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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 : 02218)

RENEWAL OF PRODUCT PURCHASE FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 30 March 2012 and the circular of the Company dated 10 May 2012 in relation to, among other things, the Previous Product Purchase Framework Agreement entered into between the Company and President on 30 March 2012, and the announcement of the Company dated 17 September 2012 and the circular of the Company dated 10 October 2012 in relation to, among other things, the Supplemental Agreement entered into between the Company and President on 17 September 2012.

As the Previous Product Purchase Framework Agreement and the Supplemental Agreement expired on 31 December 2014, the Company and President agreed to renew the transaction terms, and entered into the Product Purchase Framework Agreement on 12 March 2015, whereby President agrees to purchase and the Company agrees to supply the Company's products (including but not limited to different kinds of juice), to regulate such product purchase between the Group and President for the three financial years ending 31 December 2017.

As at the date of this announcement, President holds 63,746,040 domestic shares of the Company, representing approximately 16.23% of the total issued share capital of the Company, and 237,000 H shares of the Company, representing approximately 0.06% of the total issued share capital of the Company. Under the Listing Rules, President is a substantial shareholder of the Company and thus is a connected person of the Company. Therefore, the transactions under the Product Purchase Framework Agreement between the Group and President constitute continuing connected transactions of the Company.

Since the applicable percentage ratios (other than the profit ratio) for the proposed annual caps for each of the three years ending 31 December 2017 for the transactions under the Product Purchase Framework Agreement are more than 5%, the continuing connected transactions under the Product Purchase Framework Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under the Listing Rules.

A circular containing, among other things:

- (a) details of the Product Purchase Framework Agreement and the proposed annual caps;
- (b) a letter from the independent financial adviser to the Independent Board Committee containing its advice on the Product Purchase Framework Agreement and the proposed annual caps; and
- (c) the recommendation of the Independent Board Committee on the Product Purchase Framework Agreement and the proposed annual caps

will be dispatched to the Shareholders in accordance with the Listing Rules on or before 2 April 2015.

A. BACKGROUND

Reference is made to the announcement of the Company dated 30 March 2012 and the circular of the Company dated 10 May 2012 in relation to, among other things, the Previous Product Purchase Framework Agreement entered into between the Company and President on 30 March 2012, and the announcement of the Company dated 17 September 2012 and the circular of the Company dated 10 October 2012 in relation to, among other things, the Supplemental Agreement entered into between the Company and President on 17 September 2012.

As the Previous Product Purchase Framework Agreement and the Supplemental Agreement expired on 31 December 2014, the Company and President agreed to renew the transaction terms, and entered into the Product Purchase Framework Agreement on 12 March 2015, whereby President agrees to purchase and the Company agrees to supply the Company's products (including but not limited to different kinds of juice), to regulate such product purchase between the Group and President for the three financial years ending 31 December 2017.

B. PRODUCT PURCHASE FRAMEWORK AGREEMENT

Date

12 March 2015

Parties

President (as purchaser); and the Company (as supplier)

Product Supply

Products to be supplied by the Group to President shall include but not limited to different kinds of juice, such as apple juice and pear juice. The Group also provides the warehousing service relating to product purchase to President.

The Group agreed to sell its products to President in first priority in the event that the purchase terms are the same as those of third parties (including but not limited to quantity, price and quality).

The Group agreed not to sell the products to President on terms or conditions less favourable than those offered to third parties for any transactions relating to the sales of products between the Group and President.

The Group and President agreed that the entering into of the Product Purchase Framework Agreement would not affect the selection of trading partners and conduct of transactions with third parties. President is entitled to purchase products from any third parties if a third party can sell the same or similar products at a more favourable price than the price available under the Product Purchase Framework Agreement.

In respect of all transactions contemplated under the Product Purchase Framework Agreement for the sales of products, both parties may, within the scope of the Product Purchase Framework Agreement, enter into specific product supply agreement, provided that the terms of the specific product supply agreement shall not contravene those of the Product Purchase Framework Agreement.

Term

Commencing on 1 January 2015 and expiring on 31 December 2017.

