



北人印刷機械股份有限公司 BEIREN PRINTING MACHINERY HOLDINGS LIMITED

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

(Stock Code: 187)

2007 INTERIM RESULTS ANNOUNCEMENT

1. IMPORTANT NOTICE

1.1 The board of directors, supervisory committee, and the directors and supervisors, senior management of the Company warrant that this announcement 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.

The only purpose of this interim results announcement is to provide the public investors a brief report on the Company for the first half of 2007. Investors are advised to read the full text of 2007 Interim Report before making material decisions.

1.2 Mr. Deng Gang could not attend the meeting for business reasons and appointed Mr. Wang Guohua, the Chairman of the Company, by written terms to exercise the voting rights on his behalf.

1.3 The interim financial report of the Company has not been audited.

1.4 Mr. Wang Guohua, the Chairman, Mr. Zhang Peiwu, the General Manager, and Mr. Jiang Jianming, Head of the Finance Department, have declared that they guarantee the truthfulness and completeness of the financial statements contained in the interim report.

The board of directors (the “Board”) of Beiren Printing Machinery Holdings Limited (the “Company”) and the directors of the Company (the “Directors”) are pleased to announce the results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2007 as follows. Investors are advised to read the full text of the 2007 Interim Report carefully for detailed information before making any material decisions. The financial statements of the Company for the six months ended on 30 June 2007 have not been audited.

2. BASIC INFORMATION OF THE COMPANY

2.1. Basic information

Short form of A shares:	北人股份
Stock code of A share:	600860
Place for listing of the share:	Shanghai Stock Exchange
Short form of H share:	Beiren Printing
Stock code of H share:	The Stock Exchange of Hong Kong Limited
Stock code of H share:	187

	Secretary to the Board	Representative in charge of securities affairs
Name:	Jiao Ruifang	Lu Ruiping
Correspondence address	No. 6 Rong Chang Dong Street, Economic and Technological Development Zone, Beijing, the PRC	No. 6 Rong Chang Dong Street, Economic and Technological Development Zone, Beijing, the PRC
Telephone number	010-67802565	010-67802565
Facsimile number	010-67802570	010-67802570
Email address	beirengf@beirengf.com	beirengf@beirengf.com

3. CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

		Six months ended	
		30.6.2007	30.6.2006
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	3	546,543	513,057
Cost of sales		(429,949)	(401,355)
Gross profit		116,594	111,702
Other income		9,513	4,753
Distribution costs		(32,527)	(27,910)
Administrative expenses		(71,831)	(67,983)
Share of results of associates		(3,108)	428
Finance costs		(8,783)	(8,293)
Profit before taxation	5	9,858	12,697
Income tax expense	6	(1,219)	(2,466)
Profit for the period		<u>8,639</u>	<u>10,231</u>
Attributable to:			
Equity holders of the Company		9,487	9,894
Minority interests		(848)	337
		<u>8,639</u>	<u>10,231</u>
Earnings per share — Basic (in RMB: cent)	8	<u>RMB2.25 cents</u>	<u>RMB2.34 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2007

		30.6.2007	31.12.2006
	NOTES	RMB'000	RMB'000
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment	9	668,948	656,267
Investment properties		69,684	70,497
Prepaid lease payments			
— non-current portion		130,655	131,391
Goodwill		3,135	3,135
Intangible assets		1,146	1,413
Interests in associates		28,503	32,090
Deferred tax assets		3,847	4,562
		<hr/>	<hr/>
		905,918	899,355
		<hr/>	<hr/>
Current assets			
Inventories		676,777	710,196
Trade and other receivables	10	473,290	416,812
Prepaid lease payments			
— current portion		2,892	2,884
Amount due from minority			
shareholders of subsidiaries		10,649	10,492
Restricted cash		18,333	6,702
Bank balances and cash		109,338	76,160
		<hr/>	<hr/>
		1,291,279	1,223,246
		<hr/>	<hr/>

