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北人印刷機械股份有限公司 BEIREN PRINTING MACHINERY HOLDINGS LIMITED

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

THE THIRD QUARTERLY REPORT OF 2003

IMPORTANT

The Board of Directors of the Company hereby confirms that there are no false representations, misleading statements or material omissions contained in this report, and they, severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents of this report. The financial report of the Company for this quarter has not been audited. This quarterly report is prepared in accordance with the regulations on Disclosure of Information in Quarterly Reports for Listed Companies by the China Securities Regulatory Commission. The information in this Report is the same as that published by the Shanghai Stock Exchange, and this Report is published simultaneously in Shanghai and Hong Kong. All financial information set out in this quarterly report has been prepared in accordance with PRC accounting standards. Shareholders of the Company and public investors should be aware of the risks of investment when trading in shares.

This announcement is made pursuant to the disclosure obligation under Paragraph 2 of the Listing Agreement.

1. IMPORTANT NOTICE

- 1.1 The Board of Directors and the Directors of the Company confirmed that the information in this announcement does not contain any false information, misleading statements or material omissions, and accept joint and several responsibility for the truthfulness, accuracy and completeness of the content.
- 1.2 The financial report for this quarter has not been audited.
- 1.3 Mr Zhu Wuan, the Chairman, Mr Wang Guohua, the General Manager and Mr Bai Fan, the Manager of finance department, have declared that they are responsible for the truthfulness and completeness of the financial statements in this quarterly report.
- 1.4 This announcement will be published in "Shanghai Securities Daily", "The Standard" (English version) and "Hong Kong Economic Times" (Chinese version)

2. COMPANY INFORMATION

2.1 Basic information

Short form of the Company's listed shares	Beiren Shares (A shares)	Beiren Printing (H shares)	Change in Short Name (if any)
Stock code	600860	187	
	Secretary to the Board of Directors	Representative for securities affairs	
Name	Rong Peimin		
Correspondence address	No. 6 Rong Chang Dong Street, Economic and Technological Development Zone, Beijing, PRC		
Telephone number	010-67802565		
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2.2 Financial information

2.2.1 Principal accounting data and financial indicators

	As at 30 September 2003	As at 31 December 2002	Unit: Rmb Increase or decrease as at the end of the reporting period as compared with 31 December 2002 (%)
Total assets (yuan)	1,893,900,155.46	1,882,271,513.97	0.62
Shareholders' equity (after minority interest)	1,197,695,006.71	979,111,254.56	22.32
Net asset value per share	2.84	2.45	15.92
Adjusted net asset value per share	2.78	2.29	21.40
	July-Sept 2003	Jan-Sept 2003	Increase or decrease as compared with the same period last year (%)
Net cash flow from operating activities	2,598,906.81	140,185,131.99	—
Earnings per share	0.055	0.184	12.20
Return on net assets (%)	1.95	6.48	0.15
Return on net assets after extraordinary items	2.36	6.37	5.46
Extraordinary items			
Subsidy income	—	—	—
Non-operating revenue	—	—	2,274,111.05
Non-operating expenses	—	—	1,104,263.93
Income tax effect	—	—	-175,477.07
Total	—	—	-1,345,324.19

