



北人印刷機械股份有限公司2004年半年度報告摘要

BEIREN PRINTING MACHINERY HOLDINGS LIMITED 2004 INTERIM REPORT (SUMMARY)

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

(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 "Directors") warrant that this report does not contain any false information, misleading statements or material omission and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents herein contained.

This interim results announcement has been prepared in accordance with the information of the interim report 2004 of the Company. The full text of the report is also published on the website of the Shanghai Stock Exchange (website: <http://www.sse.com.cn>). Investors are advised to read the full text of the interim report for detailed information.

- 1.2 The financial statements contained in the interim report are unaudited.

- 1.3 Mr. Zhu Wuan, the Chairman, Mr. Wang Guohua, the General Manager, and Mr. Bai Fan, Head of the Finance Department, have declared that they guarantee the truthfulness and completeness of the financial statements contained in the interim report.

2. COMPANY INFORMATION

2.1 Basic information

Short form of the Company's listed shares	Beiren Shares	Beiren Printing
Stock code	600860	187
Place for listing of shares	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
Name	Secretary to the Board of Directors Rong Peimin	
Correspondence address	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing	
Telephone number	86-010-67802565	
Facsimile number	86-010-67802570	
E-mail address	beirengf@beirengf.com	

2.2 Financial information

2.2.1 Major accounting data and financial indices

	As at 30.6.2004	As at 31.12.2003	Unit: Rmb Percentage (%) Increase/ decrease (-)
Current assets (yuan)	1,153,942,844.90	996,354,351.92	15.82
Current liabilities (yuan)	784,659,412.09	613,992,440.33	27.80
Total assets (yuan)	2,088,213,558.10	1,893,148,599.68	10.30
Shareholders' equity (after minority interest)(yuan)	1,228,425,834.37	1,202,616,644.46	2.15
Net assets per share (yuan)	2.91	2.85	2.11
Adjusted net assets per share (yuan)	2.85	2.81	1.42

	For the reporting period (Jan-June)	For the same period last year	Unit: Rmb Increase/ decrease (-) as compared with the same period last year (%)
Net profit (yuan)	58,999,744.90	54,287,823.14	8.68
Net profit after extraordinary items (yuan)	61,083,515.18	49,735,634.18	22.82
Earnings per share (yuan)	0.140	0.129	8.53
Earnings/net asset ratio (%)	4.80	4.62	3.90
Net cash flow from operating activities (yuan)	39,292,306.88	137,586,225.18	-71.44

2.2.2 Extraordinary items

☒ applicable ☐ not applicable

Unaudited

	Unit: Rmb Amount
Loss from disposal of long term equity investment	1,129,723.12
Non-operating income	2,272,690.70
Non-operating expenses	3,428,252.63
Income tax	201,514.77
Total (Impact)	2,083,770.28

2.2.3 Differences between domestic and international accounting standards

☒ applicable ☐ not applicable

Unaudited

	The PRC Accounting Standards (PRC GAAP)	Overseas (International) Accounting Standards
Net profit	59,000	61,496
Explanation on the differences		59,000
Prepared under PRC GAAP		
Adjusted under HK GAAP		
— consequential adjustment on the difference in valuation of assets contributed by Beiren Group Corporation		73
— difference in valuation of asset contribution to subsidiaries		16
— difference in recognition of deferred tax		660
— difference in the amortization of goodwill upon acquisition of a subsidiary		(224)
— others		1,971
Prepared under HK GAAP		61,496

3. MOVEMENTS IN SHARE CAPITAL AND SHAREHOLDINGS OF SHAREHOLDERS

3.1 Changes in share capital

☐ applicable ☒ not applicable

3.2 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 38,180 (of which 38,066 were holders of A shares and 114 were holders of H shares).