Current liabilities			
Trade and bills payable	11	397,875	358,354
Other payables		99,045	109,858
Sales deposits received		63,646	57,894
Amount due to ultimate holding company		14,996	14,996
Income tax payable		125	2,971
Borrowings — due within one year	12	392,723	383,574
		968,410	927,647
Net current assets		322,869	295,599
Total assets less current liabilities		1,228,787	1,194,954
Capital and reserves			
Share capital	13	422,000	422,000
Reserves		730,242	720,674
Equity attributable to equity holders of the Company		1,152,242	1,142,674
Minority interests		46,245	50,280
Total equity		1,198,487	1,192,954
Non-current liabilities			
Borrowings — due after one year	12	27,000	-
Deferred income		3,300	2,000
		30,300	2,000
		1,228,787	1,194,954

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Attributable to equity holders of the parent												
	Exchange			Statutory	Statutory	General	Enterprise	Discretionary					
	Share	Share	translation	Capital	surplus	public	reserve	expansion	surplus	Retained		Minority	
	capital	premium	reserve	reserve	reserve	welfare fund	fund	fund	reserve	profits	Total	interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2006	422,000	435,834	—	51,155	78,047	72,385	1,717	3,845	42,979	154,266	1,291,768	51,029	1,342,797
Profit and total recognised income for the period	—	—	—	—	—	—	—	—	—	9,894	9,894	337	10,231
Appropriations	—	—	—	—	1,054	—	—	—	—	(1,054)	—	—	—
Dividend approved at Annual General Meeting	—	—	—	—	—	—	—	—	—	(29,504)	(29,540)	—	(29,540)
Transfer reserve (Note)	—	—	—	—	72,385	(72,385)	—	—	—	—	—	—	—
At 30 June 2006	422,000	435,834	—	51,155	151,486	—	1,717	3,845	42,979	163,106	1,272,122	51,366	1,323,488
At 1 January 2007	422,000	435,834	89	51,306	150,432	—	1,717	3,845	42,979	34,472	1,142,674	50,280	1,192,954
Exchange difference arising on translation of foreign operations recognised directly in equity	—	—	81	—	—	—	—	—	—	—	81	—	81
Profit and total recognised income for the period	—	—	—	—	—	—	—	—	—	9,487	9,487	(848)	8,639
Total recognised income for the year	—	—	81	—	—	—	—	—	—	9,487	9,568	(848)	8,720
Wound up of a subsidiary	—	—	—	—	(7)	—	—	—	—	7	—	(3,187)	(3,187)
At 30 June 2007	422,000	435,834	170	51,306	150,425	—	1,717	3,845	42,979	43,966	1,152,242	46,245	1,198,487

Note: The Ministry of Finance (MOF) issued a notice which requires the balance of statutory public welfare fund as of 31 December 2005 to be managed and utilized as surplus reserve from 1 January 2006 onwards. Accordingly, the statutory public welfare fund was transferred to statutory surplus reserve.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Six months ended	
	30.6.2007	30.6.2006
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash from (used in) operating activities	16,382	(1,930)
Net cash used in investing activities		
Purchase of property, plant and equipment	(32,331)	(51,706)
Prepaid lease payments in respect of land use rights	—	(490)
Investment in an associate	—	(22,540)
Removal compensation received	10,000	20,000
Increase in restricted cash	(11,631)	(1,547)
Increase in amount due from minority shareholders	(157)	(256)
Other investing cash flows	748	946
	(33,371)	(55,593)
Net cash from financing activities		
New bank borrowings raised	263,430	243,218
Repayment of bank borrowings	(204,516)	(180,451)
Interest paid	(8,567)	(8,290)
	50,347	54,477
Net increase (decrease) in cash and cash equivalents	33,358	(3,046)
Cash and cash equivalents at beginning of the period	76,160	93,696
Effect of foreign exchange rate change	(180)	(111)
Cash and cash equivalents at end of the period, represented by bank balances and cash	109,338	90,539

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2006.

In the current interim period, the Group has applied, for the first time, a new standard, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning 1 January 2007.

