



北人印刷機械股份有限公司 2005 年年度報告摘要  
BEIREN PRINTING MACHINERY HOLDINGS LIMITED  
2005 ANNUAL REPORT SUMMARY

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 187)

## 1. IMPORTANT NOTES

- 1.1** The board of directors (the “Board”), the Supervisory Committee and the directors (the “Directors”), supervisors and senior management of Beiren Printing Machinery Holdings Limited (the “Company”) warrant that there are no false representations or misleading statements contained in or material omission from this summary and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents herein contained. This summary is extracted from the 2005 Annual Report of the Company (the “2005 Annual Report”). Investors are advised to read the full text of the 2005 Annual Report for detailed information.
- 1.2** Mr. Wu Hong Zuo, an independent non-executive director did not attend the seventh meeting of the fifth Board due to business trip related affairs, and he did not appoint other Director as his proxy.
- 1.3** Mr. Zhu Wuan, the Chairman, Mr. Wang Guohua, the General Manager, and Mr. Jiang Jianming, the Chief Accountant, have declared that they guarantee the truthfulness and completeness of the financial statements contained in the annual report.

## 2. BASIC INFORMATION OF THE COMPANY

### 2.1 Basic information

	A Shares	H Shares
Short form of the Company's listed shares	G北人	Beiren Printing
Stock code	600860	187
Place for listing of the shares	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
Registered address and office address	No. 6 Rong Chang Dong Street, Economic and Technological Development Zone, Beijing, PRC	
Postal code	100176	
Website	<a href="http://www.beirengf.com">http://www.beirengf.com</a>	
E-mail address	beirengf@beirengf.com	

## 2.2 Contact person and method

### Secretary to the Board

Name	Rong Peimin
Correspondence address	No. 6 Rong Chang Dong Street, Economic and Technological Development Zone, Beijing, PRC
Telephone number	010-67802565
Facsimile number	010-67802570
E-mail address	beirengf@beirengf.com

## 3. ACCOUNTING DATA AND FINANCIAL INDICATOR HIGHLIGHTS

### 3.1 Principal accounting data (prepared under PRC accounting standards)

Unit: Rmb

	2005	2004	Percentage increase / decrease (comparison between this year and last year) (%)	2003
Principal operating income	995,386,645.38	1,121,219,426.19	-11.22	1,005,612,844.69
Total profit	61,509,113.95	118,507,506.15	-48.10	102,280,643.48
Net profit	48,790,356.05	95,903,999.16	-49.13	82,047,814.03
Net profit after extraordinary items	33,402,213.97	94,312,189.58	-64.58	77,236,974.91
Net cash flow from operating activities	-31,354,369.58	40,321,639.30	-177.76	53,286,167.40

	At the end of 2005	At the end of 2004	Percentage increase / decrease (comparison between end of this year and end of last year) (%)	At the end of 2003
Total assets	2,127,384,112.13	2,019,421,955.06	5.35	1,893,148,599.68
Equity interest of shareholders (exclusive of minority interests)	1,280,500,032.83	1,265,422,331.87	1.19	1,202,616,644.46

### 3.2 Principal accounting data (prepared under HK GAAP)

Unit: Rmb'000

	2005	2004	Percentage increase/ decrease (comparison between this year and last year) (%)	2003
Turnover	994,192	1,153,555	-13.81	1,015,382
Profit before taxation	61,585	102,023	-39.64	93,462
Net Profit for the year	57,553	101,201	-43.13	96,148
Total assets	2,130,820	2,026,233	5.16	1,885,543
Equity interest of shareholders (exclusive of minority interests)	1,291,768	1,267,975	1.88	1,200,534
Net cash flow from operating activities	-46,355	45,066	-204.29	156,010

### 3.3 Principal financial indicators (prepared under PRC accounting standards)

Unit: Rmb

	2005	2004	Percentage increase / decrease (comparison between this year and last year) (%)	2003
Earnings per share	0.12	0.23	-47.83	0.19
Latest earning per share				
Return on net assets (%)	3.81	7.58	-3.77	6.82
Return on net assets after extraordinary items (%)	2.61	7.36	-4.75	6.42
Net cash flow per share from operating activities	-0.07	0.10	-170.00	0.13

	At the end of 2005	At the end of 2004	Percentage increase / decrease (comparison between end of this year and end of last year) (%)	At the end of 2003
Net asset per share	3.03	3.00	1.00	2.85
Net asset per share after adjustment	2.98	2.96	0.68	2.81

*Unit: Rmb*

<b>Extraordinary items</b>	<b>Amounts</b>
Interim (loss) from equity investment fixed assets and other long-term assets to provision of impairment in assets made according to usual corporate accounting system	4,569,334.20 9,516,503.03
Reversal of provision for impairment for previous years	4,681,748.53
Impact from income tax	2,112,547.81
Impact from minority interest	-1,266,895.87
Total	15,388,142.08

### 3.4 Principal financial indicators (prepared under HK GAAP)

*Unit: Rmb*

	2005	2004	Percentage increase / decrease (comparison between this year and Last year) (%)	2003
Earnings per share	0.14	0.24	-41.67	0.23
Return on net assets (%)	4.46	7.98	-44.11	8.01
Net cash flow per share from operating activities	-0.15	0.05	-400.00	0.34

### 3.5 Differences between domestic and international accounting standards

Item	Net profit		Shareholders' equity	
	This period	Previous period	Opening	Closing
As reported under the PRC accounting standards	48,790	95,904	1,265,422	1,280,500
Adjusted under HK GAAP:				
Difference in valuation of net assets contributed to the Company by Beiren Group Corporation			-60,198	-60,198
Subsequent amortization on net assets contributed by Berien Group Corporation	66	313	48,145	48,211
Difference in valuation of assets contribution to subsidiaries	31	31	-321	-290
Differences in valuation of other assets and consequential adjustment	6,374	4,502	-6,374	
Differences in recognition of deferred tax assets / liabilities	62	1,502	19,904	19,684
Difference in recognition of goodwill upon acquisition of subsidiaries			4,479	4,479
Difference in amortization of goodwill upon acquisition of subsidiaries		-448	-1,344	-1,344
Difference in profit/loss arising from interest recognition	4,032	822	45,698	51,029
Other	2,230	-153	-1,738	726
Prepared under HK GAAP	61,585	102,023	1,313,673	1,342,797

