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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**

The Board announced that on 26 August 2020, the Company entered into the Construction and Installation Services Framework Agreement with Andre Construction and Installation, pursuant to which Andre Construction and Installation has agreed to provide construction and installation services to the Group for the two financial years ending 31 December 2021.

As at the date of this announcement, Andre Construction and Installation is owned as to 51% and 49% by Andre Group and Hongan International, two substantial Shareholders of the Company, respectively. Andre Construction and Installation is thus an associate of Andre Group and Hongan International. Under the Listing Rules, Andre Construction and Installation is a connected person of the Company. Therefore, the transactions contemplated under the Construction and Installation Services Framework Agreement entered into between the Company and Andre Construction and Installation constitute continuing connected transactions of the Company.

Since the highest applicable percentage ratio for each proposed annual cap for the continuing connected transactions contemplated under the Construction and Installation Services Framework Agreement (other than the profit ratio) is higher than 0.1% but less than 5%, the continuing connected transactions under the Construction and Installation Services Framework Agreement are only subject to the reporting and announcement requirements under the Listing Rules and are exempted from the independent shareholders' approval requirement.

## **INTRODUCTION**

The Board announced that on 26 August 2020, the Company entered into the Construction and Installation Services Framework Agreement with Andre Construction and Installation, pursuant to which Andre Construction and Installation has agreed to provide construction and installation services to the Group for the two financial years ending 31 December 2021.

\* *For identification purposes only*

# **CONSTRUCTION AND INSTALLATION SERVICES FRAMEWORK AGREEMENT**

## **Date**

26 August 2020

## **Parties**

- (i) the Company; and
- (ii) Andre Construction and Installation

## **Provision of Services**

Pursuant to the Construction and Installation Services Framework Agreement, Andre Construction and Installation has agreed to provide construction and installation services (including but not limited to the installation services for various types of constructions, and indoor and outdoor decoration works) to the Group for production purposes for the two financial years ending 31 December 2021.

Andre Construction and Installation has agreed to provide the relevant services to the Group on a preferential basis in the event that the terms are the same as those offered by the third parties (including but not limited to quantity, price and quality).

Andre Construction and Installation has agreed that it will not provide the relevant services on terms less favourable than those offered to third parties for any transactions relating to the provision of the relevant services between the Group and Andre Construction and Installation.

Each of the Group and Andre Construction and Installation has agreed that the entering into of the Construction and Installation Services Framework Agreement will not prevent the parties from selecting trading partners and conducting transactions with the third parties. The Group is entitled to receive the relevant services from any third parties if such third parties can provide the same or similar services at a more favourable price than the price available under the Construction and Installation Services Framework Agreement.

In respect of all transactions contemplated under the Construction and Installation Services Framework Agreement for the provision of services, both parties may, within the scope designated by the Construction and Installation Services Framework Agreement, enter into specific services provision contract separately, provided that the terms of the specific services provision contract shall not contravene those of the Construction and Installation Services Framework Agreement.

## **Term**

The initial term of the Construction and Installation Services Framework Agreement shall commence on 1 January 2020 and expire on 31 December 2021. Such term can be extended or renewed, provided that the parties agree to such extension or renewal and shall comply with the requirements under the relevant regulations and the listing rules of the stock exchange(s) on which the Company's shares are listed.

## **Basis of Pricing**

Prices of services provided by Andre Construction and Installation shall be determined according to the market price.

The "market price" shall be determined in the following order: (1) the prevailing price charged by the independent third parties in the ordinary course of business for the provision of the same type of services at the place where services are provided, or its nearby regions; or (2) the prevailing price charged by the independent third parties in the ordinary course of business for the provision of the same type of services in the PRC.

Upon receipt of quotation of the services, the equipment department of the Company and its designated persons will ascertain the pricing offered by other independent third parties, generally by way of obtaining quotations for a comparable volume and similar services from at least two independent third parties via emails, fax, phone or tenders by publishing tender notice via various media resources (for instance, the local newspapers), and take average of such quotations as the market price. The service fee of each service shall be reviewed and approved by the director of the equipment department of the Company.

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 Construction and Installation Services 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 transaction amounts of the construction and installation services provided by Andre Construction and Installation to the Group for the year ended 31 December 2019 and the six months ended 30 June 2020 are set out below:

	<b>For the year ended 31 December 2019 (RMB)</b>	<b>For the six months ended 30 June 2020 (RMB)</b>
Service fees paid by the Group for the construction and installation services provided by Andre Construction and Installation	8,605	715,046

The Company confirms that from 1 January 2020 to the date of this announcement, the service fees paid by the Group for the construction and installation services provided by Andre Construction and Installation fell within the de minimis threshold under the Listing Rules.

