



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)

2008 INTERIM REPORT SUMMARY

1 IMPORTANT NOTICES

- 1.1 The board of directors (the “Board”), supervisory committee (the “Supervisory Committee”) and the directors (the “Directors”), supervisors and senior management 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 summary is extracted from the Interim Report, the full text of which is published at <http://www.sse.com.cn>. Investors are advised to read the full text of Interim Report for detailed information.

- 1.2 All Directors of the Company attended the Board meeting.
- 1.3 The financial statements of the interim report have not been audited.
- 1.4 None of our substantial shareholders has occupied the Company's capital.
- 1.5 Mr. Wang Guohua, the Chairman, Mr. Zhang Peiwu, the General Manager, and Mr. Jiang Jianming, the Chief Accountant, have declared that they guarantee the truthfulness and completeness of the financial statements contained in the interim report.

2 BASIC CORPORATE INFORMATION

2.1 Basic corporate information

Abbreviated name of A Shares : 北人股份
A Shares stock code : 600860
Place of listing of the Company's A Shares : Shanghai Stock Exchange (SSE)
Abbreviated name of H Shares : Beiren Printing
H Shares stock code : 0187
Place of listing of the Company's H Shares : The Stock Exchange of Hong Kong Limited

	Secretary to the Board of Directors	Representative in charge of securities affairs
Name	: Ms. Jiao Ruifang	Lu Ruiping
Correspondence address	: No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC
Telephone number	: 86-010-67802565	86-010-67802565
Facsimile number	: 86-010-67802570	86-010-67802570
Email address	: beirengf@beirengf.com	beirengf@beirengf.com

2.2 Major financial data and indices:

2.2.1 Major accounting data and financial indices

Unit: RMB

	By the end of the reporting period	By the end of the reporting period last year	Increase(+)/ decrease(-) %
Total assets	2,211,692,658.28	2,216,816,579.29	(0.23)
Equity holders' equity (or Shareholders' equity)	1,134,998,889.75	1,161,039,825.84	(2.24)
Net assets per share	2.69	2.75	(2.18)
	For the reporting period (January – June)	For the same period last year	Increase(+)/ decrease(-) %
Operating profit	(28,164,530.81)	8,230,853.84	(442.18)
Total profit	(23,677,203.00)	10,067,945.91	(335.17)
Net profit	(22,797,649.93)	11,221,224.96	(303.17)
Net profit after extraordinary items	(26,279,768.69)	10,025,501.84	(362.13)
Basic earnings per share	(0.05)	0.03	(266.67)
Basic earnings per share after extraordinary items	(0.06)	0.02	(400.00)
Return on net assets (%)	(2.01)	0.97	Decreased by 2.98 percentage points
Net cash flow from operating activities	(31,328,391.72)	26,783,180.04	(216.97)
Net cash flow per share from operating activities	(0.07)	0.06	(216.67)

2.2.2 Extraordinary items and amount:

✓Applicable □Not applicable

Unit: RMB

Extraordinary items	Amount from the beginning to the end of the reporting period
Profit (loss) from disposal of non-current assets	2,366,730.23
Capital occupying fee from non-financial enterprises which are credited into current profit and loss, excluding capital occupying fee obtained from non-financial enterprises by financial institutes with operation qualification approved and established by the relevant department of the State	460,019.25
Other net non-operating income/expenses save for the above	655,369.28
Total	<u>3,482,118.76</u>

2.2.3 Differences between the PRC and Hong Kong Financial Reporting Standards

✓Applicable □Not applicable

Unit: RMB'000

	Net profit		Net assets	
	Current period	Previous period	Opening	Closing
As reported under the PRC accounting standard	(22,798)	11,221	1,161,040	1,134,999
Sub-item and aggregate as adjusted under HK GAAP:				
1. Difference in valuation of assets contributed to the Company by Beiren Group Corporation	33	33	(11,855)	(11,822)
2. Difference in valuation of assets contributed to subsidiaries	16	16	(228)	(212)
3. Difference in recognition of good will upon acquisition of a subsidiary	0	0	3,135	3,135
4. Difference in recognition of deferred tax	0	(1,786)	1,622	1,622
5. Difference in recognition of transfer of diminution in value of assets	1,730	0	(1,730)	0
6. Others	43	3	(3,236)	(3,194)
Prepared under HK GAAP	(20,976)	9,487	1,148,748	1,124,528

