



北人印刷機械股份有限公司 2003 年度報告摘要
BEIREN PRINTING MACHINERY HOLDINGS LIMITED
2003 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 of Beiren Printing Machinery Holdings Limited (the "Company") and the directors of the Company (the "Director") 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 final results announcement has been prepared in accordance with the information in the Company's annual report 2003. Investors are advised to read the full text of the annual report for detailed information.
- 1.2 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 this annual report.

2. COMPANY INFORMATION

2.1 Basic information

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

2.2 Contact person and method**Secretary to
the Board of Directors**

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 BUSINESS STATISTICS HIGHLIGHTS**3.1 Principal accounting data (prepared under PRC Accounting Standards (“PRC GAAP”))***Unit: Rmb*

Items	2003	2002	Percentage (%) Increase (+) /decrease (-)	2001
Principal operating income	1,005,612,844.69	926,929,279.47	8.49	699,076,375.57
Total profit	102,280,643.48	85,498,868.40	19.63	75,751,678.33
Net profit	82,047,814.03	68,940,690.64	19.01	64,281,675.46
Net profit after extraordinary items	77,236,974.91	61,452,367.05	25.69	65,625,843.10

Items	As at 31st December 2003	As at 31st December 2002	Percentage (%) Increase (+) /decrease (-)	As at 31st December 2001
Total assets	1,893,148,599.68	1,882,271,513.97	0.58	1,581,331,370.37
Shareholders' equity (after minority interest)	1,202,616,644.46	1,021,311,254.56	17.75	999,126,165.21
Net cash flow from operating activities	53,286,167.40	174,290,172.01	(69.43)	50,323,580.99

3.2 Principal accounting data (prepared under accounting principles generally accepted in Hong Kong (“HK GAAP”))*Unit: Rmb'000*

Items	2003	2002	Percentage (%) Increase (+) /decrease (-)	2001
Turnover	1,015,382	938,653	8.17	699,947
Profit after tax	93,462	75,039	24.55	27,388
Profit for the year	96,148	72,795	32.08	28,413

Items	As at 31 December 2003	As at 31 December 2002	Percentage (%) Increase (+) /decrease (-)	As at 31st December 2001
Total assets	1,909,752	1,865,478	2.37	1,533,074
Shareholders' equity (after minority interest)	1,200,534	967,466	24.09	930,195
Net cash flow from operating activities	144,346	175,375	(17.69)	107,225

3.3 Principal financial indicators (prepared under PRC GAAP)*Unit: Rmb*

Items	As at 31 December 2003	As at 31 December 2002	Percentage (%) Increase (+) /decrease (-)	As at 31st December 2001
Earnings per share	0.19	0.17	11.76	0.16
Return on net assets (%)	6.82	6.75	1.04	6.43
Return on net asset after extraordinary items (%)	6.64	6.14	8.14	6.26
Net cash flow from operating activities per share	0.13	0.44	(70.45)	0.13
Net assets per share	2.85	2.55	11.76	2.50
Adjusted net assets per share	2.81	2.39	17.57	2.34

3.4 Principal financial indicators (prepared under HK GAAP)*Unit: Rmb*

Items	As at 31 December 2003	As at 31 December 2002	Percentage (%) Increase (+) /decrease (-)	As at 31st December 2001
Earnings per share	0.23	0.18	27.78	0.07
Return on net assets (%)	8.01	7.52	6.52	3.05
Net cash flow from operating activities per share	0.34	0.44	(22.73)	0.27

3.5 Differences between domestic and international accounting standards

	Net profit (Rmb'000)		Net assets (Rmb'000)	
	2003	2002	2003	2002
		(Restated)		(Restated)
As reported under PRC GAAP	82,048	68,941	1,202,617	1,021,311
Adjusted under HK GAAP				
- difference in valuation of net assets contributed to the Company by Beiren Group Corporation	—	—	(60,198)	(60,198)
- consequential adjustment on net assets contributed by Beiren Group Corporation	313	480	47,832	9,570
- difference in valuation of net assets upon acquisition of a subsidiary	—	—	—	(792)
- difference in valuation of capital contribution to subsidiaries	1,390	31	(352)	(1,742)
- receipt of option payments recognized as income under PRC GAAP	—	—	(24,209)	(24,209)
- difference in impairment loss in value of other assets	5,000	—	13,333	8,333
- difference in recognition of deferred tax assets / liabilities	7,740	—	18,852	—
- recognition of goodwill upon acquisition of a subsidiary	—	—	4,479	—
- amortization of goodwill upon acquisition of a subsidiary	(448)	—	(896)	—
- others	105	(116)	(924)	(742)
Prepared under HK GAAP	96,148	69,336	1,200,534	951,531
Less: prior period adjustments				
- difference in recognition of deferred tax	—	3,907	—	11,112
- recognition of deferred tax liability charged to goodwill upon acquisition of a subsidiary	—	—	—	4,479
- amortization of goodwill upon acquisition of a subsidiary	—	(448)	—	(448)
- adjustment of difference in valuation of net assets upon acquisition of a subsidiary	—	—	—	792
	96,148	72,795	1,200,534	967,466

Unit: Rmb'000

	PRC GAAP	HK GAAP
Net profit	82,048	96,148
Explanation on the differences	<p>During the year, the impact of the differences between domestic and international accounting standards on net profit was Rmb14,100,000. The difference was mainly due to the following:</p> <ol style="list-style-type: none"> Consequential adjustment on net assets contributed by Beiren Group Corporation: In accordance with HK GAAP, the land contributed by Beiren Group Corporation into the Company was accounted for as capital reserve. In accordance with PRC GAAP, the amount was recorded as the increase in long term deferred expenses. Accordingly, the related amortisation charge of approximately Rmb313,000 for the year was written back in the accounts prepared under HK GAAP. Difference in valuation of capital contribution to subsidiaries In accordance with HK GAAP, the intangible assets invested by the Company into the subsidiaries with original cost of approximately Rmb4,624,000 were charged to profit and loss account in relevant years. In accordance with PRC GAAP, intangible assets with net book value amounting to approximately Rmb1,359,000 were written off in current year, and the balance amounting to approximately Rmb352,000 was stated as assets of the Group. Accordingly, the related amount written off and amortisation charge of approximately Rmb1,359,000 and approximately Rmb31,000 respectively for the year was written back in the accounts prepared under HK GAAP. Difference in impairment loss in value of other assets In accordance with HK GAAP, the net book value of the Company's properties investment in Macau was approximately Rmb32,727,000. After deducting the related option payments received of approximately Rmb24,209,000, the net balance amounted to approximately Rmb8,518,000. Based on the valuation report of Yong Li Hong Valuation Consultancy Company Limited dated 9 February 2004, the market value of the property was approximately HK\$19,394,000 (approximately Rmb20,668,000). Accordingly, no impairment loss was made. In accordance with PRC GAAP, the payments were recognised as income, and as at 31 December 2002, the net book value of respective long term debt investment was Rmb24,394,000. Therefore, impairment loss of Rmb5,000,000 was made under PRC GAAP, and such impairment loss was written back in the accounts prepared under HK GAAP. Difference in the recognition of deferred tax assets / liabilities In accordance with the Statements of Standard Accounting Practice 12 (Revised) in Hong Kong, temporary differences arising from tax loss, allowance for bad debt provision, allowance for slow moving inventory, accelerated tax depreciation and others should be adjusted for deferred tax. This led to the difference in net profit of approximately Rmb7,740,000. 	

5. Difference in recognition of the goodwill upon acquisition of a subsidiary

In accordance with the Statements of Standard Accounting Practice No. 12 (Revised) in Hong Kong, adjustment for deferred tax relating to the acquisition of a subsidiary in previous year was made retrospectively, resulting in a goodwill of approximately Rmb4,479,000. A difference in net profit amounting to approximately Rmb448,000 was attributable to the amortisation of the goodwill.

4. CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

4.1 Changes in Share Capital

Unit: share

		Increase/decrease(+/-)						
	Pre-movement	Rights issues	Bonus issues	Conversion from reserves	Additional issues	Others	Sub-total	Post movement
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
Overseas legal person shares								
Others								
b. Raised legal person shares								
c. Internal employee shares								
d. Preferential shares or other								
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 domestically								
c. Foreign shares listed overseas	100,000,000							100,000,000
d. 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 issued 22,000,000 new A shares during the period from 26 December 2002 to 7 January 2003, which were listed on the Shanghai Stock Exchange on 16 January 2003.

4.2 Table of top ten shareholders and the top ten shareholders of circulating shares

The total number of shareholders of the Company at the end of the reporting period was 37,706, of which 37,586 were holders of A shares and 120 were holders of H shares.

Shareholdings of the top ten shareholders

Name of shareholders (full name)	Increase (+)/ decrease (-) during the year	Number of shares held at the end of the year	Percentage to share capital	Type of shares (circulating or 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	NIL	State-owned legal person shares
HKSCC NOMINEES						
LIMITED	-162,000	97,031,199	22.99	Circulating	Unknown	Foreign shares
Shanxi Trust	Unknown	10,845,843	2.57	Circulating	Unknown	Social public shares
HSBC NOMINEES						
(HONG KONG) LIMITED	0	692,000	0.16	Circulating	Unknown	Foreign shares
HUI KAU YU	-134,000	400,000	0.09	Circulating	Unknown	Foreign shares
LAM BO YING	Unknown	300,000	0.07	Circulating	Unknown	Foreign shares
WONG CHUNG KING	0	298,000	0.07	Circulating	Unknown	Foreign shares
Hang Qi Dongli	Unknown	203,200	0.05	Circulating	Unknown	Social public shares
QIU QINGMU	0	170,000	0.04	Circulating	Unknown	Social public shares
Xinghe Fund	-8,000	138,048	0.03	Circulating	Unknown	Social public shares

Description of the relationship among the top ten shareholders or party acting in concert

1. Among the top ten shareholders of the Company, Beiren Group Corporation is the controlling shareholder of the Company, and the shares held by which are circulating shares.
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 of the Company.
3. None of the shareholders holding more than 5% or above (inclusive) of the Company's shares are in position where their shares have been pledged or frozen.
4. The Company is not aware of any connected relationship among the top ten shareholders or any party acting in concert.
5. There was no change in respect of shareholders holding more than 5% (inclusive of 5%) of the Company's shares.
6. 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.

