



北人印刷機械股份有限公司2002年半年度報告
BEIREN PRINTING MACHINERY HOLDINGS LIMITED
2002 INTERIM REPORT

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

Important Notice:

The board of directors of Beiren Printing Machinery Holdings Limited (the "Company") and the directors of the Company (the "Directors") confirm that this report does not contain any material omission, false representation and serious misleading information individually and collectively accept full responsibilities for the truthfulness, accuracy and completeness of the contents of the report.

This interim report is intended to provide a summary regarding the financial position of the Company in the first half of the year. The full text of the report is also published on the website of Shanghai Stock Exchange (website: <http://www.sse.com.cn>). Investors are advised to read the full text of the interim report carefully before making any important strategy.

The financial statements of the interim report of the Company were unaudited.

I. BASIC CORPORATE INFORMATION

- (1) Place of Listing of Company's A Shares : Shanghai Stock Exchange
A Share Short Name : 北人股份
A Share Securities Code : 600860
Place of Listing of Company's H Shares : The Stock Exchange of Hong Kong Limited
H Share Short Name : 北人印刷
H Share Securities Code : 0187
- (2) Secretary to the Board of Directors : Madam Rong Peimin
Contact Address : No. 44 Guangqu Road South,
Chaoyang District, Beijing, the PRC
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- (3) Major accounting data and indices of the Company

(Unit: Rmb'000)

Prepared under PRC Accounting Standards

Items	1.2002 to 6.2002	1.2001 to 6.2001
1. Net profits	47,683	32,355
2. Net profits after extraordinary items	44,399	33,422
3. Earnings per share (Rmb/share)	0.119	0.081
4. Net cash flow from operating activities per share (Rmb/share)	0.14	(0.04)
5. Earnings/net assets ratio (diluted) (%)	4.77	3.35
6. Weighted average of earnings/net assets ratio(%) after extraordinary items	4.55	3.51

Items	30/6/2002	30/6/2001
7. Shareholders' equity	998,827	951,126
8. Net assets per share (Rmb/share)	2.50	2.38
9. Adjusted net assets per share (Rmb/share)	2.32	2.22
10. Gearing ratio	41.60	37.92

Notes: Items and amounts after extraordinary gain and loss

Non-operating revenues	4,041	606
Non-operating expenses	179	1,861
Income tax effect	(579)	188

Prepared under accounting principles generally accepted in Hong Kong

Items	<i>Unit: (Rmb '000)</i>	
	1.2002 to 6.2002	1.2002 to 6.2002
1. Profit (loss) attributable to shareholders	48,047	(4,265)
2. Earnings (loss) per share (Rmb/share)	0.120	(0.011)
3. Net cash flow from operating activities per share (Rmb/share) (Note)	0.15	(0.01)
4. Earnings/net assets ratio %	5.17	(0.46)
Items	30.6.2001	31.12.2001
5. Gearing ratio	44.03	37.35
6. Shareholders' equity	930,242	930,195
7. Net assets per share (Rmb/share)	2.33	2.33
8. Adjusted net assets per share (Rmb/share)	2.33	2.33

Note: In the current period, the Company has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice ("SSAP"s) issued by the Hong Kong Society of Accountants. One of the revised Standards adopted is SSAP15 (Revised) "Cash flow statements". Comparative accounting for prior period have been restated in order to achieve a consistent presentation data and financial indice.