Unit: Rmb'000

## 4. MOVEMENT OF SHAREHOLDER'S EQUITY AND INFORMATION OF SHAREHOLDERS

### 4.1 Changes in share capital

	Before Change		Increase/decrease in this change (+/-)					After Change	
	Number	Percentage (%)	Issue of new shares	Conversion		Others	Sub-total	Number	Percentage (%)
				Bonus issue	from reserves				
<i>Unit: Share</i>									
I. Unlisted non-circulating shares									
1. Promoters' shares	250,000,000	59.24	—	—	—	—	—	250,000,000	59.24
Of which:									
State-owned shares	—	—	—	—	—	—	—	—	—
Domestic legal person shares	250,000,000	59.24	—	—	—	—	—	250,000,000	59.24
Overseas legal person shares	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—
2. Raised legal person shares	—	—	—	—	—	—	—	—	—
3. Staff shares	—	—	—	—	—	—	—	—	—
4. Preferential share or others	—	—	—	—	—	—	—	—	—
Total number of unlisted non-circulating shares	250,000,000	59.24	—	—	—	—	—	250,000,000	59.24
II. Listed circulating shares	—	—	—	—	—	—	—	—	—
1. Renminbi ordinary shares	72,000,000	17.06	—	—	—	—	—	72,000,000	17.06
2. Foreign shares listed domestically	—	—	—	—	—	—	—	—	—
3. Foreign shares listed overseas	100,000,000	23.70	—	—	—	—	—	100,000,000	23.70
4. Others	—	—	—	—	—	—	—	—	—
Total listed circulating shares	172,000,000	40.76	—	—	—	—	—	172,000,000	40.76
III. Total number of shares	422,000,000	100	—	—	—	—	—	422,000,000	100

#### 4.2 Particulars of shareholdings of top ten shareholders and top ten shareholders of circulating shares

Total number of shareholders at the end of the reporting period 35,505

##### Particulars of top ten shareholders

Name of shareholder	Nature of shareholder	Percentage to share capital (%)	Number of shares held	Number of non-circulating shares held	Number of shares pledged or frozen
Beiren Group Corporation	State-owned shareholder	59.24	250,000,000	250,000,000	Nil
HKSCC NOMINEES LIMITED	Foreign shareholder	23.04	97,247,199	—	Unknown
HSBC NOMINEES (HONG KONG) LIMITED	Foreign shareholder	0.20	702,000	—	Unknown
浩鴻房產	Other	0.10	485,800	—	Unknown
HUI KAU YU	Foreign shareholder	0.09	400,000	—	Unknown
WONG CHUNG KING	Foreign shareholder	0.07	298,000	—	Unknown
KWAN KAN ON	Foreign shareholder	0.06	258,000	—	Unknown
史福根	Other	0.05	208,800	—	Unknown
鄒靜	Other	0.05	200,000	—	Unknown
張鳳海	Other	0.04	150,000	—	Unknown

### Particulars of top 10 shareholders of circulating shares

Name of shareholder	Number of circulating shares held	Class
HKSCC NOMINEES LIMITED	97,247,199	Foreign shares listed overseas
HSBC NOMINEES (HONG KONG) LIMITED	702,000	Foreign shares listed overseas
浩鴻房產	485,800	Renminbi ordinary shares
HUI KAU YU	400,000	Foreign shares listed overseas
WONG CHUNG KING	298,000	Foreign shares listed overseas
KWAN KAN ON	258,000	Foreign shares listed overseas
史福根	208,800	Renminbi ordinary shares
鄒靜	200,000	Renminbi ordinary shares
張鳳海	150,000	Renminbi ordinary shares
柳振康	147,000	Renminbi ordinary shares

### The explanation of the connected relation and action in concert among the aforesaid shareholders

The Company is not aware of any connected relationship among the top ten shareholders of circulating shares or any party acting in concert and the Company is not aware of any connected relationship between the top ten shareholders of circulating shares and the top ten shareholders.

Among the top ten shareholders, Beiren Group Corporation is the controlling shareholder of the Company who holds non-circulating shares.

HKSCC NOMINEES LIMITED holds shares on behalf of clients. The Company did not receive notification from HKSCC NOMINEES LIMITED any single H shares shareholder who holds more than 5% in total share capital of the Company.

Any shareholder who holds 5% or more (5% inclusive) shares of the Company does not pledge or freeze any shares.

There was no change on the shareholders who holds 5% or more (5% inclusive) shares of the Company.



Save as disclosed above, the Directors was not notified by any person (who is not the Director or chief executive officer) who owns the interest or short position in the shares or underlying shares of the Company and shall be disclosed to the Company in compliance with the requirements contained in Division 2 and 3 of Part XV of Securities and Future Ordinance (“SFO”), the interest or short position that shall be included in the prescribed register in accordance with section 336 of SFO.

### 4.3 Controlling shareholder and beneficial controller

#### 4.3.1 Changes in status of controlling shareholder and beneficial controller

There was no change in the controlling shareholder and the beneficial controller of the Company during the reporting period.

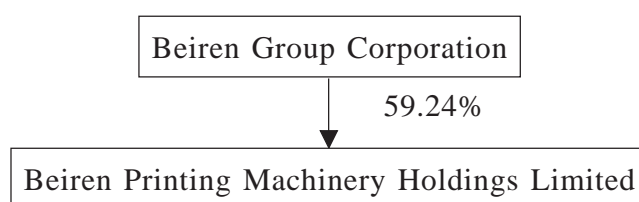
#### 4.3.2 Information of controlling shareholder and beneficial controller

Information of controlling shareholder

Name of controlling shareholder:	Beiren Group Corporation
Legal representative:	Zhu Wuan
Registered capital:	Rmb200,266,000
Date of incorporation:	16 July 1992

Principle operating or managing activities: Manufacturing and sales of printing presses, packing machines, pressing machines and related products and components, technical development, technical consultancy, services, operation of the import and export businesses related to the production of own enterprises, subcontracting work for overseas printing machinery projects and domestic projects by international tendering.

