



**北人印刷機械股份有限公司 2004 年度報告摘要**  
**BEIREN PRINTING MACHINERY HOLDINGS LIMITED**  
**2004 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 (the “Board”) of Beiren Printing Machinery Holdings Limited (the “Company”) and the Directors of the Company 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 2004. Investors are advised to read the full text of the annual report for detailed information.
- 1.2 Director Mr. Pang Liandong was in overseas and absent from the 22nd meeting of the fourth Board. He did not appoint other Director as proxy to attend the meeting and abstained from voting.
- 1.3 Mr. Zhu Wuan, the Chairman, Mr. Wang Guohua, the General Manager, and Mr. Bai Fan, the 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 address and office address	No. 6 Rong Chang Dong Street, Economic and Technological Development Zone, Beijing, PRC	
Postal code	100176	
Website	<a href="http://www.beirengf.com">http://www.beirengf.com</a>	
E-mail address	<a href="mailto:beirengf@beirengf.com">beirengf@beirengf.com</a>	

## 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 FINANCIAL INDICATOR HIGHLIGHTS

### 3.1 Principal accounting data (prepared under PRC accounting standards)

Unit: Rmb

Item	2004	2004		Percentage increase /decrease (%)	2003	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Principal operating income	1,121,219,426.19	1,005,612,844.69	1,005,612,844.69	11.50	926,929,279.47	926,929,279.47
Total profit	118,507,506.15	102,280,643.48	102,280,643.48	15.87	85,498,868.40	85,498,868.40
Net profit	95,903,999.16	82,047,814.03	82,047,814.03	16.89	68,940,690.64	68,940,690.64
Net profit after incomes and losses of extraordinary items	93,157,848.19	77,236,974.91	77,236,974.91	20.61	61,452,367.05	61,452,367.05

Item	At the end of 2004	At the end of 2003		Percentage Increase /decrease (%)	At the end of 2002	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Total assets	2,019,421,955.06	1,893,148,599.68	1,893,148,599.68	6.67	1,882,271,513.97	1,882,271,513.97
Shareholders' equity	1,265,422,331.87	1,202,616,644.46	1,202,616,644.46	5.22	1,021,311,254.56	979,111,254.56
Net cash flow from operating activities	40,321,639.30	53,286,167.40	53,286,167.40	-24.33	174,290,172.01	174,290,172.01

### 3.2 Principal accounting data (prepared under HK GAAP)

Unit: Rmb'000

Item	2004	2003	Percentage increased/ decrease (%)	2002
Turnover	1,153,555	1,015,382	13.61	938,653
Profit after taxation	102,023	93,462	9.16	75,039
Net profit for the year	101,201	96,148	5.26	72,795

Item	At the end of 2004	At the end of 2003	Percentage increased/ decrease (%)	At the end of 2002
Total assets	2,026,233	1,885,543	7.46	1,865,478
Shareholders' equity (exclusive of minority interest)	1,267,975	1,200,534	5.62	967,466
Net cash flow from operating activities	31,129	156,010	-80.05	175,375

### 3.3 Principal financial indicators (prepared under PRC accounting standards)

Unit: Rmb

Item	2004	2003		Percentage increase /decrease (%)	2002	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Earnings per share	0.23	0.19	0.19	21.05	0.17	0.17
Latest earnings per share						
Return on net assets (%)	7.58	6.82	6.82	11.14	6.75	7.04
Return on net asset after incomes and losses of extraordinary items (%)	7.36	6.42	6.42	14.64	6.02	6.28
Net cash flow from operating activities per share	0.10	0.13	0.13	-23.08	0.44	0.44

Item	As at the end of 2004	As at the end of 2003		Percentage increase /decrease (%)	As at the end of 2002	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Net assets per share	3.00	2.85	2.85	5.26	2.55	2.45
Adjusted net assets per share	2.96	2.81	2.81	5.16	2.39	2.29

Extraordinary items

Unit: Rmb

Extraordinary profit and loss items	Amount
Non-operating income and expenditure after deducting asset impairment provision	2,389,763.72
Reversal of provision for impairment during prior years	2,560,406.68
Other extraordinary items confirmed by China Securities Regulatory Commission	-2,025,521.14
Income tax effect	-178,498.29
<b>Total</b>	<b>2,746,150.97</b>

### 3.4 Principal financial indicators (prepared under HK GAAP)

Item	2004	2003	Percentage increased/decrease (%)	2002
Earnings per share	0.24	0.23	4.35	0.18
Return on net assets (%)	7.98	8.01	-0.37	7.52
Net cash flow from operating activities per share	0.07	0.34	-79.41	0.44

### 3.5 Differences between domestic and international accounting standards

Unit: Rmb'000

Item	Net profit		Equity interests of shareholders	
	This period	Previous period	Closing balance	Opening balance
As prepared under PRC accounting standards	95,904	82,048	1,265,422	1,202,617
Items adjusted under HK GAAP:				
Differences in valuation of net assets contributed by Beiren Group Corporation	—	—	-60,198	-60,198
Subsequent amortization on differences in valuation of net assets contributed by Beiren Group Corporation	313	313	47,832	48,832
Differences in valuation of asset contributed to subsidiaries	31	1,390	-321	-352
Differences in valuation of other assets and subsequent adjustment	4,502	5,000	(6,374)	(10,876)
Differences in recognition of deferred tax	1,052	7,740	19,904	18,852
Differences in recognition of goodwill upon acquisition of subsidiaries	—	—	4,479	4,479
Differences in amortization of goodwill upon acquisition of subsidiaries	-448	-448	-1,344	-896
Others	-153	105	-1,738	-924
Prepared under HK GAAP	101,201	96,148	1,267,975	1,200,534

## 4. MOVEMENT OF SHAREHOLDER'S EQUITY AND INFORMATION OF SHAREHOLDERS

### 4.1. Changes in share capital

		Increase / decrease (+/-)							
	Opening	Right	Bonus	Conversion	Additional			Closing	
	value	issues	issues	from	issues	Others	Sub-total	value	
				reserves					
1. Unlisted non-circulating shares									
a. Promoter's shares	250,000,000	—	—	—	—	—	—	250,000,000	
Of which:									
State-owned 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	—	—	—	—	—	—	—	—	
Total number of unlisted non-circulating shares	250,000,000	—	—	—	—	—	—	250,000,000	
2. Listed circulating shares									
a. Renminbi ordinary shares	72,000,000	—	—	—	—	—	—	72,000,000	
b. Foreign shares listed domestically	—	—	—	—	—	—	—	—	
c. Foreign shares listed overseas	100,000,000	—	—	—	—	—	—	100,000,000	
d. Others	—	—	—	—	—	—	—	—	
Total listed circulating shares	172,000,000	—	—	—	—	—	—	172,000,000	
3.Total number of shares	422,000,000	—	—	—	—	—	—	422,000,000	

## 4.2 The top ten shareholders and shareholdings of circulating shares of the top ten shareholders

The total number of shareholders 37,850 (of which 37,739 were holders of A Shares,  
at the end of the reporting period 111 were holders of H Shares)

### The top ten shareholders

Name of shareholders (full name)	Increase (+)/ decrease(-) in 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-owned or foreign shareholders)
Beiren Group Corporation	0	250,000,000	59.24	Non-circulating	Nil	Legal person shareholder
HKSCC NOMINEES LIMITED	308,000	97,339,199	23.07	Circulating	Unknown	Foreign shareholder
浩鴻房產	1,302,582	1,302,582	0.3	Circulating	Unknown	Public shareholder
HSBC NOMINEES (HONG KONG) LIMITED	10,000	702,000	0.2	Circulating	Unknown	Foreign 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
KWAN KAN ON	190,000	190,000	0.05	Circulating	Unknown	Foreign shareholder
蘇兆利達	180,000	180,000	0.04	Circulating	Unknown	Public shareholder
張思甜	177,265	177,265	0.04	Circulating	Unknown	Natural person shareholder
施令英	160,000	160,000	0.04	Circulating	Unknown	Natural person shareholder

### The explanation of the connected relation and action in concert among the top ten shareholders

The Company was not aware of any connected relations or action in concert among the top ten shareholders.

Beiren Group Corporation, among the top shareholders of the Company, was the controlling shareholder of the Company and held non-circulating shares.

The shares held by HKSCC NOMINEES LIMITED were shares held on behalf of clients. The Company had not been notified by HKSCC NOMINEES LIMITED that any one of the holders of H Shares held shares exceeding 5% of the total share capital of the Company.

There were no shares pledged or frozen for shareholders holding shares of 5% (including 5%) or more in the Company.

There were no changes for shareholders holding of 5% (including 5%) or more in the Company.

Saved as disclosed above, the Directors were not informed of any person (apart from Directors or major senior management) who has interests or short positions in the Company's shares or related shares which should be disclosed to the Company in compliance with the Division 2 and 3 of Part XV of the Securities and Futures Ordinance or otherwise whose interests or short positions shall be entered into the required register in accordance with Section 336 of Securities and Futures Ordinance.

### 4.3 Controlling shareholder and beneficial controller

#### 4.3.1 Changes of controlling shareholder and beneficial controller

There were no changes during the year

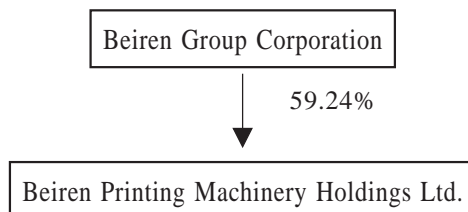
#### 4.3.2 Information of controlling shareholder and beneficial controller

Information of controlling shareholder

Name of Company:	Beiren Group Corporation
Legal representative:	Zhu Wuan
Registered capital:	Rmb200,266,000
Date of incorporation:	16 July 1992

Principle operating or managing activities: 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.