Shareholdings of the top ten shareholders of circulating shares

Name of shareholders (full name)	Number of shares held at the ended of the year	Type of shares (A, B, H shares or others)
HKSCC NOMINEES LIMITED	97,031,199	H shares
Shanxi Trust	10,845,843	A shares
HSBC NOMINEES (HONG KONG) LIMITED	692,000	H shares
HUI KAU YU	400,000	H shares
LAM BO YING	300,000	H shares
WONG CHUNG KING	298,000	H shares
Hang Qi Dongli	203,200	A shares
QIU QING MU	170,000	A shares
Xinghe Fund	138,048	A shares
Wang Deliang	134,850	A shares

There is no connected relationship between the top ten shareholders of circulating shares of the Company, and the Company is not aware of any connected relationship among the top ten shareholders of circulating shares.

4.3 Particulars of the de facto controller

4.3.1 Change in the controlling shareholder and de facto controller

4.3.2 Particulars of the controlling shareholder and de facto controller

The controlling shareholder of the Company, Beiren Group Corporation, was established in 1992. Its legal representative is Mr. Zhu Wuan with a registered capital of Rmb200.26 million and its scope of business covers 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.

5. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**5.1 Movement in shareholding of the Directors, supervisors and senior management**

Unit: share

Name	Position	Sex	Age	Term of appointment	Shareholding at the beginning of the year	at the end of the year	Reasons of the change
Zhu Wuan	Chairman	Male	55	2002.7.14-2005.7.13	4,800	5,760	Issue of shares
Lu Changan	Vice-chairman	Male	55	2002.7.14-2005.7.13	4,800	4,800	
Wang Guohua	Executive Director and General Manager	Male	40	2002.7.14-2005.7.13	1,000	1,200	Issue of shares
Pang Liandong	Director	Male	54	2002.7.14-2005.7.13	4,100	4,100	
Yu Baogui	Director	Male	54	2002.7.14-2005.7.13	4,200	4,200	
Rong Peimin	Executive Director and Company Secretary	Female	52	2002.7.14-2005.7.13	0	0	
Qi Shenglin	Director	Male	55	2002.7.14-2005.7.13	0	0	
Li Yijing	Independent Director	Female	52	2002.7.14-2005.7.13	0	0	
Zhou Xiaoming	Independent Director	Male	37	2002.7.14-2005.7.13	0	0	
Hu Kuangyou	Independent Director	Male	57	2002.7.14-2005.7.13	0	0	
Xiao Maolin	Chairman of the Supervisory Committee	Male	54	2002.7.14-2005.7.13	0	0	

Xue Kexin	Supervisor	Male	38	2002.7.14-2005.7.13	0	0
Tian Furen	Supervisor	Male	55	2002.7.14-2005.7.13	4,100	4,100
Guo Ning	Deputy General Manager	Male	49	2002.7.14-2005.7.13	0	0
Wang Wenyuan	Deputy General Manager	Male	56	2002.7.14-2005.7.13	0	0
Yang Zhengdong	Chief Engineer	Male	41	2002.7.14-2005.7.13	0	0

Note:

- (1) Save as disclosed above, none of the Directors, supervisors and senior management of the Company, as at 31 December 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.
- (2) 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 31 December 2003.

5.2 Positions held by Directors and supervisors in shareholders' unit

Name	Position held in the Company	Name of the Company's shareholders	Positions in the Company's shareholders	Term of appointment	Whether receiving an remuneration or allowance (Yes or No)
Zhu Wuan	Chairman	Beiren Group Corporation	Chairman, Secretary to the Party Committee	From March 2000 to present	Yes
Lu Changan	Vice-chairman	Beiren Group Corporation	General Manager	From March 2000 to present	Yes
Pang Liandong	Director	Beiren Group Corporation	Deputy General Manager	From August 1996 to present	Yes
Yu Baogui	Director	Beiren Group Corporation	Chairman of the Labour Union	From August 1993 to present	Yes
Qi Shenglin	Director	Beiren Group Corporation	Chief Accountant	From June 2002 to present	Yes
Xiao Maolin	Chairman of the Supervisory Committee	Beiren Group Corporation	Secretary to the Disciplinary Committee and Deputy Secretary to the Party Committee	From September 2000 to present	Yes

5.3 Remunerations of Directors, supervisors and senior management

Total remuneration for the year	Rmb1,875,000
Remunerations for the 3 highest paid directors	Rmb680,000
Remunerations for the 3 highest paid senior management	Rmb900,000
Allowances paid to independent directors	Rmb110,000
Other benefits provided to independent directors	No

Name of directors and supervisors whose remunerations were not paid by the Company

Directors and supervisors whose remunerations were not paid by the Company: Zhu Wuan and Lu Changan

Remunerations paid to directors, supervisors and senior management in the following bands	Number of		
	Director	Supervisor	Senior Management
Rmb10,000 - Rmb100,000	3	2	
Rmb100,000 - Rmb200,000		1	
Rmb200,000 - Rmb300,000	1		3
Rmb300,000 - Rmb400,000	1		

6. DIRECTORS' REPORT

6.1 Discussion and analysis on the overall operations during the reporting period

The Company is the largest manufacturer of printing presses in the PRC engaging in the production of multi-colour printing machinery. With the concerted efforts of the staff, the removal was accomplished in 2003. Steady economic efficiency was achieved by making further efforts in revamping the internal system and rationalization of resources. For the reporting period, The principal operating income of the Company calculated according to PRC accounting standards amounted to Rmb1,005.61 million, representing an increase of 8.49% over the previous year. Net profit of Rmb82.05 million was recorded, representing a grow of 19.01% over last year; earnings per share were Rmb0.19. According to HK GAAP, turnover amounted to Rmb1,015.38 million, representing an increase of 8.17%, net profit amounted to Rmb96.15 million, representing an increase of 32.08% over the previous year, and earnings per share were Rmb0.228.

6.2 Principal operations by sectors or products (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
Flat paper printers	544,238,351.79	327,104,943.44	39.90	-7.03	-11.56	8.35
Rolling paper printers	187,560,683.72	138,741,140.70	26.03	44.12	42.53	3.27
Intrusion printers	144,957,762.37	109,351,393.80	24.56	32.55	28.72	10.05
Pressing machines	1,790,598.29	2,620,821.90	-46.37			
Form-printing machines	67,552,136.76	46,469,177.86	31.21	28.58	24.57	7.63
Spare parts	24,530,423.45	20,147,290.81	17.87	13.88	38.11	-44.64
Printing business	28,818,825.76	19,282,720.00	33.09	69.03	60.82	11.52
Others	6,164,062.55	5,133,617.06	16.72	-43.30	-36.50	-34.78
Of which: connected transaction:						
Flat paper machines	115,411,452.99	69,362,283.25	39.90	-5.71	-10.31	8.35
Rolling paper printer	31,565,068.37	23,348,681.07	26.03	145.55	142.82	3.27
Pricing principle for connected transactions	The pricing policy for the products sold by the Company to the connected companies mentioned above is based on the market prices for those similar products.					
Explanations on necessity and ongoing nature of connected transaction	The Company sells its products through its investee companies or those controlled by the Company, and these connected transactions will continue in the future.					

6.3 Principal operations by geographical location (under PRC GAAP)*Unit: Rmb0'000*

Region	Principal operating income	Increase (+)/decrease (-) in principal operating income
Domestic	98,938.22	7.64%
Overseas	1,623.06	108.02%

6.4 Suppliers and customers*Unit: Rmb0'000*

Purchases from the top five suppliers	7,408.19	Percentage to total purchases	23.41%
Sales to the top five customers	13,208.60	Percentage to total sales	13.13%

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

The Company's operating revenue increased by 41.78% during the reporting period when compared with the previous year. Of which the profit from principal business increased by 8.49% as compared with the previous year, higher than the growth rate of 7.17% of the costs of principal business, resulting in the profit from principal business increased by 11.53% over last year. Profit from other operations increased and period expenses stayed at similar level compared with that of last year.

The Company's losses from investment increased by 188.70% during the reporting period as compared with the previous period mainly due to the increase in charging of the provision for diminution in value of long term investment of the Company.

Net non-operating income and expenses decreased by 137.12% during the reporting period as compared with the previous period mainly due to the increase in loss on the disposal of fixed asset.

6.6 Analysis of the reasons for material changes incurred on the overall financial positions compared with that of last year (prepared in accordance with PRC accounting standards)

1. Cash and bank balances decreased by 23.65% as compared with previous year mainly because the Company increased the turnover of capital funds during the year, repaid a portion of bank loans and made investment in construction of new factory.
2. Bills receivable decreased by 61.23% as compared with last year mainly because the Company had to meet its requirement for funds so that bills receivable were discounted and endorsed. As a result, bills receivable decreased.
3. Accounts receivable increased by 33.84% over previous year mainly because the Company expanded the market share in multi-colour machinery and large-size printing newspaper machinery (tower machinery), strengthened the market competitiveness against similar imported goods, changed its credit policies. As a result, the rate of increase in accounts receivable was relatively higher.
4. Other receivables increased by 98.7% over last year mainly due to the increase in compensation receivable by the Company for removal of old factory.
5. Inventories decreased by 0.24% as compared with previous year and stayed at similar level at the beginning of the year.