#### 4.3.3 Frame of property right and controlling relationship between the Company and beneficial shareholder



## 5. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT STAFF

## 5.1 Changes in equity held by Directors, Supervisors and Senior Management Staff and their Remuneration

Name	Position	Sex	Age	Appointment date and end of appointment	Shareholdings at the beginning of the year	Shareholdings at the end of the year	Reason of change	Remuneration received from the Company during the reporting period (Rmb0'000)	Whether receive remuneration from shareholder or other connected parties
Zhu Wuan	Chairman	Male	57	2005-07-14 - 2008-07-13	5,760	5,760	—	0	Yes
Lu Changan	Vice Chairman	Male	57	2005-07-14 - 2008-07-13	4,800	4,800	—	0	Yes
Wang Guohua	Director and General Manager	Male	42	2005-07-14 - 2008-07-13	1,200	1,200	—	42.44	No
Yu Baogui	Director	Male	56	2005-07-14 - 2008-07-13	4,200	4,200	—	8	Yes
Yang Zhendong	Director and Chief Engineer	Male	43	2005-07-14 - 2008-07-13	0	0	—	32.17	No
Jiang Jianming	Director and Chief Accountant	Male	50	2005-07-14 - 2008-07-13	0	0	—	32.34	No
Deng Gang	Director	Male	40	2005-07-14 - 2008-07-13	0	0	—	0	Yes
Wu Wenxianag	Independent Director	Male	71	2005-07-14 - 2008-07-13	0	0	—	3	No
Wu Hongzuo	Independent Director	Male	59	2005-07-14 - 2008-07-13	0	0	—	5	No
Li Yijing	Independent Director	Female	54	2005-07-14 - 2008-07-13	0	0	—	3	No
Shi Tiantao	Independent Director	Male	43	2005-07-14 - 2008-07-13	0	0	—	3	No
Xiao Maolin	Chairman of the Supervisory Committee	Male	56	2005-07-14 - 2008-07-13	0	0	—	8	Yes
Xu Kexin	Supervisor	Male	40	2005-07-14 - 2008-07-13	0	0	—	13.17	No
Tian Furen	Supervisor	Male	57	2005-07-14 - 2008-07-13	4,100	4,100	—	4.67	No
Rong Peimin	Secretary to the Board	Female	54	2005-07-14 - 2008-07-13	0	10,000	Purchase of shares	31.19	No
Wang Wenyuarn	Deputy General Manager	Male	58	2005-07-14 - 2008-07-13	0	0	—	32.18	No
Guo Ning	Deputy General Manager	Male	51	2005-07-14 - 2008-07-13	0	0	—	31.68	No
Total	/	/	/	/	/	/	/	249.84	/

## 5.2 Positions in Shareholders' Unit

Name	Name of shareholders' unit	Position	Appointment date	End of appointment	Whether receiving an remuneration or allowance
Zhu Wuan	Beiren Group Corporation	Chairman and Secretary to the Party Committee	2000-03-21		Yes
Lu Changan	Beiren Group Corporation	General Manager	2000-03-21		Yes
Yu Baogui	Beiren Group Corporation	Chairman of the Labour Union	2000-03-21		Yes
Xiao Maolin	Beiren Group Corporation	Secretary to the Disciplinary Committee and Deputy Secretary to the Party Committee	2000-03-21		Yes

## Positions in Other Entities

Name	Name of shareholders' unit	Position	Appointment date	End of appointment	Whether receiving an remuneration or allowance
Deng Gang	Beijing Mechatronics Holding Company Limited	Head of Human Resources Department	2005-01-01		Yes

## 6. REPORT OF THE DIRECTORS

### 6.1 MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, the overall operating environment was becoming harsher for the Company. On the one hand, the Company had to lower prices of existing regular machinery to maintain its market share in face of the keen market competition and lower frequency of renewal by the users which results in reduction in profit. On the other hand, costs of the Company increased with minimal profit due to the product mix adjustment and the new product of high-end multi-colour presses has not yet realized a reasonable output. Facing the harsh market competitor, the Company has taken rational development view to accelerate its self-adjustment, changing the mode of growth, and to adapt itself to market movements. Thanks to all staff's cooperation and resolute efforts, the Company has made hard-won achievements.

(I) REVIEW

1. Enforcement of marketing philosophy for market adaptiveness

- (1) In 2005, the Company participated in Beijing China International Printing Technology Exhibition and held customer parties and product presentations to strengthen after-sales services. A price strategy and a customer-based marketing mode were adopted to enhance sales revenue. As such, the Company 's image was polished.
- (2) Endeavoring to expand its market and increase sales revenue during the reporting period, the Company put great emphasis on management of regional subsidiaries and establishment of the CRM customer management system to constantly improve the Company's marketing management.
- (3) Great achievements were recorded in export. In 2005, the Company specified the export emphasis through investigations and researches and put forward proposals for development of new products with respect to international market demands. As a result, sales revenue from export increased by over 40% as compared with the same period last year.

2. Market-oriented and development of new products

During the reporting period, the Company always conducted researches on a market-oriented basis, concentrating on development of new products that market urgently demand with its two broad categories of sheet-fed offset printing presses and web-fed offset printing presses. The development and the pilot production of Beiren Fuji's BFF66400 product (series) of commercial soft cover presses BF6500 commercial revolving presses are successful. Shaanxi Beiren launched a new product FR-300 electronic axle transmission high-speed group module intaglio presses during the reporting period to compensate the backward development in the scope of electronic axis for domestically manufactured intaglio presses, which realized a rapid transformation of domestically manufactured intaglio presses under the meaning of domestic manufacture.

3. The Company carried out joint venture and introduced and assimilate advanced technologies from abroad. At present, its joint venture projects are developing desirably, which is a good way to develop high end products and swiftly narrow the disparity with international advanced enterprises.
4. Improvements in operational management and production efficiency

- (1) In line with the rational development view, the Company formulated its “Eleventh Five-Year” plan as guidance for its long-term development based on the rational analysis on the macro-economic condition of the country, the development of the industry and the domestic and overseas market competition.
- (2) Comprehensive budget management was a key task of the Company in 2005. In implementing the budget management, each administrative department was highly conscientious and strict in checking to circumvent unbudgeted or unaudited expenditure, which makes budget management very effective.
- (3) During the reporting period, the Company’s quality management is emphasized with focus on rectification of quality problems of products, insist on a closed-loop management mode of information. The Company researched in the problems reflected by the customers and implement the rectification proposal. As for key issues, a special team was set up to take improve the quality and to effective measures to secure the Company’s product reputation.
- (4) During the reporting period, the two subsidiaries of the Company managed to formulate standard cost for each products, laying a solid foundation for further reinforcement of cost management, despite the difficulties of arduous work and a wide variety of products.
- (5) The human resources management was reinforced with revised human resources management mechanism. The Company strengthened business skill training based on the aptness of the talents to upgrade and enhance the occupation skill and ability of its existing staff.
- (6) During the reporting period, the Company further enhanced its management on subsidiaries. In addition to examination on comprehensive management and quality management, more internal auditing was made on subsidiaries and hence rectification opinion was given regarding the problems revealed. In implementing the management resources share strategy, the Company introduced advanced internal management experience to each subsidiaries, which proved to be effective.