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) — Int 11	HKFRS 2: Group and Treasury Share Transactions ²
HK(IFRIC) — Int 12	Service Concession Arrangements ³

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 March 2007

³ Effective for annual periods beginning on or after 1 January 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER

	Six months ended	
	30.6.2007	30.6.2006
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of printing machines	521,693	495,850
Sales of spare parts	15,922	9,991
Provision of printing services	12,494	10,400
	<hr/>	<hr/>
	550,109	516,241
Less: Sales tax and other surcharges	(3,566)	(3,184)
	<hr/>	<hr/>
Total sales	<u>546,543</u>	<u>513,057</u>

4. SEGMENT INFORMATION

The Group's revenue and results are substantially derived from the manufacture and sale of printing machines in the PRC. Moreover, as substantially all of the Group's assets and liabilities are located in the PRC, no segmental analysis of financial information is presented.

5. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2007	30.6.2006
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Depreciation and amortisation	24,573	22,807
Share of tax of associates (included in share of results of associates)	190	101
Loss on disposal of property, plant and equipment	192	152
Interest income	(662)	(541)
Reversal of impairment loss of leasehold property	—	(3,500)
Gain on winding up of a subsidiary and an associate	(1,595)	—
	<u><u> </u></u>	<u><u> </u></u>

6. INCOME TAX EXPENSE

	Six months ended	
	30.6.2007	30.6.2006
	<i>RMB'000</i>	<i>RMB'000</i>
The charge comprises:		
PRC current year income tax	504	3,307
Deferred tax charge (credit)	715	(841)
	<u><u> </u></u>	<u><u> </u></u>
	1,219	2,466
	<u><u> </u></u>	<u><u> </u></u>

In accordance with the relevant rules and regulations in the PRC, the PRC subsidiaries of the Group's (not including the Company) are subject to PRC income tax levied at a rate of 33%, except for Beijing Beiren Fuji Printing Machinery Company Limited and Shanxi Beiren Printing Machinery Company Limited which are taxed at 12% and 15%, respectively.

According to the Notice No. [2007] 664 announced by the State Administration of Taxation on 19 June 2007, the State Administration of Taxation demanded an immediate correction by its local tax offices on the special preferential income tax policies granted to those nine listed companies (including the Company) whose shares were approved for listing in The Stock Exchange of Hong Kong Limited by the State Council in 1993, which should already be expired and no longer applied. The difference in the income tax resulting from the application of the expired special preferential income tax policies in previous years shall be dealt with pursuant to the relevant regulations of the Law of the People's Republic of China Concerning the Administration of Tax Collection. At this stage, the relevant implementation rules have not yet been announced and the Company is still in the process of communication with the local tax office regarding this matter. The Company is still subject to PRC income tax levied at a rate of 15% in current interim period. Accordingly, the directors of the Company consider that the amount of the potential exposure cannot be estimated reliably, and therefore, no provision has been recognized as at the balance sheet date.

On 16 March 2007, the government of the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. Under the New Law, the income tax rate of certain subsidiaries will be changed to 25% starting from 1 January 2008. The deferred tax has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realized or the liability is settled.

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

7. DIVIDENDS

No dividends were paid during the current period.

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

8. EARNINGS PER SHARE - BASIC

The calculation of basic earnings per share attributable to the ordinary equity holders of the Company is based on the profit for the period attributable to equity holders of the Company of RMB9,487,000 (2006: RMB9,894,000) and on the number of 422,000,000 shares (2006: 422,000,000 shares) in issue during the period.

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB1,274,000 (2006: RMB1,833,000) on the acquisition of property, plant and equipment and approximately RMB31,057,000 (2006: RMB49,873,000) on construction in progress.

During the period, the Group disposed of certain plant and machinery with a carrying amount of RMB278,000 (2006: RMB557,000) for a total proceeds of RMB86,000 (2006: RMB405,000), resulting in a loss on disposal of RMB192,000 (2006: RMB152,000).

10. TRADE AND OTHER RECEIVABLES

	30.6.2007 RMB'000	31.12.2006 <i>RMB'000</i>
Trade receivables	418,748	369,858
Bills receivable	14,505	11,884
	<hr/>	<hr/>
	433,253	381,742
Prepayments and deposits	24,514	11,748
Other receivables	15,523	23,322
	<hr/>	<hr/>
	473,290	416,812
	<hr/>	<hr/>

At 30 June 2007, the balances of trade and other receivables included accounts receivable of RMB433,253,000 (31.12.2006: RMB381,742,000). Customers are normally granted a credit period of 90-360 days.

