



北人印刷機械股份有限公司2003年半年度報告摘要 BEIREN PRINTING MACHINERY HOLDINGS LIMITED 2003 INTERIM REPORT SUMMARY

(a joint stock limited company established in the People's Republic of China)

1. IMPORTANT NOTES:

- 1.1 The board of directors of Beiren Printing Machinery Holdings Limited (the "Company") and the directors of the Company (the "Directors") warrant that this report does not contain any false information, misleading statements or material omission and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents herein contained.

This interim results announcement has been prepared in accordance with the information of the interim report 2003 of the Company. The full text of the report is also published on the website of Shanghai Stock Exchange (website: www.sse.com.cn). Investors are advised to read the full text of the interim report for detailed information.

- 1.2 The financial statements of the interim report of the Company have not been audited.
- 1.3 Mr. Zhu Wuan, the Chairman, Mr. Wang Guohua, the General Manager, and Mr. Bai Fan, Head of the Finance Department, have declared that they guarantee the truthfulness and completeness of the financial statements contained in the interim report

2 COMPANY INFORMATION

2.1 Basic information

Short form of the Company's listed shares	Beiren Shares	Beiren Printing
Stock code	600860	187
Place for listing of shares	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
	Secretary to the Board of Directors	Representative for securities affairs
Name	Rong Peimin	
Correspondence address	No. 44 Guangqu Road South, Chaoyang District, Beijing, PRC	
Telephone number	010-67748470	
Facsimile number	010-67714086	
E-mail address	beirengf@beirengf.com	

2.2 Major accounting data and indices

2.2.1 Major accounting data and financial indices

	<i>Unit: Rmb</i>		
	Percentage (%)		
	Increase (+)		
	/decrease (-)		
	As at 30.6.2003	As at 31.12.2002	
Current assets	1,103,007,257.80	958,210,285.86	15.11
Current liabilities	681,996,486.38	778,220,438.88	(12.36)
Total assets	1,976,789,673.35	1,882,271,513.97	5.02
Shareholders' equity			
(after minority interests)	1,174,594,496.69	979,111,254.56	19.97
Net assets per share (note)	2.78	2.45	13.71
Adjusted net assets			
per share (note)	2.73	2.29	19.16
	Increase (+)/		
	decrease (-)		
	as compared		
	with the same		
	For the reporting	For the same	period last year
	period (Jan-June)	period last year	
Net profit	54,287,823.14	46,512,543.55	16.72
Net profit after extraordinary			
items	497,735,634.18	43,229,453.85	15.05
Earnings per share (note)	0.129	0.116	10.63
Earnings/net asset ratio	4.62	4.75	(2.71)
Net cash flow from operating			
activities	137,586,225.18	54,118,147.78	154.23

Note: The Company has issued 22,000,000 new A shares during the period from 26 December 2002 to 7 January 2003. The calculation for the reporting period is based on 422,000,000 shares after the change in share capital whereas the calculation for the same period last year is based on the share capital of 400,000,000 shares.

2.2.2 Extraordinary items

☒ applicable ☐ not applicable

	<i>Unit: Rmb</i>
Extraordinary Items	Amount
Non-operating income	1,372,495.09
Non-operating expenses	(5,625,414.78)
Income tax	(299,269.27)
Total	(4,552,188.96)

2.2.3 The differences between PRC accounting standards and Hong Kong accounting standards

☒ applicable ☐ not applicable

	<i>Unit: Rmb'000</i>	
	The PRC Accounting Standards	Hong Kong Accounting Standards
Net profit	54,288	58,832
Explanation of the differences:		
Adjustment made to conform with the accounting principles generally accepted in Hong Kong:		
consequential adjustment on net assets contributed by Beiren Group Corporation		120
difference in valuation of capital contribution to subsidiaries		16
difference in impairment loss in value of other assets		4,000
difference in recognition of deferred tax		1,158
amortisation of goodwill upon acquisition of a subsidiary		(224)
others		(526)