Shareholdings of the top ten shareholders

Name of shareholders (full name)	Increase/ decrease (-) during the reporting period	Number of shares held at the end of the year	Percentage to share capital (%)	Type of shares (circulating or non- circulating)	Number of shares pledged or frozen	Unit: share Type of shareholders (State or foreign shareholders)
Beiren Group Corporation	0	250,000,000	59.24	Non-circulating	Nil	State-owned shareholder
HKSCC NOMINEES (HONG KONG) LIMITED	308,000	97,339,199	23.07	Circulating	Unknown	Foreign shareholder
Hao Hong Property	Unknown	2,049,882	0.49	Circulating	Unknown	Legal person shareholder
HSBC NOMINEES (HONG KONG) LIMITED	10,000	702,000	0.17	Circulating	Unknown	Foreign shareholder
De Sheng Xiao Pan	Unknown	412,494	0.10	Circulating	Unknown	Legal person shareholder
HUI KAU YU	0	400,000	0.09	Circulating	Unknown	Foreign shareholder
WONG CHUNG KING	0	298,000	0.07	Circulating	Unknown	Foreign shareholder
Shanxi Trust	-10,576,774	269,069	0.06	Circulating	Unknown	Legal person shareholder
KWAN KAM ON	90,000	190,000	0.05	Circulating	Unknown	Foreign shareholder
Han Zhi	Unknown	188,457	0.04	Circulating	Unknown	Natural person shareholder

Shareholdings of the top ten shareholders of circulating shares

Name of shareholders (full name)	Number of shares held at the end of the period	Type of shares (A,B, H shares or others)
HKSCC NOMINEES (HONG KONG) LIMITED	97,339,199	H shares
Hao Hong Property	2,049,882	A shares
HSBC NOMINEES (HONG KONG) LIMITED	702,000	H shares
De Sheng Xiao Pan	412,494	A shares
HUI KAU YU	400,000	H shares
WONG CHUNG KING	298,000	H shares
Shanxi Trust	269,069	A shares
KWAN KAM ON	190,000	H shares
Han Zhi	188,457	A shares
Quan Zheyun	170,000	A shares

Description of the connected relationship amongst, or concerted action of the shareholders mentioned above

- 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 non-circulating shares.
- 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.
- 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.
- The Company is not aware of any connected relationship or any party acting in concert among the top ten shareholders or the top ten shareholders of circulating shares.
- There was no change in respect of shareholders holding more than 5% (inclusive of 5%) of the Company's shares.
- Save as disclosed above, as far as the Directors are aware, none of the persons (not being a Director or chief executive of the Company) has any interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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

Name of shareholders	Nil
Contracted term for holding of shares	Nil

3.3 Change in controlling shareholder and de facto controller of the Company

☐ applicable ☒ not applicable

4. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

4.1 Movements in shareholding of the Directors, supervisors and senior management

☒ applicable ☐ not applicable

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

Notes:

- Save as disclosed above, none of the Directors, supervisors and senior management of the Company, as at 30 June 2004, 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) as recorded in the register which were required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.
- None of the Directors, supervisors and senior management of the Company or the respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or had exercised any such right as at 30 June 2004.
- Save as those set out in the register required to be maintained by directors and supervisors under section 352 of the SFO, during the reporting period, the Company did not engage in any arrangement which would enable the directors or supervisors of the Company of their respective associates to acquire any interest in any shares or debt securities of the Company by the purchase of any other corporation, nor did the directors or supervisors had any interest which was required to be recorded in the register under section 352 of the SFO.

5. MANAGEMENT DISCUSSION AND ANALYSIS

5.1 Business Review

- During the reporting period, the Company's revenue from principal operation amounted to Rmb524,784,900 in accordance with PRC accounting standard, representing an increase of 13.79% over the corresponding period last year. Its net profit amounted to Rmb58,999,700, representing an increase of 8.68% as compared with the corresponding period last year. Turnover amounted to Rmb549,682,000 in accordance with Hong Kong accounting standard, representing an increase of 5.18% as compared with the corresponding period last year. The net profit amounted to Rmb61,496,000, representing an increase of 4.53% over the same period last year.
- The Company participated the International Printing Machines 德魯巴 Exhibition held every four years in Germany in May this year. Beiren 300 two ply high end multi-color presses (對開高檔多色機) has passed the German certification "CE". Beiren 300 two ply high end multi-color presses (對開高檔多色機) and Beiren 200 four ply multi high end presses (四開高檔多色機) has reached the European "CE" standard. During the exhibition, products of "Beiren" has aroused the extensive interest and praise among overseas' counterparts and customers, demonstrating the Company's capability in design and manufacture. It laid a necessary foundation for the Company to build international joint venture and co-operative relationship, and establish international sales network, which realise the Company's "export strategy".
- By making use of market demand and technological improvement as direction to speed up the product development process. In the first half of the year, the Company developed the 578 high end rolling printers (捲筒高檔印報機) and N394 rolling paper commercial printer (捲筒紙商業印刷機) that are internationally demanded. The Company finished the testing and passed certification of the new product N404 flat sheet. These new products will bring about enormous revenue for the company.
- During the reporting period, the Company carried out clearing for various systems which govern the calculation of expenditure in accordance with the Company's budget approval system, by which the standard is unified in order to make the budget as its basis, the basis has its system and the system has its standard. This system will enhance the planning and monitoring of production and operation in respect of internal management, and will realise the overall budget and regularized statements for the purpose of business procedures, and provide objective data support for decision making, which will enable the Company to continuously deepen and systemize its management as well as further enhance quality of operation.