6. The cost and net book value of fixed assets increased by 15.41% and 33.36% over last year respectively because because the construction of the Company's new factory at Yi Zhuang was completed and put in operation so that there was relatively greate increase in cost and net book value of fixed assets.
7. Long term deferred expenses decreased by 75.41% as compared with previous year mainly because the Company received compensation for land development costs as a result of the removal of the old factory.
8. Short term loans decreased by 51.75% as compared with last year mainly because the Company repaid a portion of bank loans.
9. Bills payable decreased by 81.44% as compared with previous year mainly because the Company repaid the bills discounted by the buyers when they were due for payment.
10. Accounts payable increased by 21.76% over last year mainly due to the increase in accounts payable for purchases of goods and balance of accounts payable under external review and settlement method.
11. Receipts in advance decreased by 56.12% as compared with previous year mainly because the Company had cleared the amount received in advance relating to the compensation for removal during the year.
12. Wages payable increased by 51.12% over last year mainly due to the increase in the wages payable included in the costs and expenses of Haimen Beiren.
13. Taxes payable increased by 34.6% over previous year mainly due to the increase in taxable income as a result of the increase in operating income for the year.
14. Other payable increased by 19.41% over last year mainly due to the increase in compensation payable for redundancy and relocation of staff as a result of the Company's removal.
15. Long-term loans decreased by 82.74% as compared with last year as the Company repaid a portion of bank loans.
16. Actual capital received and capital reserve increased by 5.5% and 29.81% respectively over last year mainly because of the Company's issue of A shares, which led to increase in actual capital received and capital reserve.

6.7 Effect incurred, being incurred or will be incurred in the financial condition and operating results of the Company by material changes in the operating environment as well as macro-economic policies, laws and regulations

1. Operational difficulties
 - (1) The increase in the price of raw materials such as steel resulting in the increase in production costs which affected the operational environment;
 - (2) The Company strengthened the development of new products and continued to merchandise them to the market resulting in the increase in the injection and contribution of capital.
2. Solutions
 - (1) To lower the purchasing cost of products by way of tendering;
 - (2) By visiting our customers using products of Beiren and introducing our products to them to promote new products of the Company in order to increase customer group;
 - (3) To improve scientific finance budget system and strictly control various expenditures to lower costs;

- (4) To seriously analyze the unreasonable utilization of current assets. To reduce the use of capital and accelerate cash flow in order to enhance the level of operation of the Company.

6.8 Use of proceeds

Unit: Rmb

Total amount of proceeds	141,170,845.74
Amount of proceeds utilised in the year	141,170,845.74
Amount of proceeds utilised in aggregate	141,170,845.74

Projects undertakings	Proposed investment	Changes in the use of proceeds	Actual investment	Intended revenue	Whether progressing as scheduled and estimated return
The construction project in production base of new type flat multi-colour offset printers financed by all of the proceeds	141,170,845.74	No	141,170,845.74	Not applicable	Yes
Explanation for failure to meet planned progress and estimated income (by project)	Not applicable				
Reason for the change and procedures therefor (by project)	Not applicable				

The capital requirement for the Company's new production base of new type flat multi-colour offset printers is Rmb190,700,000. The Company raised the proceeds totalling Rmb154,000,000 from the issue of new shares. The actual proceeds net of listing and issue expenses amounted to Rmb141,170,845.74, of which Rmb24,512,621.73 is for equipment investment and Rmb116,658,224.01 is for construction (including Rmb27,141,347.18 for the machinery processing project, Rmb21,689,650.65 for the assembly plant, Rmb25,500,673.1 for the research building, Rmb21,233,058.29 for the complex plant, Rmb2,060,000.00 for the cube warehouse and Rmb19,033,494.74 for other projects). As at 31 December 2003, actual proceeds utilized in the construction of production base for new type flat multi-colour offset printers amounted to Rmb321,550,353.33 (including land premium therefor). All of the proceeds from the issue have been utilised (as disclosed in the first quarterly report of 2003). Other capital required for funding of the production base will be financed by the Company's internal fund. Currently, the project is at the stage of final budgeting.

6.9 Projects financed by non-raised proceeds

Unit: Rmb0'000

Project name	Amount	Progress	Benefits
Construction of a new plant	11,473.94	Put into operation	Not applicable
Beijing Beiying Casting Company Limited	113.60	In normal operation	Not applicable
Total	11,587.54		—

6.10 Operation plan for the forthcoming year prepared by the Board of Directors

1. The Company will further enhance the basic establishment of operation and sales system, strive to achieve mutual sharing of resources for sales, continue to improve the quality and capability of sales and service personnel and introduce CRM customer relations management system so that the Company can significantly improve the quality of customer management, sales management and market information management.
2. The Company will put more efforts to strengthen the research and development and establish a strong foundation for entering into international market. At the same time, the Company will focus on market demand, better fit in with market requirements, strengthen new product development and management, and use information to improve the Company's technology and product development. To ensure the research and improvement of products, it is expected that an amount of Rmb30.07 million will be spent on the renovation of the Company's products in 2004.
3. The Company will continue to create new direction on management, further strengthen basic management, and place emphasis on institutionalisation, standardisation and procedures. The Company will insist on implementing the "Implementation Culture" of the Company; insist on using system to manage people and complying with procedures in carrying out works; and continue to enhance the integrated corporate management quality. The Company will select those high-quality talents who possess legal knowledge, have moral and healthy motivation and have a good balance between moral standard and technical knowledge. The Company will fully elaborate the motivation of key personnel in management, research and development and senior engineers.
4. By using advanced, highly effective and suitable manufacture machinery and testing equipment, the Company will achieve the refined processing and precise testing of key spare parts; and assure the quality in manufacture of spare parts. At the same time, the Company will adopt modern quality control method and management model to enhance the Company's production management level and quality control level so that the Company can continue to improve product quality and functions and to stand at an advantageous position in market competition by high quality products. The Company will implement thoroughly the operation concept with focus on market and users and achieve the fast response of system resources.
5. The Company will further strengthen the management works over subsidiary companies, insist on the system of inspection for subsidiary companies, and speed up the self-development of subsidiary companies.
6. The Company will establish standard cost management system and enhance the Company's level of cost management. At the same time, the Company will adopt the work of increasing the turnover rate of working capital as an important work in 2004 to speed up the turnover of capital and enhance the quality of economic operation.
7. In 2004, the Company will strictly comply with the requirements of the undertakings signed by listed companies in Beijing District, further refine the structure of corporate governance for legal persons, comply with regulations in the operation, safeguard the interests of the Company and all shareholders as a whole, and strive to achieve a continuous and healthy development of the Company.

6.11 Profit distribution plan or the plan to increase share capital converting from capital reserve

The Company recorded a net profit of Rmb82,047,800 for 2002 calculated according to the PRC Accounting Standards. In accordance with the provisions of the Company's Articles of Association, 10% amounting to Rmb10,723,600 was contributed to the statutory surplus fund and Rmb8,567,300 was contributed to the statutory public welfare fund. Together with the undistributed profit of Rmb31,702,800 at the beginning of the year, profit distributable to shareholders amounted to Rmb94,459,800. Pursuant to a Board resolution passed on 30 March 2004 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 Rmb0.80 (inclusive of tax), totalling Rmb33,760,000, to all shareholders for every 10 shares held, and the balance of profit amounting to Rmb60,699,800 will be retained for distribution in the subsequent years. The Company recorded a net profit of approximately Rmb96,148,000 for 2003 calculated according to the accounting principles generally accepted in Hong Kong. After contribution of approximately Rmb19,290,000 to the statutory surplus reserve, the statutory public welfare fund, the general reserve fund and enterprise expansion fund together with the undistributed profit of approximately Rmb48,470,000 at the beginning of the year, profit distributable to shareholders amounted to approximately Rmb125,328,000. As the amounts of profit distributable to domestic and overseas shareholders are more than the proposed cash dividends of Rmb33,760,000, 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 2003. This distribution proposal will be proposed at the 2003 Annual General Meeting for approval.

6.12 Sources of working funds and capital (prepared under PRC GAAP)

The Group's net cash inflow from operating activities for the year ended 31 December 2003 amounted to approximately Rmb53,290,000.

As at 31 December 2003, the Group had bank balances and cash on hand totalling approximately Rmb142,680,000.

As at 31 December 2003, total borrowings of the Group amounted to approximately Rmb192,950,000, of which approximately Rmb161,550,000 are repayable within one year, while the remaining are repayable during the period from 2005 to 2008. These borrowings are denominated in Renminbi of which approximately Rmb29,550,000 are interest free and approximately Rmb163,400,000 are fixed interest loans.

As at 31 December 2003, the gearing ratio of the Group calculated as a ratio of total liabilities to total assets was 34.10%.

6.13 Staff employment

As at 31 December 2003, the Group had approximately 3,111 employees, of which approximately 2,192 were production staff, representing 70.5% of the total number of employees. Remuneration packages are generally structured by reference to the industry practice, individual's performance and experience. Apart from the basic remuneration, bonus may be granted to eligible employees by reference to the Group's performance as well as individual's performance.

6.14 Charge on the Group's assets

As at 31 December 2003, the Group's property, plant and equipment with a value of approximately Rmb48,530,000 (31 December 2002: Rmb48,978,000) were pledged as security for the Group's bank borrowings.