The aged analysis of trade and bills receivable at the balance sheet is as follows:

	30.6.2007	31.12.2006
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	355,449	304,614
1-2 years	64,560	68,478
2-3 years	13,055	7,131
Over 3 years	189	1,519
	<hr/>	<hr/>
	433,253	381,742
	<hr/> <hr/>	<hr/> <hr/>

11. TRADE AND BILLS PAYABLE

30.6.2007	31.12.2006
<i>RMB'000</i>	<i>RMB'000</i>

The aged analysis of trade and bills payable
at the balance sheet date is as follows:

Within 1 year	362,325	327,541
1-2 years	32,180	27,549
2-3 years	1,374	470
Over 3 years	1,996	2,794
	<hr/>	<hr/>
	397,875	358,354
	<hr/> <hr/>	<hr/> <hr/>

12. BORROWINGS

The Group obtained new bank loans of RMB263,430,000 (2006: RMB243,218,000), and repaid RMB204,516,000 (2006: RMB180,451,000) during the period. The newly raised loans bear interest at market rates.

13. SHARE CAPITAL

Amount
RMB'000

Registered, issued and fully paid:

At 1 January 2006, 30 June 2006, 31 December 2006
and 30 June 2007

322,000,000 A shares of RMB1 each	322,000
100,000,000 H shares of RMB1 each	100,000
	<hr/>
	422,000
	<hr/> <hr/>

14. CAPITAL COMMITMENTS

30.6.2007	31.12.2006
<i>RMB'000</i>	<i>RMB'000</i>

Contracted but not provided for the purchase
of property, plant and equipment

2,109	7,812
<hr/> <hr/>	<hr/> <hr/>

15. RELATED PARTY TRANSACTIONS

- (a) The Group entered into the following transactions with its related parties during the period:

	Six months ended	
	30.6.2007	30.6.2006
	RMB'000	RMB'000
Sales of goods		
— Beijing Beiren Hengtong Printing Machinery Sales Limited (an associate)	4,936	12,876
— Liaoning Beiren Printing Machinery Sales Limited (an associate)	—	1,963
— Beijing Yanlong Import and Export Co., Ltd. (a subsidiary of “BGC”, the ultimate holding company)	1,239	—
Sales of materials		
— Beiren Group Corporation (“BGC”)	—	7,276
Purchase of printing presses from		
— BGC (ultimate holding company)	2,397	—
— Beijing Mitsubishi Heavy Industry Beiren Printing Machinery Company Limited (an associate)	49,177	—
Purchase of materials		
— BGC (ultimate holding company)	1,489	9,155
— Beijing Beiyong Moulding Company Limited (an associate)	13,232	13,434
— Beiren Monigraf Automations Co., Ltd. (an associate)	2,144	5,612
— Fujikikai Kogyo Co., Ltd. (a minority shareholder of a subsidiary)	—	1,163
— Hebei Decoration Printing Machinery Co., Ltd. (a minority shareholder of a subsidiary)	—	1,070

Trademark fee paid		
— BGC (ultimate holding company)	3,468	3,610
Rental income received		
— Beiren Monigraf Automations Co., Ltd. (an associate)	50	50
— Beijing Beiyong Moulding Company Limited (an associate)	2,204	1,948
— Beijing Mitsubishi Heavy Industry Beiren Printing Machinery Company Limited (an associate)	811	—

(b) Balances with related parties at the balance sheet date

	30.6.2007	31.12.2006
	<i>RMB'000</i>	<i>RMB'000</i>
Amount due from associates	7,071	29,905
Amount due to associates	12,546	20,755
Amount due to ultimate holding company	2,001	4,667

Above balances with related parties are all trading nature, which are included in trade and other receivables and trade and bills payable at the balance sheet date. Other balances with related parties are separately shown in the condensed consolidated balance sheet.

(c) Transactions/balances with other state-controlled entities in the PRC

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government (“state-controlled entities”). In addition, the Group itself is part of the larger group of BGC, which is ultimately controlled by the PRC government. Apart from the transactions with BGC and its subsidiaries disclosed in (a) above, the Group also conducts businesses with other state-controlled entities. The directors consider those state-controlled entities are independent third parties so far as the Group’s business transactions with them are concerned.