## (II) PROSPECT

To accomplish key tasks in 2006 in the light of the “Eleventh Five-Year” plan

1. To develop new products, improve the efficiency of new products entering in the market in order to satisfy the market demand
  - (1) In 2006, the Company will complete the pilot production and appraisal procedures for BEIREN75A medium-sized newspaper press and commercial rotary offset press. Follow-up improvements will be made.
  - (2) Addressing the packaging printer and export demands, the Company will improve its BEIREN300 and BEIREN200 products to meet customers' requirements.
  - (3) New products developed by subsidiaries in 2005 will be introduced to the market in 2006 after they are further stabilized.
2. To strengthen market estimation for better sales capacity
  - (1) The Company will strengthen market estimation and get aware of the relevant State's policies and details of regional customers, complete and implement the function of the CRM system on a full scale for an increased coverage. It will establish information share channel for communications among each regional branches and subsidiaries, and work over the feedbacks from the market and customers so as to enhance sales capacity.
  - (2) Capitalizing the market opportunity of increasing output packaging products in March 2006, the sales volume of the Company's new and existing regular machineries is expected to increase substantially.
  - (3) Capitalizing its brand strengths, the Company diversified the sales service modes to foster the customer satisfaction and loyalty with innovative services and implemented the after-sales care concrete measures and continuing follow-up services for customers.
  - (4) More efforts will be made to develop the international marketplace and cooperation and speed up product export, thereby caving out a wider international market for the Company's growth.
3. Financial analysis will be enhanced. The Company will make prudent analysis on financial information to uncover problems and to suggest solutions. Meanwhile, it will make a detailed analysis on the discrepancy between the actual product cost and the standard cost based on the standard cost system, so as to strengthen cost management so as to enhance the efficiency of the Company.

Overall budget control will be further enhanced.

4. The Company will put more efforts in quality management and technology development in light with the feedbacks from the market to ensure the stability and reliability of product quality.
5. The Company will further its management on branches and subsidiaries through spot checks for a better overall management performance.
6. Capital expenditure in 2006 is estimated at approximately RMB50,000,000, mainly funded by its internal resource and finance from bank.

## 6.2 Principal operations by sectors or products (prepared under PRC accounting standards)

*Unit: Rmb*

Sector or product	Principal operating income	Principal operating costs	Gross profit margin (%)	Increase (+) / decrease (-) in principal operating income as compared with last year (%)	Increase (+) / decrease (-) in principal operating costs as compared with last year (%)	Increase (+) / decrease (-) in gross profit margin
Product						
Sheet-fed paper	431,587,318.94	-333,651,714.90	22.15	-8.22	5.98	decreased 10.25 percentage point
Web-fed paper	292,419,906.79	-186,328,975.31	35.74	-16.29	-19.60	increased 2.73 percentage point
Intrusion printers	181,241,216.12	-144,009,538.83	20.00	5.24	8.08	decreased 1.98 percentage point
Pressing machines	—	—	—	-100.00	-100.00	—
Form presses	49,249,999.93	-38,788,991.16	20.70	-36.66	-39.31	increased 3.55 percentage point
Spare parts	13,478,393.15	-8,025,797.82	39.91	-5.01	-0.91	decreased 2.36 percentage point
Printing services	23,575,516.56	-16,477,547.39	29.57	-15.77	-12.24	decreased 2.70 percentage point
Others	3,834,293.89	-1,618,787.04	57.24	-55.64	-72.68	increased 26.45 percentage point
Total	995,386,645.38	-728,901,352.45	26.23	-11.22	-6.45	decreased 3.63 percentage point

### 6.3 Principal operations by geographical location

Region	Principal operating income	<i>Unit: Rmb</i>
		Increase (+) / decrease (-) as compared with last year in principal operating income (%)
Domestic	949,806,088.74	-12.74
Overseas	45,580,556.64	39.32
Total	995,386,645.38	-11.22

### 6.4 Suppliers and customers (prepared under PRC accounting standards)

<i>Unit: Rmb0'000</i>			
Total procurement from the top five suppliers	7,578.06	Percentage in total procurement	21.15%
Total sales from the top five customers	8,931.79	Percentage in total sales	8.97%

### 6.5 Analysis of the reasons for material changes incurred in the operating results and profit compared with that of last year (prepared under PRC accounting standards)

- (1) Operating profit decreased by 68.4% from last year. Principal operating profit decreased by 22.02% compared with last year because of the decrease of 11.22% in principal operating income compared with last year and the decrease of 6.45% in the principal operating costs. Other operating profit increased by 66.6% compared with last year while period expense increased by 5.51%.
- (2) Investment profit increased by 293.84%, compared with last year mainly attributable to the improved profitability of the Company's external investment.
- (3) Net non-operating income increase by 800.48% compared with last year mainly attributable to increase in net income from disposal of fixed assets and compensation received for the moving of the Company's subsidiaries.
- (4) Net profit amounted to RMB48,790,400, representing a decrease of 49.13% over the previous year mainly attributable to an decrease in principal operation and a reduction in pricing of regular product and the increase of in reserve.



**6.6 Analysis of the reasons for material changes incurred on the overall financial positions compared with that of last year (prepared under PRC accounting Standards)**

1. Cash balances decreased by 35.44% compared with beginning of the year, mainly as a result of the increased proportion of the Company's manufacturing and operating cash.
2. Bills receivable increased by 132.29% compared with the beginning of the year, mainly due to the increased acceptance bills received from the bank for sold products.
3. Accounts receivable increased by 17.05% compared with the beginning of the year, mainly as a result of instalment sales to expand its market share for the multi-colour machinery and large-scale printing newspaper machinery (tower machinery) and enhance its market competitiveness with imported similar products.
4. Inventories increased by 15.39% compared with the beginning of the year, mainly arising from the increase in inventories and products.
5. Long term liability investment was entirely entered as other accounts receivable.
6. Fixed assets at cost and net fixed assets increased by 1.1% and decreased by 1.39% respectively compared with the beginning of the year, which should be regarded as normal changes.
7. Short tem loans increased by 50.87% compared with the beginning of the year, mainly arising from increased bank loans resulting from a growth in demand for working capital.
8. Bills payable increased by 69.53% compared with the beginning of the last year, mainly due to the increased bills payable of the Company for reduction of financing costs.
9. Accounts payable increased by 14.48% compared with the beginning of the year, mainly due to the increase in accounts payable for purchase of goods and accounts payable under external review and settlement method.
10. Tax payable decreased by 45.51% compared with the beginning of the year, mainly resulting from the settlement of tax payable in the beginning of the year.
11. Other payables decreased by 59.32% compared with the beginning of the year, mainly owing to settlement of other accounts payment
12. Long-term loans decreased by 42.86% compared with the beginning of the year, mainly due to their being entered as long-term liabilities payable within one year.