6.15 Exposure to fluctuations in exchange rates and any related hedges

Transactions of the Group are mainly denominated in Renminbi, Hong Kong or United States dollars. The risk of exposure to fluctuations in exchange rates is therefore low. No financial instruments were used by the Group for hedging exchange rate risk.

6.16 Contingent liabilities

As at 31 December 2003, there was no significant contingent liabilities.

6.17 Trust deposits

At the balance sheet date, included in other receivables of the Group and the Company were certain fixed deposits placed with financial institutions in the PRC amounting to approximately Rmb10,000,000 (2002: Rmb10,000,000), which have already matured. However, due to internal problems of these institutions, the Company has been unable to uplift these deposits. All of these financial institutions operate under valid business licences and permits issued by the People's Bank of China to operate as financial institutions.

The directors are taking all reasonable measures to secure the repayment of these deposits and ceased accruing interest until it is established that the interest will probably be received by the Company. As at the balance sheet date, an allowance of Rmb7,500,000 (2002: Rmb4,844,000) has been recognised in respect of the estimated non-recoverable portion of these deposits.

7. MAJOR EVENTS**7.1 Connected debts and liabilities**

Unit: Rmb0'000

Connected party	Amount advanced to connected party (note)		Amount advanced to the Company	
	Amount incurred	Balance	Amount incurred	Balance
Hubei Beiren Printing Machinery Sales Company Limited	-61.70	364.29	—	—
Xian Beiren Beifu Printing Machinery Sales Company Limited	489.99	620.80	—	—
Liaoning Beiren Printing Machinery Operation and Sale Company Limited	-24.75	368.47	—	—
Beijing Beiren Hengtong Printing Machinery Operation and Sale Company Limited	-640.60	24.20	—	—
Beiren Group Corporation	2,935.42	3,065.25	-6,733.08	5,924.85
Ningxia Beiren Xinhua Printing Limited	107.70	107.70	—	—
Beijing Yan Long Import and Export Company	370.00	370.00	-12.75	88.17
Guangzhou Beiren Hengtong Printing Machinery Operation and Sale Company Limited	255.69	255.69	—	—
Beijing Beiren Taihe Printing and Casting Factory	—	286.41	—	—
Beijing Beiren Printing Machinery Accessories Printing Factory	—	613.06	—	—
Beijing Beiren Printing and Casting Company Limited	—	—	2,017.64	2,017.64
Total	3,430.74	6,075.87	-4,728.19	8,030.66

Note: Of the fund provided to connected parties by Hubei Beiren Printing Machinery Sales Limited, Xian Beiren Beifu Printing machinery Sales Limited, Liaoning Beiren Printing Machinery Limited, Beijing Beiren Hengtong Printing Machinery Sales Limited, Beiren Yan Long Import and Export Company, Beijing Beiren Hengtong Printing Machinery Sales Limited and Beijing Group Corporations, the amount of approximately RMB164,540,000 come from the selling of products of the Company. Beijing Beiren Taihe Printing and Casting Factory and Beijing Beiren Printing Machinery Accessories Printing Factory are companies formed for the purpose of providing services and ancillary services for the Company. Of the amount provided by Beijing Group Corporations, approximately RMB2,840,710,000 is the receivable compensation for removal.

The Rmb57.2663 million stated under the amount advanced to the Company by Beiren Group Corporation was the purchase price payable by Beiren Group Corporation for the acquisition of Factory No. 4; The Rmb20 million stated under the amount advanced by Beijing Beiyong Printing and Casting Company Limited was the compensation for the removal of Beijing Beiren Taihe Printing and Casting Factory.

7.2 Performance of undertaking

Based on the demands of the Beijing Municipal Government, the Company had to move from its premises at No. 44 Guangqu Road South, Chaoyang District, Beijing in accordance with Beijing's master plan. As Beiren Group Corporation has used the plant and land development into the Company as consideration for capital contribution into the Company when the Company was listed in 1993, Beiren Group Corporation has therefore undertaken to compensate the Company based on price which is not lower than the net book value of the said property and not lower than the audited expenses for land development when the Company moved out from its premises. As at 31 December 2003, the Company received the compensation amounting to approximately Rmb196,910,000.

7.3 Performance of responsibilities by independent Directors

The independent directors, with responsible attitudes towards all of the shareholders, had sincerely fulfilled their duties and obligations in accordance with the laws, regulations and the Articles of Association since taking up their posts. They actively participated in the works for the meeting of the Board of Directors and general meetings. They examine and supervise the operation and management of the Company, and expressed their own ideas and opinions for the long-term development and management of the Company. They fully fulfilled their obligations in the ordinary course of work of the Board and in making important decisions and sincerely protected the interests of the Company and shareholders.

7.4 Interest of directors and supervisors in contract

No contract of significance to which the Company or its holding company or its subsidiaries was a party and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

7.5 Repurchase, sale or redemption of listed securities

The Company did not redeem any of its listed securities during the year. Neither the Company nor any of its subsidiaries had purchased or sold any of its listed securities during the year.

7.6 Corporate governance

The Company has complied throughout the year ended 31 December 2003 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange.

7.7 Announcement of detailed results

A copy of the detailed results of all information as required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules of the Hong Kong Stock Exchange will be published on the website of the Hong Kong Stock Exchange within the prescribed period.

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**

The Company's financial statements for 2003 prepared according to PRC accounting standards have been audited by certified accountants Cui Jing and Jing Yiqing of Deloitte Touche Tohmatsu Hua Wing Certified Public Accountants Co., Ltd. whereas the Company's financial statements for 2003 prepared according to Hong Kong's generally accepted accounting principles have been audited by Deloitte Touche Tohmatsu. Both auditors of the Company have issued an auditors' report with unqualified opinion.

9.2 Financial Report (prepared under "PRC GAAP")**Balance Sheet**

Prepared by Beiren Printing Machinery Holdings Limited

As at 31 December 2003

Unit: Rmb

Assets	Group		Company	
	Closing balance	Opening balance (As restated)	Closing balance	Opening balance (As restated)
Current assets				
Cash and bank balances	142,682,520.26	186,886,282.11	106,588,519.92	139,762,305.41
Bills receivable	5,564,262.00	14,352,100.00	1,735,000.00	16,665,896.19
Accounts receivable	246,287,027.11	184,009,844.69	183,708,194.36	138,399,585.91
Other receivable	62,922,629.08	31,666,688.88	87,156,609.92	69,319,289.64
Prepayment	17,853,335.98	18,002,960.10	6,315,022.59	5,103,949.21
Inventories	520,405,703.85	521,658,881.92	353,740,373.12	369,342,042.90
Deferred expenses	638,873.64	1,633,528.16	—	—
Total current assets	996,354,351.92	958,210,285.86	739,243,719.91	738,593,069.26
Long term investment				
Long term equity investemnt	14,224,001.58	17,460,855.80	156,338,631.07	160,484,105.87
Long term investment in debts	19,393,800.00	24,393,800.00	19,393,800.00	24,393,800.00
Total long term investment	33,617,801.58	41,854,655.80	175,732,431.07	184,877,905.87
Fixed assets				
Fixed assets, at cost	1,172,122,735.06	1,015,615,044.76	878,859,819.24	711,236,520.29
Less: accumulated	437,983,092.04	465,133,836.70	283,478,846.73	318,516,187.39
Fixed assets, net book value	734,139,643.02	550,481,208.06	595,380,972.51	392,720,332.90

Less: Provision for diminution in value of fixed assets	31,491,953.58	27,720,554.99	24,991,953.58	27,601,252.99
Fixed assets, net	702,647,689.44	522,760,653.07	570,389,018.93	365,119,079.91
Construction in progress	72,857,042.49	231,662,234.82	68,921,964.30	229,963,247.74
Total fixed assets	775,504,731.93	754,422,887.89	639,310,983.23	595,082,327.65
Intangible assets and other assets				
Intangible assets	75,184,232.25	76,995,335.89	21,424,245.11	21,879,447.47
Long term deferred expenses	12,487,482.00	50,788,348.53	12,366,291.10	50,628,000.00
Total intangible assets and other assets	87,671,714.25	127,783,684.42	33,790,536.21	72,507,447.47
Total assets	1,893,148,599.68	1,882,271,513.97	1,588,077,670.42	1,591,060,750.25

Balance Sheet*As at 31 December 2003**Unit: Rmb*

	Group		Company	
Liabilities and shareholder's equity	Closing balance	Opening balance (As restated)	Closing balance	Opening balance (As restated)
Current liabilities				
Short term loans	124,000,000.00	257,000,000.00	60,000,000.00	195,000,000.00
Bills payable	7,000,000.00	37,722,813.36	—	37,722,813.36
Accounts payable	178,407,027.36	146,518,990.75	107,067,649.41	86,843,993.38
Receipts in advance	43,717,756.71	99,639,638.55	15,380,207.00	69,804,841.04
Wages payable	7,560,415.93	5,002,931.50	3,692,281.41	3,692,281.41
Staff welfare	22,296,472.33	19,619,725.96	14,821,120.33	12,176,185.19
Taxes payable	27,364,349.95	20,330,035.29	16,886,057.69	11,045,138.80
Sundry payable	660,047.56	1,270,516.34	278,166.31	214,651.11
Other payable	142,302,819.56	119,170,763.32	119,663,393.98	98,314,131.77
Expected liabilities	949,837.93	3,161,310.81	—	2,000,000.00
Accruals	22,183,713.00	22,183,713.00	22,183,713.00	22,183,713.00
Long term liabilities payable within one year	37,550,000.00	4,400,000.00	24,000,000.00	
Total current liabilities	613,992,440.33	736,020,438.88	383,972,589.13	538,997,749.06
Long term liabilities				
Long term loans	8,000,000.00	46,350,000.00	—	32,000,000.00
Long term payable	23,400,000.00	29,550,000.00	—	—
Other long term liabilities	—	333,600.00	—	—
Total long term liabilities	31,400,000.00	76,233,600.00	—	32,000,000.00