5.2 Principal operations by sectors or products

Unaudited

	Principal operating income	Principal operating costs	Gross profit margin (%)	Increase/ decrease (-) in principal operating income as compared with the same period last year (%)	Increase/ decrease (-) in principal operating costs as compared with the same period last year (%)	Unit: Rmb Increase (-) decrease (+) in gross profit margin as compared with the same period last year (%)
Sector						
Sale of flat paper printers	263,384,219.51	165,926,599.42	37.00	-6.03	-1.85	-6.75
Sale of rolling paper printers	112,288,875.24	74,008,342.96	34.09	97.58	69.82	46.18
Sale of intrusion printers	82,348,781.79	63,733,123.57	22.61	39.25	44.66	-11.33
Sale of pressing machines	136,752.14	291,024.36	-112.81	-86.03	-81.36	-89.47
Sale of form-printing machines	39,454,212.99	33,288,873.76	15.63	15.71	24.73	-28.07
Spare parts	7,216,304.22	4,970,630.85	31.12	-36.62	-37.75	4.18
Printing business	13,950,699.92	9,283,975.24	33.45	5.49	1.31	8.92
Others	6,085,077.22	3,717,568.03	38.09	14.52	-6.36	56.88
Of which: related party transactions						
Sale of flat paper machines	63,120,341.89	39,765,815.39	37.00	1.73	6.25	-6.75
Sale of rolling paper printers	15,735,316.24	10,371,146.93	34.09	85.56	59.50	46.18

Pricing principle for related party transactions

The pricing policy for the products sold by the Company to the related companies is based on the market prices for the those similar products.

Of which: The total related party transactions in respect of the sale of products by the Company to the controlling shareholders and its subsidiaries during the reporting period amounted to Rmb4,158,119.66.

5.3 Principal operations by geographical segments

☒ applicable ☐ not applicable

Unaudited

Region	Principal operating income	Unit: Rmb Increase/decrease (-) in principal operating income (%)
Domestic	493,001,600.03	9.60
Overseas	31,783,273.00	180.14

5.4 Business outlook of the Company in the second half of 2004

- To accelerate the development of new products is an important task in maintaining the steady development and enhancing core competitiveness of the Company. The Company dedicated its efforts in the preparation work of the participation of various models of printing machines for the 2005 Beijing International Printing Machines Exhibition. In the meantime, the Company will further enhance the management work of its technological system, absorb multifarious talents in need, and enhance research and development and technological management level and progress.
- Reform of printing enterprises deepens endlessly, and various economic mode of printing enterprises developed ceaselessly. The Company has to implement customer relation management system in the year, and will realize a significant leverage in business operation level by using the system to achieve operational foundation work of customer management, sales management and market information.
- To establish a sound standardized cost management system, analyse the increase and decrease in the cost of products in order to achieve the target of cost control. To implement all round up budget management and be innovative in breaking traditional and conventional practices and models in order to establish a solid foundation for the capability of cost management and resources integration.
- In the meantime as the MRPII system in rolling paper sub branch successfully came into operation, the Company is prepared to implement the system in the whole company. This will facilitate unification of the logistics, information flow and capital flow in the production operation of the Company. To establish a relatively complete and real fixed cost and to guarantee outsourcing work quality and lower cost, the Company will implement relevant measures in order to let the outsourcing partners and the Company have motivation and confidence to achieve win-win situation and realize the commercialization of outsourcing products step by step.
- To continue the thorough implementation of the commitment of "regulation, credibility, development", enhance the Company's credibility in the society and upgrade the monitoring of subsidiaries and sub-branches as well as forbidding irregularities from happening.