## 6.7 Assets, liabilities and Shareholders' interests (prepared under PRC accounting standards)

Item	2005	2004	Increase/ decrease	Unit: Rmb
				Percentage increase/ decrease (%)
Total assets	2,127,384,112.13	2,019,421,955.06	107,962,157.07	5.35
Total liabilities	800,652,253.05	708,613,196.25	92,039,056.80	12.99
Shareholders' interest	1,280,500,032.83	1,265,422,331.87	15,077,700.96	1.19

During the reporting period, the total assets, total liabilities and shareholder's interest increased by 5.35%, 12.99% and 1.19% respectively when compared with last year.

## 6.8 Principal Source and utilisation of capital (perpared under PRC accounting standards)

Item	2005 Amount (Rmb)	2004 Amount (Rmb)
Net cash flows from operating activities	-31,354,370	40,321,639
Net cash flows from investment activities	-64,032,886	-29,191,630
Net cash flows from capital raising activities	40,140,604	2,477,693

The net increase of cash and cash equivalentants as at 31 December 2005 by Rmb-55,371,800.

### 1. Cash flows from operating activities

The Company's cash inflows resulted from operating activities are mainly derived from principal operating income.

The Company's net cash inflow from operating activities for the reporting period amounted to RMB-31,354,400, representing a decrease of RMB71,676,000 from RMB40,321,600 of the same period last year. Net cash inflow from operating activities per share during the reporting period amounted to RMB-0.0735.

### 2. Cash flows from investment activities

Net cash outflow from investment activities during the reporting period amounted to RMB64,032,900. Cash from investment activities during the reporting period amounted to RMB3,614,100, which was mainly attributable to the cash recovered from the disposal of fixed assets. Cash outflow to investment activities for the reporting period amounted to RMB67,647,000, which was mainly used for paying the balance of construction of new plants and purchase of machinery futilities.

### **3. Cash flows from fund-raising activities**

Net cash inflow from fund-raising activities during paying the balance of the reporting period amounted to RMB40,140,600. Cash inflow from fund-raising activities amounted to RMB360,141,600, mainly derived from the increased bank loans, while cash outflow amounted to RMB320,002,600, mainly for payment of bank loans and the payment of dividends.

### **6.9 Capital Structure (Prepared Under PRC accounting standards)**

The Company's capital structure consists of shareholders' interests and liabilities. Shareholders' interests amounted to RMB1,280,500,000; liabilities amounted to RMB800,652,300; and total assets amounted to RMB2,127,384,100. The end period assets-liabilities ratio was 37.64% (31 December 2004: 35.09%). At present, the liabilities of the Company are generally maintained at a reasonable level. The Company is able to effectively hedge its exposure to risks.

### **6.10 Use of capital raised**

The capital initially raised by the Company had been used up as at 31 December 1998. The capital raised in the second time had also been used up as at 31 March 2003. No utilisation of capital raised subsisted in this reporting period.

### **6.11 Projects financed by non-raised funds**

During the reporting period, the Company increased its capital contribution in Heiman Beiren Fuji Printing Machine Company Limited amounting for amounts of Rmb11,000,000.

## **6.12 The Board's Profit Distribution Plan or Plan to Convert Surplus Reserves into Share Capital**

The Company realized a net profit of RMB48,790,400 in 2005 in accordance with PRC accounting standards. According to the requirement of the Articles of Association, RMB5,032,900 was appropriated to statutory surplus reserve, RMB5,032,900 was appropriated to statutory public welfare fund, together with the undistributed profit of RMB173,669,400 at the beginning of the year, the actual distributable profit for shareholders amounted to RMB134,944,800. According to the decisions passed by the Board on 20 April 2006, the Company intended to declare a cash bonus distribution of RMB0.70 (inclusive of tax) every 10 shares for the 422,000,000 issued shares (RMB1 par value of each share), totalling RMB29,540,000. The remaining profit of RMB144,129,400 is left to be distributed in later years. The Company realized a net profit of RMB57,553,000 prepared under HK GAAP. After appropriation of an amount of RMB10,132,000 for statutory reserve and statutory public welfare fund together with the undistributed profit of RMB136,319,000, the actual distributable profit for shareholders amounted to RMB183,740,000. As the domestic distributable profits are higher than the intended distribution of cash bonus of RMB29,540,000, the requirement of the proposal for profit distribution was met. In 2005, the Company did not transfer amount in capital reserve to share capital. The distribution proposal will be proposed to the annual general meeting of 2005 for consideration and approval.

## 7. SIGNIFICANT EVENTS

### 7.1 Material Connected Transactions

There were no material connected transaction in the Company this year.

#### 7.1.1 Connected transactions related to day-to-day operation

- (1) Connected transactions related to purchase of goods and receipt of services

Related parties	Connected Transactions Items	Pricing of connected transactions	<i>Unit: Rmb</i>			
			This period Amount	Percentage of the same type of transaction amount (%)	Previous Period Amount	Percentage of the same type of transaction amount (%)
Beijing Yan Long Import and Export Company	Raw Materials	Agreed price	12,240.00	0.002		
Beiren Group Corporation	Raw Materials and printing equipment	Agreed price	15,963,775.42	1.99	10,139,312.14	1.14
Beijing Beiyong Printing and Casting Company Limited	Raw Materials	Agreed price	35,981,879.13	4.47	38,923,174.85	4.36
Beijing Monigraf Automatic System Company Limited	Raw Materials	Agreed price	24,749,287.89	3.07	8,760,112.53	0.98

(2) Connected sales of goods and provision of labour service

*Unit: Rmb*

Related parties	Connected Transactions Items	Pricing of connected transactions	This period		Same period last year	
			Amount	Percentage of the same type of transaction amount	Amount	Percentage of the same type of transaction amount
Beijing Yan Long Import and Export Company	Sales of printing equipment	Agreed price	974,358.97	0.10	-1,647,008.55	-0.15
Hubei Beiren Printing Machinery Operation and Sale Company Limited	Sales of printing equipment	Agreed price	37,655,726.50	3.78	62,382,264.96	5.56
Beijing Beiren Hengtong Printing Machinery Operation and Sales Company Limited	Sales of printing equipment	Agreed price	29,788,333.33	2.99	55,183,846.15	4.92
Liaoning Beiren Printing Machinery Operation and Sales Company Limited	Sales of printing equipment	Agreed price	25,566,965.81	2.57	35,030,487.18	3.12
Beiren Group Corporation	Sales of printing equipment	Agreed price	15,643,636.27	1.57	16,209,401.71	1.45

Price of goods sold to the above connected companies are determined by the agreed price.