During the year, the financial impact of differences between the PRC and international accounting standards on the net profit of the Company was RMB1,822,000. The main differences are as follows:

- (1) Adjustment on assets contributed by Berien Group Corporation: In accordance with HK GAAP, the land developing expense contributed by Beiren Group Corporation to the Company was accounted for as capital reserve. In accordance with Accounting Standards for Business Enterprises, the amount was recorded as the increase in long term deferred expenses. Accordingly, the related amortization charge of RMB33,000 for the year was written back in the accounts by the Company.
- (2) Difference in valuation of assets contributed to subsidiaries: In accordance with HK GAAP, the intangible assets invested by the Company into the subsidiaries with original cost of RMB4,624,000 should be written off after recognition. In accordance with Accounting Standards for Business Enterprises, the intangible assets were stated as assets of the Group. Accordingly, the related amount of amortization of RMB16,000 for the year was written back in the accounts by the Company.

3 MOVEMENTS OF SHARE CAPITAL AND STATUS OF SHAREHOLDERS

3.1 Changes in shareholding

✓Applicable ☐ Not applicable

Unit: share

	Before the change		Issue of new shares	Bonus issues	Increase (+)/decrease (-)			After the change	
	Number	Percentage (%)			Conversion from reserve	Others	Sub-total	Number	Percentage (%)
(1) Shares subject to trading moratorium									
1. State-owned shares									
2. State-owned legal person shares	201,540,000	47.76				(21,100,000)	(21,100,000)	180,440,000	42.76
3. Other domestic shares									
Including: Domestic non-state-owned legal person shares									
Domestic public shares									
4. Foreign shares									
Including: Overseas legal person shares									
Overseas public shares									
Total of shares subject to trading moratorium	201,540,000	47.76				(21,100,000)	(21,100,000)	180,440,000	42.76
(2) Circulating shares not subject to trading moratorium									
1. Renminbi Ordinary shares	120,460,000	28.55				21,100,000	21,100,000	141,560,000	33.55
2. Foreign shares listed domestically									
3. Foreign shares listed overseas	100,000,000	23.69						100,000,000	23.69
4. Others									
Total circulating shares not subject to trading moratorium	220,460,000	52.24				21,100,000	21,100,000	241,560,000	57.24
(3) Total shares	422,000,000	100				0	0	422,000,000	100

Note: About the changes in shareholding:

Share Segregation Reform of the Company was approved by related general meeting on 20 March 2006 and came into effect on 29 March 2006 (being the equity registration date), and the Company resumed listing for the first time after the implementation on 31 March 2006. According to the Share Segregation Reform, shares subject to trading moratorium held by the Company were 222,640,000 shares, of which 21,100,000 shares were listed for circulation in the market on 5 June 2007 and 21,100,000 shares were listed for circulation in the market on 22 May 2008, and the nature of shareholding has changed accordingly. *Announcement of Listing of Circulating Shares subject to Trading Moratorium of the Beiren Printing Machinery Holdings Limited* was disclosed by the Company on 30 May 2007 and on 20 May 2008.

3.2 Status of shareholders

3.2.1 Number of shareholders and their shareholding

Unit: share

Total number of shareholders at the end of the reporting period					
33,081 (including: 32,990 A share holders, 91 H share holders)					
Particulars of top ten shareholders					
Name of shareholder	Nature of shareholder	Percentage in share capital (%)	Number of shares held	Number of shares subject to trading moratorium	Number of Shares pledged or frozen
Beiren Group Corporation	State-owned legal person	52.76	222,640,000	180,440,000	None
HKSCC NOMINEES LIMITED	Unknown	23.44	98,929,199	0	Unknown
Ren zhiqiang	Unknown	0.19	812,593	0	Unknown
Su Guorong	Unknown	0.18	772,360	0	Unknown
Beijing BBEF Electronics	Unknown	0.17	722,100	0	Unknown
Xie Xuhong	Unknown	0.16	680,000	0	Unknown
Liao Jingqiu	Unknown	0.15	647,400	0	Unknown
Ke jingfang	Unknown	0.12	503,500	0	Unknown
Xu Yihan	Unknown	0.09	380,000	0	Unknown
Yang Wei	Unknown	0.09	375,300	0	Unknown