#### 4.3.3 Frame of property right and controlling relationship between the Company and beneficial shareholder



### 4.4 Purchase, sell or redemption of the listed shares of the Company

During the reporting period, the Company and its subsidiaries had not purchased, sold or redeemed any shares of the Company.

### 4.5 Pre-emptive right

In accordance with related laws in the PRC and the Articles of Association of the Company, there was no terms of pre-emptive right.

### 4.6 Convertible debentures, options, warrants or similar right

As of 31 December 2004, the Company had not issued any convertible debentures, options, warrants or similar right.

#### 4.7 Shareholdings of the circulating shares of top ten shareholders

Name of Shareholder	Number of shares held at the end of the year	Type of shares (A, B, H shares or others)
HKSCC NOMINEES LIMITED	97,339,199	H Shares
浩鴻房產	1,302,582	A Shares
HSBC NOMINEES (HONG KONG) LIMITED	702,000	H Shares
HUI KAU YU	400,000	H Shares
WONG CHUNG KING	298,000	H Shares
KWAN KAN ON	190,000	H Shares
蘇兆利達	180,000	A Shares
張思甜	177,265	A Shares
施令英	160,000	A Shares
張鳳海	150,000	A Shares
Explanation of the connected relations or action in concert of the above shareholders	the Company was not aware of any connected relations for the top ten shareholders holding circulating shares and among the top ten shareholders	



## 5. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT STAFF

### 5.1 Changes in equity held by Directors, Supervisors and Senior Management Staff

Name	Position	Sex	Age	Appointment date and end of appointment	Shareholdings at the beginning of the year	Shareholdings at the end of the year	Reasons of change
Zhu Wuan	Chairman	Male	56	2002.07.14 - 2005.07.13	5,760	5,760	
Lu Changan	Vice-chairman	Male	56	2002.07.14 - 2005.07.13	4,800	4,800	
Wang Guohua	Executive Director and General Manager	Male	41	2002.07.14 - 2005.07.13	1,200	1,200	
Pang Liandong	Director	Male	55	2002.07.14 - 2005.07.13	4,100	4,100	
Yu Baogui	Director	Male	55	2002.07.14 - 2005.07.13	4,200	4,200	
Rong Peimin	Executive Director and Company Secretary	Female	53	2002.07.14 - 2005.07.13	0	0	
Qi Shenglin	Director	Male	56	2002.07.14 - 2005.07.13	0	0	
Wu Wenxiang	Independent Director	Male	70	2004.07.14 - 2005.07.13	0	0	
Wu Hongzuo	Independent Director	Male	58	2002.07.14 - 2005.07.13	0	0	
Li Yijing	Independent Director	Female	53	2002.07.14 - 2005.07.13	0	0	
Zhou Xiaoming	Independent Director	Male	38	2002.07.14 - 2005.07.13	0	0	
Xiao Maolin	Chairman of the Supervisory Committee	Male	55	2002.07.14 - 2005.07.13	0	0	
Xue Kexin	Supervisor	Male	39	2002.07.14 - 2005.07.13	0	0	
Tian Furen	Supervisor	Male	56	2002.07.14 - 2005.07.13	4,100	4,100	
Guo Ning	Deputy General Manager	Male	50	2002.07.14 - 2005.07.13	0	0	
Wang Wenyuan	Deputy General Manager	Male	57	2002.07.14 - 2005.07.13	0	0	
Yang Zhendong	Chief Engineer	Male	42	2002.07.14 - 2005.07.13	0	0	

## 5.2 Positions held by Directors and Supervisors in shareholders' unit

Name	Name of shareholders' unit	Positions	Appointing date	Whether receiving remuneration or allowance (Yes or no)
Zhu Wuan	Beiren Group Corporation	Chairman, Secretary to the Party Committee	2000-03-21	Yes
Lu Changan	Beiren Group Corporation	General Manager	2000-03-21	Yes
Pang Liandong	Beiren Group Corporation	Standing Deputy General Manager	2000-03-21	Yes
Yu Baogui	Beiren Group Corporation	Chairman of the Labour Union	2000-03-21	Yes
Qi Shenglin	Beiren Group Corporation	Chief Accountant	2002-09-13	Yes
Xiao Maolin	Beiren Group Corporation	Secretary to the Disciplinary Committee and Deputy Secretary to the Party Committee	2000-03-21	Yes

## 5.3 Remuneration of Directors, Supervisors and senior management staff

	<i>Unit: RMB0'000</i>
Total remuneration for the year	193.74
Total remuneration of the 3 highest paid Directors	69.53
Total remuneration of the 3 highest paid senior management staff	95.36
Allowances of Independent Directors	14
Other benefits of Independent Directors	0
Name of Directors and Supervisors not received remunerations in the Company	Zhu Wuan, Lu Changan
Remuneration bands	Number of persons
Rmb10,000-50,000	8
Rmb50,000-150,000	2
Rmb150,000-300,000	4
Rmb300,000 or above	1

## 6. REPORT OF DIRECTORS

### 6.1 Discussion and analysis of the overall operation during the reporting period

Under the correct decision of the Board during the reporting period, the Company pressed ahead the culture of execution in light of its guideline of “Practical and Honest”, and thereby strived to accomplish its goals despite the critical market challenges.

In accordance with PRC accounting standard, the Company recorded principal operating income of Rmb1,121,219,400, representing an increase of 11.50% over the previous year. Net profit amounted to Rmb95,904,000, representing an increase of 16.89% as compared with the previous year. Earnings per share was Rmb0.23. In accordance with HK GAAP, turnover amounted to Rmb1,153,555,000 representing an increase of 13.61% from the previous year. Net profit amounted to Rmb101,201,000, representing an increase of 5.26% over last year. Earnings per share were Rmb0.24.

## I. Business Review

### 1. Improvement in management and operating performance

- (1) In 2004, the Company improved its budget management system where definite rules were formulated for procedures including reporting, audit, approval, execution, supervision and assessment of all projected expenses.
- (2) With improved authority and reasonableness of assessment on the economic accountability system, average productivity per capita and inventory turnover ratio were emphasized to facilitate minimization of cost and fast capital turnover.
- (3) The Company managed to formulate standard product cost, one of its focuses in 2004, Currently, 18 varieties of its products completed standard cost formulation.
- (4) As for product quality, the vital force of an enterprise, the Company carried out overall examination on quality management of its branches and subsidiaries pursuant to its Quality Management Assessment System, whereby existing problems were identified in time and rectification measures were reviewed to ensure the implementation. By semi-monthly quality information meetings instead of the previous monthly meetings, information feedbacks were accelerated, and thereby a closed-loop management mode was established for external quality information to speed up the rectification of quality problems.

### 2. Market-oriented development of new products and upgrade of the old products

- (1) In 2004 Drupa Printing Trade Fair, a pageant in the global printing industry held in May 2004, the Company rolled out its folio 4-colour, quarto 4-colour and octavo 2-colour printing presses. With desirable printing quality for a majority of customers, the Company's products attracted the industry players and were highly appreciated by the circle.
- (2) To address market demands and exploit the high-end market share, the Company developed BEIREN89 (PZ4890-02) folio 4-colour offset alcohol-dampening press, N200 quarto 4-colour offset press and BEIREN NT3640 large-sized newspaper tower press.
- (3) During the reporting period, the Company also completed development and upgrade of products including BEIREN142 (YP4B0) sheet-fed 4-colour press, BEIREN92S (YPS2A1) unit duplex press and BEIREN NT3145 shaftless small tower press, which catered for market demands and contributed to the improvement in technological content.

3. Improvement in marketing infrastructure with greatly enhanced customer management, sales management and market information management

- (1) Computer technologies were adopted to perfect and facilitate feedbacks from market with enhanced market management. Currently, the Company has completed the training of Customer Relation Management (CRM) system and the basic data acquisition. By running the CRM system for customer management, sales management and service management, the entire marketing activities were effectively controlled to achieve efficient utilisation of market information.
- (2) Focusing on its key products, the Company strengthened its marketing and promotion activities. By its BEIREN300 Customer Feast and BEIREN200 Demo Meeting, the Company publicized its products and prospect and built up closer relationship with customers.
- (3) In light of its export strategy, the Company took efforts in overseas foray. Since its debut in the US market, the BEIREN3840 web commercial rotary press co-produced by the Company and GI (USA) Inc. has been well applauded by users.

4. Emphasis on investment income and rational management over subsidiaries

With strict implementation of the Management System for Subsidiaries, the subsidiaries were required to speed up self-development in line with their actual conditions. Through the annual inspection in 2004, an assessment on subsidiaries was conducted as a drive to improve their product quality. Subsidiaries and branch organizations did not violate any rules of regulatory authorities in domestic and overseas market in their operations.

5. Efforts in capital market and investor relation management

With efforts in investor relation management, an important task for the Company in 2004, the Company formulated its Investor Relation Management System. Also a channel in the Company's website was set up to disclose regular and extraordinary important information of the Company and respond to investors' inquiries.

For sound investor relations and better recognition of the investors into the Company, 6 domestic and overseas presentations were held in 2004, coupled with hundreds of visits to the Company's headquarter. Deeper understanding and trust on Beiren Painting Machinery Holdings for domestic and international investors were established.

II. Prospect

1. To fully prepare for Beijing Exhibition

Preparing fully for 2005 Beijing International Printing Machinery Exhibition, the Company expects to show off its development and new products to secure its dominant position in the industry, laying a solid foundation for its technological strength of products.

2. To speed up the development of new products

Faced with critical market competitions, the Company will speed up the development of new products in 2005, so as to maintain its leading technology advantages in the PRC by virtue of its improving expertise.