2.2.2 Profit and loss account

Prepared by : Beiren Printing
Machinery Holdings Limited

Statements of Income and Profit Appropriation
Jan-Sept 2003
Group

Unit: Rmb

Item	July-Sept 2003	Jan-Sept 2003	July-Sept 2002	Jan-Sept 2002
1. Principal operating income	211,479,025.38	672,662,926.96	195,266,983.38	635,298,813.72
Less: Operating cost	134,489,974.12	440,557,557.32	118,303,229.13	418,387,060.18
Sales tax and surcharge	1,846,179.53	5,169,478.47	1,218,894.18	5,210,654.67
2. Profit from principal operations				
(Loss is indicated by a "-" sign)	75,142,871.73	226,935,891.17	75,744,860.07	211,701,098.87
Add: Profit from other operations				
(Loss is indicated by a "-" sign)	497,485.28	1,036,059.73	-435,853.89	2,350,112.91
Less: Selling expenses	9,706,568.63	29,368,551.47	6,837,706.02	21,666,594.55
Administrative expenses	33,434,029.45	95,077,779.97	44,906,043.75	106,153,618.89
Finance costs	1,243,411.84	6,666,199.87	3,823,284.76	12,199,483.43
3. Operating profit				
(Loss is indicated by a "-" sign)	31,256,347.09	96,859,419.59	19,741,971.65	74,031,514.91
Add: Investment income				
(Loss is indicated by a "-" sign)	2,094,541.91	-3,901,227.69	-58,724.22	-747,100.57
Subsidy income	—	—	—	—
Non-operating income	901,615.96	2,274,111.05	1,361,208.19	5,402,648.00
Less: Non-operating expenses	6,729,678.71	1,104,263.93	74,371.86	253,353.20
4. Total profit				
(Loss is indicated by a "-" sign)	27,522,826.25	94,128,039.02	20,970,083.76	78,433,709.14
Less: Income tax	4,005,319.53	14,973,874.56	3,019,343.38	11,403,366.24
Less: Minority interests	192,915.26	1,541,749.86	-123,507.92	1,273,551.05
5. Net profit				
(Loss is indicated by a "-" sign)	233,324,591.46	77,612,414.60	18,074,248.30	65,756,791.85
Add: Retained earnings at the beginning of the year	—	31,702,840.27	—	18,262,946.55
Other transfer in	—	—	—	—
6. Distributable profit	23,324,591.46	109,315,254.87	18,074,248.30	84,019,738.40
Less: Transfer to statutory surplus reserve	1,826,936.05	7,280,305.54	—	6,325,536.12
Transfer to statutory public welfare fund	1,826,936.05	7,280,305.54	—	6,325,536.12
Transfer to staff bonus and welfare fund	—	—	—	—
Transfer to reserve fund	—	—	—	—
Transfer to enterprise expansion fund	—	—	—	—
Return of profits	—	—	—	—
7. Profit distributable to investors	19,670,719.36	94,754,643.79	18,074,248.30	71,368,666.16
Less: Dividends on preferential shares	—	—	—	—
Transfer to discretionary surplus reserve	—	—	—	—
Dividends on ordinary shares	—	—	—	—
Dividends transferred to capital (or share capital)	197,400.00	197,400.00	—	—
8. Retained earnings	19,473,319.36	94,557,243.79	18,074,248.30	71,368,666.16
Supplementary information:	—	—	—	—
Profit from sale and disposal of investee companies	—	—	—	—
Loss arising from natural disaster	—	—	—	—
Increase/(decrease) in profit due to change in accounting policies	—	—	—	—
Increase/(decrease) in profit due to change in accounting estimates	—	—	—	—
Loss incurred from debt restructuring	—	—	—	—
Others	—	—	—	—

Item	July-Sept 2003	Jan-Sept 2003	July-Sept 2002	Jan-Sept 2002
1. Principal operating income	155,643,562.84	490,724,595.04	145,821,540.90	477,502,274.97
Less: Operating cost	94,524,938.09	310,923,516.12	82,560,333.17	307,121,653.38
Sales tax and surcharge	1,403,651.16	4,029,366.23	904,155.83	4,186,764.76
2. Profit from principal operations				
(Loss is indicated by a "-" sign)	59,714,973.59	175,771,712.69	62,357,051.90	166,193,856.83
Add: Profit from other operations				
(Loss is indicated by a "-" sign)	385,375.62	793,522.04	-165,349.46	1,160,546.84
Less: Selling expenses	4,800,097.70	17,304,795.95	4,129,072.98	14,162,414.43
Administrative expenses	25,168,814.58	67,334,625.00	35,805,085.78	76,344,468.77
Finance costs	-374,542.42	2,529,054.34	2,562,428.78	8,014,794.54
3. Operating profit				
(Loss is indicated by a "-" sign)	30,505,979.35	89,396,759.44	19,695,114.90	68,832,725.93
Add: Investment income				
(Loss is indicated by a "-" sign)	2,675,105.90	1,431,728.08	353,244.72	4,467,338.03
Subsidy income	—	—	—	—
Non-operating income	465,142.57	1,651,452.91	1,062,035.74	1,212,038.63
Less: Non-operating expenses	6,440,710.61	761,411.10	56,532.56	132,107.72
4. Total profit				
(Loss is indicated by a "-" sign)	27,205,517.21	91,718,529.33	21,053,862.80	74,379,994.87
Less: Income tax	3,769,991.63	13,749,308.87	2,965,258.90	11,162,710.76
Less: Minority interests	—	—	—	—
5. Net profit				
(Loss is indicated by a "-" sign)	23,435,525.58	77,969,220.46	18,088,603.90	63,217,284.11
Add: Retained earnings at the beginning of the year	—	30,313,982.03	—	19,310,794.36
Other transfer in	—	—	—	—
6. Distributable profit	23,435,525.58	108,283,202.49	18,088,603.90	82,528,078.47
Less: Transfer to statutory surplus reserve	1,826,936.05	7,280,305.54	—	6,325,536.12
Transfer to statutory public welfare fund	1,826,936.05	7,280,305.54	—	6,325,536.12
Transfer to staff bonus and welfare fund	—	—	—	—
Transfer to reserve fund	—	—	—	—
Transfer to enterprise expansion fund	—	—	—	—
Return of profits	—	—	—	—
7. Profit distributable to investors	19,781,653.48	93,722,591.41	18,088,603.90	69,877,006.23
Less: Dividends on preferential shares	—	—	—	—
Transfer to discretionary surplus reserve	—	—	—	—
Dividends on ordinary shares	—	—	—	—
Dividends transferred to capital (or share capital)	—	—	—	—
8. Retained earnings	19,781,653.48	93,722,591.41	18,088,603.90	69,877,006.23
Supplementary information:	—	—	—	—
Profit from sale and disposal of investee companies	—	—	—	—
Loss arising from natural disaster	—	—	—	—
Increase/(decrease) in profit due to change in accounting policies	—	—	—	—
Increase/(decrease) in profit due to change in accounting estimates	—	—	—	—
Loss incurred from debt restructuring	—	—	—	—
Others	—	—	—	—