- (4) The effect on the condensed financial statements arising from the differences between PRC Accounting Standards and Hong Kong Accounting Standards

	Net profit (loss)		Net assets as at	
	for the six months ended			
	30.6.2002	30.6.2001	30.6.2002	31.12.2001
	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
As reported under PRC accounting standards	47,683	32,355	998,827	951,126
Adjustments made to conform with Hong Kong accounting standards:				
— difference in valuation of net assets contributed to the Company by BGC	—	—	(60,198)	(60,198)
— consequential adjustment on net assets contributed by BGC	—	—	9,090	9,090
— difference in valuation of capital contribution to subsidiaries	16	16	(1,757)	(1,773)
— receipt of option payments recognised as income under PRC accounting standards	—	—	(24,209)	(24,209)
— difference in recognition of staff accommodation expense	—	(1,038)	—	—
— difference in recognition of liability for final dividends	—	—	—	48,000
— difference in provision for diminution in value of other assets	—	4,241	8,333	8,333
— impairment losses in respect of property, plant and equipment	—	(31,690)	—	—
— impairment losses in respect of construction in progress	—	(8,093)	—	—
— others	348	(56)	156	(174)
	<u>48,047</u>	<u>(4,265)</u>	<u>930,242</u>	<u>930,195</u>
As reported under Hong Kong accounting standards				

II. MOVEMENTS IN SHARE CAPITAL AND SHAREHOLDINGS OF SHAREHOLDERS

(1) Movements in Share Capital

There was no change in the share capital of the Company during the reporting period.

(2) Particulars of Shareholders

- As at 30 June 2002, the number of shareholders was 35,814, of which 35,685 shareholders were holding A Shares of the Company and 129 shareholders were holding H Shares of the Company.

2. Shareholdings of the top 10 shareholders as at 30 June 2002

Name of Shareholders	Number of shares held (shares)	Percentage to total share capital(%)	Classification of shares
Beiren Group Corporation	250,000,000	62.50	legal person Shares in the PRC
HKSCC Nominees Limited	97,437,199	24.36	H Shares
HSBC Nominees (Hong Kong) Limited	534,000	0.13	H Shares
Hui Kau Yu	400,000	0.10	H Shares
Hao Hong Property	315,000	0.08	A Shares
Wong Chung King	298,000	0.07	H Shares
Ri Xin Economic and Trading Co.	229,982	0.06	A Shares
Peng Hua Growth	150,400	0.04	A Shares
Pu Hui Fund	144,145	0.04	A Shares
Qiu Qing Mu	111,990	0.03	A Shares

Notes:

- (1) The shares held by Beiren Group Corporation were state-owned legal person shares and not of liquidity. Shares held by the remaining shareholders were listed and outstanding shares.
- (2) HKSCC Nominees Limited held H Shares on behalf of its clients and the Company has received notification from HKSCC Nominees Limited that no single client has held more than 5% of the total share capital of the Company.
- (3) There was no charge, freeze or custody imposed on the shares held by shareholders with 5% or more in shareholding.
- (4) There were no connections between the top ten shareholders of the Company.

(3) Controlling shareholding of the Company

During the reporting period, there was no movement in controlling shareholding of the Company.

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) Shareholding of Directors, Supervisors and Senior Management during the reporting period

During the reporting period, there was no change.

(2) Movements of Directors, Supervisors and Senior Management during the reporting period

1. After consideration and approval in the recent Annul General Meeting, directors and supervisors were elected for the new boards (i.e. the 4th board). Mr. Zhu Wuan, Mr. Lu Changan, Mr. Wang Guohua, Mr. Pang Liandong, Mr. Yu Baogui, Madam Rong Peimin, Mr. Qi Shenglin were elected as Directors. Mr. Li Shouren, Madam Li Yijing, Mr. Zhou Xiaoming, and Mr. Hu Kuangzuo were appointed as Independent Non-executive Directors. Mr. Xiao Maolin, Mr. Xue Kexin and Mr. Tian Furen were appointed as Supervisors.

2. After consideration and approval in the First Session of the 4th Board of Directors' Meeting, Mr. Zhu Wuan was elected as Chairman. Mr. Lu Changan was elected as Deputy Chairman. Mr. Wang Guohua was appointed as General Manager. Madam Rong Peimin was appointed as Secretary to the Board of Directors. Mr. Guo Ning was appointed as Deputy General Manager. Mr. Wang Wenyun was appointed as Deputy General Manager. Mr. Qi Shenglin was appointed as Chief Accountant. Mr. Yang Zhendong was appointed as Chief Engineer.
3. After consideration and approval in the First Session of the 4th Supervisory Committee's Meeting, Mr. Xiao Maolin was elected as the Chairman of Supervisory Committee.