3. To make efforts in marketing for better performance

- (1) The Company will further improve its CRM system for an overall progress in its marketing management.
- (2) In 2005, the Company will attach more importance to market development and investigation. Product sale information and market dynamics will be thoroughly analyzed to meet the annual sale target.
- (3) The Company will improve its after-sale services in a fast pace of training after-sale service staff. Moreover, the Company will live up to its 24-hour onsite service commitment to customers, boosting sales by services.

4. To strengthen international cooperation to increase product export

Based on its investigation of international market in 2005, the Company will strengthen international cooperation to explore new market for a further increase in product export.

5. To promote budget management on a full scale

The Company carried out examination on key projects under its Budget Management System issued in 2004. For effective allocation of its advantageous resources, the Company expects to rationalize corporate activities by budget management, so as to control capital flows and unite economic activities towards its overall development target, aiming at efficient operations and improving corporate management.

6. To strengthen management on branches, subsidiaries and associated companies to guarantee investment income of the Company

- (1) The Company will improve internal audit by virtue of its well-established internal audit body.
- (2) With strengthened management on branches, subsidiaries and associated companies, the Company will establish a reporting system of significant information to keep informed of the movements on a timely basis. In addition, the branches, subsidiaries and associated companies will be obliged to perform their undertakings and observe the Listing Rules and provisions of China Securities Regulatory Commission in strict compliance with the Company's requirements.

## 6.2 Principal operations by sectors or products (prepared 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	470,230,342.59	314,836,375.49	33.05	-13.60	-3.75	-6.85
Rolling paper printers	349,326,077.59	231,759,376.64	33.66	86.25	67.04	7.63
Intrusion printers	172,213,282.50	133,240,055.34	22.63	18.80	21.85	-1.93
Form-printing machines	77,754,760.00	63,916,513.35	17.80	15.10	37.55	-13.41
Spare parts	14,189,036.16	8,099,535.67	42.92	-42.16	-59.80	25.05
Printing business	27,988,108.23	18,775,129.14	32.92	-2.88	-2.63	-0.51
Pressing machines	874,666.68	2,577,555.96	-194.69	-51.15	-1.65	-148.32
Others	8,643,152.44	5,926,147.93	31.44	40.22	15.44	14.72
Of which: connected transaction:	167,539,589.74	111,815,554.26	33.26	36.92	13.99	20.61
Pricing principle for connected transactions	The pricing policy for 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.					

Note: pressing machine is the product which the Company terminated production. Its current sales are stock product. As of the reporting period, there are only two pressing machine left in the inventory.

## 6.3 Principal operations by geographical location (prepared under PRC accounting standards)

Unit: Rmb

Region	Principal operating income	Increase (+)/decrease (-) in principal operating income (%)
Domestic	1,088,502,567.19	10.02
Overseas	32,716,859.00	101.57
Total	1,121,219,426.19	11.50

## 6.4 Suppliers and customers (prepared under PRC accounting standards)

Unit: Rmb0'000

Purchases from the top five suppliers	9,038.79	Percentage to total purchases	25.23%
Sales to the top five customers	13,208.59	Percentage to total sales	11.78%

**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)**

Operating profit increased by 6.59% as compared with last year, of which income from principal operations increased by 11.5% as compared with last year, costs from principal operations increased by 16.49% as compared with last year, resulting in an increase of 1.65% in respect of profit from principal operations. Profit from other operations increased by 2.09% as compared with last year, while costs in the period basically remained the same as compared with last year. Investment losses decreased by 47.58% as compared with last year, mainly attributable to the increase in the profits from external investment of the Company. Non-operating net profit increased by 153.3% as compared with last year, mainly due to the income from disposal of fixed assets increased.

**6.6 Analysis of the reasons for material changes increased on the overall financial positions compared with that of last year (Financial data analysis prepared under PRC accounting standards)**

1. Cash and cash balances increased by 9.5% from the previous year mainly as result of good collection of trade receivable at the end of the year.
2. Bills receivable increased by 108.36% from the previous year, primarily due to the increased acceptance bills for sold products.
3. Accounts receivable increased by 28.84% from the previous year, mainly as a result of instalment sales to expand its market share for the multi-colour machinery and large-scale printing newspaper machinery (tower machinery) and sharpen its competitiveness with imported similar products.
4. Other receivables decreased by 59.52% from the previous year, mainly due to the collection of removal compensation for the Company.
5. Inventories increased by 19.87% from the previous year, primarily arising from the increased finished goods due to the aggregated recognition at the end of the year.
6. Long term equity investment decreased by 29.79% from the previous year, primarily due to the equity transfer in a company and liquidation of two companies in which the Company was interested.
7. Fixed assets at cost and net fixed assets increased by 6.52% and 7.49% respectively from the previous year, mainly due to recognition and acquisition of equipment for construction of Yizhuang New Plant during the year.
8. Construction in progress decreased by 34.43% from the previous year, primarily due to the inclusion of certain houses and equipment of Yizhuang New Plant into fixed assets.
9. Short tem loans increased by 55.23% from the previous year, mainly arising from a growth in loans for increasing working capital demand for the expanded production.
10. Bills payable increased by 248.52% from the previous year, primarily due to the increased bills payable of the Company for reduction of financing costs.
11. Accounts payable increased by 26.89% from the previous year, primarily due to the increase in accounts payable for purchase of goods and balance of accounts payable under external review and settlement method.

12. Wages payable decreased by 60.58% from the previous year, primarily due to the increase in the balance of wages payable of Beiren Printing Machinery Holding Limited by the Company during previous years.
13. Tax payable increased by 30.94% from the previous year, principally resulting from outstanding amount of tax payable.
14. Other payables decreased by 34.91% from the previous year, mainly owing to repayment of the consideration for acquisition of Beiren (Group) No.4 Printing Machinery Factory at the end of the year.

#### **6.7 Pledge and guarantee of assets**

At the end of 2004, the bank loans of the Company were as follows:

Shaanxi Huanggong Group Printing Machinery Company Limited (“Shaanxi Huanggong”), a subsidiary of the Company, obtained a one year short-term loans of Rmb23,600,000 bearing interest of 5.84% per annum with the land use right of net value of Rmb9,000,000 and machinery equipment of net value of Rmb14,382,968.25 as security. Haimen Beiren Fuji, the subsidiary of the Company, obtained a one year short-term borrowing of Rmb1,000,000 from Haimen Urban Credit Cooperative, bearing an annual interest rate of 5.418% with machinery equipment of net value of Rmb2,228,754.72 as security. Besides, it obtained a one year short-term borrowing of Rmb3,500,000 from Industrial and Commercial Bank, Haimen Branch, bearing an annual interest rate of 6.372% with land use right of net value of Rmb4,952,130.66 as security.

At the end of 2004, the bank loan of the Company guaranteed by Beiren Group Corporation was a one year short-term borrowing of Rmb34,000,000 bearing an annual interest rate of 4.425% to 4.8675%.

#### **6.8 Assets and Liabilities**

During the reporting period, the total assets in accordance with the PRC accounting rules and regulations amounted to Rmb 2,019,422,000, representing an increase of Rmb126,273,400 as compared with last year, up 6.67%. This was mainly attributable to the expansion in production scale of the Company, increase in account receivables and inventories as sales volume increased. In addition, the newly constructed plants transferred into fix assets, thus resulting in the increase in fixed assets.

During the reporting period, the total liability of the Company amounted to Rmb708,613,200, representing an increase of Rmb62,977,800 as compared with last year, up 9.75%. The total liability increased corresponding to the impact of increase in total assets and no injection of new capital from shareholders during the reporting period. The gearing ratio of the reporting period was 35.09%, representing an increase of 0.99 percentage point as compared with last year.

At the end of the reporting period, the equity interests of shareholders of the Company amounted to Rmb1,265,422,300, representing an increase of Rmb62,815,700, up 5.22%. This was mainly attributable to the increase in realization of profit during the year.

#### **6.9 Working capital and sources of capital**

At the end of the year, the balance of working capital amounted to Rmb448,536.100. The liquidity ratio was 1.64:1.

At the end of the year, the short-term bank loan and long-term loan of the Company amounted to Rmb192,487,000 and Rmb18,000,000 respectively, of which, loan repayable within one year amounted to Rmb11,000,000. Interest rate of all the bank loans ranged from 4.425% to 8.01%.



#### **6.10 Cash flow**

During the reporting period, the net cash flow from operating activities amounted to Rmb40,321,600, representing a decrease of Rmb12,964,600 as compared with last year, down 24.33%. The decrease in cash flow from operating activities was mainly attributable to the increase in account receivables and inventories owing to the expansion in scale of production.

During the reporting period, the net cash outflow from investment activities amounted to Rmb29,191,600, representing a decrease of Rmb12,906,300 as compared with last year, down 30.66%. The decrease in net cash outflow from investment activities was mainly attributable to the approaching of final phase of the construction of new plants, resulting in the corresponding diminishing of investment expenses.

During the reporting period, the net cash flow from financing activities amounted to Rmb2,477,700, representing an increase of Rmb57,847,600 as compared with last year, up 104.47%. The increase in net cash flow from financing activities was mainly attributable to the increase in bank loan owing to the rising needs for capital for expansion in the scale of production.

#### **6.11 Capital expenses**

During the reporting period, the Company's investment amounted to Rmb116,716,100, a decrease in Rmb47,768,300 as compared with last year, down 29.04%. The decrease in investment amount was mainly attributable to the approaching of final phase to the construction of new plants. During the reporting period, the main source of investment capital came from balance of working capital and capital from bank loans.

#### **6.12 Projects financed by non-raised funds**

During the reporting period, the Company invested Rmb116,716,100 in construction of a new plant. Currently, the project has been put into operation. Also, the Company increased its capital contribution in Haimen Beiren Printing Machine Company Limited, Beijing Beiren Jinyan Printing Machinery Factory and Shaanxi Beiren Printing Machinery Limited amounting for amounts of Rmb9,000,000, Rmb17,000,000 and Rmb11,500,000 respectively. The capital contribution was paid up and put it into use.