5.5 Other businesses having material impact on net profit

☐ applicable ☒ not applicable

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

☐ applicable ☒ not applicable

5.7 Reasons for material changes incurred on the principal operations and its structure

☐ applicable ☒ not applicable

5.8 Analysis of the reasons for material changes incurred on the profitability (gross profit margin) of the principal operations compared with that of last year

☐ applicable ☒ not applicable

5.9 Analysis of the reasons for material changes incurred in the profit structure compared with that of last year

☐ applicable ☒ not applicable

5.10 Use of proceeds

5.10.1 Application of proceeds

☐ applicable ☒ not applicable

5.10.2 Change in use of proceeds

☐ applicable ☒ not applicable

5.11 Change in operation plan by the Board of Directors in the second half of the year

☐ applicable ☒ not applicable

5.12 Warning and explanation on reasons for any potential loss or material change in accumulated net profit for the period from the year beginning to the end of the next reporting period as compared with the same period of last year

☐ applicable ☒ not applicable

5.13 The statement from the Company's senior management concerning "non-standard comments" issued by the auditors for the reporting period

☐ applicable ☒ not applicable

5.14 The statement from the Company's senior management concerning the changes in the matters and their handling of the "non-standard comments" issued by the auditors in the previous year

☐ applicable ☒ not applicable

6. MATERIAL EVENTS

6.1 Acquisition and sale of assets and assets reorganization

6.1.1 Acquisition or purchase of assets

☐ applicable ☒ not applicable

6.1.2 Sale or disposal of assets

☐ applicable ☒ not applicable

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

☐ applicable ☒ not applicable

6.2 Guarantee

☐ applicable ☒ not applicable

6.3 Connected debts and liabilities

☒ applicable ☐ not applicable

Unaudited

Connected party	Connected relationship	Amount incurred	Amount advanced to connected party Closing Balance	Amount advanced to the Company Amount incurred	Closing Balance
Hubei Beiren Printing Machinery					
Sales Company Limited					
Xian Beiren Beiren Printing Machinery	Note 1	1,236,800.00	4,879,680.00	—	—
Sales Company Limited					
Liaoning Beiren Printing Machinery	Note 1	-2,106,030.00	4,102,000.00	—	—
Operation and Sale Company Limited					
Beijing Beiren Hengdong Printing Machinery	Note 2	-1,022,900.00	2,996,800.00	143,000.00	143,000.00
Operation and Sale Company Limited					
Beiren Group Corporation	Controlling shareholder	582,557.53	31,235,075.11	700,857.42	59,949,359.98
Ningsia Beiren Xinhua Printing Limited	Note 2	-1,077,000.00	—	—	—
Beijing Yan Long Import and Export Company	Note 3	-3,700,000.00	—	—	881,651.38
Guangzhou Beiren Hengdong Printing Machinery					
Operation and Sale Company Limited	Note 2	-2,556,909.14	—	—	—
Beijing Beiren Taile Printing and Casting Factory	Note 1	—	2,864,115.74	—	—
Beijing Beiren Printing Machinery Accessories					
Printing Factory	Note 1	98,927.80	6,229,521.83	—	—
Beijing Beiren Printing and Casting Company Limited	Note 2	—	—	35,223,984.86	55,400,473.04
Beijing Monigat Automatic Systems Company Limited	Note 2	—	—	167,856.53	167,856.53
Total		-1,092,553.81	60,001,222.68	36,235,698.81	116,542,340.93

Note 1:Subsidiaries with controlling relationship.

Note 2:Related companies without controlling relationship.

Note 3:Subsidiaries of controlling shareholders.



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Note 4:The amount advanced to connected parties of Hubei Beiren Printing Machinery Sales Company Limited, Xian Beiren Beifu Printing Machinery Sales Company Limited, Liaoning Beiren Printing Machinery Operation and Sale Company Limited, Beijing Beiren Hengtong Printing Machinery Operation and Sale Company Limited, Beiren Group Corporation, Beijing Yan Long Import and Export Company and Guangzhou Beiren Hengtong Printing Machinery Operation and Sale Company Limited are incurred in the sales of the Company' s products. The amount advanced to connected parties of Beijing Beiren Taihe Printing and Casting Factory and Beijing Beiren Printing Machinery Accessories Printing Factory are incurred in the provision of service or package services to the products of the Company. The amount of Rmb29,980,300 in relation to Beiren Group Corporation is the receivable of removal compensation. The amount of Rmb57,266,700 in relation to Beiren Group Corporation advanced to the Company from connected parties is the payables for the acquisition of Factory No. 4; The amount of Rmb54,249,800 in relation to Beijing Beiying Printing and Casting Company Limited is the advanced receipt of the removal compensation from the original Beijing Beiren Taihe Printing and Casting Factory.