Particulars of top ten holders of shares not subject to trading moratorium

Name of shareholder	Number of shares not subject to trading moratorium held	Class of shares
HKSCC NOMINEES LIMITED	98,929,199	Foreign shares listed overseas
Beiren Group Corporation	42,200,000	Renminbi ordinary shares
Ren Zhiqiang	812,593	Renminbi ordinary shares
Su Guorong	772,360	Renminbi ordinary shares
Beijing BBEF Electronics	722,100	Renminbi ordinary shares
Xie Xuhong	680,000	Renminbi ordinary shares
Liao Jingqiu	647,400	Renminbi ordinary shares
Ke Jingfang	503,500	Renminbi ordinary shares
Xu Yihan	380,000	Renminbi ordinary shares
Yang Wei	375,300	Renminbi ordinary shares

The explanation of the connected relation and action in concert among the aforesaid shareholders

The Company is not aware of any connected relationship or parties acting in concert among the top ten holders of shares not subject to trading moratorium, nor is the Company aware of any connected relationship among the top ten holders of shares not subject to trading moratorium and top ten shareholders.

Notes:

1. HKSCC Nominees Limited held shares on behalf of its clients and the Company has not been notified by HKSCC Nominees Limited that there was any holder of H Shares who separately held more than 5% of the total share capital of the Company.
2. Save as disclosed above, as at 30 June 2008, Directors were not aware of any person (not being a Director, supervisor or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (“SFO”) or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.
3. There is no provision for pre-emptive rights under the laws of the PRC and the Articles of Association of the Company.
4. As at 30 June 2008, the Company did not issue any convertible securities, options, warrants or any other similar right.

3.3 Changes in status of controlling shareholder and beneficial controller

☐ Applicable ☒ Not Applicable

4 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

4.1 Changes in shareholding of Directors, supervisors and senior management

☒ Applicable ☐ Not Applicable

Name	Position	Shareholding at the beginning of the year	Increase in the no. of shares held during the reporting period	Decrease in the no. of shares held during the reporting period	Shareholding at the end of the reporting period	Reason for the change
Wang Guohua	Chairman	1,656	0	0	1,656	–
Lu Changan	Vice Chairman	6,624	0	0	6,624	–
Zhang Peiwu	Executive Director and General Manager	0	0	0	0	–
Yu Baogui	Non-executive Director	5,796	0	0	5,796	–
Yang Zhendong	Executive Director and Deputy General Manager	0	0	0	0	–
Jiang Jianming	Executive Director, Chief Accountant	0	0	0	0	–
Deng Gang	Non-executive Director	0	0	0	0	–
Wu Wenxiang	Independent non-executive Director	0	0	0	0	–
Wu Hongcho	Independent non-executive Director	0	0	0	0	–
Li Yijing	Independent non-executive Director	0	0	0	0	–
Shi Tiantao	Independent non-executive Director	0	0	0	0	–
Xiao Maolin	Chairman of Supervisory Committee	0	0	0	0	–
Xue Kexin	Supervisor	0	0	0	0	–
Tian Furen	Supervisor	4,258	0	0	4,258	–
Jiao Ruifang	Company secretary to the Board	0	0	0	0	–
Kong Dagang	Deputy General Manager	0	0	0	0	–
Liu Jing	Deputy General Manager	0	0	0	0	–

4.2 Changes in shareholding of newly appointed Directors, supervisors and senior management

Name	Position	Shareholding at the beginning of the year	Increase in the no. of shares held during the reporting period	Decrease in the no. of shares held during the reporting period	Shareholding at the end of the reporting period	Reason for the change
Bai Fan	Non-executive Director	0	0	0	0	–
Xu Wencai	Independent non-executive Director	0	0	0	0	–
Wang Hui	Independent non-executive Director	0	0	0	0	–
Xie Bingguang	Independent non-executive Director	0	0	0	0	–
Wang Deyu	Independent non-executive Director	0	0	0	0	–
Guo Xuan	Supervisor	0	0	0	0	–
Shao Zhenjiang	Supervisor	0	0	0	0	–