3. MOVEMENTS IN SHARE CAPITAL AND SHAREHOLDINGS OF SHAREHOLDERS

3.1 Changes in the Company's share capital during the reporting period

☒ applicable ☐ not applicable

	Pre-movement	Increase/decrease (+,-)					Unit: shares
		Rights issues	Bonus issues	Conversion from reserves	Additional issues	Others	Post movement Sub-total
1. Outstanding unlisted shares	250,000,000						250,000,000
a. Promoter's shares							
Of which: State shares							
Domestic legal person shares	250,000,000						250,000,000
b. Preferential shares or outstanding unlisted shares	250,000,000						250,000,000
2. Outstanding listed shares							
a. Rmb ordinary shares	50,000,000				22,000,000	22,000,000	72,000,000
b. Foreign shares listed overseas	100,000,000						100,000,000
c. Others							
Total listed outstanding shares	150,000,000				22,000,000	22,000,000	172,000,000
3. Total shares	400,000,000				22,000,000	22,000,000	422,000,000

Note: The Company has issued new A shares during the period from 26 December 2002 to 7 January 2003.

3.2 Shareholding of the top ten shareholders

The total number of shareholders at the end of the reporting period was 42,007, of which 41,874 were holders of A shares and 133 were holders of H shares.

Shareholding of the top ten shareholders

Name of shareholders (full name)	Increase (+)/ decrease (-) during the reporting period	Number of shares held at the end of the reporting period	Percentage to total share capital	Class (circulating/ non-circulating)	Number of shares pledged or frozen	Type of shareholders (State or foreign shareholders)
BEIREN GROUP CORPORATION	0	250,000,000	59.24	Non-circulating	None	State-owned legal person shares
HKSCC NOMINEES LIMITED	-1,572,000	95,621,199	22.66	Circulating	Unknown	H shares
YU LONG FUND (裕隆基金)	Unknown	1,000,000	0.24	Circulating	Unknown	A shares
LU AN INVESTMENT (潞安投資)	Unknown	773,899	0.18	Circulating	Unknown	A shares
KWAN KAM ON	Unknown	750,000	0.18	Circulating	Unknown	H shares
HSBC NOMINEES (HONG KONG) LIMITED	+158,000	692,000	0.16	Circulating	Unknown	H shares
Hang Qi Dongli (杭汽動力)	Unknown	490,000	0.12	Circulating	Unknown	A shares
HUI KAU YU	0	400,000	0.09	Circulating	Unknown	H shares
CHEUK CHUNG LIM	Unknown	350,000	0.08	Circulating	Unknown	H shares
LAM BO YING	Unknown	300,000	0.07	Circulating	Unknown	H shares

- Description of the relationship between the top ten shareholders of the Company
- (1) Beiren Group Corporation, a legal person shareholder, has no relationship with other shareholders. The Company is not aware of any relationship between the remaining 9 shareholders of the Company.
 - (2) HKSCC Nominees Limited held shares on behalf of its clients and the Company has not been notified by HKSCC Nominees Limited that there were any shareholders of H shares who held more than 5% of the total share capital in the Company.
 - (3) Save as disclosed above, as far as the Directors are aware, none of the persons (not being a Director or chief executive of the Company) has any interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (“SFO”) or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Description of the contracted term for holding of new shares by strategic investors or legal persons from placing	Name of shareholders	Contracted term for holding of shares
	Nil	Nil

3.3 Change in controlling shareholder and ultimate shareholder of the Company

☐ applicable ☒ not applicable

4. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

4.1 Movement in shareholding of the Directors, supervisors and senior management during the reporting period:

☒ applicable ☐ not applicable

Name	Position	Shareholding		Reasons of the change
		at the beginning of the reporting period	at the end of the reporting period	
Zhu Wuan	Chairman	4,800	5,760	Placing of shares
Lu Changan	Vice-chairman	4,800	4,800	
Wang Guohua	Director and General Manager	1,000	1,200	Placing of shares
Pang Liandong	Director	4,100	4,100	
Yu Baogui	Director	4,200	4,200	
Rong Peimin	Director and Company Secretary	0	0	
Qi Shenglin	Director	0	0	
Li Yijing	Independent Director	0	0	
Zhou Xiaoming	Independent Director	0	0	
Hu Kuangyou	Independent Director	0	0	
Xiao Maolin	Chairman of the Supervisory Committee	0	0	
Xue Kexin	Supervisor	0	0	
Tian Furen	Supervisor	4,100	4,100	
Guo Ning	Deputy General Manager	0	0	
Wang Wenyuan	Deputy General Manager	0	0	
Yang Zhendong	Chief Engineer	0	0	

(i) Save as disclosed above, none of the Directors, supervisors and senior management of the Company, as at 30 June 2003, had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO.