During the reporting period, the amount advanced to the controlling shareholders and subsidiaries from the Company is Rmb0, and the balance is Rmb0.

6.4 Material litigation and arbitration

☐ applicable ☒ not applicable

6.5 Analysis on other material matters and their effects and solutions

☐ applicable ☒ not applicable

7. FINANCIAL REPORT
(prepared under PRC accounting standards)

7.1 Auditors' opinion

Financial Report unaudited

7.2 PROFIT AND LOSS ACCOUNT AND PROFITS DISTRIBUTION
(prepared under accounting principles generally accepted in the PRC)

For the period from 1 January 2004 to 30 June 2004

	Group		Company	
	Six months	Six months	Six months	Six months
	ended 30.6.2004	ended 30.6.2003	ended 30.6.2004	ended 30.6.2003
	(Accumulated)	(Accumulated)	(Accumulated)	(Accumulated)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Rmb	Rmb	Rmb	Rmb
Income from major operations	524,784,873.03	461,183,901.58	363,253,938.17	335,081,032.20
Less: main operating cost	355,220,138.19	306,067,583.20	236,525,658.50	216,398,578.03
main operation tax and surcharge	3,277,664.82	3,323,298.94	2,711,579.41	2,625,715.07
Profit from major operations	166,287,070.02	151,793,019.44	124,016,700.26	116,056,739.10
Add: profit from other operations	(147,389.17)	538,574.45	2,183,347.61	408,146.42
Less: operation expenses	25,036,058.46	19,661,982.84	14,748,825.94	12,504,698.25
administrative expenses	62,417,416.22	61,643,750.52	41,109,677.01	42,165,810.42
financial expenses	4,706,970.54	5,422,788.03	2,041,415.48	2,903,596.76
Operating profit	73,979,235.63	65,603,072.50	68,300,129.44	58,890,780.09
Add: investment income (less: loss)	(1,117,818.42)	(5,995,769.60)	2,021,552.91	(1,243,377.82)
non-operating income	2,272,690.70	1,372,495.09	1,920,528.28	1,186,310.34
Less: non-operating expenses	3,428,252.63	(5,625,414.78)	3,375,517.71	(5,679,299.51)
Total profits	71,705,855.28	66,605,212.77	68,866,692.92	64,513,012.12
Less: income tax	11,384,197.79	10,968,555.03	10,623,245.00	9,979,317.24
minority interests	1,321,912.59	1,348,834.60	—	—
Net profit for the period	58,999,744.90	54,287,823.14	58,243,447.92	54,533,694.88
Add: retained profits at the beginning of the period	60,699,762.90	31,702,840.27	64,378,254.93	30,313,982.03
Distributable profits	119,699,507.80	85,990,663.41	122,621,702.85	84,847,676.91
Less: transfer to statutory surplus reserve	5,824,344.79	5,453,369.49	5,824,344.79	5,453,369.49
transfer to statutory public welfare fund	5,824,344.79	5,453,369.49	5,824,344.79	5,453,369.49
Profits distributable to shareholders	108,050,818.22	75,083,924.43	110,973,013.27	73,940,937.93
Less: cash dividend approved after the balance sheet date	—	—	—	—
Retained profits carried forward	108,050,818.22	75,083,924.43	110,973,013.27	73,940,937.93

7.3 Notes to the financial statements

7.3.1 If there is any changes in accounting policies, accounting estimates and corrections to accounting errors, provide details, the reasons therefor and the amount involved
☐ applicable ☒ not applicable

7.3.2 If there is any change in the scope of consolidation of financial statements, state the reasons therefor and the amount involved
☐ applicable ☒ not applicable

7.3.3 If there is any "non-standard comments" rendered, state the notes and matters involved
☐ applicable ☒ not applicable

8 CONDENSED CONSOLIDATED INCOME STATEMENT

(prepared under accounting principles generally accepted in Hong Kong)
FOR THE SIX MONTHS ENDED 30 JUNE 2004

	Notes	Six months ended	
		30.6.2004 Rmb'000 (unaudited)	30.6.2003 Rmb'000 (unaudited)
Turnover		549,682	522,605
Cost of sales		(384,377)	(368,495)
Gross profit		165,305	154,110
Other operating income		9,408	2,536
Distribution costs		(25,837)	(20,493)
Administrative expenses		(71,405)	(58,885)
Profit from operations	3	77,471	77,268
Finance costs		(5,234)	(6,346)
Share of results of associates		573	156
Gain on disposal of an associate		721	—
Profit before taxation		73,531	71,078
Taxation	4	(10,503)	(9,747)
Profit after taxation		63,028	61,331
Minority interests		(1,532)	(2,499)
Net profit for the period		61,496	58,832
Earnings per share - Basic	6	Rmb14.57 fen	Rmb13.97 fen

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 Stand Accounting Practice No. 25 "Interim Financial Statements" issued by the Hong Kong Society of Accountants.