Condition Precedent

The Product Purchase Framework Agreement is conditional upon the resolution regarding the Product Purchase Framework Agreement (including the annual caps) and the transactions contemplated thereunder being approved by the Independent Shareholders at the forthcoming general meeting of the Company.

Pricing Policy

Prices of products to be supplied by the Company shall be determined according to the Market Price (as defined below).

“Market Price” shall be determined in accordance with the following orders: (1) the prevailing price being charged by independent third parties under ordinary course of business for the sales of the same type of products at the selling places or its nearby regions; or (2) the prevailing price being charged by independent third parties under ordinary course of business for the sales of the same type of products in the PRC.

The sales department of the Company and its designated persons are mainly responsible for ascertaining the pricing offered by other independent third parties, generally by way of, obtaining quotation from at least two independent third parties via emails, fax or phone and tenders by publishing tender notice via various media resources (for instance, the local newspapers) to determine the Market Price. The sales department of the Company will update the relevant information from time to time according to the procurement demand and will continue to monitor the Market Price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Product Purchase Framework Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

Historical Figures

The historical amounts of products supplied by the Group to President are as follows:

	Twelve months ended 31 December 2012 <i>(RMB million)</i>	Twelve months ended 31 December 2013 <i>(RMB million)</i>	Twelve months ended 31 December 2014 <i>(RMB million)</i>
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Revenue

Amount paid to the Group by President in respect of the products provided by the Group	53	53	76
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Proposed Annual Caps

The annual caps under the Product Purchase Framework Agreement for the three financial years ending 31 December 2017 are as follows:

	Twelve months ending 31 December 2015 <i>(RMB million)</i>	Twelve months ending 31 December 2016 <i>(RMB million)</i>	Twelve months ending 31 December 2017 <i>(RMB million)</i>
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Revenue

Amount payable to the Group by President in respect of the products provided by the Group	86	95	105
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The Board estimates that the annual caps of product sold to President for the three financial years ending 31 December 2017 will be RMB86,000,000, RMB95,000,000 and RMB105,000,000, respectively, mainly due to the following reasons:

- (i) the historical transaction amount with President for sale of products;
- (ii) the estimated increase in the sales volume of the Company's pear juice concentrate with President;
and

(iii) the expected increase in the prevailing market prices for the sale of the Company's products due to the increase in the costs for the production of the Company's products, such as the raw materials and labor costs.

C. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The demand for the Company's products (including pear juice concentrate) by President has maintained at a high level due to the continued development and commitment of relevant products by President, while at the same time, the Company has sufficient production capacity and raw materials for production to satisfy the increase in demand by President. The supply of the Company's products to President in the PRC can lower the freight costs as well as the exchange risks as compared to sales of the same products overseas. Besides, the supply of the Company's products to President can expand the Company's share in the domestic markets by maintaining close and stable business relationships with certain renowned beverage manufacturers in the PRC and broadening sales channels. Therefore, the Directors are of the opinion that the Product Purchase Framework Agreement is beneficial in raising the proportion of domestic sales of the Company's pear juice products as well as product diversification, which will in turn increase the revenue and profits of the Company. For the same reasons, the Company is of the view that it is in the best interest of the Company and the Shareholders as a whole to give first priority to the purchase by President in the event that the purchase terms are the same as those of third parties.

The Board (excluding the independent non-executive Directors whose opinion on the matter will be set forth in the circular by reference to the advice of the independent financial adviser in this regard) considers that the transactions under the Product Purchase Framework Agreement are in the usual and ordinary course of business of the Company, and terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board (excluding the independent non-executive Directors whose opinion on the matter will be set forth in the circular by reference to the advice of the independent financial adviser in this regard) further considers that, the proposed annual caps for the transactions under the Product Purchase Framework Agreement for the three years ending 31 December 2017 are fair and reasonable.

Mr. Liu Tsung-Yi, the Director, has abstained from voting on the board resolution approving the Product Purchase Framework Agreement due to his management position in President. Save as mentioned above, none of the Director has material interest in the transactions and hence no other Director has abstained from voting on such board resolution.