Material transactions/balances with other state-controlled entities are as follow:

	Six months ended	
	30.6.2007	30.6.2006
	<i>RMB'000</i>	<i>RMB'000</i>
Trade sales	29,639	44,465
Trade purchases	<u>2,421</u>	<u>22,038</u>
	30.6.2007	31.12.2006
	<i>RMB'000</i>	<i>RMB'000</i>
Trade balance due from other state-controlled entities	59,646	61,707
Trade balance due to other state-controlled entities	<u>864</u>	<u>10,317</u>

In addition, the Group has entered into various transactions, including utilities services and surcharges / taxes charged by the PRC government, and deposits and borrowings and other general banking facilities with certain banks and financial institutions which are state-controlled entities in its ordinary course of business. In view of the nature of these transactions, the directors are of the opinion that separate disclosure would not be meaningful.

Except as disclosed above, the directors are of the opinion that transactions with other state-controlled entities are not significant to the Group's operations.

(d) Compensation of key management personnel

The short term benefits paid or payable by the Group to directors of the Company and other members of key management during the period is approximately RMB460,000 (2006: RMB510,000).

4. DIFFERENCES BETWEEN FINANCIAL STATEMENTS PREPARED UNDER PRC ACCOUNTING STANDARDS AND HKFRSS:

Unit: '000 Currency: RMB

Item	Net profit		Owner's equity interest	
	Current period	Same period last year	Closing	Opening
Prepared under PRC accounting standards	10,635	13,866	1,207,678	1,200,150
Adjustments made to conform with accounting principles generally accepted in Hong Kong				
Difference in valuation of assets contributed by Beiren Group	—	—	(60,198)	(60,198)
Subsequent adjustment on assets contributed by Beiren Group	33	33	48,309	48,277
Difference in valuation of asset contributed to subsidiaries	16	16	(243)	(259)
Recognised Difference in deferred tax	(1,786)	839	—	1,786
Acquisition — Recognised difference of goodwill on a subsidiary	—	—	4,479	4,479
Acquisition — Recognised difference of amortised goodwill on a subsidiary	—	—	(1,344)	(1,344)
Recognised difference on compensation for employee dismissal	—	(3,865)	—	—
Others	(259)	(658)	(194)	63
Prepared under Hong Kong accounting standards	<u>8,639</u>	<u>10,231</u>	<u>1,198,487</u>	<u>1,192,954</u>

5. MOVEMENT OF SHARE CAPITAL AND SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

- During the reporting period, there was no change in the total number of shares and share capital structure of the Company.
- On 30 June 2007, the number of shareholders totaled 31,772, including: 31,683 A share holders and 89 H share holders.

6. MANAGEMENT DISCUSSION AND ANALYSIS

(1) Discussion and analysis of overall operation during the reporting period

In the first half of 2007, the Company's operation results improved through the elaborate reforms in system, mechanism, and operation mode, systems such as research and development, sales, manufacturing, finance, human resources, information infrastructure were streamlined, with concerted effort of all staff. During the reporting period, in accordance with the PRC Accounting Standard, the operating income amounted RMB555,300,000, net profit amounted RMB112,20,000 ^{Note}, the turnover amounted RMB546,540,000 ^{Note}, net profit amounted RMB9,490,000 under Hong Kong Accounting Standard.

(Note: Net Profit prepared under PRC Accounting Rules and Regulations and Hong Kong Accounting Standard were net profit attributable to owners of the parent company.

(2) Review of the first half of 2007

1. *Led by strategic approach in pursuit of corporate value growth*

During the reporting period, with the strategic vision, mission and objectives ahead, the Company actively promoted strategic implementation, took a comprehensive budget as a strategic foothold for the 11th Five-Year Plan, linked strategies, budget to the evaluation of senior management's performance, and entered into "senior management's performance contract" with the all senior management staff as an effective measure to ensure the performance of directors' undertakings and the implementation of strategies.