2.3 Particulars of shareholders at the end of the reporting period

During the reporting period, the number of shareholders was 40,326, of which 40,198 shareholders were holding A Shares of the Company and 128 shareholders were holding H Shares of the Company.

3. MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Brief analysis on the overall operations during the reporting period

During the reporting period, the Company accomplished the second phase of the removal work according to the development devised by the Board of Directors and achieved the target of "no interruption of production, no loss of market, no excess investment cost be incurred and no loss of morale". For the period from January to September 2003, the Company recorded an income from principal operations of Rmb672,660,000 and a net profit of Rmb77,610,000, representing an increase of 5.88% and 18.03% respectively over the same period last year.

3.1.1 Principal operations and products accounting for more than 10% of income from principal operations and profit from principal operations of the Company

☒ Applicable ☐ Not applicable

Products	Income from principal operations	Costs of principal operations	Gross profit margin (%)
Sale of flat paper printers	377,654,212.63	222,952,772.08	40.96
Sale of rolling paper printers	105,105,998.87	79,273,479.24	24.58
Sale of form-printing machines	54,236,163.91	42,768,728.48	21.14
Sale of intrusion printers	102,891,496.01	79,316,993.80	22.91
Sale of spare parts	4,632,178.59	4,159,171.69	10.21
Printing business	21,307,480.46	14,499,523.05	31.95

3.1.2 Seasonal and cyclical operations of the Company

☐ Applicable ☒ Not applicable

- 3.1.3 Profit structure during the reporting period (significant changes in percentages of profit from principal operations, profit from other operations, expenses for the period, investment income, subsidy income and non-operating net income to the total profit compared to those of the previous report and explanation on reasons for such changes)

☒ Applicable ☐ Not applicable

Item	Jan-Sept 2003		Jan-June 2003		Increase/ decrease (+/-) %
	Amount	Percentage of total profit	Amount	Percentage of total profit	
Income from principal operations	226,935,891.17	241.09	151,793,019.44	227.90	5.79
Profit from other operations (note)	1,036,059.73	1.10	538,574.45	0.80	35.80
Expenses for the period	131,112,531.31	139.29	86,728,521.39	130.21	6.97
Investment income (note)	-3,901,227.69	-4.14	-5,995,769.60	-9.00	54.00
Net non-operating profit/loss (note)	1,169,847.12	1.24	6,997,909.87	10.51	-88.20
Total profit	94,128,039.02	100.00	66,605,212.77	100.00	0.00

Notes: Reasons for changes between the reporting period and the preceding period are as follows:

- (1) The increase in the proportion of profit from other operations to the total profit for the reporting period when compared with the preceding period was due to an increase in other operating income.
- (2) The increase in the proportion of investment income to the total profit for the reporting period when compared with the preceding period was attributable to a rise in the amounts of total profit contributed from controlling subsidiaries.
- (3) The decrease in the proportion of non-operating profit/loss to the total profit for the reporting period when compared with the preceding period was due to increases in total profit and non-operating expenses.

- 3.1.4 Significant changes in principal operations and their structure compared to those of the previous report and explanation on reasons for such changes

☐ Applicable ☒ Not applicable

- 3.1.5 Analysis of the reasons for material changes in the profitability (gross profit margin) of the principal operations compared to those of the previous report

☐ Applicable ☒ Not applicable

- 3.2 Analysis on the material matters and their effects and solutions

☐ Applicable ☒ Not applicable

- 3.3 Changes in accounting policies, accounting estimates and scope of consolidation and material accounting errors and explanation on reasons

☒ Applicable ☐ Not applicable

As Beiren Tai He Printing and Casting Factory, a wholly-owned subsidiary of the Company, was in the process of liquidation during the reporting period, therefore it was not included in the scope of consolidation.

- 3.4 Explanation of the board of directors and the supervisory committee on the accounting firm's "non-standard comments"

☐ Applicable ☒ Not applicable

- 3.5 Warning and explanation on reasons for accumulated net loss expected to be recorded from the beginning of the year to the end of the next reporting period and material changes as compared to those of the same period last year

☐ Applicable ☒ Not applicable

- 3.6 Retained adjustment of the Company's operating plan or budgeting for the new year which have been disclosed

☐ Applicable ☒ Not applicable

By order of the Board
Rong Peimin
Secretary to the Board of Directors
Beiren Printing Machinery Holdings Limited

23 October 2003

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