Deferred tax				
Deferred tax credit	242,941.38	242,941.38	242,941.38	242,941.38
Total liabilities	645,635,381.71	812,496,980.26	384,215,530.51	571,240,690.44
Minority interests	44,896,573.51	48,463,279.15	—	—
Shareholders' fund				
Share capital	422,000,000.00	400,000,000.00	422,000,000.00	400,000,000.00
Capital reserve	520,217,619.27	400,755,880.29	520,217,619.27	400,755,880.29
Surplus reserve	165,941,485.91	146,650,594.51	163,506,265.71	146,550,197.49
Including: statutory				
public welfare fund	57,576,538.58	49,009,267.88	57,437,103.48	48,959,069.37
Retained profit	60,699,762.90	31,702,840.27	64,378,254.93	30,313,982.03
Cash dividend approved				
after balance sheet date	33,760,000.00	42,200,000.00	33,760,000.00	42,200,000.00
Exchange reserve	(2,223.62)	1,939.49	—	—
Total shareholders' equity	1,202,616,644.46	1,021,311,254.56	1,203,862,139.91	1,019,820,059.81
Total liabilities and shareholders' equity	1,893,148,599.68	1,882,271,513.97	1,588,077,670.42	1,591,060,750.25

Profit and loss account and profits distribution*As at 31 December 2003*

	Group	Group	Company	<i>Unit: Rmb</i>
	2003	2002	2003	2002
	(Accumulated)	(Accumulated)	(Accumulated)	(Accumulated)
		<i>(As restated)</i>		<i>(As restated)</i>
Income from major operations	1,005,612,844.69	926,929,279.47	716,838,900.35	689,106,919.67
Less: operating cost	668,851,105.47	624,115,517.80	459,588,917.59	453,219,981.33
sales tax and surcharge	7,386,240.31	7,492,404.42	5,718,712.79	5,935,123.42
Profit from major operations	329,375,498.91	295,321,357.25	251,531,269.97	229,951,814.92
Add: profit from other operations	3,685,349.15	2,072,402.50	3,405,112.44	1,254,370.87
Less: selling expenses	45,634,410.13	38,723,174.05	27,188,275.37	23,391,578.60
administrative expenses	164,634,257.04	163,220,537.57	118,319,706.05	122,612,974.12
financial expenses	8,716,524.98	14,991,256.87	3,425,330.81	10,923,728.44
Operating profit	114,075,655.91	80,458,791.26	106,003,070.18	74,277,904.63
Add: investment income				
(less: loss)	(8,860,898.72)	(3,069,275.41)	(5,217,028.96)	604,875.95
subsidy income	—	205,874.00	—	—
non-operating income ⁴¹	12,110,025.97	9,931,815.54	11,307,672.04	6,443,178.15
Less: non-operating expenses	15,044,139.68	2,028,336.99	7,982,236.44	346,571.00
Total profits	102,280,643.48	85,498,868.40	104,111,476.82	80,979,387.73
Less: income tax	21,436,009.90	15,034,226.51	19,331,135.70	14,475,403.14
minority interests	(1,203,180.45)	1,523,951.25		

Net profit for the year	82,047,814.03	68,940,690.64	84,780,341.12	66,503,984.59
Add: retained profits at beginning of the year	31,702,840.27	18,262,946.55	30,313,982.03	19,310,794.36
Distributable profits	113,750,654.30	87,203,637.19	115,094,323.15	85,814,778.95
Less: transfer to statutory surplus reserve	10,723,620.70	6,650,398.46	8,478,034.11	6,650,398.46
transfer to statutory public welfare fund	8,567,270.70	6,650,398.46	8,478,034.11	6,650,398.46
Profit distributable to shareholders	94,459,762.90	73,902,840.27	98,138,254.93	72,513,982.03
Less: Cash dividend approved after the balance sheet date	33,760,000.00	42,200,000.00	33,760,000.00	42,200,000.00
Retained profits carried forward	60,699,762.90	31,702,840.27	64,378,254.93	30,313,982.03
Profit from sale and disposal of investee companies	—	—	—	—
Loss arising from natural disasters	—	—	—	—
Increase/(decrease) in profit due to change in accounting policies	—	(5,219,182.61)	—	(5,219,182.61)
Increase/(decrease) in profit due to change in accounting estimate	—	—	—	—
Loss arising from debt restructuring	—	—	—	—
Others	—	—	—	—
	—	—	—	—

Cash flow statement*As at 31 December 2003*

	<i>Unit: Rmb</i>	
	The Group 2003 (Accumulated)	The Company 2003 (Accumulated)
Cash flow from operating activities		
Cash received from sales of goods or rendering of services	1,156,534,442.17	827,483,558.87
Tax refund received	347,870.58	—
Other cash received relating to operating activities	9,504,325.77	7,343,202.72
Sub-total of cash inflows	1,166,386,638.52	834,826,761.59
Cash paid for goods and services	755,157,292.56	526,568,964.81
Cash paid to and on behalf of employees	158,065,495.74	105,635,594.41
Taxes and surcharges paid	104,113,115.00	81,339,464.75
Other cash paid relating to operating activities	95,764,567.82	73,833,185.49
Sub-total of cash outflows	1,113,100,471.12	787,377,209.46
Net cash flows from operating activities	53,286,167.40	47,449,552.13
Cash flows from investing activities		
Cash received from disposal of investment		
Cash contributed by new subsidiary acquired		1,613,500.00
Cash received from investment income	—	
Net cash received from disposal of fixed assets, intangible assets and other long term assets	125,535,947.95	124,263,115.08
Sub-total of cash inflows	125,535,947.95	125,876,615.08
Cash paid to acquire fixed assets, intangible assets and other long term assets	164,484,462.58	155,502,252.15
Decrease due to change in the scope of consolidation	2,013,370.40	—
Cash paid for equity investments	1,136,000.00	1,136,000.00
Sub-total of cash outflows	167,633,832.98	156,638,252.15
Net cash flows from investing activities	(42,097,885.03)	(30,761,637.07)

Cash flows from financing activities

Cash received from investment by others	154,000,000.00	154,000,000.00
Cash received from loans	125,500,000.00	90,000,000.00
Sub-total of cash inflows	279,500,000.00	244,000,000.00
Cash repayments of debentures	269,850,000.00	233,000,000.00
Cash payments for distribution of dividends or profits and payments of interest expenses	52,190,696.72	47,971,370.32
Including: dividend paid by subsidiary to minority shareholders		
Other cash paid relating to financing activities	12,829,154.26	12,829,154.26
Sub-total of cash outflows	334,869,850.98	293,800,524.58
Net cash flows from financing activities	(55,369,850.98)	(49,800,524.58)
Effect of change in foreign exchange rate on cash	(22,193.24)	(61,175.97)
Net increase/(decrease) in cash and cash equivalents	(44,203,761.85)	(33,173,785.49)

Cash flow statement

Prepared by Beiren Printing Machinery Holdings Limited
As at 31 December 2003

	The Group 2003 (Accumulated)	<i>Unit:Rmb</i> The Company 2003 (Accumulated)
Reconciliation of profit after taxation to cash flow from operating activities		
Net profit for the year	82,047,814.03	84,780,341.12
Add: Provision for diminution in value of assets	51,854,450.23	42,359,475.19
Depreciation of fixed assets	50,293,000.24	34,880,827.06
Amortisation of intangible assets	1,635,440.36	486,338.36
Amortisation of deferred expenses	412,185.89	312,680.00
Decrease in deferred expenses (less: increase)	435,395.58	—
Amortisation of goodwill of equity investments	12,908.07	12,908.07
Increase in accruals (less: decrease)	(2,211,472.88)	(2,000,000.00)
Loss on disposal of fixed assets, intangible assets and other long term assets (less: gains)	(3,300,653.34)	(3,065,163.34)
Financial expenses	11,053,896.72	5,771,370.32
Investment loss (less: gains)	1,725,929.52	(1,917,940.24)
Loss on minority interests (less: gains)	(1,203,180.45)	—
Decrease in inventory (less: increase)	(18,703,063.13)	(2,479,425.98)
Decrease in operating receivables (less: increase)	(102,871,808.40)	(66,582,424.22)
Increase in operating payables (less: decrease)	(17,894,675.04)	(45,109,434.21)
Net cash flows from operating activities	53,286,167.40	47,449,552.13

**Net increase/(decrease) in cash
and cash equivalents**

Cash and bank balances at the end of the year	142,682,520.26	106,588,519.92
Less: Cash and bank balances at the beginning of the year	186,886,282.11	139,762,305.41

**Net increase/(decrease) in cash
and cash equivalents**

(44,203,761.85)	(33,173,785.49)
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9.3 If there is any change in the accounting policy, accounting estimate and auditing method as compared with the previous year, provide details in respect thereof (prepared under PRC GAAP)

In 2003, the Company has changed the following accounting policies:

According to the relevant requirements of the document Cai Hui [2003] No. 10 issued by the Ministry of Finance, in the event the equity method is adopted for long term equity investment occurred after 17 March 2003, the amount of initial investment less than the percentage of equity interest in the investee is recorded as a credit balance in the account of capital reserve - provision for equity investment instead of the previous treatment of being recorded as a credit balance in the account of long term equity investment - difference in long term equity investment and amortized on a straight-line basis for the period of not less than 10 years. The change in accounting policy has been applied prospectively.