2. *Implementation of management reforms and restructuring company organization*

With a view to establishing a mechanism which is customer-oriented and quick to respond to market, the Company actively promoted reforms in management, company restructuring conducted at the beginning of the year, with the aim of reducing the management hierarchies, being profit-oriented and professional.

Currently, the effectiveness of the new flattened matrix management model has been emerging. The brand new evaluation system will be fully implemented, which will closer link up technology, production and sales, the rationale of management reforms will fully be demonstrated. Also each task is set to take off.

3. *Strengthening research and development and innovation in upscale products for fulfilling customers' requirements*

According to the confirmed product positioning of preferential development and nurturing development product mix strategy in the Eleventh Five-Year Plan, along with the grounds of the responsibility of producing market-driven products, they will fully demonstrate the predominant factors of technology by raising the product stability and reducing the product cost simultaneously. Among which, modifications were made in products such as BEIREN300, and BEIREN600, with effective results achieved.

4. *Driven by performance evaluation, promoted sales management work*

On the basis of accomplishing the reforms in the structure of marketing company, ongoing improvements in internal mechanism, pioneering in implementing KPI evaluation, which provided the sales force more clearly defined objectives, responsibilities and profit distribution, as well as motivating their initiatives. In an effort to expand the market, the Company actively participated in printing machinery trade fairs in the first half of 2007, and highly acclaimed by the customers.

5. *Corporate information management standard elevated to build a reporting system*

In an attempt to elevate the information management standard, the Company built up a reporting system for managing information in accordance with the Eleventh Five-Year Plan, which includes the four major systems of industry analysis report, market analysis report, financial and internal operation report and technology analysis report. Meanwhile, the OA (office automation) platform and CRM (customer relationship management) system had favourable changes.

(3) Scope and status of principal operations

1. *Scope of principal operations:*

Development, design, production, sale of printing presses, pressing machines, packing machines, business forms printing presses, commercial revolving presses, commercial soft cover presses, intaglio presses, the parts and components for the aforesaid machines; technical consultancy, technical support; own export and export of member enterprises' self-produced products and technology; import of raw and auxiliary materials, instruments and meters, machines, parts and components and technology (apart from those products restricted by the State from operating by enterprises and those from being imported and exported) for production of own enterprises and member enterprises; processing on customer-supplied materials and "processing raw materials on clients' demands, assembling parts for clients and processing according to clients' samples or compensation trade".

2. Principal operation by sector and product

Currency: RMB

Product	2007 interim results		Increase (/Decrease) in		Increase (/Decrease) in	
	Operating income	Operating cost	Gross profit margin	operating income	operating cost	gross profit margin
			(%)	(%)	(%)	(%)
Sales of Sheet-fed paper	290,410,710.30	237,169,914.69	18.33	19.45	20.08	-0.43
Sales of Web-fed paper	124,013,139.39	91,830,023.93	25.95	-5.52	-0.60	-3.66
Sales of Intrusion printers	91,435,730.54	66,364,173.70	27.42	1.13	-4.46	4.25
Sales of Form presses	15,606,837.60	13,575,579.64	13.02	-50.17	-47.09	-5.05
Printing services	12,493,521.79	9,303,417.18	25.53	48.26	51.82	-1.75
Spare parts	13,137,925.13	9,347,293.20	28.85	98.94	114.81	-5.26
Others	3,010,678.53	1,719,751.54	42.88	-11.09	-23.82	9.55
	550,108,543.28	429,310,153.88	21.96	6.92	7.93	-0.74

Including: During the reporting period, the amount of products sold in the connected transactions from the Company to the controlling shareholders and its subsidiaries totaled RMB1,239,316.24.

3. Principal operation by geographical segment

Currency: RMB

Region	Operating income	Increase (/decrease) in operating income year on year(%)
PRC	509,231,907.66	3.63
Outside PRC	40,876,635.62	76.82
Total	550,108,543.28	6.92

(4) Investment of the Company

1. Use of proceeds

The initially raised proceeds of the Company had been used up as at 31 December 1998. The second raised proceeds had also been used up as at 31 March 2003. No utilisation of proceeds subsisted in this reporting period.

2. Projects financed by non-raised fund

No project financed by non-raised fund in this reporting period.