#### **6.13 Profit distribution plan or plan to convert surplus reserves into share capital of the Board**

The Company realized a net profit of Rmb95,904,000 in 2004 in accordance with PRC Accounting Standards. According to the requirement of the Articles of Association, Rmb12,021,600 was appropriated to statutory surplus reserve, Rmb9,637,400 was appropriated to statutory public welfare fund, together with the undistributed profit of Rmb60,699,800 at the beginning of the year, the actual distributable profit for shareholders amounted to Rmb134,944,800. According to the decisions passed at the Board on 12 April 2005, the Company intended to declare a cash bonus distribution of Rmb0.80 (inclusive of tax) every 10 shares for the 422,000,000 issued shares (Rmb1 par value of each share), totalling Rmb33,760,000. The remaining profit of Rmb101,184,800 is left to be distributed in later years. The Company realized a net profit of Rmb101,201,000 prepared under HK GAAP. After appropriation of an amount of Rmb22,742,000 for statutory reserve, public welfare fund, reserve fund and enterprise expansion fund, together with the undistributed profit of Rmb91,568,000, the actual distributable profit for shareholders amounted to Rmb170,027,000. As the domestic distributable profits are higher than the intended distribution of cash bonus of Rmb33,760,000, the requirement of the proposal for profit distribution was met. In 2004, the Company did not transfer amount in capital reserve to share capital. The distribution proposal will be proposed to the annual general meeting of 2004 for consideration and approval.

#### 6.14 Staff employment

As at 31 December 2004, the Group had approximately 3,080 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.

#### 6.15 Risk control on foreign exchange

The Company held a relatively small amount of deposits in foreign currencies. Daily expenses in foreign exchange mainly comprise dividends payable to holders of H shares and fees payable to The Stock Exchange of Hong Kong Limited and for publication of information disclosure. There were insignificant fluctuations in foreign exchange rate during the year, and therefore fluctuations in foreign exchange rates will not have material impact on the results of the Company in the future.

#### 6.16 Contingent liabilities

As at 31 December 2004, the Company had no material contingent liabilities.

#### 6.17 Code of best practice

The Company complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which was in force prior to 1 January 2005 during the reporting period.

### 7. SIGNIFICANT EVENTS

#### 7.1 Material Connected Transactions

There were no material connected transaction during the reporting period

##### 7.1.1 Connected sales and purchases

Details of sales and purchases with related parties are as follows:

	2004 (Accumulated) Rmb0'000	2003 (Accumulated) Rmb0'000
Sales transacted on behalf of the Company		
- Beijing Yan Long Import and Export Company	(164.70)	388.03
- Xian Beiren Beifu Printing Machinery Operation and Sales Company Limited	38.06	1,262.99
- Hubei Beiren Printing Machinery Operation and Salse Company Limited	6,238.23	5,275.58
- Beijing Beiren Hengtong Printing Machinery Operation and Sales Company Limited	5,518.38	4,490.71
- Liaoning Beiren Printing Machinery Operation and Sales Company Limited	3,503.05	1,547.98
	<u>15,133.02</u>	<u>12,965.29</u>

Sales of printing machines		
- Beiren Group Corporation	<b>1,620.94</b>	827.00
- Beijing Monigraf Automatic Systems Company Limited	—	138.01
	<b>1,620.94</b>	965.01
Sales of materials		
- Beiren Group	<b>1.00</b>	4.12
Purchases - Purchases of raw materials		
- Beijing Yang Long Import and Export Company	—	67.66
- Beiren Group Corporation	<b>1,013.93</b>	680.68
- Beiren Tai He Printing and Casting Factory	—	802.74
- Beijing Bei Ying Printing and Casting Company Limited	<b>3,892.32</b>	2,698.60
- Beijing Monigraf Automatic Systems Company Limited	<b>876.01</b>	207.60
	<b>5,782.26</b>	4,457.28

Prices of goods sold to the above connected companies are made with reference to those of comparative goods in the market.

#### 7.1.2 Connected debts and liabilities

Unit: Rmb0'000

Connected party	Connected relation	Amount Due to connected party		Occupancy expenses of amount received	Amount	Balance
Hubei Beiren Printing Machinery Sales Limited	Joint venture company	429.25	793.54			
Xian Beiren Beifu Printing Machinery Sales Limited	Joint venture company	-511.60	109.20			
Liaoning Beiren Printing Machinery Limited	Joint venture company	1,139.43	1,541.40			
Beijing Beiren Hengtong Printing Machinery Sales Limited	Joint venture company	780.72	804.92			
Beiren Group Corporation	Controlling shareholder	-2,543.95	521.30		-2,243.98	2,193.64
Beiren Yan Long Import and Export Company	Controlling subsidiary	-370			-85.82	2.35
Beijing Beiren Taihe Printing and Casting Factory	Controlling subsidiary		286.41			
Beijing Beiren Printing and Casting Company Limited	Joint venture company	-17.65				
Total		-1,093.81	4,056.77		-2,329.80	2,195.99

The reasons for creditor's rights and debts:

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 Group Corporation, Beijing Yan Long Import and Export Company and Beijing Beiren Hengtong Printing Machinery Sales Limited, come from the selling of products of the Company. Beijing Beiren Taihe Printing and Casting Factory is a company formed for the purpose of providing services and ancillary services for the Company. The Rmb20.4601 million stated under the amount advanced to the Company by Beiren Group Corporation was the purchase price payable by connected parties for the acquisition of Factory No.4. There were no material connected transactions of the Company during the reporting period.

Including: During the reporting period, the amount provided by the Company to the controlling shareholders and its subsidiary was Rmb0 with balance of Rmb0.

## 7.2 Asset management on trust

There were no asset management on trust during the reporting period

## 7.3 Performance of undertakings

Based on the demands of the Beijing Municipal Government, the Company will move from its current premises at No.44 Guangqu Road South, Chaoyang District, Beijing in accordance with Beijing's master plan. As Beiren Group Corporation has previously used the plant and land development into the Company as consideration for capital contribution into the Company, Beiren Group Corporation has therefore undertaken to compensate the Company based on a 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 moves out from its current premises. Up to 31 December 2004, the Company received the compensation amounting to Rmb233.7211 million.

## 7.4 Material litigation

There were no material litigation during the reporting period

## 7.5 Performance of Duties by Independent Directors

Attendance of Independent Directors at the Board meetings

Name of independent Directors	Required attendance during the year	Attendance in person (times)	Attendance through proxies (times)	Absent (times)	Notes
Wu Wenxiang	5	5	—	—	Newly added independent Directors in 2004
Wu Hongzuo	8	8	—	—	—
Li Yijing	8	7	1	—	—
Zhou Xiaoming	8	8	—	—	—

The Independent Directors of the Company performed their duties during their work according to relevant laws and regulations, and attended the Board meetings and the shareholders' general meetings during the reporting period. They performed their duties in daily works of the Board of Directors, and gave independent opinions regarding connected transactions, thus protecting the interests of the Company's investors, especially minority interests.

## 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

Audit opinion: standard unqualified audit opinion

### 9.2 Financial Report prepared under HK GAAP

#### CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	<i>Notes</i>	<b>2004</b> <b>Rmb'000</b>	2003 <i>Rmb'000</i> <i>(restated)</i>
Turnover	ii	<b>1,153,555</b>	1,015,382
Cost of sales		<b>(817,267)</b>	(683,783)
Gross profit		<b>336,288</b>	331,599
Other operating income	iv	<b>10,677</b>	18,671
Distribution costs		<b>(60,444)</b>	(47,342)
Administrative expenses		<b>(153,921)</b>	(173,452)
Impairment losses recognised in respect of property, plant and equipment			
Impairment losses recognised in respect of construction in progress		<b>(826)</b>	(9,703)
Profit from operations	v	<b>131,774</b>	119,773
Finance costs		<b>(10,258)</b>	(11,664)
Share of results of associates		<b>2,724</b>	(1,149)
Gain on partial disposal of an associate		<b>(1,044)</b>	297
Profit before taxation		<b>123,196</b>	107,257
Taxation	vi	<b>(21,173)</b>	(13,795)
Profit after taxation		<b>102,023</b>	93,462
Minority interests		<b>(822)</b>	2,686
Net profit for the year		<b>101,201</b>	96,148
Dividends	vii	<b>33,760</b>	33,760
Earnings per share - Basic	viii	Rmb24.0	Rmb22.8

*Notes:*

- i. The information set out in the financial statements are prepared in accordance with the convention of historical cost and HK GAAP

- ii. 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:

	<b>Turnover</b>	
	<b>2004</b>	<b>2003</b>
	<b>Rmb'000</b>	<b>Rmb'000</b>
Manufacture and sales of printing machines	1,116,615	939,804
Manufacture and sales of spare parts	15,240	21,542
Provision of printing services	27,988	21,180
Trading of raw materials and other operations	1,014	40,482
	<hr/>	<hr/>
Total sales	1,160,857	1,023,008
Less: Sales tax and other surcharges	(7,302)	(7,626)
	<hr/>	<hr/>
	<b>1,153,555</b>	<b>1,015,382</b>
	<hr/>	<hr/>

- iii. 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.

