

**YANTAI NORTH ANDRE JUICE COMPANY LTD:
THIS IS AKIN TO SELLING COAL TO NEWCASTLE**

The April flotation on The Stock Exchange of Hongkong Ltd of Yantai North Andre Juice Company Ltd (Stock Code Number 8259, The Growth Enterprise Market [The GEM]) appeared to have coincided with this apple-juice, concentrate producer, experiencing its highest level of debt in its 9-year history.

As such, if interest rates should start to move up, violently, Yantai North Andre Juice could see its Bottom Line whittled away as it is forced to channel funds to creditors in order to support its level of borrowings, both debt service and principal repayment.

As at February 28, 2003, the total debt of this Company stood at about \$HK163.44 million, of which figure, about \$HK158.90 million, listed as being part of the Current Liabilities Schedule, as at December 31, 2002, must have accounted for a goodly chunk of the total indebtedness of the Company.

In the Financial Year, ended December 31, 2001, the amount of short-term debt (which has to be a Current Liability, by definition) was about \$HK84 million. (Page 153 of the Placing Prospectus, dated April 11, 2003)

Page 130 of the Prospectus gives details of this Company's debts, as follows:

'As at 28th February, 2003, the Group had the following outstanding borrowings:

	RMB'000*
<i>Short-term bank loans</i>	
<i>Secured</i>	71,660
<i>Guaranteed</i>	18,779
<i>Unsecured</i>	<u>73,000</u>
<i>Total short-term bank loans</i>	<u>163,439</u>

'Bank loans of RMB163,439,000 of the Group as at 28th February, 2003 bear interest at rates ranging from 3.75% to 5.31% per annum. Bank loans of RMB71,660,000 of the Group as at 28th February, 2003, were secured by property, plant and equipment and receivables in respect of value added tax refunds for export sales. Bank loans of USD819,700 (equivalent to RMB6,779,0000) and RMB12,000,000 as at 28th February, 2003 were guaranteed by Yantai North Andre Barrel Making Co., Ltd ...

'In addition, as at 28th February, 2003, the Group had bills payable amounting to RMB60,000,000 of which RMB30,000,000 was secured by the Group's property, plant and equipment, RMB20,000,000 was guaranteed by Nanchang Creat Group Co., Ltd, which is a related party of the Group and RMB2,000,000 was guaranteed by Yantai Jiacheng Trading Co., Ltd., an independent third party. As at 31st March, 2003, RMB28,000,000 of the bills payable balance as at 31st December, 2002, including the bills payable guaranteed by Nanchang Creat Group Co., Ltd., has been settled in March 2003.'

* RMB = **Renminbi** = \$HK1:RMB1.06

The Company's debt, in terms of its Turnover for the Financial Year, ended December 31, 2002, represented about 70.38 percent.

The Flotation

Yantai North Andre Juice Placed 38 million, one renminbi Shares at a price of not less than \$HK3.70 per Share and not higher than \$HK4.20 per Share.

At the end of the day, Yantai North Andre Juice expected to net about \$HK136.50 million from this cash-raising exercise, this money to be used for the following purposes:

- | | |
|---|--------------------------|
| 1. Construction of additional production facilities | \$HK 4.50 million |
| 2. Purchases of additional equipment | \$HK40.70 million |
| 3. Purchase of a 49-percent interest in
Yantai Longkou Andre Juice Company Ltd | \$HK21.10 million |
| 4. Expansion of sales and distribution network | \$HK12.90 million |
| 5. Construction of a temperature store room | \$HK28.00 million |
| 6. Repayment of a bank loans | <u>\$HK29.30 million</u> |

**TOTAL: \$HK136.50
MILLION**

According to the Prospectus, at Page 66, this Company was established in the People's Republic of China (PRC) in March 1996.

Originally, the Issued and Fully Paid-Up Share Capital of the Company was owned as to 75 percent by PRC Government entities and 25 percent by the Andre and CIE S.A.

In respect of the last-named company, Andre and CIE S.A., its history goes back to 1920 and it is, still, a large Swiss conglomerate that decided, some 7 years ago, to try to do business in the PRC, proper (as opposed to the Hongkong Special Administrative Region (HKSAR) of the PRC).

A long series of equity transfers at Yantai North Andre Juice resulted in the present situation, whereby the 3 substantial shareholders are:

Mr Zheng Yue Wen*	39.74 percent
Mr Wang An**	13.12 percent
Korea Jeong Soo Andre Company Ltd ***	18.75 percent

* Mr Zheng is the Chairman of
Yantai North Andre Juice

** Mr Wang is the Vice Chairman of
Yantai North Andre Juice

*** Korea Jeong Soo is a company,
domiciled in South Korea

In spite of the age of this Company, it appears to continue to be ... [CLICK TO ORDER FULL ARTICLE](#)

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