Announcements containing the above information were published in "Shanghai Securities Daily", "Hong Kong Economic Daily" and "The Standard" on 12 June 2002.

IV. MANAGEMENT DISCUSSION AND ANALYSIS:

(1) Results of principal operations and analysis of financial position of the Company

(PREPARED UNDER PRC ACCOUNTING STANDARDS)

1. Movements of increases in revenues from principal operations, profit of principal operations, net profits, cash and cash equivalents

Items	(Unit : Rmb)		
	01/2002 to 06/2002	01/2001 to 06/2001	Percentage of Change%
Revenues from principal operations	440,031,830.34	352,030,991.45	25.00
Profits from principal operations	135,956,238.80	91,834,925.97	48.04
Net profits	47,682,543.55	32,355,173.63	47.37
Cash and cash equivalents	6,247,764.96	33,162,153.87	(81.16)

Increase in prices of goods

Analysis:

- (1) An increase in revenues from principal operations is mainly attributable to revenues from subsidiaries, such as Shaanxi Beiren and Beiren Yu Xin, and manufacturing and sales of 5 notes-printing machines, resulting a significant increase in revenues from the Company.
- (2) An increase in profits from principal operations is attributable to a rise in gross profit margin of products and a rise in investment income from subsidiaries.

- (3) Growth in cash and cash equivalents was down by 81.16% compared to the first half of last year, mainly because net cash flow from fund-raising activities decreased significantly compared to the first half of last year.

2. Change in total assets and shareholders' equity :

Items	30/06/2002	31/12/2001	(Unit : Rmb)
			Percentage of Change%
Total assets	1,792,272,531.20	1,581,331,370.37	13.34
Shareholders' equity	998,827,000.40	951,126,165.21	5.02

Analysis:

- (1) An increase in total assets was mainly attributable to the fact that 1. the Company acquired Shaanxi Huanggong Group Printing Machinery Company Limited(陝西黃工集團印刷機器有限責任公司) (recognised in the statements of the Company) during the reporting period; 2. the Company recorded a growth in business and investment from moving which generated a rise in total assets.
- (2) An increment in shareholders' equity was because net profits realized during the reporting period.

(2) Operations of the Company

1. The Company is engaged in the development, design, manufacturing and sales of printing machines, pressing machines, packing machines, commercial form-printing machines, commercial roller printers, commercial soft board printers, intrusion printers, components of such machines; provisions of technology consultancy and technical support services; export of products and technologies of the Company and group companies; import of raw materials, equipment, meters, machinery spare parts and technologies (excluding products and operation which are restricted by the State and items which are prohibited to be imported or exported by the State) required for the production work of the Company and group companies; and material processing and "San Lai Yi Bu" business.

2. In the first half year of 2002, revenues from principal operations of the Company amounted to Rmb440.03 million. Net profits amounted to Rmb47.68 million. Revenues and net profits were significantly improved in the first half of the year over the same period of last year, which indicates the Company was in optimal developing stage. During the previous period, capital operation performed by the Company constructed a consolidated foundation for a rapid development, especially the acquisition of “Shaanxi Huanggong Group Printing Machinery Company Limited” for the establishment of Shaanxi Beiren Printing Machinery Company Limited. Products produced by such company not only filled the gap of product mix of the Company, but also generated more than Rmb50 million of revenues. Such company is engaged in operational motto “enterprise relies on products; products rely on creativity”, completely utilizing the elites and technological advantage of the Company. The Company is strictly adherence to creativity, technological improvement, consolidation of quality management systems and striving to capitalize on market demand and developing series of products suited to meet market demand. There have been six technological achievements awarded by the State since 1999, filling the gaps of technological spectrum in the PRC. The most recent developed product is a high-speed wide paper intrusion printer, which have been put in the market and exported to Australia, South Korea and so on.
3. During the reporting period, revenues of principal products arising from principal operations. Breakdown of profits is as follows:

(Unit: Rmb)

Items	Revenues from principal operations	Profits from principal operations
Flat paper printers	302,717,665.22	104,965,219.09
Rolling paper printers	41,149,657.92	9,748,908.11
Intrusion printers	53,601,511.72	12,694,995.34
Form-printing machines	27,145,299.12	7,040,003.06
Others	15,417,696.36	1,507,113.20

4. Analysis of movements of revenues from principal operations and profits from principal operations

Items	Contributions to revenues from principal operations (%)		Contributions to profits from principal operations (%)	
	1/2002 to 6/2002	1/2001 to 6/2001	1/2002 to 6/2002	1/2001 to 6/2001
Flat paper printers	68.79	60.49	77.21	66.98
Rolling paper printers	9.35	25.16	7.17	22.91
Intrusion printers	12.18		9.34	
Form-printing machines	6.17	6.79	5.18	5.62
Others	3.51	7.56	1.10	4.49

5. During the reporting period, there were no operation activities, which have material impact on net profits.

(3) Use of proceed raised in the first half of 2002

During the reporting period, no funds were raised by the Company. The previously raised funds were fully utilized in 1998; therefore, there were no raised funds, which had been raised in the previous period, carried forward to this period.

(4) Matters related to investments in the first half of 2002 financed by funds which did not arise from fund raising activities

1. In January 2002, the Company established Shaanxi Beiren Printing Machinery Company Limited for a consideration of Rmb60.77 million, all of which has been received.
2. Investment in establishing a new plant amounted to Rmb283 million (exclusive of Rmb76.30 million for land acquisition fee). Payment paid in previous period and contract fees for construction amounted to Rmb106.98million, representing 37.8% of the intended investment.
3. The Company and Monigraf of Italy jointly established a Sino-Foreign equity joint venture with investment of Rmb3.675 million from the Company.
4. During the reporting period, technological investment amounted to Rmb9.81 million.

(5) Prospects for the second half of 2002

1. After smooth completion of the first phase of moving project and the well preparation for the second phase of moving project, the Company will continue to be dedicated to achieving progress of the moving project, determining responsibilities of assets and solving major hurdles and making the transition in an orderly manner by way of regular meetings and special committees. The progress for second phase of moving project imposes a direct affection on development of new products, production and sale of the products by the Company. Movements of large processing centers and smooth transition precision equipment are new and difficult tasks. Hence, it shall be well prepared in accordance with scientific methods. Staff of the Company as a whole shall follow the central commend of management. Such project shall be carried out according to the well-thought plan and implemented with immaculate coordination. Currently, number of signed contracts amounted to 24. Each construction was carried out in accordance with relevant contracts. In order to ensure progress and quality, save energy and minimize operational costs of a new plant after moving, specialists appointed by management of the Company carries out various research and rigorous discussion and estimate investment, resulting in satisfying results.

Currently, roofs of main structure of processing plant and ancillary buildings were completed. Infrastructure of other constructions was completed, commencing construction of main structure. Pursuant to the contract plan, processing plant and assembling plant will be completed within this year; integrated plant and scientific research building will be available to use in the first half of 2003.

2. Advancement in technologies and enhancement of product quality

The Company set up oversea research and development institutions in order to fully utilize foreign advanced technologies and appoint senior technological specialists, as well as catching up with the level of international advanced technologies as soon as possible. The Company will fully make use of technological specialists in the PRC, expanding scale and capacity of Xian Technology Center of the Company and finishing improvement of certain products independently.