## 7.1.2 Connected debts and liabilities

*Unit: Rmb 0'000*

Connected parties	Connected relationship	Capital provided to connected parties		Capital provided to the Company by connected parties	
		Incurred amount	Balance	Incurred amount	Balance
Hubei Beiren Printing Machinery Joint venture Operation and Sale Company Limited	Joint venture	95.86	889.40		
Xi'an Beiren Beifu Printing Machinery Sales Company Limited	Joint venture		109.20		
Liaoning Beiren Beifu Printing Machinery Sales Company Limited	Joint venture	982.68	2,524.08		
Beijing Beiren Hengtong Printing Machinery Sales Company Limited	Joint venture	108.05	912.97		
Beiren Group Corporation	Controlling shareholder	552.54	1,073.84	5.48	2,199.12
Beijing Yan Long Import and Export Company	Subsidiary of controlling shareholder			-1.12	1.22
Beijing Beiyong Printing and Casting Company Limited	Joint venture	297.31	297.31	150.00	150.00
Beijing Beiren Tai He Printing and Casting Factory	Controlling subsidiary	-286.41	0	1,093.20	1,093.20
Total	/	1,750.03	5,806.80	1,247.56	3,443.54

During the reporting period, the amount provided by the Company to the controlling shareholders and its subsidiaries was Rmb0. Balance of the same was Rmb0.

Reasons for connected debts and liabilities: Among the capital provided to connected parties, the amount provided to Hubei Beiren Printing Machinery Sales Limited, Xi'an Beiren Beifu Printing Machinery Sales Limited, Liaoning Beiren Printing Machinery Limited, Beijing Beiren Hengtong Printing Machinery Sales Limited and Beiren Group Corporation was derived from sale of the Company's products, while that provided to Beijing Beiyong Printing and Casting Company Limited was derived from provision of services and ancillary services for the Company's products. Among the capital provided to the Company by connected parties, Rmb20,460,100 due from Beiren Group Corporation was the amount payable for acquisition of Factory No.4. The company did not have no material connected transactions during the reporting period.

## **7.2 Asset management on trust**

The company has no asset management on trust during the reporting period.

## **7.3 Performance of undertakings**

The Company's share segregation reform proposal was considered and approved at the shareholders' meeting of relevant shareholders in the A-share market on 20 March 2006. On 24 March 2006, the Company received the document Shang Zheng Shang Zi [2006] No.183 issued by Shanghai Stock Exchange, which approved the implementation of the share segregation reform proposal by the Company. On 28 March 2006, the Company made an announcement that under the share segregation reform proposal, the record date for A shares was 29 March 2006 and the date for payment of consideration shares was 30 March 2006. On 31 March 2006, trading in the Company's shares resumed with the amended stock abbreviation "G 北人" and the stock code "600860" remains unchanged.

### **1. Undertakings of non-circulating shares shareholder**

The only non-circulating shares shareholder of the Company makes statutory undertakings in accordance with documents including "Provisions on Management of Share Reform Proposals of Listed Companies" (《上市公司股權分置改革管理辦法》).

### **2. Guarantee provided by the non-circulating shares shareholder on obligation of performance of undertakings**

The only non-circulating shares shareholder of the Company issued a letter of undertakings for the obligation of performance of undertakings and entrusted the Board of the Company to apply to the Shanghai Stock Exchange and China Securities Depository & Clearing Co., Ltd. to limit the circulation of non-circulating shares held by it within the timeframe as set out in the letter of undertakings as a guarantee for the performance of undertakings.

## **8. REPORT OF THE SUPERVISORY COMMITTEE**

The Supervisory Committee was of the opinion that the Company carried out its operations in accordance with the laws and there were no problems in the Company's financial positions, use of the Company's proceeds arising for subscriptions, acquisition of enterprises, disposal of assets and connected transactions.



## 9. FINANCIAL REPORT

### 9.1 Audit opinion

Deloitte Touche Tohmatsu Certified Public Accountants Deloitte Touche Tohmatsu Certified Public Accountants of Hong Kong prepared and audited the financial statements of the Company under PRC accounting standards and the accounting standards generally accepted in Hong Kong respectively and also issued unqualified opinions on the auditor's report respectively.

### 9.2 Financial Statement

#### Consolidated Income Statement

*(Prepared under accounting principles generally accepted in Hong Kong)*

As at the year ending 31 December 2005

	Notes	2005 RMB'000	2004 RMB'000
Revenue	1	994,192	1,153,555
Cost of sales		(736,606)	(817,267)
Gross profit		257,586	336,288
Other income	2	30,773	10,677
Distribution costs		(61,036)	(60,444)
Administrative expenses		(141,526)	(153,921)
Finance costs		(13,006)	(10,258)
Share of results of associates		4,301	2,239
Impairment losses recognised in respect of property, plant and equipment		—	(826)
Loss on disposal of associates		—	(1,044)
Profit before taxation		77,092	122,711
Income tax expense	3	(15,507)	(20,688)
Profit for the year		61,585	102,023
Attributable to:			
Equity holders of the parent		57,553	101,201
Minority interests		4,032	822
		61,585	102,023
Dividend	4	29,540	33,760
Earnings per share – basic	5	RMB13.6 cents	RMB24.0 cents

## Consolidation Balance Sheet

(Prepared under accounting principles generally accepted in Hong Kong)

As at the year ending 31 December 2005

	<i>Notes</i>	2005 <b>RMB'000</b>	2004 <b>RMB'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>702,118</b>	720,860
Prepaid lease payments			
- non - current portion		<b>123,845</b>	109,770
Goodwill		<b>4,434</b>	3,135
Intangible assets		<b>1,566</b>	2,604
Interests in associates		<b>12,274</b>	8,427
Other asset		—	8,518
Deferred tax assets		<b>19,684</b>	19,746
		<b>863,921</b>	873,060
<b>Current assets</b>			
Inventories		<b>645,994</b>	668,468
Properties held for investment		<b>56,124</b>	52,392
Trade and other receivables		<b>394,723</b>	333,208
Prepaid lease payments			
- current portion		<b>2,338</b>	2,154
Amounts due from associates		<b>37,344</b>	26,411
Amounts due from minority shareholders of subsidiaries		<b>10,034</b>	10,095
Restricted cash		<b>8,776</b>	—
Bank balances and cash		<b>93,696</b>	157,078
		<b>1,266,899</b>	1,153,173
<b>Current liabilities</b>			
Trade payables		<b>297,093</b>	249,322
Other payables		<b>100,143</b>	137,095
Sales deposits received		<b>36,811</b>	34,271
Amount due to ultimate holding company		<b>13,204</b>	17,509
Amounts due to minority shareholders of subsidiaries		<b>4,133</b>	3,394
Amount due to an associate		<b>3,242</b>	24,074
Tax payables		<b>6,444</b>	6,858
Borrowings - due within one year		<b>322,953</b>	215,787
		<b>784,023</b>	688,310
<b>Net current assets</b>		<b>482,876</b>	464,863
		<b>1,346,797</b>	<b>1,337,923</b>