Notes:

1. Save as disclosed above, none of the Directors, supervisors and senior management of the Company, as at 30 June 2008, had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO), which was required to be recorded in the register under section 352 of the SFO, nor which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.
2. None of the Directors, supervisors and senior management of the Company or the respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or had exercised any such right as at 30 June 2008.
3. Save as those set out in the register required to be maintained by Directors and supervisors under section 352 of the SFO, during the reporting period, the Company did not engage in any arrangement which would enable the directors or supervisors of the Company or their respective associates to acquire any interest in any shares or debt securities of the Company by the purchase of any other corporation, nor did the directors or supervisors had any interest which was required to be recorded in the register under section 352 of the SFO.

4.3 Appointment or dismissal of Directors, supervisors and senior management

The 2007 Annual General Meeting of the Company was held on 18 June 2008, at which re-election of the Board of Directors of the Company and re-election of the Supervisory Committee of the Company were considered and approved. Mr. Wang Guohua, Mr. Deng Gang, Mr. Bai Fan, Mr. Zhang Peiwu, Mr. Yu Baogui, Mr. Yang Zhendong, Mr. Jiang Jianming, Mr. Xu Wencai, Ms. Wang Hui, Mr. Xie Bingguang and Mr. Wang Deyu were elected as Directors of the sixth Board of Directors of the Company, among whom Mr. Xu Wencai, Ms. Wang Hui, Mr. Xie Bingguang and Mr. Wang Deyu were appointed as Independent Non-executive Directors. Mr. Xiao Maolin, Mr. Guo Xuan and Mr. Shao Zhenjiang were elected as supervisors of the sixth Supervisory Committee.

After consideration and approval in the First Session of the sixth Board of Directors' Meeting, Mr. Wang Guohua was elected as Chairman of the sixth Board of Directors of the Company. Mr. Deng Gang was elected as Vice Chairman of the sixth Board of Directors of the Company.

After consideration and approval in the First Session of the sixth Board of Directors' Meeting and as nominated by the Chairman, Mr. Zhang Peiwu was appointed as General Manager of the Company and Ms. Jiao Ruifang was appointed as Secretary to the Board of the Company. As nominated by the General Manager, Mr. Yang Zhendong, Mr. Kong Dagang and Mr. Liu Jing were appointed as Deputy General Manager of the Company. Mr. Jiang Jianming was appointed as Chief Accountant of the Company.

All the above personnel were elected or appointed with a term of three years commencing from 14 July 2008 to 13 July 2011.

Due to the expiry of their tenure of offices, Mr. Lu Chang'an retired as Non-executive Directors of the Company with effect from 13 July 2008, Mr. Wu Wenxiang, Ms. Li Yijing, Mr. Wu Hongcho and Mr. Shi Tiantao retired as Independent Non-executive Directors of the Company with effect from 13 July 2008.

The Board hereby extend its most sincere appreciation to the retired directors for their valuable contributions to the Company.

Due to the expiry of their tenure of offices, Mr. Xue Kexin and Mr. Tian Furen retired as supervisors of the Company with effect from 13 July 2008.

5 DIRECTORS' REPORT

5.1 Management discussion and analysis

5.1.1 Discussion and analysis of overall operation during the reporting period

On the macroeconomic front, the U.S. sub-prime mortgage crisis had triggered a global economic turmoil, and the price surge of primary commodities, such as crude oil and food, had resulted in a world-wide inflation. In China, the economic growth had started to slow down due to the macroeconomic control policies. All these and other factors such as Renminbi appreciation, tax rebate rate cut and higher costs of raw materials and labor, had greatly squeezed the profit of downstream printing enterprises. Some printing enterprises were forced to transform, disinvest or even close down. The above factors have caused a significant shrink in the overall demand for printing machinery equipments.