(ii) None of the Directors, supervisors and senior management of the Company or the respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or had exercised any such right as at 30 June 2003.

4.2 There was no purchase, disposal, redemption or cancellation by the Company or any of its subsidiaries of its listed shares in the reporting period.

4.3 None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the reporting period, in compliance with the Code of Best Practice as set out in Appendix 14 of The Rules governing the Listing of Securities on the Stock Exchange.

5. MANAGEMENT DISCUSSION AND ANALYSIS

Discussion and analysis on operations during the reporting period

1. With the concerted efforts of the staff, the Company was able to achieve the expected results for the first half of the year. During the first half of the year, the principal operating income of the Company amounted to Rmb461,183,900, representing an increase of 4.81% over the same period last year; net profit of Rmb54,287,800 was recorded, representing a growth of 16.72% over the corresponding period of the previous year.
2. In order to ensure that the construction of the new factory and the phase two removal of the Company could be accomplished, the Company managed to surmount every difficulty that encountered and demonstrated a high level of commitment during the reporting period. Numerous effective measures were adopted to prevent and control SARS and at the same time organized the removal work so that the target of “no interruption of production, no loss of market, no excess investment cost be incurred and no loss of morale” could be achieved.
3. As the Company is expanding continuously, the need to revamp its management system is a development trend of the Company. The merger of Multi-colouring Press Branch Company, 單雙色機分公司, 齒輪廠 and 鈑金廠 to form 單張紙膠印機製造分公司 enables segregation of strategic management and operational management so as to lay a foundation for the long-term development of the Company.
4. The Company stepped up management over its subsidiaries in the areas of production, quality control and finance by placing emphasis on devising plans for the development of its subsidies strategically. Currently, diminution of capital investment has been carried out in Ningxia Beiren and that Tai He Casting Company and Transportation Company are in the process of liquidation.
5. The outbreak of SARS produced certain impact on the Company’s operation and opening up of market. However, the Company was able to fully utilize its sales network, electronic devises and adopted a number of measures to transmit information concerning the Company’s sales work and receive feedback on a timely basis so that the impact of SARS on the Company was minimized.

Outlook for the second half of 2003

1. In the second half of the year, the Company will focus on completing all the construction and removal work, which is about to come to an end. The administration and the research and development departments of the Company will be moved to the new factory site.
2. The Company will strengthen its research and development of new products and product quality upgrade to ensure that the products which will be used as exhibits in various international exhibitions in 2004 can be completed with a view to preparing for the strategic implementation of their exports.
3. The Company will continue to improve its pricing management and reinforce cost management.

4. The Company intends to increase product sales and put more efforts on exports by making use of the its existing sales channel and integrating its marketing resources with an aim to open up its sales channels to the international markets by diversified means and to enlarge the proportion of exports to the Company's turnover.
5. The Company will speed up building up of its information systems so that they can be widely used in a number of aspects such as research and development, production management, product quality and cost control and office automation.
6. The Company will expedite its reform in management in order to cope with market changes and will also facilitate standardization of management in an attempt to bring it to a modern and advanced level.

5.1 Principal operating income and segmental information

Unit: Rmb

	Principal operating income	Principal operating costs	Gross profit margin (%)	Increase (+)/ decrease (-) in principal operating income as compared with the same period last year (%)	Increase (+)/ decrease (-) in principal operating costs as compared with the same period last year (%)	Increase (+)/ decrease in gross profit margin
Flat paper printers	280,282,730.50	169,061,409.75	39.68	-7.79	-13.89	12.07
Rolling paper printers	56,831,503.18	43,580,679.19	23.32	38.11	40.46	-5.21
Intrusion printers	59,138,404.01	44,056,735.76	25.50	10.33	9.00	3.71
Pressing machines	978,632.48	1,561,267.03	-59.54			
Form-printing machines	34,098,340.30	26,688,882.25	21.73	25.61	34.39	-19.05
Spare parts	11,385,476.67	7,984,911.97	29.87	27.07	-8.94	1297.09
Printing business	13,225,251.39	9,163,518.35	30.71	154.19	149.78	4.19
Others	5,243,563.05	3,970,178.90	24.28			
Of which:						
connected transactions	71,414,163.59	43,489,164.79	39.10			
Pricing principle for connected transactions				Market price		