<b>Capital and reserves</b>		
Share capital	<b>422,000</b>	422,000
Reserves	<b>869,768</b>	845,975
	<hr/>	<hr/>
<b>Equity attributable to equity holders of the parent</b>	<b>1,291,768</b>	1,267,975
<b>Minority interests</b>	<b>51,029</b>	45,698
	<hr/>	<hr/>
<b>Total Equity</b>	<b>1,342,797</b>	1,313,673
<b>Non-current liabilities</b>		
Borrowings - due after one year	<b>4,000</b>	24,250
	<hr/>	<hr/>
	<b>1,346,797</b>	<b>1,337,923</b>
	<hr/>	<hr/>

*Note:*

### 1. Turnover

Turnover represents the net sales value of printing machines, spare parts, raw materials and services from other operations. The Group's turnover analysed by principal activity is as follows:

	<b>2005</b>	2004
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of printing machines	<b>929,414</b>	1,116,615
Sales of spare parts	<b>46,604</b>	16,254
Provision of printing services	<b>23,599</b>	27,988
	<hr/>	<hr/>
Total sales	<b>999,617</b>	1,160,857
Less: Sales tax and other surcharges	<b>(5,425)</b>	(7,302)
	<hr/>	<hr/>
	<b>994,192</b>	<b>1,153,555</b>
	<hr/>	<hr/>

All of the Group's revenue and results are substantially derived from the manufacture and sale of printing machines in Mainland China. Moreover, as substantially all of the Group's assets and liabilities are located in Mainland China, no segmental analysis of financial information is presented.

### 2. Other operating income

Other operating income is analysed as follows:

	<b>2005</b>	2004
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income on bank deposits	<b>1,221</b>	3,453
Rental income	<b>8,426</b>	2,333
Interest income on technical service	<b>889</b>	850
Compensation received from removal of factories	<b>3,346</b>	—
Others	<b>1,011</b>	1,380
	<hr/>	<hr/>
	<b>30,773</b>	<b>10,677</b>
	<hr/>	<hr/>

### 3. Income tax expenses

	<b>2005</b>	2004
	<b>RMB'000</b>	RMB'000
The charge comprises:		
PRC income tax for current year	<b>15,569</b>	21,791
Deferred tax credit	<b>(62)</b>	(1,103)
	<b><u>15,507</u></b>	<u>20,688</u>

The PRC income tax of the Company and its subsidiary Shaanxi Beiren Printing Machinery Limited is calculated at the rate of 15% of the estimated profit for the year. Except for Beijing Beiren Fuji Printing Machinery Limited which is subject to a tax rate of 12%, the Group's other PRC subsidiaries are subject to PRC income tax rate of 33% as specified in accordance with the relevant rules and regulations in the PRC.

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	<b>2005</b>		2004	
	<b>RMB'000</b>	%	RMB'000	%
Profit before taxation	<b><u>77,092</u></b>		<u>122,711</u>	
Tax at the domestic income tax rate of 15% (2004: 15%)	<b>11,564</b>	<b>15</b>	18,407	15
Tax effect of expenses not deductible for tax purpose	<b>2,542</b>	<b>3</b>	1,872	1
Tax effect of tax losses not recognised	<b>839</b>	<b>1</b>	389	—
Tax effect of share of results of associates	<b>(577)</b>	<b>(1)</b>	(485)	—
Utilisation of tax losses previously not recognised	<b>(372)</b>	—	(284)	—
Effect of different tax rates of subsidiaries	<b>1,579</b>	<b>2</b>	789	1
Tax charge and effective tax rate for the year	<b><u>15,507</u></b>	<b><u>20</u></b>	<b><u>20,688</u></b>	<b><u>17</u></b>

### 4. Dividend

	<b>2005</b>	2004
	<b>RMB'000</b>	RMB'000
Proposed dividend of RMB0.07 (2004: RMB0.08) for 2005	<b><u>29,540</u></b>	<u>33,760</u>

The Board announced the distribution of dividend of 2004 amounting to RMB33,760,000 subject to the approval of the shareholder's meeting held in June 2005 and was distributed during the year.

The final dividend of 2005 of Rmb0.07 per share (2004: Rmb0.08 per share) has been approved by the Board, subject to consideration at the forthcoming general meeting.

## **5. Earnings per share**

The calculation of basic earnings per shares attributable to the equity holder of the parent company for this year is based on the net profit attributable to the equity holder of the parent company of RMB57,553,000 (2004: RMB101,201,000) and 422,000,000 shares (2004: 422,000,000 shares).

There is no potential shares in the Company for the year and each of the balance sheet date and thus no disclosure of the diluted profit per share is needed.

**9.3 As compared with the latest annual report, there was no change in accounting policy, estimates and methods.**

**9.4 There is significant accounting error during the reporting period. (Please refer to the financial statement of the 2005 Annual Report of details)**

**9.5 As compared with the latest annual report, there was no change in the scope of consolidation.**

## **10. OTHER EVENTS**

**10.1 The 2005 Annual Report of the Company will be dispatched to the H Shares shareholders of the Company as soon as practicable.**

**10.2 During the reporting period, the Company was in compliance with the code provisions set out in the Code of Corporate Governance Practice contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited. The Company has not yet elected and appointed an appropriate candidate as accountant who is able to meet the qualification of a fellow associate or associate member of the Hong Kong Institute of Certified Public Accountants as required in Rule 3.24 of the Listing Rules.**

**10.3 Upon specific enquiry of the Company’s Directors, supervisors and senior management by the Board in compliance with the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 to the Listing Rules and the relevant requirements stipulated by Shanghai Stock Exchange by the Board, the Company confirms that Directors, supervisors and senior management were in compliance with the standards of conducting securities transactions as prescribed in the abovementioned code.**

**10.4 The Audit Committee of the Company has reviewed and approved the 2005 Financial Report of the Company.**

**10.5 During the reporting period, neither the Company nor its subsidiaries has purchased, sold or redeemed of any of its listed securities.**

**10.6 There were no provisions of pre-emptive rights in accordance with relevant laws of the PRC and the Articles of Association of the Company.**

**10.7 As at 31 December 2005, the Company did not issue any convertible securities, option, warrant or similar rights.**

**Beiren Printing Machinery Holdings  
Limited  
Zhu Wuan  
Chairman**

20 April 2006

As at the date of the announcement, the Company's directors comprise Mr. Zhu Wuan, Mr. Lu Changan, Mr. Wang Guohua, Mr. Yu Baogui, Mr. Yang Zhendong, Mr. Jiang Jianming, Mr. Deng Gang, Mr Wu Wenxiang\*, Mr. Wu Hongzuo\*, Ma Li Yijing\* and Mr. Shi Tiantao\*

*\* Independent non-executive director*

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**ANNOUNCEMENT OF RESOLUTIONS PASSED AT THE 7TH  
MEETING  
OF THE 5TH BOARD**

The Company and members of the Board of Directors hereby confirm the truthfulness, accuracy and completeness of the contents of this announcement and jointly accept full responsibility for any false representation, misleading statement or material omission herein contained.

