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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)

CONTINUING CONNECTED TRANSACTIONS ANNUAL CAP EXCEEDED

Reference is made to the announcement (the “**Announcement**”) of Yantai North Andre Juice Co., Ltd.* (the “**Company**”) dated 31 December 2021 in relation to the entering into of the Yitong Product Purchase Framework Agreement between the Company and Yantai Yitong, pursuant to which the annual caps for the three years commencing from 1 January 2022 to 31 December 2024 have been set at RMB30,000,000 per year. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcement.

ANNUAL CAP EXCEEDED

In preparing the annual results of the Company for the year ended 31 December 2024, the Company noted that the actual transaction amount under the Yitong Product Purchase Framework Agreement for the year ended 31 December 2024 was approximately RMB31,676,300, which exceeded the original annual cap by approximately RMB1,676,300.

REASONS FOR EXCEEDING THE ORIGINAL ANNUAL CAP

The actual transaction amount exceeded the original annual cap primarily due to the following reasons:

- (1) On the one hand, the first half of 2024 was special. Due to the difficulty farmers faced in selling apples stored in cold storage, coupled with an increase in overseas demand, the Company actively organised production in accordance with existing orders. While balancing export volume and increasing operating income, it effectively addressed the difficulty farmers faced in selling apples, which in turn caused the Company's steam and electricity consumption to rise by a relatively large amount; and
- (2) On the other hand, in the fourth quarter of 2024, the supply of raw fruit in the Yantai and Xinjiang Aksu regions increased, and these regions offered a price advantage compared to other apple-producing areas. The Company took this opportunity to increase production, resulting in

an actual production volume that exceeded the planned level. Consequently, the Company's purchase of steam and consumption of electricity supplied by Yantai Yitong and its subsidiaries also increased more than expected.

INTERNAL CONTROL MEASURES AND REMEDIES

To protect the interests of the Group, the Group has adopted and will continue to adopt the following internal control measures:

- (1) the relevant business departments, the office of the Board and the finance department of the Group shall closely monitor the continuing connected transactions to ensure that the transaction amounts do not exceed the relevant annual caps set for the continuing connected transactions;
- (2) the auditors of the Company shall conduct annual reviews on pricing and annual caps of the continuing connected transactions to ensure that the transaction amounts do not exceed the annual caps and that the transactions in all material aspects are conducted in accordance with the terms in the relevant agreement of such transactions; and
- (3) the independent non-executive Directors of the Company shall conduct annual reviews on the continuing connected transactions to ensure that such transactions are conducted on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Directors consider that this was an unintentional oversight and isolated incident. The Company will take the following steps to strengthen the Group's internal control to prevent recurrence of similar incidents:

- (1) the Company has enhanced supervision over the actual transaction amounts incurred under the continuing connected transactions of the Company. In the event that the transaction amount incurred and to be incurred is expected to reach 80% of the annual cap, the relevant designated personnel shall report to the management of the Company and inform the Board as soon as possible. The Board would then consider taking appropriate measures in accordance with the requirements of the Hong Kong Listing Rules, including without limitation, revising the relevant annual caps in accordance with the requirements of the Hong Kong Listing Rules, if necessary;
- (2) the Company will arrange additional training for the relevant personnel of the Group to strengthen their knowledge of the relevant Hong Kong Listing Rules and raise their awareness of the importance of Hong Kong Listing Rules compliance;

- (3) the Group will promote and facilitate effective communication between its different departments and between members of the Group to ensure compliance with all necessary requirements of the Hong Kong Listing Rules; and
- (4) more frequent reviews shall be conducted on the transactions between the Group and its connected persons, and the relevant designated personnel shall closely monitor the actual transaction amounts on a monthly basis. In particular, finance department and compliance department of the Company will review and consider the relevant information and materials to ensure compliance with all necessary requirements of the Hong Kong Listing Rules.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, Yantai Yitong is owned as to 64.69% and 33.33% respectively by Andre Group and Hongan International, both being the substantial Shareholders of the Company. Yantai Yitong is thus an associate of Andre Group and Hongan International. Under the Hong Kong Listing Rules, Yantai Yitong is a connected person of the Company. Therefore, the transactions contemplated under the Yitong Product Purchase Framework Agreement entered into between the Company and Yantai Yitong constitute continuing connected transactions of the Company.

As the actual transaction amount exceeded the original annual cap, the Company is required to re-comply with the relevant requirements under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage (other than the profit ratio) for the Yitong Product Purchase Framework Agreement based on the actual transaction amount is higher than 0.1% but less than 5%, in accordance with requirements of the Hong Kong Listing Rules, the continuing connected transactions contemplated under the Yitong Product Purchase Framework Agreement are only subject to the reporting and announcement requirements under the Hong Kong Listing Rules and are exempted from the independent Shareholders' approval requirement.

The Board (including the independent non-executive Directors) considers that the transactions contemplated under the Yitong Product Purchase Framework Agreement have been, and will continue to be, conducted in the usual and ordinary course of business of the Company, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Given that Andre Group is a controlling shareholder of Yantai Yitong, Hongan International is a substantial shareholder of Yantai Yitong, Mr. Wang An, a Director, holds 90% equity interests in Andre Group, and Ms. Wang Meng, a Director, holds 100% equity interests in Hongan International, they may be deemed to have material interests in the transactions under the Yitong Product Purchase Framework Agreement. Therefore, they have abstained from voting on the relevant Board resolution.

Save as mentioned above, none of the Directors has any material interest in the relevant transactions and hence no other Director has abstained from voting on such Board resolution.

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

Yantai, the PRC, 3 March 2025

As of the date of this announcement, the executive Directors of the Company are Mr. Wang An, Ms. Wang Meng and Mr. Wang Yan Hui, the non-executive Directors are Mr. Liu Tsung-Yi and Mr. Zhang Wei, and the independent non-executive Directors are Mr. Gong Fan, Ms. Wang Yan and Mr. Li Yao.

* *For identification purposes only*