- iv. Other operating income

Other operating income is analysed as follows:

	<b>2004</b>	<b>2003</b>
	<b>Rmb'000</b>	<b>Rmb'000</b>
Removal compensation	—	9,569
Exchange gain	—	12
Interest on bank deposits	3,453	3,258
Rental income	2,333	2,289
Others	4,891	3,543
	<hr/>	<hr/>
	10,677	18,671
	<hr/>	<hr/>

v. Operating profit

	<b>2004</b> <i>Rmb'000</i>	2003 <i>Rmb'000</i>
Operating profit has charged (credited):		
Depreciation and amortization		
Building, machinery and equipment	45,397	51,530
Intangible assets (charged into administrative costs)	1,038	1,038
Goodwill (charged into administrative costs)	448	448
	<hr/>	<hr/>
Total amount of depreciation and amortization	46,883	53,016
Gains (losses) in disposal of buildings, machinery and equipment	2,315	3,660
Write-off of (gains) losses in construction in progress	26	(4,184)
	<hr/> <hr/>	<hr/> <hr/>

vi. Taxation

	<b>2004</b> <i>Rmb'000</i>	2003 <i>Rmb'000</i>
The charge comprises:		
Provision of PRC income tax for the year	21,791	21,485
Deferred tax credit	(1,103)	(7,802)
Share of PRC taxation of associates	485	112
	<hr/>	<hr/>
	21,173	13,795
	<hr/> <hr/>	<hr/> <hr/>

The calculation of PRC income tax was based on 15% of assessable profit (2003:15%).  
The calculation of the income tax of the subsidiaries was based on relevant regulations in the PRC.

vii. Profit distribution and dividends

	<b>The Group</b> <b>2004</b> <i>Rmb'000</i>	2003 <i>Rmb'000</i>
Appropriation to statutory surplus reserve	9,668	8,567
Appropriation to statutory public welfare fund	9,668	8,567
Appropriation to reserve fund	1,233	484
Appropriation to enterprise expansion fund	2,173	1,672
Proposed dividend of Rmb0.08 per share (2003: Rmb0.08 per share) for 422,000,000 shares (2003, 422,000,000 shares) in issue	<hr/> 33,760	<hr/> 33,760
	<hr/> <hr/>	<hr/> <hr/>
	56,502	53,050
	<hr/> <hr/>	<hr/> <hr/>

Statutory surplus reserve and statutory public welfare fund were appropriated from 10% of the net profit under PRC accounting standards. The abovementioned distribution are subject to the approval of annual general meeting. Besides, the reserve fund and enterprise expansion fund for the year were charged in accordance with resolutions of the Board.

The dividend of Rmb0.08 per share for 2004 has been proposed and is subject to approval by the shareholders in general meeting.

viii. Earnings per share

The calculation of basic earnings per share for the year is based on the net profit for the year of Rmb101,201,000 (2003: Rmb96,148,000) and 422,000,000 shares (2003: weighted average number of 421,517,808 shares in issue).

**9.3 As compared with the latest annual report, there were no changes in accounting policy, estimation and methods.**

**9.4 There were no accounting differences during the reporting period.**

**9.5 As compared with the latest annual report, there were changes in the scope of consolidation.**

As required by paragraph 45(1) to 45(3) of Appendix 16 under the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited in force prior to 31 March 2004, information setting out all the financial and relevant data for the year ended 31 December 2004 will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

**Beiren Printing Machinery Holdings Limited**  
**Zhu Wuan**  
*Chairman*

12 April 2005

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## **ANNOUNCEMENT OF RESOLUTIONS PASSED AT THE 22ND MEETING OF THE 4TH BOARD**

The Company and members of the Board of Directors hereby confirm the truthfulness, accuracy and completeness of the contents of this announcement and jointly accept full responsibility for any false representation, misleading statement or material omission herein contained.

According to the notice of meeting issued on 24 March 2005, the 22nd meeting of the 4th Board of Beiren Printing Machinery Holdings Limited (the “Company”) was held at 6203 meeting room, 2/Floor, No. 6 Rong Chang Dong Street, Economic and Technological Development Zone, Beijing, the PRC on 12 April 2005. Out of the 11 eligible Directors required for the meeting, 10 Directors attended the meeting in person. Owing to going abroad, Director Mr. Pang Liandong did not attend the meeting without authorising other Directors to attend and exercise his right on his behalf, and abandoned his voting right. All of the 3 Supervisors of the Company were present in the meeting. The meeting was convened in accordance with the Company Law and the Articles of Association.



The meeting was presided over by Mr. Zhu Wuan, Chairman of the Company, at which the following proposals were passed respectively (save for otherwise stated, all resolutions were passed unanimously by the 10 participating Directors.):

- I. The 2004 Annual Report of the Company and its summary was considered and approved.
- II. The 2004 Working Report of the Board of Directors was considered and approved.
- III. The 2004 Financial Report of the Company was considered and approved.
- IV. The 2005 Consolidated Plan and Technology Renovation Plan of the Company were considered and approved;
- V. The proposed resolution in relation to provision for diminution in value of assets of the Company for 2004 was considered and approved.

The provision for bad debt of this year amounted to RMB12,105,700, of which, amount of transfer, written back and net increase of this year was RMB5,332,900, RMB2,560,400 and RMB4,212,400 respectively. Provision of fall in price to inventory of the year amounted to RMB18,985,700, of which, amount of transfer and net increase of this year was RMB14,017,100 and RMB4,968,600 respectively. The provision of diminution in value of long-term investment of the year amounted to RMB4,502,000, of which, amount of transfer and net increase in the year was RMB2,632,900 and RMB1,869,800 respectively. The provision of diminution in value of fixed assets of this year amounted to RMB1,460,000, of which, amount of transfer and net increase in this year was RMB634,300 and RMB825,700 respectively. The net increase in aggregate diminution in value for various items of the year amounted to RMB11,876,500.

- VI. The proposed resolution in relation to the total annual estimated amount of connected transactions for 2005 was considered and approved. (Please refer to Announcement of Ongoing Connected Transactions of the Company for Details.)

Connected Directors Mr. Zhu Wuan, Mr. Lu Changan, Mr. Yu Baogui, and Mr. Qi Shenglin abstained from voting for the connected transaction which was passed by all of the remaining 6 Directors.

- VII. The proposal to reappoint Deloitte Touche Tohmatsu Certified Public Accountants of Hong Kong and Deloitte Touche Tohmatsu (Hua Yong) Certified Public Accountants as the overseas and domestic auditors of the Company respectively in 2005 was considered and approved.

VIII. The 2004 profit distribution proposal of the Company was considered and approved.

The Company recorded a net profit of Rmb95,904,000 for 2004 calculated according to the PRC Accounting Standards. In accordance with the provisions of the Company's Articles of Association, Rmb12,021,600 was appropriated to the statutory surplus reserve and Rmb9,637,400 was appropriated to the statutory public welfare fund. Together with the undistributed profit of Rmb60,699,800 at the beginning of the year, profit distributable to shareholders amounted to Rmb134,944,800. Pursuant to a Board resolution passed on 12 April 2005 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 Rmb101,184,800 will be retained for distribution in the subsequent years. The Company recorded a net profit of Rmb101,201,000 for 2004 calculated according to the accounting principles generally accepted in Hong Kong. After contribution of approximately Rmb22,742,000 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 Rmb91,568,000 at the beginning of the year, profit distributable to shareholders amounted to approximately Rmb170,027,000. 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 2004. This distribution proposal will be proposed at the 2004 Annual General Meeting for approval.

IX. The proposed resolution in relation to amendments to the Company's Articles of Association was considered and approved (Appendix 1).

X. The proposed resolution in relation to the Working System for Independent Directors and the Internal Reporting System of Material Information were considered and approved (Please refer to <http://www.sse.com.cn> for details).

XI. The proposed resolution in relation to the Rules of Procedure for the Board and the Management System of Information Disclosure were considered and approved (Please refer to <http://www.sse.com.cn> for details).

XII. The proposed resolution in relation to re-election of the Board of the Company was considered and approved.

(1) The nomination of Mr. Zhu Wuan, Mr. Lu Changan, Mr. Wang Guohua, Mr. Yu Baogui, Mr. Yang Zhengdong, Mr. Jiang Jianming and Mr. Deng Gang as Director candidates of the 5th Board of the Company was approved.

(2) The nomination of Mr. Wu Tianxiang, Mr. Wu Hongzuo, Mr. Li Yijing and Mr. Shi Tiantao as Independent Director candidates of the 5th Board of the Company was approved.

Please refer to Appendix 2 for biographies of Director candidates and Independent Director candidates, Appendix 3 for independent opinions from Independent Directors for agreement on the proposed resolution, and Appendix 4 and Appendix 5 for statements of Independent Director nominators and Independent Director candidates respectively.

XIII. The proposed resolution in relation to remuneration of Directors of the Company and their written contracts were considered and approved.

- a) Directors' remuneration of the Company is expected to be RMB1,500,000 and will be confirmed in accordance with the annual average salary of corresponding Directors, in the same industry and the annual salary standard of the listed companies overseas, together with responsibilities, working hours, working missions and outstanding contributions of related persons of the Company.
- b) The remuneration of Independent Directors is proposed to range from RMB30,000 to RMB50,000.

XIV. The proposed resolution in relation to the convening of the Annual General Meeting for 2004 was considered and approved.

The Company will issue a respective announcement for the time of convening of 2004 General Shareholder Meeting.

XV. The proposed resolution in relation to extension of one year for authorities with respect to new issue of H shares was considered and approved.

XVI. The expected loan facilities of RMB300,000,000 of the Company for 2005 was considered and approved.

XVII. The proposed resolutions in relation to capital increase of RMB11,000,000 of Haimen Beiren Fujin Company and the transfers of intangible assets and manufacture rights were considered and approved.

Among the aforesaid resolution, the resolution numbered I, II, III, VII, VIII, VX, XI (the Rules of Procedures for the Board of Director's Meeting), XII, XIII, XV will put forth to the 2004 general annual meeting for approval.

The Board of Directors  
**Beiren Printing Machinery Holdings Limited**

12 April 2005

*Appendix 1*

**Proposed amendments to the Company's Articles of Association:**

Article 51 is amended as:

Controlling shareholders and ultimate controller of the Company have the duty to act in good faith towards the Company and public shareholders of the Company. Controlling shareholders should strictly exercise their rights as contributors in accordance with the laws. Controlling shareholders shall not take advantage of connected transactions, profit distribution, asset restructuring, external investment, capital appropriation and loan guarantee to the detriment of the legal interests of the Company and public shareholders, nor shall they make use of their position as controlling shareholders to harm the interests of the Company and public shareholders.

