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. Xu Guang Zhou (appointed on 30 June 2010 and resigned on 18 January 2011), Mr. Gong Fan (appointed on 18 January 2011) and Mr. Chow Kam Hung (appointed on 18 January 2011)) 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 2011.

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

Yantai, the PRC, 5 August 2011

As at the date hereof, the Board comprises:

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