5.2 Analysis of geographical segments for principal operations

☒ applicable ☐ not applicable

Region	Principal operating income	Increase (+)/decrease (-) in principal operating income (%)
Domestic	449,838,547.27	2.52
Overseas	11,345,354.31	804.19
Total	461,183,901.58	4.81

5.3 Other businesses having material impact on net profit

☐ applicable ☒ not applicable

5.4 Operations of the investee companies (applicable to those which investment gains accounted for more than 10% of the net profit)

☐ applicable ☒ not applicable

5.5 Reasons for material changes incurred on the principal operations and its structure
☐ applicable ☒ not applicable

5.6 Analysis of the reasons for material changes incurred on the profitability (gross profit margin) of the principal operations compared with that of last year
☐ applicable ☒ not applicable

5.7 Analysis of the reasons for material changes incurred in the profit structure compared with that of last year
☐ applicable ☒ not applicable

5.8 Use of proceeds

5.8.1 Application of proceeds

☒ applicable ☐ not applicable

Unit: Rmb

Total amount of proceeds	141,170,845.74
Total amount utilized during the year	141,170,845.74
Total amount utilized in aggregate	141,170,845.74

Projects undertaken	Proposed investment	Change in use of proceed	Actual investment	Benefits	Whether progressing as scheduled and estimated return
Entirely invested in setting up of the production base of new sheet-fed multi-colour offset	Rmb141,170,845.74	No	Rmb141,170,845.74	N/A	In the process of implementation

5.8.2 Change in use of proceeds

☐ applicable ☒ not applicable

5.9 Change in operation plan by the Board of Directors in the second half of the year
☐ applicable ☒ not applicable

5.10 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

5.11 The statement from the Company's senior management concerning "non-standard comments" issued by the auditors for the reporting period
☐ applicable ☒ not applicable

5.12 The statement from the Company's senior management concerning the changes in the matters and their handling of the "non-standard comments" issued by the auditors in the previous year
☐ applicable ☒ not applicable

6. MATERIAL EVENTS

6.1 Acquisition and sale of assets and assets reorganization

6.1.1 Acquisition or purchase of assets

☐ applicable ☒ not applicable

6.1.2 Sale or disposal of assets

☐ applicable ☒ not applicable

6.1.3 Developments of the matter and its effects on the operating results and financial status for the period after publication of assets reorganization report or acquisition of assets

☐ applicable ☒ not applicable

6.2 Guarantee

☐ applicable ☒ not applicable

6.3 Connected debts and liabilities

☒ applicable ☐ not applicable

Connected Party	Amount Advanced to Connected Party		Amount Advanced to the Company	
	Amount incurred	Balance	Amount incurred	Balance
<i>Unit: Rmb</i>				
Accounts receivable				
Hubei Beiren Printing				
Machinery Sales Company Limited	2,326,649.21	6,486,500.00		
Xian Beiren Beifu Printing				
Machinery Sales Company Limited	3,247,418.33	4,555,530.00		
Liaoning Beiren Printing Machinery				
Operation and Sale Company Limited	(1,200,000.00)	2,732,200.00		
Beijing Beiren Hengtong Printing				
Machinery Operation and Sale				
Company Limited	(1,793,700.00)	3,124,300.00		
Beiren Group Corporation	3,001,000.00	4,299,300.00		
Beijing Yan Long Import and				
Export Company	3,700,000.00	3,700,000.00		
Bills receivable				
Beijing Beiren Hengtong Printing				
Machinery Operation and				
Sale Company Limited	(830,000.00)	900,000.00		
Hubei Beiren Printing				
Machinery Sales Company	5,386,000.00	5,486,000.00		
Liaoning Beiren Machinery				
Sales Limited	960,000.00	960,000.00		
Other receivables				
Beijing Beiren Printing Machinery				
Transportation Company		786,902.13		
Beijing Beiren Tai He Printing and				
Casting Factory		2,864,115.74		
Beijing Beiyong Printing and				
Casting Company Limited	3,000,000.00	3,000,000.00		
Accounts payable				
Beiren Group Corporation			836,995.68	1,312,456.08
Beijing Yan Long Import and				
Export Company			(267,002.00)	742,149.38
Other payables				
Beiren Group Corporation				78,266,627.28

Note: Accounts receivable arose from the Company's regional sales and Beiren Group Corporation's sales to the Company. Accounts payable arose from the provision of ancillary services for the Company's products.