The Company will speed up progress of research and development for new products, determine objectives and require tests. Tests of prototypes and evaluations for YP4B1A double-sheet four-colour press (N375), YB2B0 whole-sheet double-colour press (N373), YP1A1A double-sheet single-colour press (N380) are estimated to complete within this year; design for YP4B2A quadruple-sheet quadruple-colour press will be completed within this year.

The company will consolidate management and supervise for quality, regard quality as the most important objective and speed up the feedback process for quality. Through composite analysis, the Company will systematically determine improvement procedures before deadline in an effort to make products up to its intended level.

3. Adjustment of production plans to keep market share and preparation for moving

The Company will actively adjust production plans according to the sales trend and focus areas, promptly reacting to market demand and arrange production plans. The Company will also determine moving reserve plans for the semi-annual production plans, especially implementation of production reservation for main components of equipment in precision processing centers. Since schedule for mission of production and tests of new products is very hectic, the Company will ensure that moving production lines is carried as planned.

4. Diminish elasticity of systems, addition of transparency of systems and realization of benefits from systems

The Company will continue to implement plans for consolidation management of the Company approved by the board of Directors in the beginning of the year and enhancement of the standard of management. The Company will consolidate prompt, scientificity, progress of decision-making. After scientific and rigorous discussion, once a decision is made, every level of management shall implement it. In the meantime, it should be noted that capital advantage of the Company is utilized. Coordination between management is reinforced.

By way of transfer of funds, the Company will further consolidate management of cash flow, addition of transparency for each expense, fix loopholes, tighten its control over subsidiaries, provide principal guideline for business, ensure the management of its subsidiaries is performed in accordance with scientific and regulatory methods.

The Company will integrate management with outside parties: (1) integrate production plans with outside parties, implement and review; (2) unify price charged by outside parties; (3) unify settlement of outside parties; (4) rigorously examine quality of products from outside parties; (5) pick up units to implement buy and process procedure.

This year, the Company will strictly review, perform organizational management, set “practical performance and enhancement of results from management” as an important task. Management officers will pose as role models and every employee is equal in front of this system. In the first half of 2002, management expenses recorded a larger decline compared to the same time over last year, mainly because disclosing business format, reviewing more thoroughly and centralizing payment. In the second half of the year, this successful management flow will be expanded to other sectors of business, in an effort to further reduce costs for the Company.

5. The Company will further issue A Shares when and if appropriate

Since printing and manufacturing technologies are rapidly developing, the Company will seize opportunities to adopt the developing trend, speed up the pace for research and development, fix correct direction for development, and make working position orderly. Directors will strive to accomplish every mission authorized by the general meeting.

V. MATERIAL EVENTS:

(1) Profit distribution in the reporting period

With the approval by the Annual General Meeting convened on 11 June 2002, profit distribution for 2001: on the basis of the total share capital of 400,000,000 shares as at the end of 2001, a cash dividend of Rmb1.20 (including tax) per 10 shares was distributed to all shareholders, with total dividend amounting to Rmb48 million. An announcement about the dividend distribution for H Shares was published at Shanghai Securities Daily, Hong Kong Economic Times and The Standard on 12 June 2002. Another announcement about the distribution of the dividend for A Shares was published at Shanghai Securities Daily on 19 July 2002. The record date for dividend was 24 July 2002. The ex dividend date was 25 July 2002. The dividend was distributed on 31 July 2002.

(2) The Company was not engaged in any material litigation or arbitration in the reporting period.

(3) Acquisition and disposal of assets and merger in the reporting period.

In the reporting period, acquisition of Shaanxi Huanggong Group Printing Machinery Company Limited (“Shaanxi Printing”) was completed. Information on this acquisition was published at Shanghai Securities Daily, Wen Wei Po (Hong Kong) and Hong Kong iMail (currently named as The Standard) on 18 January 2002.

(4) There were no new significant transactions with related parties during the reporting period.