According to the Notice for "Accounting Standard for Business Enterprises - Events Occurring After the Balance Sheet Date" (Cai Hui [2003] No. 12) issued by the Ministry of Finance, proposed cash dividend distributable to shareholders which the Board of Directors proposed during the period between the balance sheet date and the date of approval for the issue of the financial statements is disclosed as a separate item of the shareholders' equity in the balance sheet instead of the previous treatment of being recorded as an adjustment item and recognised as dividend payable. The change in accounting policy has been adjusted retrospectively.

The above changes in accounting policy on the increase in net assets of the year 2002 amounted to Rmb 42,200,000. The major effect is set out as follows:

**Cash dividend resolved
for distribution after the
balance sheet date**
Rmb

Balance at 1 January 2002 before the retrospective adjustment	—
Cash dividend resolved for distribution after the balance sheet date	48,000,000.00
Balance at 1 January 2002 after the retrospective adjustment	48,000,000.00
Balance at 31 December 2002 before the retrospective adjustment	—
Cash dividend resolved for distribution after the balance sheet date	42,200,000.00
Balance at 31 December 2002 after the retrospective adjustment	42,200,000.00

The above changes in accounting policies did not have any material effect on the total profit for 2002 and 2003.

9.4 If there is any change in the scope of consolidation as compared with the latest annual report, provide details in respect thereof (prepared under PRC GAAP)

Since Beijing Beiren Taihe Casting Factory and Beijing Beiren Printing Machinery Accessories Printing Factory were liquidated in 2003, they were not included in the consolidated financial statements.

9.5 Financial Report (prepared under “HK GAAP”)**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003**

	<i>NOTES</i>	2003 <i>Rmb'000</i>	2002 <i>Rmb'000</i> <i>(restated)</i>
Turnover	2	1,015,382	938,653
Cost of sales		(683,783)	(641,551)
Gross profit		331,599	297,102
Other operating income	3	18,671	9,908
Distribution costs		(47,342)	(39,801)
Administrative expenses		(173,452)	(155,706)
Impairment losses recognised in respect of property, plant and equipment		(9,703)	(6,418)
Impairment losses recognised in respect of construction in progress		—	(1,166)
Profit from operations		119,773	103,919
Finance costs		(11,664)	(17,184)
Share of results of associates		(1,149)	(916)
Gain on partial disposal of an associate		297	—
Profit before taxation		107,257	85,819
Taxation	5	(13,795)	(10,780)
Profit after taxation		93,462	75,039
Minority interests		2,686	(2,244)
Net profit for the year		96,148	72,795
Dividends	6	33,760	42,200
Earnings per share - Basic	7	Rmb22.8 fen	Rmb18.2 fen

NOTES:

1. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standard (HKFRS) issued by the Hong Kong Society of Accountants (HKSA), the term of HKFRS is inclusive of Statements of Standard Accounting Practice (SSAPs) and Interpretations approved by the HKSA:

SSAP 12 (Revised) Income Taxes

In the current year, the Group has adopted SSAP 12 (Revised) Income Taxes. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2002 have been restated accordingly.

The financial effect of the adoption of SSAP 12 (Revised) on the balance sheet items is summarised below:

	Intangible assets <i>Rmb'000</i>	Goodwill <i>Rmb'000</i>	Deferred tax assets <i>Rmb'000</i>	Deferred tax liabilities <i>Rmb'000</i>	Minority interests <i>Rmb'000</i>	Retained profits <i>Rmb'000</i>
Balance at 31 December 2002						
As previously reported	3,888	—	—	—	49,263	32,535
Recognition of deferred tax assets	—	—	16,379	—	606	15,773
Adjustment of valuation upon acquisition of a subsidiary	792	—	—	—	—	—
Recognition of deferred tax liabilities and related goodwill upon acquisition of a subsidiary	—	4,479	—	5,538	(877)	610
Amortisation of additional goodwill recognised as a result of the adoption of SSAP 12 (Revised)	—	(448)	—	—	—	(448)
Total increase (decrease)	792	4,031	16,379	5,538	(271)	15,935
As restated	<u>4,680</u>	<u>4,031</u>	<u>16,379</u>	<u>5,538</u>	<u>48,992</u>	<u>48,470</u>
Balance at 31 December 2001						
As previously reported	2,812	—	—	—	30,352	18,977
Recognition of deferred tax assets	—	—	12,828	—	352	12,476
As restated	<u>2,812</u>	<u>—</u>	<u>12,828</u>	<u>—</u>	<u>30,704</u>	<u>31,453</u>

The financial effect of the adoption of SSAP 12 (Revised) on the results for the current and prior year is as follows:

	2003 <i>Rmb'000</i>	2002 <i>Rmb'000</i>
Recognition of deferred tax assets and liabilities	7,802	4,277
Recognition of deferred tax assets and liabilities shared by minority interests	(62)	(370)
Amortisation of additional goodwill recognised in respect of deferred tax as a result of the adoption of SSAP 12 (Revised)	(448)	(448)
	<u>7,292</u>	<u>3,459</u>

2. 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:

	Turnover	
	2003	2002
	Rmb'000	Rmb'000
Manufacture and sales of printing machines	939,804	886,922
Manufacture and sales of spare parts	21,542	26,054
Provision of printing services	21,180	17,049
Trading of raw materials and other operations	40,482	16,160
	<hr/>	<hr/>
Total sales	1,023,008	946,185
Less: Sales tax and other surcharges	(7,626)	(7,532)
	<hr/>	<hr/>
	1,015,382	938,653
	<hr/>	<hr/>

3. OTHER OPERATING INCOME

Other operating income is analysed as follows:

	2003	2002
	Rmb'000	Rmb'000
Interest on bank deposits	3,258	3,048
Exchange gain	12	414
Compensation received for removal of factories	9,569	3,215
Rental income	2,289	305
Others	3,543	2,926
	<hr/>	<hr/>
	18,671	9,908
	<hr/>	<hr/>

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

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, and assets and liabilities located outside Mainland China are insignificant, no segmental analysis of financial information is presented.

5. TAXATION

	2003	2002
	Rmb'000	Rmb'000
The charge comprises:		
Provision of PRC income tax for the year	21,485	15,027
Underprovision of Hong Kong Profits Tax in prior year	—	30
	<hr/>	<hr/>
	21,485	15,057
	<hr/>	<hr/>
Deferred tax credit	(7,802)	(4,277)
Share of PRC taxation of associates	112	—
	<hr/>	<hr/>
	13,795	10,780
	<hr/>	<hr/>

The Company is subject to PRC income tax levied at a rate of 15% (2002: 15%) of the taxable income. All the Group's PRC subsidiaries and associates are subject to PRC income tax levied at a rate as specified in accordance with the relevant rules and regulations in the PRC.

6. DIVIDENDS

The final dividend of Rmb0.08 (2002: Rmb0.10) per share for the 422,000,000 shares (2002: 422,000,000 shares) in issue, totalling Rmb33,760,000 (2002: Rmb42,200,000) has been proposed by the directors and is subject to approval by the shareholders in general meeting.

7. EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the net profit for the year of Rmb96,148,000 (2002: Rmb72,795,000) and on the weighted average number of 421,571,808 shares (2002: 400,000,000 shares) in issue during the year.

Board of Directors
Beiren Printing Machinery Holdings Limited

30 March 2004

**ANNOUNCEMENT OF RESOLUTIONS PASSED AT THE FIFTEENTH
MEETING OF THE FOURTH BOARD OF DIRECTORS**

Beiren Printing Machinery Holdings Limited (the “Company”) held its Board of Directors’ meeting at the Company’s Conference Room 6203, 2nd Floor on 30 March 2004. There were 10 directors who should attend the meeting and all the 10 directors attended the meeting. All the three supervisors were present at the meeting. The meeting was presided by the Chairman, Mr. Zhu Wuan. This complied with the provisions of the Company Law and the Company’s Articles of Association. The following resolutions were considered and approved at the meeting:

1. The 2003 Annual Report of the Company and its summary were considered and approved;
2. The 2003 Board of Directors’ Working Report of the Company was considered and approved;
3. The 2003 audited Financial Statements of the Company and the provision for diminution in value were considered and approved;
4. The motion to reappoint Deloitte Touche Tohmatsu, Shanghai, Certified Public Accountants and Deloitte Touche Tohmatsu Certified Public Accountants of Hong Kong as the domestic and international auditors of the Company in 2004 was considered and approved;
5. The 2003 profit distribution plan of the Company was considered and approved;

The Company recorded a net profit of Rmb82,047,800 for 2002 calculated according to the PRC Accounting Standards. In accordance with the provisions of the Company’s Articles of Association, 10% amounting to Rmb10,723,600 was contributed to the statutory surplus fund and Rmb8,567,300 was contributed to the statutory public welfare fund. Together with the undistributed profit of Rmb31,702,800 at the beginning of the year, profit distributable to shareholders amounted to Rmb94,459,800. Pursuant to a Board resolution passed on 30 March 2004 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 Rmb1.00 (inclusive of tax), totalling Rmb33,760,000, to all shareholders for every 10 shares held, and the balance of profit amounting to Rmb60,699,800 will be retained for distribution in the subsequent years. The Company recorded a net profit of Rmb96,148,000 for 2003 calculated according to the accounting principles generally accepted in Hong Kong. After contribution of Rmb19,290,000 to the statutory surplus fund, the statutory public welfare fund, the reserve fund and corporate development fund together with the undistributed profit of Rmb48,470,000 at the beginning of the year, profit distributable to shareholders amounted to Rmb125,328,000. As the amounts of profit distributable to domestic and overseas shareholders are more than the proposed cash dividends of Rmb33,760,000, 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 2003. This distribution proposal will be proposed at the 2003 Annual General Meeting for approval.