Faced with such challenging market conditions, the Company was quick to respond to the change of market demand. We actively adjusted the input of production resources to lower operating risks. The operating results for the first half of the year, however, were still some disappointing. Up to the end of June, in accordance with the PRC Accounting Standard, the operating income amounted to RMB399,620,400, and the net loss amounted to RMB22,797,600. In accordance with the Hong Kong Financial Report Standards ("HKFRSs"), the turnover amounted to RMB392,980,000 and the net loss amounted to RMB20,976,000.

5.1.2 Review of the major events during the first half of 2008

- (1) Based on the analysis regarding the market environment and the industry trend, we carried on the assessment on the implementation of the 11th Five-Year Plan and then conducted the review on the competition strategies of subsidiaries to accelerate the implementation of the Company's overall strategy. We were committed to enhance the corporate governance. During the first half of the year, we improved the subsidiaries' understanding on corporate governance and laid the foundation for further strengthening the management and control over subsidiaries by holding the promotion, implementation and training meeting on the corporate governance and parent company's control over subsidiaries (公司治理及母子公司管控宣貫暨培訓大會).

- (2) We further strengthened the Company's rapid response ability according to customers' demand. After the great Sichuan earthquake disaster, the Company immediately resolved to organize a customer service circuit team to provide on-site service in the quake-hit areas. This move had received high recognition from customers in the quake-hit areas and the public media. To meet customers' requirements that the installation and testing of BEIREN75A medium-scale newspaper presses should be completed and the products should be delivered before the opening of the 2008 Beijing Olympic Games, the web-fed paper subsidiary accomplished the task with high quality and full quantity on a timely basis, fully reflecting our management philosophy of "customer-oriented".
- (3) By actively responding to changes in the market, the Company continued to enhance the operation quality and lower operating risks. We successfully offset part of the pressure from the rising cost of raw materials through the careful selection of suppliers. At the same time, we improved the Company's risk-resistance ability and operation efficiency by further promoting production management fragmentation and quantifying, actively implementing measures to control capital occupation, decreasing the occupation of inventories and reducing accounts receivables.
- (4) The Company carried through the reform of management system focused on budget management by establishing the budget system with subsidiaries as principle that highly correlated to the performance assessment, so as to motivate the staff's enthusiasm and creativity and fully enhance the management efficiency and operating results of the Company.
- (5) We have improved the quality assurance system and streamlined the quality management process. During the first half of the year, all subsidiaries have passed the external quality certification, and the Company also passed the product certification in one try and had received the certificate for product certification. At the same time, we have finished the Chinese famous brand application work for sheet-fed lithographic printing presses.

5.1.3 Business outlook for the second half of 2008

In the second half of 2008, due to the increased uncertainties in the economic condition of China and abroad, as well as China's on-going macroeconomic control, the profit of the printing industry and the internal investment demand of enterprises have been substantially slashed, which has in turn made it difficult for the printing machinery market to recover in the short term. The Company will take the following measures to actively tackle the challenge in the market.

- (1) Strengthen the management of strategic process. Based on the movement of market conditions, the Company will continue to assess the implementation of the 11th Five-Year Plan, identify the development target for the following period, and conduct the periodical concluding assessment for the six functional strategies, namely marketing, technological research and development, production management, financial management, human resources and corporate culture, to further put into effect the implementation scheme.
- (2) Enhance the implementation of corporate governance and parent company's control over subsidiaries and streamline the internal control system. Pursuant to Internal Control System approved by the Board, the Company will streamline and improve the internal control over all business processes in our operations.
- (3) Strengthen supply chain management and promote the mutual development between the Company and our suppliers. We will be committed to seek and foster the cooperation with premium suppliers with strong supply ability and consistent quality, so as to form a long-term strategic partnership by integrating the cooperation system.

- (4) Enhance budget management and establish cost management system. We will increase our efforts in capital control and allocation. We will enhance our ability in production cost deviation analyzing by setting up budget implementation deviation analytic system, in a view to establish an integrated parent-subsidiary budget management system.
- (5) Speed up the research and development and the launch of new products, enhance the competitiveness of our high-end products. Judging the trend of offset printing machines on Drupa Exhibition, the product types outlined and fostered by our 11th Five-Year Plan are in line with the characteristics of the development of printing machinery technology. The emphasis of our future work will be continuously improving manufacture techniques, enhancing product quality consistency, boosting autoimmunization and production efficiency of printing machines, as well as strengthening technical cooperation with our partners.
- (6) Insist on the principle of innovative management and accelerate structural innovation. We will establish a comprehensive management platform to facilitate the organic integration of corporate strategy, performance, process and information system, speeding up Beiren's transformation from "function-oriented organization" to "process-oriented organization". In order to achieve high corporate performance, we will set up six cross-functional project groups to carry out further innovation of the corporation.