6.4 Material litigation and arbitration

☐ applicable ☒ not applicable

6.5 Analysis on other material matters and their effects and solutions

☐ applicable ☒ not applicable

6.6 Miscellaneous

The Company will move to a new office in September 2003: No. 6 Rong Chang Dong Street, Economic and Technological Development Zone, Beijing; postal code: 100176; telephone: 010-67802565; facsimile: 010-667802570

7. FINANCIAL REPORT

7.1 Auditors' opinion

Financial Report ☒ unaudited ☐ audited

7.2 Disclosure of profit and loss account of the Group and the Company in the form of comparison

Item	Unit: Rmb			
	Current period		Previous period	
	The Group	The Company	The Group	The Company
1. Principal operating income	461,183,901.58	335,081,032.20	440,031,830.34	331,680,734.07
Less: Operating cost	306,067,583.20	216,398,578.03	300,083,831.05	224,561,320.21
Sales tax and surcharge	3,323,298.94	2,625,715.07	3,991,760.49	3,282,608.93
2. Profit from principal operations (Loss is indicated by the mark “()”)	151,793,019.44	116,056,739.10	135,956,238.80	103,836,804.93
Add: Profit from other operations (Loss is indicated by the mark “()”)	538,574.45	408,146.42	2,785,966.80	1,325,896.30
Less: Selling expenses	19,661,982.84	12,504,698.25	14,828,888.53	10,033,341.45
Administrative expenses	61,643,750.52	42,165,810.42	65,323,480.33	44,615,288.18
Finance costs	5,422,788.03	2,903,596.76	8,376,198.67	5,452,365.76
3. Operating profit (Loss is indicated by the mark “()”)	65,603,072.50	58,890,780.09	50,213,638.07	45,061,705.84
Add: Investment income (Loss is indicated by the mark “()”)	(5,995,769.60)	(1,243,377.82)	(1,858,376.35)	2,944,093.31
Subsidy income	1,372,495.09	1,186,310.34	4,041,439.81	150,002.89
Non-operating income				
Less: Non-operating expenses	(5,625,414.78)	(5,679,299.51)	(3,896,923.85)	(4,000,330.03)
4. Total profit (Loss is indicated by the mark “()”)	66,605,212.77	64,513,012.12	56,293,625.38	52,156,132.07
Less: Income tax	10,968,555.03	9,979,317.24	8,384,022.86	8,197,451.86
Less: Minority interests	1,348,834.60		1,397,058.97	
5. Net profit (Loss is indicated by the mark “()”)	54,287,823.14	54,533,694.88	46,512,543.55	43,958,680.21
Add: Retained profits at the beginning of the year	31,702,840.27	30,313,982.03	18,262,946.55	19,310,794.36
Other transfer				
6. Distributable profits	85,990,663.41	84,847,676.91	64,775,490.10	63,269,474.57
Less: Statutory surplus reserve	5,453,369.49	5,453,369.49	4,395,868.02	4,395,868.02
Statutory public welfare fund	5,453,369.49	5,453,369.49	4,395,868.02	4,395,868.02
7. Profits distributable to shareholders	75,083,924.43	73,940,937.93	55,983,754.06	54,477,738.53
8. Retained profits carried forward	75,083,924.43	73,940,937.93	55,983,754.06	54,477,738.53
Increase/(decrease) in total profit due to change in accounting policies			(4,075,905.19)	(4,075,905.19)

7.3 Notes to the financial statements

7.3.1 There was no material change in accounting policies, accounting estimates nor corrections to accounting errors during this reporting period.

7.3.2 Explanation on change in scope of consolidation

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

Board of Directors
Beiren Printing Machinery Company Limited

21 August 2003

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