6. The resolution in relation to amendments to the Company’s Articles of Association was considered and approved;
7. The adding of Mr. Wu Wenxiang as an independent non-executive director of the Company was considered and approved, and his allowance will be paid according to the subsidy plan for independent for non-executive Directors of the fourth Board of Directors; (see the profile in the Appendix below)
8. The Composite Plan and the Technological Renovation Plan of the Company for 2004 were considered and approved;
9. The motion on the Management System for Provision of Guarantee for External Parties was considered and approved;

10. The motion on convening of the Annual General Meeting for 2003 was considered and approved.

By order of the Board
Rong Peimin
Director and Company Secretary

30 March 2004

Appendix: Amendments to the Provisions in the Articles of Association of the Company

In accordance with the regulations of the CSRC and the requirements of the listing rules in Hong Kong and based on the Company's actual conditions, details of the amendments of the Articles of the Company are set out as follows:

1. **Article 4 be amended to:** Address of the Company: No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC, Postal code: 100176, Telephone: 67886677

2. **Article 7 be amended to:** Effect of the Articles of the Company

By the special resolution passed in the shareholders' general meeting held on 14th July 1993 and the completion of registration at the Administration Bureau of Industry and Commerce of Beijing Municipal on that date, the Articles of the Company became effective from that date. Amendment was made to the above Articles of the Company based on the special resolution passed in the shareholders' general meeting held on 28th May 1995. Amendment was made to the above Articles of the Company based on the special resolution passed in the shareholders' general meeting held on 11th June 2002. Amendment was made to the above Articles of the Company based on the special resolution passed in the shareholders' general meeting held on 12th June 2003. Amendment was made to the above Articles of the Company based on the special resolution passed in the shareholders' general meeting held on 24th May 2004 and the amended Articles of the Company replaced the above Articles of the Company.

From the effective date of the Articles of the Company, the Articles of the Company constitute a legal document regulating the Company's organisation and behaviour, and the rights and obligations between the Company and each shareholder and among shareholders.

3. **Original Article 38 of the Articles of the Company be amended to:** Different parts of the register of shareholders shall not overlap. No transfer of any shares registered in any part of the register of shareholders shall, during the continuance of that registration, be registered in any other part of the register of shareholders.

All transfer for the overseas listed foreign shares listed in Hong Kong must be supported by share transfer document in writing with general or ordinary format or other format accepted by the board of directors, or the standard share transfer form as required by the Hong Kong Stock Exchange. Those documents must also be signed manually or signed by printed signature. All the transfer document should be kept at the Legal address of the Company or any other address(es) as may be directed by the Directors from time to time.

All the fully paid overseas listed foreign shares listed in Hong Kong shall be freely transferrable in accordance with the Articles of the Company. However, the board of directors may refuse to recognise any share transfer documents without assigning any reason thereof, unless:

- (1) An amount of HK\$2.50 or such higher charges as agreed by the Hong Kong Stock Exchange for the time being has been paid to the Company for the registration of the share transfer document and other document(s) which related to or affecting the ownership of the shares;

- (2) The share transfer document only involves the overseas listed foreign shares listed in Hong Kong;
- (3) Stamp duty has been paid in respect of the share transfer document;
- (4) Relevant share certificates and such other evidence as the board of directors may reasonably require to show the right of the transferor to make the transfer have been produced;
- (5) If the shares are transferred to joint holders, the number of joint holders shall not exceed 4;
- (6) The shares are free from any lien in favour of any company.

Changes or corrections to any part of the register of shareholders shall be made in accordance with the laws of the place where the particular part of the register of shareholders is kept.

4. **Original Article 71 of the Articles of the Company be amended to:** Any shareholder entitled to attend and vote at the shareholders' general meeting shall be entitled to appoint one or more other persons (whether a shareholder or not) as his proxies to attend and vote on his behalf. Such proxy or proxies shall exercise the following rights pursuant to the appointment made by the appointing shareholder:

- (1) the same right as the shareholder to speak at the shareholders' general meeting;
- (2) authority to demand or join in demanding a poll;
- (3) the right to vote by show of hands or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

If that shareholder is a recognised clearing house or its agent as defined under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), that shareholder can authorise one or more than one appropriate person(s) to act as its authorised representative(s) to attend the meeting of any shareholders' general meetings or any class meetings of the shareholders. However, if more than one persons are appointed, the authorisation letter should specify the number and types of shares represented by each person. The authorised person(s) can represent the recognised clearing house (or its agent) to exercise the voting rights which an individual shareholder of the Company is entitled.

5. A shareholder shall, at a shareholders' general meeting, avoid voting on any resolution approving connected transaction(s) in which he is involved, and his shares carrying voting rights shall not be counted towards the total number of shares carrying voting rights present at the shareholders' general meeting.

Where the Company has knowledge that any shareholder is, under the listing rules of the Hong Kong Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement shall not be counted.

6. **Original Article 107 of the Articles of the Company be amended to:** Directors shall be elected at the shareholders' general meeting for a term of three years. Upon the expiry of the term, a director shall be eligible for re-election.

The minimum length of the period, during which notice to the Company of the intention to propose a person for election as a director and during which notice to the Company by such person of his willingness to be elected may be given, will be at least seven days.

The period for lodgment of the notice referred to in the preceding paragraph will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting.

The chairman and vice-chairman shall be elected and removed by more than one half of all directors. The term of office of the chairman and vice-chairman shall be three years, and they shall be eligible for re-election.

Subject to the condition that the shareholders' general meeting is in compliance with the requirements of the relevant laws and administrative regulations, a director may be removed by an ordinary resolution passed at a shareholders' general meeting before the term of his office expires (but compensation payable as set out in the service contract will not be affected). However, the shareholders' general meeting cannot remove the duties of the director without reasonable excuse before the term of office of a director expires.

A director is not required to hold any shares in the Company.

7. **Add a new article after Article 109 of the Articles of the Company:** The external guarantee should be approved by written consent of more than two-third of the members of the board of directors or approved by the shareholders' general meeting. The Company shall not directly or indirectly provide guarantee for the debts of those entities whose debt to asset ratio is more than 70%.
8. **Original Article 112 of the Articles of the Company be amended to:** The chairman is the chief executive officer of the Company. He shall have the following major duties and powers:
 - (1) To preside over the shareholders' general meeting, to convene and preside over the meeting of the board of directors and to lead the board of directors in the performance of its duties;
 - (2) To direct and supervise the implementation of resolution of the board of directors;
 - (3) During the adjournment period of the meeting of the board of directors, to exercise certain powers of the board of directors in accordance with the authorisation by the board of directors;
 - (4) To sign the shares, bonds and other marketable securities of the Company;
 - (5) In accordance with the decision of the board of directors, to sign and issue the documents relating to the appointment and dismissal of senior management of the Company including manager, deputy manager, Secretary to the Board of Directors, person in charge of financial works;
 - (6) To nominate candidates for manager, Secretary to the Board of Directors and person in charge of financial works;
 - (7) To sign important documents of the board of directors and other documents that shall be signed by the Company's authorised representative;
 - (8) Exercise the duties and powers of the authorised representative and chief executive officer;
 - (9) Upon the urgent conditions of uncontrollable incidents including extraordinary natural disasters, to carry out special arrangement for the Company's affairs in accordance with the requirements of the laws and interests of the Company, and report to the board of directors and shareholders' general meeting of the Company after the incident;
 - (10) To perform other duties as authorised by the board of directors.

When the chairman is unable to carry out his duties and powers, the chairman shall authorise vice-chairman to carry out his duties and powers on his behalf.

9. **Original Article 118 of the Articles of the Company be amended to:** In addition to the requirements as set out in Article 161 of the Articles of the Company, a director shall abstain from voting and is not entitled to vote on any board resolution wherein he (including but not limited to any of his associates) has a material interest, and he shall not be counted in the quorum present at the meeting of the board of directors.

In this Article, “associates” has the same meaning as defined in the listing rules of the Hong Kong Stock Exchange.

10. **Original Article 217 of the Articles of the Company be amended to:** Unless otherwise specified, the following words and phrases as used in this Articles have the following meanings assigned:

“Articles”, “Articles of the Company”	The Articles of Association of the Company
“Board”	The Board of Directors of the Company
“Chairman”, “Chairman of the Company”	The Chairman of the Board of Directors of the Company
“Directors”	The Directors of the Company
“Ordinary Shares”	Any domestic shares or overseas listed foreign shares listed in Hong Kong
“Address of the Company”, “Legal address of the Company”	refers to the location of the Company at No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC
“Rmb”	Legal currency of the PRC
“Secretary to the Board of Directors”	The Company Secretary appointed by the Board of Directors
“PRC”, “State”	The People’s Republic of China

The term of certified public accountants as mentioned in this Articles has the same meaning as “auditors”.

