



**北人印刷機械股份有限公司**

**BEIREN PRINTING MACHINERY HOLDINGS LIMITED**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

(Stock Code: 187)

## 2006 FIRST QUARTERLY REPORT

### 1. IMPORTANT NOTICE

- 1.1 The board of directors (the “Board”) of Beiren Printing Machinery Holdings Limited (the “Company”) and its directors confirm that there are no misleading statements, misrepresentation or material omissions contained in this report, and collectively and individually accept responsibility for the truthfulness, accuracy and completeness of the contents therein.
- 1.2 All of the directors of the Company (the “Directors”) attended the meeting of the Board.
- 1.3 The first quarterly financial report of the Company is unaudited.
- 1.4 Mr. Zhu Wuan, the Chairman, Mr. Wang Guohau, the General Manager and Mr. Jiang Jianming, the Chief Accountant have confirmed the truthfulness and completeness of the financial reports in this quarterly report.

### 2. COMPANY PROFILE

#### 2.1 Corporate information

	<b>A Shares</b>	<b>H Shares</b>
Stock abbreviation	G 北人	Beiren Printing
Stock code	600860	187
	Secretary of the Board	
Name	Rong Pei Min	
Correspondence address	No. 6 Rong Chang Dong Street, Economic and Technological Development Zone, Beijing, the PRC	
Telephone	010-67802565	
Facsimile	010-67802570	
E-mail	beirengf@beirengf.com	

#### 2.2 Financial information

##### 2.2.1 Major financial information and financial indicators

	As at the end of the reporting period	As at the end of the previous reporting period	<i>Unit: Rmb</i> Increase or decrease as at the end of the reporting period as compared with the end of the previous reporting period (%)
Total assets	2,164,201,638.38	2,127,384,112.13	1.73
Shareholders' fund (excluding: minority interests)	1,283,947,332.02	1,280,500,032.83	0.27
Net assets per share	3.04	3.03	0.33
Adjusted net assets per share	2.99	2.98	0.34

	During reporting period	From the beginning of the year to the end of the reporting period	Increase or decrease as compared with the corresponding period of the previous year (%)
Net cash inflow from operating activities	-8,731,309.82	-8,731,309.82	78.50
Earnings per share	0.01	0.01	-77.27
Return on net assets (%)	0.27	0.27	-81.25
Return on net assets after deducting non-recurring items (%)	0.42	0.42	-69.78
<b>Extraordinary items</b>			<b>Amount</b>
Income (loss) from disposal of long term equity investment and fixed assets			-1,762,914.11
Other non-operating incomes and expenses, net of provision for impairment of assets			102,910.51
Income tax effect			-249,000.54
<b>Total</b>			<b>-1,909,004.14</b>

## 2.2.2 Income statement

Item	Consolidated		Unit: Rmb (Unaudited) Parent Company	
	During the reporting period	Corresponding period of last year	During the reporting period	Corresponding period of last year
1. Revenue from principal activities	200,292,842.10	216,348,066.76	135,524,246.52	150,477,862.01
Less: Cost of sales from principal activities	160,234,867.49	156,456,753.89	110,705,127.66	106,006,425.40
Business taxes and surcharges	1,276,547.69	1,171,027.49	1,049,449.34	813,446.03
2. Profit from principal activities	38,781,426.92	58,720,285.38	23,769,669.52	43,657,990.58
Add: Profit from other operations	-101,953.86	34,792.33	274,285.14	-126,400.71
Less: Operating activities	9,839,071.04	7,439,429.51	4,915,139.57	4,452,664.23
General and administration expenses	20,132,593.07	26,944,678.89	10,964,578.15	17,442,182.60
Financial expenses	3,870,791.66	2,866,168.71	2,615,508.33	1,632,408.61
3. Operating profit	4,837,017.29	21,504,800.60	5,548,728.61	20,004,334.43
Add: Investment income	352,680.55	-138,176.66	-96,032.56	1,554,509.15
Subsidy income				
Operating income	102,910.51	857,724.09	78,990.00	225,261.99
Less: Non-operating expenses	1,762,914.11	26,032.91	1,742,096.33	18,230.03
4. Total profit	3,529,694.24	22,198,315.12	3,789,589.72	21,765,875.54
Less: Income tax	369,889.66	3,474,777.85	342,290.53	3,229,603.34
Less: Minority interests	-287,494.61	187,265.07		
Add: Unrecognized investment losses (consolidated)				
5. Net profit	3,447,299.19	18,536,272.20	3,447,299.19	18,536,272.20

## 2.3 Total number of shareholders and top 10 holders of listed shares not subject to trading moratorium as at the end of the reporting period (after completion of share reform plan)

Total number of shareholders as at the end of the reporting period	34,263 shareholders(including: 34,156 A-share shareholders, 107 H-share shareholders)
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Unit: Shareholder

### Particulars of the top 10 holders of listed shares not subject to trading moratorium

Name of shareholders (full name)	Number of listed shares not subject to trading moratorium held as at the end of the reporting period	Class of shares
HKSCC NOMINEES LIMITED	97,207,199	Overseas listed foreign shares
HSBC NOMINEES (HONG KONG) LIMITED	702,000	Overseas listed foreign shares
HAO HONG PROPERTY	670,404	RMB ordinary shares
CUI LI WEN	408,631	RMB ordinary shares
LIU JING	401,580	RMB ordinary shares
HUI KAU YU	400,000	Overseas listed foreign shares
LIU HUI LING	334,672	RMB ordinary shares
LI XI FENG	331,200	RMB ordinary shares
LI FEN XIAN	305,416	RMB ordinary shares
WONG CHUNG KING	298,000	Overseas listed foreign shares

## 3. MANAGEMENT DISCUSSION AND ANALYSIS

### 3.1 Brief analysis of the overall operation during the reporting period

During the reporting period, the operation environment of the Company remained tense, partly due to profit reduction as a result of reduction in regular product price, and partly due to increase in cost as a result of the Company's adjustment in product mix and new products has not yet formed a reasonable batch production, which led to reduction of results in the reporting period.