The accounting policies adopted in the preparation of the condensed financial statement are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 December 2003.

2. 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. Revenue and results derived outside Mainland China are insignificant. Accordingly, no segmental analysis of financial information is presented.

3. Profit from operations

Profit from operations in this period has been arrived at after charging (crediting) the following:

	Six months ended 30 June 2004	
	2004 Rmb	2003 Rmb
Depreciation and amortization	23,002	22,815
Provision for impairment in value of buildings, machinery and equipment	942	613
Interest income	(875)	(1,030)

4. Taxation

	Six months ended 30 June 2004	
	2004 Rmb	2003 Rmb
Provision of the PRC income tax		
The Group	11,371	10,938
Associates	161	31
Deferred tax credit	(1,029)	(1,222)
	10,503	9,747

The Company is subject to the PRC income tax levied at a rate of 15% (2003: 15%) of the taxable income. All the Group's domestic subsidiaries and associates are subject to the PRC income tax levied 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.

5. Dividends

The directors do not recommend the payment of any interim dividends.

6. Earnings per share

The calculation of basic earnings per share for the period is based on the net profit for the period of Rmb61,496,000 (2003: Rmb58,832,000) and the number of 422,000,000 shares in issue for the period (2003: the weighted average number of 421,032,967 shares).

9 OTHERS

9.1 Liquidity and sources of capital

The Group's net cash inflow from operating business for six months ended 30 June 2004 amounted to Rmb36,404,000.

As at 30 June 2004, the Group's total loans amounted to Rmb244,350,000, of which Rmb216,025,000 will fall due within one year, Rmb14,150,000 will fall due before 30 June 2006 and the remaining will fall due between 1 July 2006 and 2008. The aforesaid loans were all nominated in Renminbi, including interest-free loans of Rmb20,000,000 and fixed interest rate loans of Rmb224,350,000.

The gearing ratio of the Group as at 30 June 2004 was 38.56% calculated on the basis of its total liabilities and total assets.

9.2 Staff employment

As at 30 June 2004, the Company had approximately 3,119 employees, of which 2,264 were production staff, representing 73% of the total number of employees. Remuneration packages are structured with reference to the industry practice and individual's performance. Apart from the basic remuneration, bonus may be granted to the eligible with reference to the Group's results as well as individual performance.

9.3 The Group's asset pledged

As at 30 June 2004, the Group's properties, plant and equipment with a total value of approximately Rmb20,662,377 (30 December 2003: Rmb19,317,810) were pledged for bank loans.

9.4 Exposure to fluctuations in exchange rates and any related hedges

Transactions of the Company are mainly dominated in Renminbi, Hong Kong dollars or USA dollars. The risk of exposure to fluctuations in exchange rates is comparatively low. Therefore, no financial instruments are used by the Group for hedging the exchange rate risk.

9.5 Contingent liabilities

As at 30 June 2004, the Group had no significant contingent liabilities.

10. During the reporting period, the Company or any of its subsidiaries did not purchase, sell, repurchase or cancel any share of the Company.

11. The Audit Committee under the Board of the Company has reviewed the unaudited results report of the Company for the first half of 2004.

12. None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not at any time during the reporting period, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong.

13. The Company's 2004 interim report which sets out all the information required by Paragraph 46(1) to 46(6), both inclusive, in the Appendix 16 of the Listing Rules will be published at the website of the Hong Kong Stock Exchange in due course.

As at the date of this Announcement, the Directors of the Company are Mr. Zhu Wuan, Mr. Lu Changan, Mr. Wang Guohua, Mr. Pang Liandong, Mr. Yu Baogui, Madam Rong Peimin, Mr. Qi Shenglin, Madam Li Yijing*, Mr. Zhou Xiaoming*, Mr. Wu Hongzuo* and Mr. Wu Wenxiang*.

* Independent Non-executive Director

Board of Directors
Beiren Printing Machinery Holdings Limited

29 July 2004