(5) Material contract

1. In the reporting period, there was no custody, underwriting and lease of other companies’ assets by the Company or there was no custody, underwriting and lease of the Company’ assets by other companies.
2. In the reporting period, the Company did not provide guarantee in favor of any third party.
3. In the reporting period, there were no cash assets managed by other trustees.

(6) Commitments

At the request of the People's Municipal Government of Beijing and according to city planning of Beijing, the Company will move out of the current address, No. 44 Guangqu Road South, Chaoyang District, Beijing, the PRC. Beiren Group Corporation injected a consideration for a valuation of real estate and land developing fees for the current site into the Company; therefore, Beiren Group Corporation had undertaken to compensate the Company with a payment not lower than the sum of the book value of such real estate and the audited land developing fees. As at 30 June 2002, Rmb24.91 million of such payment has been received.

(7) The interim results of the Company were unaudited.

(8) There was no purchase, disposal, redemption or cancellation by the Company of its listed shares in the reporting report.

(9) Deposits

The first deposit of Rmb5 million was placed with China Venturetech Investment Company. The second deposit of Rmb5 million was placed with Yin Peng Cooperative Credit Union, Bai Yin, Gansu Province. A total of Rmb10 million of deposits have not been recovered yet as it is still in the process of liquidation by the relevant authority. These two deposits represent approximately 1% of the Company's net assets and will cause no material effect to operations of the Company. The Company has made a provision of Rmb5 million for loss.

(10) the Company and MONIGRAF of Italy entered into a cooperation agreement, according to which both parties agreed to establish "Beijing Moni Automatic Systems Company Limited". Such company relied on mature technologies provided by the Italian party, mainly producing publishing ink automatic adjustment systems as supplements to middle and high end multicolor machines manufactured by the Company. It can guarantee the stability of automatic adjustment systems and lower costs, progressively providing supplements to foreign and domestic manufacturers. The Company will invest Rmb3.68 million, representing 49% of the registered capital of the new company. MONIGRAF of Italy provided exclusive technologies worth of Rmb1.5 million, equipment and equivalents worth of Rmb325,000 and invested United States dollar which is equivalent to Rmb\$2 million of cash, with a total capital equivalent to Rmb3.82 million, representing 51% of the registered capital. Such establishment is in the pipeline.

(11) The Code of Best Practice

The Company has complied throughout the reporting period with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

**VI. INTERIM RESULTS PREPARED UNDER ACCOUNTING PRINCIPLES
GENERALLY ACCEPTED IN HONG KONG (UNAUDITED)**

	NOTES	Six months ended	
		30.6.2002 <i>Rmb'000</i> (<i>unaudited</i>)	30.6.2001 <i>Rmb'000</i> (<i>unaudited</i>)
Turnover		442,677	350,283
Cost of sales		(300,084)	(258,448)
Gross profit		<u>142,593</u>	<u>91,835</u>
Other operating income		5,257	3,849
Distribution costs		(14,829)	(17,465)
Administrative expenses		(65,750)	(32,421)
Impairment losses in respect of property, plant and equipment		—	(31,690)
Impairment losses in respect of construction in progress		—	(8,093)
Profit from operations	3	<u>67,271</u>	<u>6,015</u>
Finance costs		(8,739)	(3,005)
Share of results of associates		(681)	—
Profit before taxation		<u>57,851</u>	<u>3,010</u>
Taxation	4	(8,384)	(6,980)
Profit (loss) after taxation		<u>49,467</u>	<u>(3,970)</u>
Minority interests		(1,420)	(295)
Net profit (loss) for the period		<u>48,047</u>	<u>(4,265)</u>
Appropriations		<u>57,026</u>	<u>38,458</u>
Earnings (loss) per share	5	<u>Rmb12.01 fen</u>	<u>Rmb(1.07 fen)</u>

NOTES:

1. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention.

The interim financial report has been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”s) No. 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants (“HKSA”).