Under the operation pressure, the Company put more effect in the research and development of new products, expedite the introduction of new products to the market; fully make advantages of the brand, adopted various sales services to expand the market shares; strengthened cost management to improve profitability; as well as, further strengthened cooperation with the global market player for development and exploration to a wider and broader growth potential for the Company.

#### 3.1.1 Principal business or products accounting for over 10% of the income or profit from principal operations

	Income from principal operations	Unit: Rmb Cost of principal operations	(Unaudited) Gross profit margin (%)
Sale of flat paper printers	10,827.21	9,530.50	11.98
Sale of rolling paper printers	4,962.46	3,596.56	27.52
Sale of intrusion printers	4,171.49	3,245.04	22.21
Sale of form-printing machines	1,646.52	1,335.80	18.87
Printing business of which the following are connected transactions	394.76	304.49	22.87
Sale of flat paper printers	72.65	63.95	11.98

#### 3.1.2 Seasonal or periodic characteristics of the operation of the Company

☐ Applicable ☒ Not applicable

- 3.1.3 Profit structure during the reporting period (disclosure as to any significant changes in percentages of profit from principal operations, profit from other operations, expenses for the period, investment income, subsidy income and net non-operating income to the total profit compared to those of the previous reporting period and the reasons for such changes).

Profit from principal operations during the reporting period and the percentage of expenses incurred during the period to total profit increased significantly compared to those of the previous reporting period, mainly due to significant change in the product price during the reporting period compared to the previous reporting period and a lower total profit is realized.

- 3.1.4 Significant changes of the principal operations and their structure compared to those of the previous reporting period and the reasons therefor

☐ Applicable ☒ Not applicable

- 3.1.5 Significant change in profitability (gross profit margin) of principal operations compared that of the previous reporting period and the reasons therefore

Gross profit margin of principal operations during the reporting period was 20%, decreased by 6.77 percentage point when compared with 2005, mainly due to adjustment in price of some of the products.

**3.2 Significant events and analysis on their impact and solutions**

☐ Applicable ☒ Not applicable

**3.3 Disclosure as to and reasons for changes in accounting policies, accounting estimates, consolidations and significant accounting errors**

☐ Applicable ☒ Not applicable

**3.4 Relevant explanations by the Board and the supervisory committee in respect of “qualified” audit opinion**

☐ Applicable ☒ Not applicable

**3.5 Warning and explanation on reasons for accumulated net loss expected to be recorded from the beginning of the year to the end of the next reporting period and material change as compared to those of the same period of last year**

During the reporting period, the Company has adjusted the prices of some of its products in the second half of 2005 as the printing machinery manufacturing industry was exposed to increasing intensified competition. In the first quarter of 2006, under the impact of price adjustment of the products, both the products sales and market share increased as compared to the corresponding period in the previous year, though the profit shrunk as compared to that of the corresponding period in the previous year. In the second quarter, sales income is estimated to be the same as the corresponding period of the previous year. The net profit realized by the Company in the first half of 2006 will be reduced by more than 50% as compared to the corresponding period of the previous year due to price adjustment of products and the increase in cost.

**3.6 Adjustments to the annual operating plan or budget disclosed**

☐ Applicable ☒ Not applicable

### 3.7 Special undertakings by the original holder of non-circulating shares for the State Share Reform and the performance

☒ Applicable      ☐ Not applicable

Name of shareholder	Special undertakings	Performance
Beiren Group Corporation	<p>(1) Beiren Group Corporation undertakes that, within 12 months from the day of implementation at the share reform plan, it would not trade or transfer the non-circulating shares of the Company held by it, and that, within 12 and 24 months, respectively, subsequent to the aforesaid period, the number of the originally non-circulating shares subsequently listed for trading on the stock exchange would not exceed 5 per cent and 10 per cent, respectively, of the total number of shares of the Company. It also undertook that the selling price listed on the stock exchange during the above period shall not be lower than 110% of the average closing price of 30 business days before the announcement of the share reform plan. Any dividend payment, bonus issue, capital reserve fund conversion to share capital that constituted to the suspension of trading rights and dividend from the date of implementation of share reform plan to the disposal of shares shall be subject to the suspension of the trading rights.</p> <p>(2) Beiren Group Corporation undertook to strictly comply with the relevant requirements of "Provisions on Management of Share Reform Proposals of Listed Companies" to perform the obligation of information disclosure, and accept the legal responsibility, in which holders of the original non-circulating shares holding or controlling more than 5% of shares of the Company and sell the shares on the stock exchange with its volume more than 1% of the total number of shares of the Company is subject to announcement within 2 working days from the date of selling the shares. Trading in shares would not be suspended during the period of announcement.</p>	Beiren Group Corporation has strictly performed the undertakings. There is no trading of the original non-circulating shares held by it since they are granted listing rights. The shareholding of Beiren Group Corporation was 52.76% as at 31 March 2006.

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

Legal representative

Beijing, the PRC  
26 April 2006

As at the date of this announcement, the Company's directors comprise Mr. Zhu Wuan, Mr. Lu Changan, Mr. Wang Guohua, Mr. Yu Baogui, Mr. Yang Zhendong, Mr. Jiang Jianming, Mr. Deng Gang, Mr. Wu Wenxiang\*, Mr. Wu Hongzuo\*, Ms. Li Yijing\* and Mr. Shi Tiantao\*

\* *Independent non-executive director*

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