## Proposed Annual Caps and Basis for the Proposed Annual Caps

Set out below are the proposed annual caps under the Construction and Installation Services Framework Agreement for the two financial years ending 31 December 2021:

	<b>For the year ending 31 December 2020 (RMB)</b>	<b>For the year ending 31 December 2021 (RMB)</b>
Service fees payable by the Group for the construction and installation services provided by Andre Construction and Installation	8,000,000	8,000,000

The annual caps for the continuing connected transactions conducted under the Construction and Installation Services Framework Agreement have been determined based on the following factors: (1) the significant increase in the demand for installation services for various buildings as compared to the historical transaction amounts given that the Group is upgrading equipment and building new delivery shelter for the purpose of improving the quality of delivery services; and (2) the prevailing market prices of construction and installation services. Therefore, the Board expects the annual caps under the Construction and Installation Services Framework Agreement during the term of agreement to be RMB8,000,000 and RMB8,000,000, respectively. The Directors (including independent non-executive Directors) consider that the proposed annual caps are fair and reasonable.

## **REASONS FOR AND BENEFITS EXPECTED TO ACCRUE TO THE COMPANY BY ENTERING INTO THE CONSTRUCTION AND INSTALLATION SERVICES FRAMEWORK AGREEMENT**

Andre Construction and Installation has long been engaged in services relating to construction and installation and has certain advantages in the field in terms of technological capability and efficiency. Before Andre Construction and Installation provided the relevant services, it had already been very familiar with the processing facilities and requirements of the Group. The entering into of the Construction and Installation Services Framework Agreement will enable the Group to reduce costs, improve the efficiency and manage the quality of services in a more effective manner, as compared with engaging other service providers.

The Directors (including the independent non-executive Directors) consider that the Construction and Installation Services Framework Agreement and the continuing connected transactions contemplated thereunder are entered into in the usual and ordinary course of business of the Company, and the terms and annual caps of which have been determined after arm's length negotiation and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Given that Andre Group is the controlling Shareholder of Andre Construction and Installation, and Mr. Wang An, a Director, owns 90% of Andre Group's equity interests, he has abstained from voting on the board resolution approving the Construction and Installation Services Framework Agreement. Save as mentioned above, none of the Directors has material interest in the transactions and hence no other Director has abstained from voting on such board resolution.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Andre Construction and Installation is owned as to 51% and 49% by Andre Group and Hongan International, two substantial Shareholders of the Company, respectively. Andre Construction and Installation is thus an associate of Andre Group and Hongan International. Under the Listing Rules, Andre Construction and Installation is a connected person of the Company. Therefore, the transactions contemplated under the Construction and Installation Services Framework Agreement entered into between the Company and Andre Construction and Installation constitute continuing connected transactions of the Company.

Since the highest applicable percentage ratio for each proposed annual cap for the continuing connected transactions contemplated under the Construction and Installation Services Framework Agreement (other than the profit ratio) are higher than 0.1% but less than 5%, the continuing connected transactions under the Construction and Installation Services Framework Agreement are only subject to the reporting and announcement requirements under the Listing Rules and are exempted from the independent shareholders' approval requirement.

## GENERAL INFORMATION

The Company is principally engaged in the businesses of (i) production and sales of various virgin pulp juice, fruit and vegetable juice, compound fruit and vegetable juice, edible fruit and vegetable essence and food flavoring; (ii) processing and sales of iron packaging products; (iii) biological and comprehensive utilization of pomace; (iv) wholesale and import and export businesses of various virgin pulp juice, fruit and vegetable juice, compound fruit and vegetable juice, fruit pulps, edible fruit and vegetable flavor and spices for food; and (v) the lease of proprietary premises.

Andre Construction and Installation is principally engaged in businesses of construction engineering, manufacturing and installation of aluminum alloy and plastic steel doors and windows, glass curtain walls, as well as indoor and outdoor decorations.

## DEFINITIONS

“Andre Construction and Installation”	Yantai Andre Construction and Installation Engineering Co., Ltd.* (烟台安德利建築安裝工程有限公司), a company incorporated in the PRC with limited liability
“Andre Group”	Shandong Andre Group Co., Ltd.* (山東安德利集團有限公司), a company incorporated in the PRC with limited liability, and owned as to 90% by Mr. Wang An, a Director
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors of the Company
“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, whose H shares were initially listed on the Growth Enterprise Market of the Stock Exchange on 22 April 2003 and have been listed on the Main Board of the Stock Exchange since 19 January 2011 by way of transfer of listing from the Growth Enterprise Market of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to this term under the Listing Rules
“Construction and Installation Services Framework Agreement”	the Construction and Installation Services Framework Agreement entered into between the Company and Andre Construction and Installation on 26 August 2020, pursuant to which Andre Construction and Installation has agreed to provide construction and installation services to the Group for the two financial years ending 31 December 2021

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hongan International”	Hongan International Investment Co. Ltd., a company incorporated in the PRC with limited liability, and wholly owned by Ms. Wang Meng
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to this term under the Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed to this term under the Listing Rules
“%”	percentage

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

Yantai, the PRC, 26 August 2020

*As at the date of this announcement, the executive Directors are Mr. Wang An, Mr. Zhang Hui and Mr. Wang Yan Hui, the non-executive Director is Mr. Liu Tsung-Yi, and the independent non-executive Directors are Mr. Jiang Hong Qi, Mr. Li Wei and Mr. Li Yao.*

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