In the current period, the Company has adopted, for the first time, the following new and revised SSAPs issued by the HKSA:

SSAP 1 (Revised)	Presentation of financial statements
SSAP 11 (Revised)	Foreign currency translation
SSAP 15 (Revised)	Cash flow statements
SSAP 34	Employee benefits

The new and revised SSAPs have introduced revised disclosure requirements which have been adopted in the condensed financial statements. Comparative amounts for prior period have been restated in order to achieve a consistent presentation. The adoption of the above SSAPs has had no material effect on the results for the current or prior accounting periods.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 December 2001.

2. SEGMENT INFORMATION

As substantially all of the Group's revenue and results are derived from the manufacture and sale of printing machines in the Mainland China, and revenue and results derived from other business segments and outside the Mainland China are insignificant, no segmental analysis of financial information is presented.

3. PROFIT FROM OPERATIONS

	Six months ended	
	30.6.2002	30.6.2001
	<i>Rmb'000</i>	<i>Rmb'000</i>
Profit from operations has been arrived at after charging (crediting):		
Depreciation and amortisation	21,364	18,560
Interest income	(591)	(1,088)
Release of negative goodwill to income (included in other operating income)	(1,170)	—
	<u> </u>	<u> </u>

4. TAXATION

	Six months ended	
	30.6.2002	30.6.2001
	<i>Rmb'000</i>	<i>Rmb'000</i>
Provision for PRC income tax	8,384	6,980
	<u> </u>	<u> </u>

The Company is subject to PRC income tax levied at a rate of 15% (2001: 15%) of the taxable income. All subsidiaries are subject to PRC income tax at a rate as specified in accordance with the relevant rules and regulations in the PRC.

The Group does not incur any significant tax liability in any other jurisdiction.

A deferred tax asset has not been recognised in the financial statements in respect of tax losses available to offset future profits as it is not certain that the tax losses will be utilised in the foreseeable future.

5. EARNINGS (LOSS) PER SHARE

The calculation of earnings (loss) per share for the period is based on the net profit for the period of Rmb48,047,000 (2001: net loss for the period of Rmb4,265,000) and on the 400,000,000 shares (2001: 400,000,000 shares) in issue during the period.

6. TRANSFER TO AND FROM RESERVES

	Statutory surplus reserve <i>Rmb'000</i>	Statutory public welfare fund <i>Rmb'000</i>	Retained profits <i>Rmb'000</i>	Dividend reserve <i>Rmb'000</i>
At 1 January 2002	48,012	42,358	18,977	48,000
Net profit for the period	—	—	48,047	—
Appropriations	4,513	4,513	(9,026)	—
Dividend approved at Annual General Meeting	—	—	—	(48,000)
At 30 June 2002	<u>52,525</u>	<u>46,871</u>	<u>57,998</u>	<u>—</u>
At 1 January 2001	45,504	39,850	43,580	40,000
Net loss for the period	—	—	(4,265)	—
Appropriations	(771)	(771)	1,542	—
Dividend approved at Annual General Meeting	—	—	—	(40,000)
At 30 June 2001	<u>44,733</u>	<u>39,079</u>	<u>40,857</u>	<u>—</u>

VII. DOCUMENTS AVAILABLE FOR INSPECTION

1. The text of the interim report, which has been signed by the Chairman;
2. The text of the financial reports signed and under seal by the Legal Representation, the Head of Accounts and Head of Accounting Firm;
3. The text of the Articles of Association of the Company;
4. The text of all of company documents and notices which have been publicly disclosed during the period in the “Shanghai Securities Daily”, “Hong Kong Economic Times” and “The Standard”.

The above documents are available for inspection at the Company’s Secretary Office, No. 44 Guangqu Road South, Chaoyang District, Beijing, PRC.