Four articles are proposed to be added to follow Article 87:

Article 1      The implementation or proposal of the following matters are subject to and conditional upon approval at the shareholders' general meeting and they shall be passed with more than half of the votes held by public shareholders who participate in the poll.

1.      issue of new shares to public shareholders (inclusive of issue of 20% or more of overseas listed foreign shares or other certificates in the nature of securities), issue of convertible bonds and placing shares to original shareholders (exclusive of undertakings made by controlling shareholders for full subscription by cash before convening of the meeting.);
2.      Substantial asset restructuring involving acquisition(s) at a total consideration representing a premium exceeding 20% or more of the audited net book value of assets acquired;
3.      Shareholders repaying debts due to the Company with their equity interests in the Company;
4.      Subsidiaries which have significant impact on the Company seek listing overseas;
5.      Any matters having significant impact on the interests of public shareholders in the course of development of the Company.

The Company shall provide an internet platform for the shareholders to vote with the condition of sufficient technical support in relation to the abovementioned matters at the shareholders' general meeting.

- Article 2      Should any event referred to in the preceding Article occurs, after the notice of shareholders' general meeting has been issued, the Company shall issue a notice of the shareholders' general meeting again within three days from the date of registration of shares.
- Article 3      The Company shall use all means and channels, including the use of modern information technology to provide a voting platform via the Internet, to enhance the public shareholders' participation rate at shareholders' general meetings, presupposed by the legibility and validity of the meeting.
- Article 4      The board of Directors, independent non-executive Directors and shareholders who meet the relevant stipulated conditions are entitled to collect proxy from other shareholders at the shareholders' general meeting. The collection of such proxy shall be without consideration, and sufficient information shall be disclosed to the proxy.

Article 110 is amended as:

Guarantee of the Company to outsiders shall be approved by more than two-thirds of the all members of the board of Directors or be subject to the approval at the shareholders' general meeting. The Company shall not directly or indirectly provide guarantee for debt of any party with assets-liabilities ratio exceeding 70%.

The total amount of external guarantees determined by the Board of Directors shall not exceed 5% of the net asset value published in the financial statements for the latest financial year, otherwise the amount in excess shall be subject to approval at the general meeting.

A single guarantee or guarantees for a single party shall not exceed 5% of the net asset value published in the financial statements for the latest financial year.

The total amount for external guarantees of the Company shall not exceed 50% of the net asset value published in the financial statements for the latest financial year.

Article 113 is amended as:

The Chairman of the Board is entitled to exercising the following power:

- (1) to preside over general meetings and to convene and preside over the Board meetings and to take charge of the daily work of the Board;
- (2) to supervise and examine the execution of the resolutions of the Board meeting;
- (3) to exercise the certain power of the Board according to the authorization of the Board in the adjournment of the Board meeting;
- (4) to sign share certificates, corporate debenture and other valuable securities of the Company;
- (5) to nominate the candidates for the general manager, the secretary to the Board and financial controller;
- (6) to sign the documents of appointment and removal of senior management members including the general manager, the deputy general manager, the secretary to the Board and financial controller of the Company according to the determination of the Board;
- (7) to sign important documents of the Board and other documents that shall be signed by the legal representative of the Company;
- (8) to exercise the powers of the legal representative;

- (9) to exercise special disposal powers that are conferred compliant to laws, administrative regulations and interests of the Company on matters of the Company in case of force majeure emergencies such as extraordinarily serious natural calamities, and provide post-event reports to the Board and the shareholders' general meeting;
- (10) to exercise other powers vested by the Board.

In event that the Chairman is unable to exercise his power, the Chairman may designate a vice chairman to exercise such powers on the Chairman's behalf.

Article 114 is amended as:

The Board shall convene at least four regular meetings per annum, with one meeting each quarter convened by the Chairman. The notice for a meeting shall be served to all Directors fourteen (14) days prior to the convening of such a meeting.

The Chairman of the Board shall convene an extraordinary meeting of the Board within three (3) business days in case of any of the following circumstances:

- (1) when deemed as necessary by the Chairman of the Board;
- (2) when proposed jointly by more than one-third of the Directors;
- (3) when proposed by the Supervisory Committee;
- (4) when proposed by the general manager; and
- (5) when proposed jointly by more than one half of the independent non-executive Directors.

Article 115 is amended as:

All the agenda and relevant documents of the regular meeting of the Board shall be in time served to all Directors at least three (3) days prior to the scheduled date of convening the Board meeting and the meeting of committees thereunder.

The notice of convening of an extraordinary meeting of the Board shall be served in the same way as the notice of convening of such a meeting, provided that the time limit of the former shall be within nine (9) days prior to the date of meeting.

In case of participation in effect and without objection to not being served with the notice to meeting prior to or upon his participation, the Director shall be deemed as if he has been served with the notice of meeting.

Chapter XI of the original Articles of Association headed "Independent Non-executive Directors" be amended as follows:

Article 1 Independent non-executive Directors shall represent one-third or more of the Board of Directors of the Company, including at least one accounting expert. An independent non-executive Director shall perform his duties faithfully to protect the Company's interests especially the legal interests of public shareholders from damage.

An independent non-executive Director shall perform his duties independently and not be affected by the Company's substantial shareholders, de facto controller or any of entities or individuals that is interested in the Company or its substantial shareholders or de facto controller.

Article 2 The Board of Directors or Supervisory Committee or shareholders individually or jointly holding 1% or more of shares in the Company are entitled to nominate candidate of independent non-executive Director to be elected at the general meeting.

Article 3 Major connected transactions, appointment or dismissal of the auditors are subject to prior consent by more than half of the independent non-executive Directors for consideration of the Board of Directors. Proposal of the independent non-executive Directors to the Board of Directors for convening an extraordinary general meeting and a meeting of the Board of Directors, and to openly collect voting rights from other shareholders before the convening of general meeting are subject to approval by more than half of the independent non-executive Directors. Upon their unanimous consent, independent non-executive Directors may independently appoint external auditors and consultant for auditing and consultancy of specific matters at the expenses of the Company.

Article 4 In addition to the duties set out in the preceding article, independent non-executive Directors are also responsible for providing their independent opinions to the Board of Directors or general meetings on the matters below:

- (1) nomination, appointment and dismissal of Directors;
- (2) appointment or dismissal of senior management members;
- (3) remuneration of Directors and senior management members;
- (4) borrowings or other capital transactions, existing or newly occurred, made between the Company and the shareholders, de facto controllers of the Company and their connected parties involving the amounts more than RMB3,000,000 or 5% of the latest audited net assets value of Company, and whether the Company has adopted any effective measures to recover the arrears;
- (5) any matter deemed by independent non-executive Directors as possibly infringing the rights of minority shareholders;
- (6) other matters specified in the Articles of Association.

The categories of opinions to be duly made by the independent non-executive Directors in respect to the above-mentioned matters are: consent; qualified opinion and the reasons thereto; objection and the reasons thereto; unable to present opinions and the obstacles thereto.

In event that relevant matters fell into discloseable information, the Company shall announce the opinion of independent non-executive Directors. If no consensus is reached by independent non-executive Directors, the Board of Directors shall disclose the opinions of each Independent Director respectively.

Article 4 Independent non-executive Directors shall attend meetings of the Board of Directors on time, and shall conduct active investigation to obtain information required for resolutions and keep informed of the production and operation of the Company. Independent non-executive Directors shall submit an annual work report of all independent non-executive Directors, with statement of their performance of duties, to the annual general meeting.

For independent non-executive Directors who have failed to attend the meeting of the Board of Directors in person for 3 times, the Board of Directors shall propose to the general meeting to remove them.

- Article 5      The Company shall establish a work system for independent non-executive Directors. The Secretary to the Board of Directors shall assist and cooperate with independent non-executive Directors in their discharge of duties. The Company shall ensure that independent non-executive Directors are entitled to same access to information as other Directors, and are provided with relevant and timely materials and information as well as regular reports about the operation situation of the Company and opportunities for field visits as necessary.
- Article 6      The term of independent non-executive Directors shall be the same as other Directors of the Company, and they may offer themselves for re-election upon expiry of their term, but the term for any consecutive appointments shall not exceed six years. Prior to expiry of their term, independent non-executive Directors shall not be dismissed without proper reasons. In case of an independent non-executive Director being dismissed prior to expiry of his term, the Company shall disclose it as a special discloseable matter.
- Article 7      An independent non-executive Director may tender his resignation before expiry of his term. In such a case the independent non-executive Director shall submit to the Board of Directors a letter of resignation containing statements on any event which relating to his resignation or in his opinion is necessary to bring to the attention of the shareholders and creditors of the Company.

Should the resignation of an independent non-executive Director result in the number of independent non-executive Directors or members of the Board of Directors falling below the quorum as required by laws or the Articles of Association, the independent non-executive Director shall continue to perform his duties in accordance with the laws, administrative regulations and the Articles of Association until the independent non-executive Directors who are elected in the by-election assume their offices. In such a case the Board of Directors shall convene a general meeting within two months to elect independent non-executive Directors. Independent non-executive Directors may cease to perform their duties if a general meeting is not held within the two months' period.

The following article be added after Article 133 of the original Articles of Association:

The Company shall take initiatives in optimising the investor relation management system to consolidate its communication with shareholders especially public shareholders through various channels. The secretary to the Board of Directors is responsible for the specific work in relation to investor relation management of the Company.