(5) Business outlook for the second half of 2007

Owing to the operation and growth speed of macro-economy turned from relatively fast to overheated, with the factors of too large of the trade surplus, rapid growth of investment, excess liquidity, and various economic operation indices, it is expected the State would maintain the stabilising, perfecting and implementing the macro-control measures, which includes interest rate hike, adjusting export tax rebate, increasing the resource price, suppressing the investment in fixed assets. By considering the development of the upstream of presses, printing industry, the industry of book, magazine and newspaper publishing showed a growing trend, at a slow speed though. For packaging and decoration, commercial printing, they have a greater growing potential. With such an impact, press machinery industry has begun to pick up gradually. In the second half of 2007, the Company will encounter a situation with both opportunities and challenges. For this condition, the Company will focus in the following tasks.

1. Strengthening the implementation of strategies to ensure the fulfilment of tasks for the year

In the second half of 2007, the Company will leverage the opportunities of management reforms, regard the performance evaluation as a drive and the comprehensive budget as standard, so as to perform the strategic tasks in the Eleventh Five-Year Plan, as well as to conduct evaluation and amendments regularly in the execution process, in order to ensure the fulfilment of of the tasks for the whole year.

2. *Increasing the standard of corporate governance and tightening the internal control*

The Company will further improve the internal control system according to the Guidelines on Internal Control for Companies Listed on the Shanghai Stock Exchange, to enhance the ability in corporate governance and risk management. The Company will tighten the controllability in bills receivables, inventory control, procurement and so forth. Meanwhile, pursuant to the Company's strategic requirements in Eleventh Five-Year Plan, the strategic synergy with the subsidiaries and business control will be strengthened.

3. *Developing the international market actively to nurture the international operation capability*

The international target markets will be further defined, on the basis of realizing the current export products, ways and approach for internationalized development of Beiren will be explored. The key products of the Company will be sold to overseas market to increase the operation capability on international level of the relevant departments, so that a solid foundation will be laid for realizing the international development.

4. *Accelerating the product research and development to satisfy market needs*

In the second half of 2007, the Company will press ahead in high-end products, the Company will further implement the standardization of design, meanwhile, resources for research and development will be consolidated to accelerate its pace. Greater effort will be made in respects such as product stability, automation, multi-purpose, and environmental-friendliness, to increase customers' satisfaction and firmly establish its brand image.

5. *Strengthening the production management to further reduce the product cost*

After the reform in organizational structure, an optimized production management system will be established, management of production plan and process control of each level will be reinforced. On the basis of digitalized management, digitalized assembly, digitalized instruction, the Company realize the automatic digitalized assembly line, so that it will maintain the consistency and reduce the cost and increase the productivity.

7. SIGNIFICANT EVENTS

- 1. During the reporting period, the Company had not engaged in any material litigation or arbitration.**
- 2. During the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.**
- 3. Income Tax**

During the reporting period, the Company did not receive any official document from the finance and tax authorities regarding income tax rate adjustment. Hence, the tax rate of 15% was still applied.

4. Audit Committee

The unaudited 2007 interim report of results has been reviewed by the Audit Committee of the Board of Directors.

5. Code on Corporate Governance Practices

During the reporting period, the Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has not identified and appointed an appropriate candidate of qualified accountant being a fellow or associate member of the Hong Kong Institute of Certified Public Accountants as required by Rule 2.24 of the Listing Rules.

6. Model Code for securities transactions by Directors and Supervisors

During the reporting period, the Company has adopted a set of code of practice regarding securities transactions by Directors and supervisors on terms no less exacting than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in Appendix 10 to the Listing Rules. Having made specific enquiry to all Directors and supervisors of the Company, each of the Directors and supervisors has complied with the required standards set out in the Model Code within the 6 months ended 30 June 2007.

7. Exposure to fluctuations in exchange rates and any related hedges

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

8. Contingent liabilities

As at 30 June 2007, the Company did not have any material contingent liabilities.

9. The half-year report of the Company will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Beiren Printing Machinery Holdings Limited
Wang Guohua
Chairman

Beijing, the PRC
22 August 2007

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

* *Independent non-executive director*