According to the notice of meeting issued on 3 April 2006, the 7th meeting of the 5th Board of Beiren Printing Machinery Holdings Limited (the "Company") was held at Meeting Room 6203, 2/Floor, No. 6 Rong Chang Dong Street, Economic and Technological Development Zone, Beijing, the PRC on 20 April 2006. 10 out of 11 eligible Directors required for the meeting attended in person. Mr. Wu Hongzuo, Independent Non-Executive Director did not attend the meeting due to business trip related affairs and he did not appoint other Director as his proxy to attend the meeting. The meeting was attended by Supervisors and Senior management of the Company. The meeting was convened in accordance with the Company Law and the Articles of Association of the Company.

The meeting was presided over by Mr. Zhu Wuan, Chairman of the Company, at which the following proposals were passed respectively (all resolutions were passed unanimously by the 11 participating Directors.):

1. The 2005 Annual Report of the Company and its summary was considered and approved.
2. The 2005 Working Report of the Board of Directors was considered and approved.
3. The 2005 Financial Report of the Company was considered and approved.

4. Re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants of Hong Kong and Deloitte Touche Tohmatsu Certified Public Accountants as the overseas and domestic auditors of the Company respectively for the year 2006 was considered and approved.
5. The 2005 profit distribution plan of the Company was considered and approved.

The Company recorded a net profit of Rmb48,790,400 for 2005 calculated according to the PRC Accounting Standards. In accordance with the provisions of the Company's Articles of Association, Rmb5,032,900 each was appropriated to the statutory surplus reserve and Rmb5,032,900 was appropriated to the statutory public welfare fund. Together with the undistributed profit of Rmb134,944,800 at the beginning of the year, profit distributable to shareholders amounted to Rmb173,669,400. Pursuant to a Board resolution passed on 20 April 2006 and based on 422,000,000 shares (of par value Rmb1.00 each) in issue, the Company proposed to carry out distribution of a cash dividend of Rmb0.70 (inclusive of tax), totalling Rmb29,540,000, to all shareholders for every 10 shares held, and the balance of profit amounting to Rmb144,129,400 will be retained for distribution in the subsequent years. The Company recorded a net profit of Rmb57,553,000 for 2005 calculated according to the accounting principles generally accepted in Hong Kong. After contribution of approximately Rmb10,132,000 to the statutory surplus reserve, the statutory public welfare fund, together with the undistributed profit of approximately Rmb136,319,000 at the beginning of the year, profit distributable to shareholders amounted to approximately Rmb183,740,000. As the amounts of profit distributable to domestic and overseas shareholders are more than the proposed cash dividends of Rmb29,540,000, they were in compliance with the profit distribution plan. There will be no increase in the Company's share capital converting from capital reserve for the year 2005. This distribution proposal will be proposed at the 2005 Annual General Meeting for approval.

6. The proposed resolution in relation to provision for diminution in value of assets of the Company for 2005 was considered and approved.

The provision for bad debt of 2005 amounted to RMB22,303,100, of which, amount of transfer, written back and net increase of this year was RMB9,482,600, RMB2,787,400 and RMB6,695,200 respectively. Provision of fall in price to inventory of the year amounted to RMB9,482,600, of which, amount of transfer and net decrease of this year was RMB2,787,000 and RMB6,695,200 respectively. The amount of transfer written back and net increase among the provision of diminution in value of long-term investment in the year was RMB17,835,200, RMB1,768,500 and RMB19,603,700 respectively. The amount of transfer and net decrease in the annual provision for fixed assets in this year was RMB2,059,000 and RMB2,059,000 respectively. The net increase in aggregate diminution in value for various items of the year amounted to RMB4,225,400.

7. The proposed resolution in relation to extension of one year for authorities with respect to new issue of H shares was considered and approved.

8. The proposed resolution in relation to repurchase of H Shares of the Company proposed to put forward to the Annual General Meeting for approval and the authorization of the Board of Directors to carry out duties related to the repurchase of H Shares was considered and approved. The maximum amount of H Shares repurchase shall not exceed 10% of the total nominal value of the issued H Shares.
9. The proposed resolution of amendment to Articles of Association and its appendix of Rules and Procedures for the Shareholders' Meeting Rules and Rules and Procedures for the Board of Directors' Meeting (for details of the proposed resolution, please refer to the notice of the Annual General Meeting for 2005) was considered and approved.

Of the resolutions above, resolutions numbered 1, 2, 3, 4, 5, 7, 8 and 9 will put forth to the 2005 Annual General Meeting for approval.

The Board of Directors  
**Beiren Printing Machinery Holdings  
Limited**

20 April 2006

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### **ANNOUNCEMENT OF RESOLUTION PASSED AT THE SUPERVISORY COMMITTEE**

The 2006 first meeting of the 5th session of the Supervisory Committee of Beiren Printing Machinery Holdings Limited was held at the Conference Room of the Company on 20 April 2006. Three Supervisors should attend and all three were present. The meeting was chaired by Mr. Xiao Maolin, chairman of Supervisory Committee. In accordance with the Company Law and Articles of Association of the Company, the followings resolutions were considered and duly passed by the Supervisory Committee:

1. The 2005 Supervisory Committee's Working Report of the Company was considered and approved, and will put forth to the 2005 Annual General Meeting for approval.
2. The 2005 Annual Report of the Company and its summary were considered and approved.
3. The 2005 audited Financial Statements of the Company were considered and approved and the matter of provision for diminution in value of the Company is consented by the Board.
4. The 2005 profit distribution plan of the Company was considered and approved.



5. The revised Rules and Procedures for Supervisory Committee's Meeting and it being the appendix to the Article of Association was considered and approved in the shareholders' meeting.

Supervisory Committee  
**Beiren Printing Machinery Holdings  
Limited**

20 April 2006

Please also refer to the published version of this announcement in The Standard / Hong Kong Economic Times.