Beiren Printing Machinery Holdings Limited
The Board of Directors

15 August 2002

Announcement of resolutions passed in the 2nd session of the fourth Board of Directors' meeting

The 2nd session of the fourth Board of Directors' Meeting of Beiren Printing Machinery Holdings Limited (the "Company") for 2002 was held on the 2nd floor of Beiren Hotel on 15 August 2002. Eleven of the eleven eligible directors attended the meeting, the meeting was chaired by Mr. Zhu Wuan, the Chairman of the Company. Directors, Supervisors and Secretary to the Board of Directors attended the meeting. The meeting was conducted in compliance with the requirements of the Company Law, Securities Law of the PRC and articles of association of the Company. The resolutions were considered and passed at the meeting as follows:

- (1) The interim report and summary report of the Company for 2002 were considered and approved;
- (2) The establishments of four special committees and appointments of members thereof were considered and approved.
 1. The establishment of strategic committee, members of which were Mr. Zhu Wuan (the Chairman), Mr. Lu Changan (the Deputy Chairman), Mr. Wang Guohua (Director), Mr. Pang Liandong (Director), Mr. Li Shouren (Independent Non-executive Director) with Mr. Zhu Wuan (the Chairman) acting as the convener of the strategic committee.
 2. The establishment of nomination committee, members of which were Mr. Hu Kuangzuo (Independent Non-executive Director), Madam Li Yijing (Independent Non-executive Director), Mr. Yu Baogui (Director), with Mr. Hu Kuangzuo (Independent Non-executive) acting as the convener of nomination committee.
 3. The establishment of audit committee (or reviewing committee), members of which were Madam Li Yijing (Independent Non-executive Director), Mr. Zhou Xiaoming (Independent Non-executive Director), Mr. Qi Shenglin (Director), with Madam Li Yijing (Independent Non-executive Director) acting as the convener of audit committee (or reviewing committee).
 4. The establishment of remuneration and evaluation committee, members of which were Mr. Zhou Xiaoming (Independent Non-executive Director), Mr. Hu Kuangzuo (Independent Non-executive Director), Madam Rong Peimin (Director), with Mr. Zhou Xiaoming (Independent Non-executive Director) acting as the convener of remuneration and evaluation committee.

- (3) Articles of implementation for each committee were considered and approved (details of articles of implementation are contained on the website of Shanghai Stock Exchange (website: <http://www.sse.com.cn>) specified by China Securities Regulatory Commission.

Board of Directors
Beiren Printing Machinery Holdings Limited

15 August 2002

**Announcement of the 2nd session
of the fourth Supervisory Committee meeting**

The second session of the fourth Supervisory Committee Meeting of Beiren Printing Machinery Holdings Limited (the “Company”) was held at the Conference Room of the Company on 15 August 2002. Three of three eligible supervisors attended the meeting. The meeting was conducted in compliance with the requirements of the Company Law of the PRC and articles of association of the Company. The meeting was presided by Mr. Xiao Maolin, the Chairman of the Supervisory Committee. The interim report and summary report of the Company for 2002 were considered and approved.

The independent opinions made by the Supervisory Committee Meeting regarding operations of the Company for the first half year of 2002 were as follows:

1. In accordance with the requirements of the relevant laws, regulations and articles of association, the Supervisory Committee of the Company has performed its monitoring function in respect of the operations of the Board of Directors and the implementation of the resolutions passed at the general meeting of the Company.
2. The Supervisory Committee was not aware of the violation by the Company’s directors or other senior management of any law or regulation, or any articles in the Articles of Association, nor was the Supervisory Committee aware of any act of the aforesaid persons which is detrimental to the interests of the Company or its shareholders.
3. The Supervisory Committee reviewed the operations and financial position of the Company for the first half of 2002 and analyzed the operations of the Company in the first half of 2002. The Supervisory Committee is of the opinion that the interim financial report gives a true account of the financial position and operating results of the Company.

Supervisory Committee
Beiren Printing Machinery Holdings Limited

15 August 2002

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