The following article be added after Article 183 of the original Articles of Association:

The Company shall attach importance to reasonable return to investors while distributing profit. Recommendation of nil profit distribution in cash by the Board of Directors shall be justified and disclosed in the regular reports and the independent non-executive Directors shall give their independent opinion thereon. In case of fund appropriated by a shareholder in violation of regulations, the Company shall make a deduction to the cash dividend distributable to such a shareholder to repay the fund appropriated thereby.

The following article be added after Article 217 of the original Articles of Association:

Rules of Procedures for General Meetings, Rules of Procedures for Meetings of the Board of Directors and Rules of Procedures for Meetings of Supervisory Committee are appendices of the Article of Association.

Other relevant articles of the original Articles of Association be sequentially renumbered and the contents of certain articles be adjusted in accordance with the foregoing amendments.



The Board of Directors  
**Beiren Printing Machinery Holdings Limited**

12 April of 2005

*Appendix 2:*

**Biographies of Directors and Independent Director Candidates**

Director candidates:

**Mr Zhu Wuan**, Chinese nationality, aged 57, an MBA holder and a senior economist. Mr Zhu was the Deputy General Manager of Beiren Group Corporation in 1992; a Director and Deputy General Manager of the Company in 1993; and a Director, Secretary to the Board of Directors and Deputy General Manager of the Company in 1996. He is currently the Chairman of Beiren Group Corporation, the Chairman and the Chief Executive Officer of the Company. He is in charge of the Company's overall strategic management and has over 30 years' experience in corporate management and 10 years' knowledge and skills in administering and running a listed company.

**Mr. Lu Changan**, Chinese nationality, aged 57, a postgraduate and a senior economist. Mr Lu was the Head of Corporate Management Office of Beiren Group Corporation in 1992; Chief Economist of Beiren Group Corporation and a Director of Beiren Printing Machinery Holdings Ltd. in 1993; Deputy General Manager of Beiren Printing Machinery Holdings Ltd. in 1996; and General Manager of Beiren Printing Machinery Holdings Ltd. in 1998. He is currently the General Manager of Beiren Group Corporation. He has been working for Beiren Group Corporation for over 30 years and has over 30 years' experience in corporate management.

**Mr. Wang Guohua**, Chinese nationality, aged 42, an MBA holder and a senior economist. Mr Wang was the Deputy Head of Institute of Printing Machinery of Beiren Group in 1992; Chief Engineer of Beiren Group Corporation in 1995; Director and Chief Engineer of Beiren Printing Machinery Holdings Ltd. in 1996; and Head of Beijing Research Institute of Printing Machinery in 1997. He is currently the Director and General Manager of Beiren Printing Machinery Holdings Ltd. He has been engaged in product design and technical management for a number of years.

**Mr. Yu Baogui**, Chinese nationality, aged 56, a post-secondary graduate and a political work engineer. Mr Yu was the Chairman of the Labour Union of Beiren Group Corporation in 1993 and a Director of Beiren Printing Machinery Holdings Ltd. in 1996. He is currently the Chairman of the Labour Union of the Company. He has over 10 years' experience in production management and employees' relations.

**Mr Yang Zhendong**, Chinese nationality, aged 41, Chief Engineer, a university graduate and a senior engineer; Deputy Chief of Design Office of Research Institute of Beiren Group Corporation in 1992 and Deputy Chief of Research Institute of Beiren Printing Machinery Holdings Ltd. in 1998. He has been the Chief Engineer of Beiren Printing Machinery Holdings Ltd. since 2000.

**Mr. Deng Gang**, Chinese nationality, aged 40, is a postgraduate and a senior engineer. He was a deputy head of Techniques Division of Beijing No. 1 Machine Tool Plant in 1994, a deputy factory manager of Beijing No. 1 Machine Tool Plant in 1997, and the factory manager of Beijing Construction Machinery Plant in 1999. Currently he is the head of Human Resources Department of Beijing Mechatronics Holding Company Limited. Mr. Deng has experience and ability in various fields including, marketing, human resource management.

**Mr. Jiang Jianming**, Chinese nationality, aged 50, is a university graduate and a senior accountant. He was a deputy head of Financial Division of Beijing No. 1 Machine Tool Plant in 1990, the head of Financial Division of Beijing No. 1 Machine Tool Plant in 1993, the deputy head of Asset Management Department of Beijing Mechatronics Industry Holding (Group) Company Limited in 1996, and the head of Asset Management Department of Beijing Mechatronics Industry Holding (Group) Company Limited in 1997. He is currently the head of Audit Department of Asset and Finance of Beijing Mechatronics Holding Company Limited. Mr. Jiang has extensive experience in corporate financial management and capital operation.

Independent Director candidates:

**Mr. 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.

**Mr. Wu Hongzuo**, from the Hong Kong Special Administrative Region, aged 59, an independent non-executive Director, Chairman of the Nominee Committee and a member of the Remuneration and Monitoring Committee, graduated from the Faculty of Law at the University of Hong Kong and a practicing lawyer. He dealt with legal and labour affairs in the Legal Department and Judicial Department of the Hong Kong Government. He worked as a practicing lawyer from 1988 to 2001, dealing with legal matters such as corporate finance and mergers and acquisitions. From 1991, he acted as executive Directors for a number of companies such as North Sea Group Co., Ltd. (a Hong Kong listed company), Capital Citybus Limited (a British public bus company), etc., and has over 10 years' experience in corporate finance, project planning, corporate management, etc. He currently focuses on investment management business and is an executive Director of New Ocean Green Energy Holdings Ltd. (a Hong Kong listed company) and Prime CCIF Capital Limited as well as an executive member of the Shenzhen Association for Sino-foreign Entrepreneurs.

**Ms. Li Yijing**, Chinese nationality, aged 54, a postgraduate and a certified accountant. She was a teacher in the Party's School of Beijing Construction Materials Bureau; a Supervisor and Deputy Headmaster of the Research Office of the Party's School of Beijing Mechanical Bureau; and Deputy Chief Accountant of Beijing Zhongpingjian Accountants Firm. She has been a delegate to the 10th National People's Congress of Beijing since 1998 and a member of the 7th Beijing Municipal Committee of the Association for China Democratic Foundation since 1997.

**Mr. Shi Tiantao**, Chinese nationality, aged 43, is a doctorate in laws. He is currently a professor and a tutor of doctorate candidates in School of Law of Tsinghua University, and a standing council member of the Society of China Commercial Laws. Mr. Shi has been engaged in teaching and research of corporate law, securities law and finance law. He was a visiting researcher in East Asia Politics and Economics Institute (Singapore) in 1995 and a visiting professor in School of Law of Stanford University.

*Appendix 3*

**Independent Opinion of Independent Directors on the  
Proposal for Re-election of the Board of Directors**

The 22nd meeting of the 4th Board of Beiren Printing Machinery Holdings Limited (the “Company”) was held on 12 April 2005, at which the proposal for re-election of the Board of Directors (“the Board”) was considered and approved to nominate Zhu Wuan, Lu Changan, Wang Guohua, Yu Baogui, Yang Zhengdong and Jiang Jianming as Director candidates of the 5th Board of the Company, and to nominate Wu Wenxiang, Wu Hongzuo, Li Yijing and Shi Tiantao as Independent Director candidates of the 5th Board of the Company.

Following reviewing the documents including the statements and biographies of the said candidates, the Independent Directors of the Company are of the opinion that:

1. The relevant procedures for nomination of Zhu Wuan, Lu Changan, Wang Guohua, Yu Baogui, Yang Zhengdong, Deng Gang and Jiang Jianming as Director candidates of the 5th Board of the Company and nomination of Wu Wenxiang, Wu Hongzuo, Li Yijing and Shi Tiantao as Independent Director candidates of the 5th Board of the Company are in compliance with the Articles of Association.
2. Zhu Wuan, Lu Changan, Wang Guohua, Yu Baogui, Yang Zhengdong, Deng Gang and Jiang Jianming are eligible in compliance with the requirements concerning the qualifications of Directors as stipulated in the relevant laws and regulations of the PRC and the Articles of association.
3. Wu Wenxiang, Wu Hongzuo, Li Yijing and Shi Tiantao have the qualifications and independence as required by Guides to Establishment of the Independent Director System in Listed Companies issued by China Securities Regulatory Commission.
4. The proposal for nomination of Zhu Wuan, Lu Changan, Wang Guohua, Yu Baogui, Yang Zhengdong, Deng Gang and Jiang Jianming as Director candidates of the 5th Board of the Company and nomination of Wu Wenxiang, Wu Hongzuo, Li Yijing and Shi Tiantao as Independent Director candidates of the 5th Board of Company will be submitted for consideration and approval at the 2004 annual general meeting.

**Beiren Printing Machinery Holdings Limited**  
*Independent Directors of the 4th Board*  
**Wu Wenxiang, Wu Hongzuo, Li Yijing, Zhou Xiaoming**

12 April 2005

*Appendix 4*

**Statement of the Nominator for Independent Directors**

The Board of Directors (the “Board”) of Beiren Printing Machinery Holdings limited (the “Company”), the nominator, wishes to make a public statement on the nomination of Wu Wenxiang, Wu Hongzuo, Li Yijing and Shi Tiantao, the nominees, as Independent Directors of the 5th Board of the Company that there is no connection between the nominees and the Company that would affect the independency of the nominees. Details of the statement are as follows:

The nomination is made after full investigation of the profession, degree, title, detailed work experience and all part-time engagement of the nominees, and the nominees have agreed in written for their appointment as the Independent Director candidates for the 5th Board of the Company. In the opinion of the nominator,

- I. the nominees have the qualification of Directorship of listed companies under laws and administrative regulations and other relevant regulations;
- II. the nominees are in accordance with the appointment conditions set out in the Articles of Association of the Company;
- III. the nominees have the independency as required by “Guides to Establishment of the Independent Director System in Listed Companies” issued by the CSRC;
  1. None of the nominees and their linear relatives and major social relations holds an office in the Company or its subsidiaries;
  2. None of the nominees and their linear relatives is a shareholder who holds, either directly or indirectly, 1% or more of the Company’s shares in issue nor falls within the top 10 shareholders of the Company;
  3. None of the nominees and their linear relatives holds a position in a shareholder entity holding 5% or more of the Company’s shares in issue or in the top 5 shareholder entities of the Company;
  4. The nominees have not been involved in any of the above three circumstances during the previous year;
  5. The nominees are persons other than those who provide financial, law, management consultation and technological consultation services for the Company or its subsidiaries;
- IV. The number of listed companies in which the nominees hold an office as Independent Directors is not more than 5 (inclusive of the Company).