The biography of independent non-executive director:

Wu Wenxiang, Chinese, Male, aged 70. Mr Wu was graduated from the People’s University of China with major in industrial statistics. He is a senior economist. Mr Wu had worked as the general manager and chairman of China Printing Holding Company, a member of the printing technology equipment coordination team of the National Economic Commission, the secretary general and vice-chairman of China Printing and Equipment Machinery Industrial Association, the vice-chairman of standing committee for the Supervisors and Consultants Committee of China Printing Museum, He was accredited as outstanding contribution expertise of the State and was granted special subsidy in 1992. Mr Wu is the chairman of China Printing Technology Association, the vice-chairman of China Publishing Workers Association, and the vice-chairman of China Packaging Technology Association. In 1995, Mr Wu was in charge of research and production of national drawings printed by plastic seal on soft paper and obtained the national patent right. In 1997, Mr Wu was awarded the Hua Sheng Prize, the highest prize for the printing industry in the PRC.

NOMINATOR'S DECLARATION ON NON-EXECUTIVE INDEPENDENT DIRECTOR

The nominator, Beiren Printing Machinery Holdings Limited (the "Company"), does publicly declare its nomination of Mr. Wu Wenxiang as candidate for independent non-executive director of the Board of Directors of the Company. The nominee has absolutely no relationship with the Company which affects the independence of the nomination. The particulars are as follows:

This nomination is made in full knowledge of the nominee's profession, academic background, professional posts, detailed work experience, and all other concurrent posts. The nominee has already given written consent to be appointed as candidate for independent non-executive director of the Company's 4th Board of Directors. The nominator is of the opinion that the nominee:

1. Is qualified to be a director of a listed company based on statutes, administrative laws and regulations and other stipulations.
2. Complies with the conditions of employment in the Articles of Association of the Company.
3. Has the independence required by the "Opinions Related to Guidance on the Setting Up of a System of Independent Directors for Listed Companies" by the China Securities Regulatory Commission;
 - (i) Neither the nominee nor his direct relations, nor other important social connections may be employed by the Company or its associated companies;
 - (ii) Neither the nominee nor his direct relations are shareholders holding either directly or indirectly 1% of the issued shares of the Company nor are they amongst the ten largest shareholders of the Company;
 - (iii) Neither the nominee nor his direct relations may hold office as shareholders holding more than 5% of the issued shares of the Company, nor may they hold office as a top five shareholder in such company;
 - (iv) Over the past year, the nominee has not fit any of the criteria in the above three points.
 - (v) The nominee is not an employee providing such services as financial, legal, management consultancy or technical consultancy to such company or its associated companies.
4. The nominee may not concurrently hold more than five posts of independent non-executive director in listed companies, including the Company.

The Company pledges the veracity, completeness and correctness of the above declaration and that it does not contain any false statements or misleading elements. The Company is fully aware of the possible consequences of making false declarations.

Nominator: Beiren Printing Machinery Holdings Limited

30 March 2004

DECLARATION OF THE CANDIDATE FOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Wu Wenxiang, the declarer, as a candidate for independent non-executive director for the 4th Board of Director of Beiren Printing Machinery Holdings Limited (the “Company”), hereby publicly declares, I assure that there are no relations between myself and the Company which may affect my independence. Particulars of the declaration are as follows:

1. Neither myself nor my direct relations, nor other important social connections are employed by the Company or its associated companies;
2. Neither myself nor our direct relations are shareholders holding either directly or indirectly 1% or above of the Company’s issued shares;
3. Neither myself nor our direct relations are amongst the ten largest shareholders of the Company;
4. Neither myself nor our direct relations are shareholders holding either directly or indirectly 5% or above of the Company’s issued shares;
5. Neither myself nor our direct relations are amongst the five largest shareholders of the Company;
6. Over the part year, I have not fit any of the criteria in the above five points;
7. I do not provide such services as financial, legal, management consultancy or technical consultancy to the Company or its associated companies;
8. I have not received any other benefits from the Company, its major shareholders or interested institutions and employees which have not been disclosed;
9. I comply with the conditions of employment set out in the Article of Association of the Company.

In addition, including Beiren Printing Machinery Holdings Limited, I do not concurrently hold the post of independent director in more than five listed companies.

I am fully aware of the responsibilities attached to the post of non-executive director and pledge the veracity, completeness and correctness of the above declaration and that it does not contain any false statements or misleading elements. I am fully cognisant of the possible consequences of making false declarations. The China Securities Regulatory Commission may ascertain my independence and employment qualifications from this declaration. During my tenure as independent non-executive director of the Company, I will comply with the requirements of the regulations, stipulations and notices promulgated by the China Securities Regulatory Commission, I will ensure that I have enough time and energy to carry out my obligations, that my judgement will be independent and that I will not be affected by the Company’s major shareholders, the de facto controllers, or other units or individuals which have interests in the Company.

Declarer: Wu Wenxiang

30 March 2004

ANNOUNCEMENT OF RESOLUTIONS PASSED AT THE EIGHTH MEETING OF THE FOURTH SUPERVISORY COMMITTEE

Beiren Printing Machinery Holdings Limited (the “Company”) held its Supervisory Committee’s meeting at the Company’s Conference Room on 30 March 2004. There were 3 supervisors who should attend the meeting and all the 3 supervisors attended the meeting. The meeting was presided by the Chairman of the Supervisory Committee, Mr. Xiao Maolin. This complied with the provisions of the Company Law and the Company’s Article of Association. The following resolutions were considered and unanimously passed at the meeting:

1. The 2003 Supervisory Committee’s Working Report of the Company was considered and approved;
2. The 2003 Annual Report of the Company and its summary were considered and approved;
3. The 2003 audited Financial Statements of the Company was considered and approved, and the determination by the Board of Directors of making provision was agreed;
4. The 2003 profit distribution plan of the Company was considered and approved.

Supervisory Committee
Beiren Printing Machinery Holdings Limited

30 March 2004

NOTICE OF 2003 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Board of Directors of Beiren Printing Machinery Holdings Limited has decided to convene the 2003 Annual General Meeting as follow:-

- 1) Time of the Meeting: Monday, 9:30 a.m. on 24 May 2004
- 2) Place of the Meeting: Multi-purpose Conference Hall of the Company at 2/F, No. 6 Rong Chang Dong Street, Economic and Technological Development Zone, Beijing, the People’s Republic of China
- 3) Purposes of the Meeting:
 - (i) Ordinary resolutions:
 - (a) To consider the Company’s 2003 Board of Directors’ Working Report;
 - (b) To consider the Company’s 2003 Supervisory Committee’s Working Report;
 - (c) To consider the Company’s 2003 audited Financial Statements;
 - (d) To consider the Company’s 2003 Profit Distribution Plan;
 - (e) To consider the resolution of approving the reappointment of Deloitte Touche Tohmatsu, Shanghai, Certified Public Accountants and Deloitte Touche Tohmatsu, Certified Public Accountants of Hong Kong, to be the domestic and overseas auditors of the Company respectively in 2004, and to authorise the Board of Directors to fix their emoluments;

- (f) To consider the motion on adding Mr. Wu Wenxiang as an independent non-executive director of the Company and his allowance will be paid according to the subsidy plan for independent non-executive Directors of the fourth Board of Directors;
 - (ii) Special resolution:
 - (a) To consider the resolution in relation to amendments to the Company's Articles of Association. (Please refer to the Shanghai Securities Exchange's website <http://www.sse.com.cn> for details)
- 4) Attendees of and Attendance at the Annual General Meeting:
 - (a) The Company's directors, supervisors, Company Secretaries, and senior management personnel;
 - (b) All shareholders of the Company whose names appear on the register of members of the Company maintained at China Securities Registration and Clearing Limited, Shanghai Branch by the close of trading on 23 April 2004 are entitled to attend the meeting;
 - (c) The proxies of legal person shareholders should bring along the shareholder account card, a copy of the business licence, the power of attorney and the proxy's own identity card; the proxies of social public shareholders should bring along the identity card and shareholder account card (the proxy must also hold the power of attorney and his/her identity card), to the Company Secretary's Office of the Board of Directors of the Company at 8:30 a.m - 11:30 a.m. or 2:00 p.m. to 4:00 p.m. during 26 April to 4 May 2004, to register. They may make registration by mail, fax and should make clearly their contact numbers.
 - (d) Holders of the Company's H Share are advised that the register of members of the Company's H Shares will be closed from 23 April to 24 May 2004 (both days inclusive) during which no transfer of H Shares will be registered. To rank for the final dividend, holders of H Shares must deliver the transfer documents together with the relevant share certificates to the Company's registrar, Hong Kong Registrars Limited, at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 21 April 2004. Holders of the Company's H Shares, whose names appear on the register of members of the Company on 23 April 2004 or their proxies are entitled to attend the meeting by presenting their identity cards (passport).
 - (e) Each shareholder entitled to attend and vote at the Annual General Meeting may appoint one or more proxies (whether a shareholder or not) to attend and vote on behalf of him.
 - (f) For shareholders who appoint more than one proxy, the voting right can only be exercised when a poll is taken.
 - (g) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing. If the form of proxy is signed by the attorney on behalf of the appointor, the power attorney or other authority must be notarially certified. To be valid, the form of proxy, together with a notarially certified copy of the power of attorney or other authority, must be delivered to the registered address of the Company not less than 24 hours before the commencement of the meeting.
 - (h) Shareholders who intend to be present at the meeting are requested to deliver the written reply to the registered office of the Company in person, by post, telex or facsimile before 4 May 2004.

5) Other matters:

The Company's registered address: Company Secretary to the Board of Directors Office, Beiren Printing Machinery Holdings Limited, No. 6 Rong Chang Dong Street, Economic and Technological Development Zone, Beijing.

Contact telephone : 010-67802565

Fax : 010-67802570

Postal code : 100176

Contact person : Rong Peimin

The Annual General Meeting is expected to last for half a day. Attendees should provide for their own accommodation and travelling expenses.

Board of Directors

Beiren Printing Machinery Holdings Limited

30 March 2004