D. LISTING RULES IMPLICATIONS

As at the date of this announcement, President holds 63,746,040 domestic shares of the Company, representing approximately 16.23% of the total issued share capital of the Company, and 237,000 H shares of the Company, representing approximately 0.06% of the total issued share capital of the Company. Under the Listing Rules, President is a substantial shareholder of the Company and thus is a connected person of the Company. Therefore, the transactions under the Product Purchase Framework Agreement between the Group and President constitute continuing connected transactions of the Company.

Since the applicable percentage ratios (other than the profit ratio) for the proposed annual caps for each of the three years ending 31 December 2017 for the transactions under the Product Purchase Framework Agreement are more than 5%, the continuing connected transactions under the Product Purchase Framework Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under the Listing Rules.

Opinion of independent non-executive Directors will be given after taking into account the advice to be provided by the independent financial adviser, which will be set out in the circular to be dispatched to the Shareholders.

An independent financial adviser will be appointed to advise the Independent Board Committee, and the Independent Board Committee has been established to advise the independent Shareholders, in respect of the continuing connected transactions under the Product Purchase Framework Agreement.

A circular containing, among other things:

- (a) details of the Product Purchase Framework Agreement and the proposed annual caps;
- (b) a letter from the independent financial adviser to the Independent Board Committee containing its advice on the Product Purchase Framework Agreement and the proposed annual caps; and
- (c) the recommendation of the Independent Board Committee on the Product Purchase Framework Agreement and the proposed annual caps

will be dispatched to the Shareholders in accordance with the Listing Rules on or before 2 April 2015.

E. GENERAL INFORMATION

The Company is principally engaged in the businesses of (i) production and sales of various virgin pulp juice and fruit and vegetable juice; (ii) processing and sales of iron packaging products; (iii) biological and comprehensive utilization of pomace; and (iv) wholesale and import and export of various virgin pulp juice, fruit and vegetable juice and fruit pulps.

President is a limited liability company established under the PRC laws and is principally engaged in the production and sales of beverages, a variety of food that uses flour as raw material, such as instant noodles, dairy products, processed meat products, seasoning and food sauces, biscuits and pastries, as well as other food and beverage products.

F. DEFINITIONS

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

“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 were initially listed on the Growth Enterprise Market of the Stock Exchange on 22 April 2003 and have since been listed on the Main Board of the Stock Exchange from 19 January 2011 by way of transfer of listing from the Growth Enterprise Market of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors, namely Mr. Gong Fan, Mr. Chow Kam Hung and Mr. Li Tong Ning
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“President”	President Enterprises (China) Investment Co., Ltd., a limited liability company established in the PRC and a substantial shareholder of the Company which in aggregate holds approximately 16.29% of the total issued share capital of the Company as at the date of this announcement
“Previous Product Purchase Framework Agreement”	the Product Purchase Framework Agreement dated 30 March 2012 entered into between the Company and President, pursuant to which President agreed to purchase and the Company agreed to supply the Company’s products (including, but not limited to, different kinds of juice) to regulate the product purchase between the Group and President for the three years ended 31 December 2014
“Product Purchase Framework Agreement”	the Product Purchase Framework Agreement dated 12 March 2015 entered into between the Company and President, pursuant to which President agreed to purchase and the Company agreed to supply the Company’s products (including, but not limited to, different kinds of juice) to regulate the product purchase between the Group and President for the three years ending 31 December 2017

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	a supplemental agreement to the Previous Product Purchase Framework Agreement dated 17 September 2012 entered into between the Company and President
“%”	per cent

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

Yantai, the PRC, 12 March 2015

As at the date hereof, the Board comprises:

Mr. Wang An (*Executive Director*)
Mr. Zhang Hui (*Executive Director*)
Mr. Wang Yan Hui (*Executive Director*)
Mr. Liu Tsung-Yi (*Non-executive Director*)
Mr. Gong Fan (*Independent non-executive Director*)
Mr. Chow Kam Hung (*Independent non-executive Director*)
Mr. Li Tong Ning (*Independent non-executive Director*)

* *For identification purpose only*