The nominator confirms the truthfulness, completeness and accuracy of the above statement and that there is no false representation or misleading statement contained herein. The nominator is absolutely aware of the possible results of making a false statement.

*the Board of Directors of*  
**Beiren Printing Machinery Holdings Limited**

12 April 2005

*Appendix 5*

#### **Statement of Independent Director Candidates**

Wu Wenxiang, Wu Hongzuo, Li Yijing and Shi Tiantao as Independent Director candidates for the 5th Board of Directors of Beiren Printing Machinery Holdings limited (the “Company”), hereby make a public statement that we have no connection with the Company that would affect our independency during the period when we hold an office as Independent Directors of the Company. Details of the statement are as follows:

1. None of us and our linear relatives and major social relations holds an office in the Company or its subsidiaries;
2. None of us and our linear relatives holds, either directly or indirectly, 1% or more of the Company’s shares in issue;
3. None of us and our linear relatives falls within the top 10 shareholders of the Company;

4. None of us and our linear relatives holds an office in a shareholder entity that holds, either directly or indirectly, 5% or more of the Company's shares in issue;
5. None of us and our linear relatives holds an office in the top 5 shareholder entities of the Company;
6. We were not involved in any of the above 5 circumstances during the previous year;
7. We did not provide financial, law, management consultation and technological consultation services to the Company or its subsidiaries;
8. We did not obtain any other extra interests failing to be disclosed from the Company or its substantial shareholders or any corporate or individual that is interested therein;
9. We are in accordance with the qualification for appointment as set out in the Articles of Association of the Company.

In addition, the number of listed companies in which we hold an office as Independent Directors is not more than 5 (inclusive of Beiren Printing Machinery Holdings limited).

We fully understand the duties of an Independent Director and confirm the truthfulness, completeness and accuracy of the above statement and that there is no false representation or misleading statement contained herein. We are absolutely aware of the possible results of making a false statement. CSRC may confirm our qualifications and independency based on this statement. During the office as Independent Directors of the Company, we undertake that we will have adequate time and energy to exercise our duties for independent judgment, not being influenced by the substantial shareholders or the de facto controller of the Company or any other entity or individual that is interested in the Company in compliance with requirements in regulations, provisions and notices issued by CSRC.

**Wu Wenxiang, Wu Hongzuo, Li Yijng, Shi Tiantao**

12 April 2005

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## **ANNOUNCEMENT OF ON-GOING CONNECTED TRANSACTIONS**

All members of the Company and the Board guaranteed the truthfulness, accuracy and completeness of content of the disclosed information and there were no false statements, misleading representations and material omissions contained herein.

The Company hereby announced that:

## 1. BASIC INFORMATION FOR THE ESTIMATED ON-GOING CONNECTED TRANSACTIONS FOR THE YEAR

Type of connected transactions	Connected persons	Expected total amount of 2005	Percentage to the same kind of transactions	Actual total amount of 2004
Sale of products and materials	Beiren Group Corporation	10,000,000	0.89%	16,219,425.06
Procurement fee	Beiren Group Corporation	1,200,0000	1.34%	10,139,312.14
Land use fee	Beiren Group Corporation	850,121.48	100%	850,121.48
Trademark fee	Beiren Group Corporation	10,116,000	100%	8,046,906.41

## 2. INTRODUCTION TO CONNECTED PARTIES

Beiren Group Corporation

Beiren Group Corporation is the controlling shareholder and legal representative of the Company. The legal representative is Mr. Zhu Wuan. The registered capital is RMB200,266,000. The scope of operation is manufacturing and sales of printing presses, package machines and related products and components, electronic products, electromechanical products and components, printing equipments, technical development, technical consultancy, services, operation of self-produced products, technology and export business of related technology of own enterprises etc.

## 3. PRICING POLICY AND PRINCIPLE

The price of transaction for connected transaction is clearly stated in the contracts of connected transactions entered into by the Company and Beiren Group Corporation. The pricing of related connected transaction is based on the principle of fairness, justice and openness without any detriments to the interests of shareholders and public investors.

Pricing principle is:

- i) Calculated in accordance with market price;
- ii) Conducted in accordance with the signed agreement.

## 4. OBJECTIVE OF TRANSACTIONS AND IMPACT ON THE COMPANY

The Company's procurement of raw materials is the result of best choice under market behavior. The sale of Company to Beiren Group is the leveraging of sale net of the group corporations. The trading price is calculated in accordance with the market price, thus, that connected transactions did not have any detriments to the interests of the Company and have no influences to the financial statements and operating results in this period and in the future.

## **5. CONSIDERATION PROCEDURES**

1. In accordance with the regulations of connected transactions in Article 10 of “Listing Rules of Securities” of the Shanghai Securities Exchange, the connected transaction had been put forth to the Board for approval. Apart from the four connected Directors avoided from the poll and one Director abstained from voting, the other Directors consented to the aforesaid connected transactions.
2. Before the approval of the aforesaid connected transaction by the Board, the related information of that connected transaction had been considered and passed by the Independent Directors of the Company. The Independent Directors of the Company considered that the aforesaid connected transactions were conducted in the ordinary course of business of the Company under normal market principle. The price of connected transaction was negotiated and determined in accordance with market price which was fair and reasonable. The aforesaid connected transactions and the related agreement signed had realized the fair and reasonable principle of market. There were no existing detriments found to the interests of the Company and medium and minority interests.

## **6. EXECUTION OF AGREEMENTS OF CONNECTED TRANSACTIONS**

On 14 July 1993, the Company entered into “Contract of permission for using of trademark” with Beiren Group Corporation, “Arrangement contract of procurement of raw materials and processed component parts” and “Agreement of using factory zone, roads and facilities”. On 20 June 1994, agreement for the amendments of “Agreement of using factory zone, roads and facilities” had signed.

## **7. DOCUMENTS AVAILABLE FOR INSPECTION**

1. Contract of permission for using trademark
2. Agreement of using factory zone, roads and facilities
3. Arrangement contract of procurement of raw materials and processed component parts.

*The Board of Directors*  
**Beiren Printing Machinery Holdings Limited**

12 April 2005

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## **ANNOUNCEMENT OF RESOLUTIONS PASSED AT THE SUPERVISORY COMMITTEE**

The 2005 first meeting of the 4th Board Meeting of Beiren Printing Machinery Holdings Limited held in the conference room of the Company on 12th April, 2005. Three Supervisors should attend and all three were present. The meeting was chaired by Mr. Xiao Maolin, chairman of Supervisory Committee. The followings resolutions were considered and duly passed in the Supervisory Committee:

1. The 2004 Supervisory Committee’s Working Report of the Company was considered and approved;
2. The 2004 Annual Report of the Company and its summary were considered and approved;



3. The 2004 audited Financial Statements of the Company were considered and approved and the matter of charging of provision for diminution in value of the Company is consented by the Board;
4. The 2004 profit distribution plan of the Company was considered and approved;
5. Proposal of nomination of candidates for the election of the 5th Supervisory Committee was considered and approved and the resumes of candidates for Supervisors were attached;
6. The remuneration of Supervisors and the contracts in writing were considered and approved in accordance with the Articles of Association of the Company. The expected remuneration of RMB200,000.

*Supervisory Committee*  
**Beiren Printing Machinery Holdings Limited**

12 April 2005

The resume of candidates for the 5th Supervisory Committee

1. **Mr Xiao Maolin**, Chinese nationality, aged 56, a postgraduate and an economist. Mr Xiao was the Director of the Office of Party Committee of Beiren Group Corporation and an Assistant to the Secretary of the Party Committee in 1991; as well as Secretary of the Party Committee of Beiren Group Corporation and Chairman of Supervisory Committee of Beiren Printing Machinery Holdings Ltd. He is currently the Deputy Secretary of the Party Committee and Secretary of Discipline Committee of Beiren Group Corporation. He has been working for more than 30 years in Beiren Group Corporation and has over 20 years' experience in corporate management.
2. **Mr Xue Kexin**, Chinese nationality, aged 40, a postgraduate and an economist. Mr Xue was an Assistant to the Director of Production and Technical Safety Office of the Company and an Assistant to the Factory Manager of Multi-coloring Press Factory. He is currently the Head of the Corporate manger of poly-business department of the Company. He has been engaged in production and strategic management and financial analysis for a long period of time. He has rich corporate management experience and financial analysis capabilities.
3. **Mr Tian Furen**, Chinese nationality, aged 57, a secondary technical graduate and a senior technician. Mr Tian has been working in Beiren Group Corporation for 30 years. He has been a model worker of the Company and has been a staff representative for a long period of time. He has rich experience in handling and maintaining welfare benefits of staff.

As at the date of the announcement, the Company's directors comprise Mr. Zhu Wuan, Mr. Lu Changan, Mr. Wang Guohua, Mr. Pang Liandong, Mr. Yu Baogui, Ms. Rong Peimin, Mr. Qi Shenglin, Mr. Wu Wenxiang\*, Mr. Wu Hongzuo\*, Ms. Li Yijing\* and Mr. Zhou Xiaoming\*.

\* *Independent non-executive directors*

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