5.2 Principal operation by sector and product

Unit: RMB

By sector or by product	Operating income	Operating cost	Gross profit margin (%)	Increase/ (Decrease) in operating income over the same period last year (%)	Increase/ (Decrease) in operating cost over the same period last year (%)	Increase (Decrease) in gross profit margin over the same period last year (%)
By product						
Sales of set print machine	236,772,257.78	186,030,382.13	21.43	(42.87)	(43.46)	Increased by 0.82 percentage points
Sales of Intrusion printers	106,165,123.66	82,308,887.56	22.47	16.11	24.03	Decreased by 4.95 percentage points
Sales of Form presses	20,789,890.56	17,191,499.08	17.31	33.21	26.64	Increased by 4.29 percentage points
Printing services	17,066,345.56	12,723,287.25	25.45	36.60	36.76	Decreased by 0.09 percentage points
Spare parts	11,962,082.51	16,859,661.05	(40.94)	(8.95)	80.37	Decreased by 69.80 percentage points
Others	1,177,635.20	887,943.37	24.60	(60.88)	(48.37)	Decreased by 18.28 percentage points
Total	393,933,335.27	316,001,660.44	19.78	(28.39)	(26.39)	Decreased by 2.18 percentage points

Including: During the reporting period, the amount of products sold and service provided in the connected transactions from the Company to the controlling shareholder and its subsidiaries amounted to RMB5,064,100.

5.3 Principal operation by geographical segment

Unit: RMB

Region	Operating income	Increase/(Decrease) in operating income over last year (%)
PRC	366,687,435.36	(27.99)
Outside PRC	27,245,899.91	(33.35)
Total	393,933,335.27	(28.39)

5.4 Operations of Equity Participation Companies (Applicable to those whose investment profit takes up more than 10% of the Company's net profit)

☒ Applicable ☐ Not Applicable

Unit: RMB

Name of company	Scope of business	Net profit	Investment profit contributed by Equity Participation Companies	Percentage in the net profit of the Company (%)
Beijing Monigraf Automatic Systems Company Limited	Development, design, manufacture and sales of automations of printing machines; sales of printing equipments and printing materials; provide relevant installation, test, repair and consulting services of self manufactured products	1,483,317.92	726,825.78	3.19
Beijing Beiyong Printing and Casting Company Limited	Processing and sales of standard and non-standard parts; manufacture of castings and processing of molds; technology development and transfer; consulting and other service	4,294,046.80	858,809.36	3.77

5.5 Explanation on material movements in principal operation and its structure compared to the previous year

☐ Applicable ☒ Not Applicable

5.6 Explanation on major movements in the profitability of principal operation (gross profit margin) compared to the previous year

☒ Applicable ☐ Not Applicable

The decrease in gross profit margin during the reporting period is due to the increase of cost per unit caused by the price surge of raw materials and the reduction in total output during the year.

5.7 Explanation on major movements in profit structure compared to the previous year

☐ Applicable ☒ Not Applicable

5.8 Use of proceeds

5.8.1 Utilization of proceeds

☐ Applicable ☒ Not Applicable

5.8.2 Changes of capital items

☐ Applicable ☒ Not Applicable

5.9 The Board's revised operating plan for the second half of the year

☐ Applicable ☒ Not Applicable

5.10 Warning and explanation on expected accumulated net profit for the period (from the beginning of the year till the end of the next reporting period) might turn into loss or vary significantly from the same period last year

☐ Applicable ☒ Not Applicable

5.11 The Board's explanation on the "modified auditor's report" prepared by the accountants for the reporting period

☐ Applicable ☒ Not Applicable

5.12 The Board's explanation on movements in issues relating to the "modified auditor's report" prepared by the accountants for the previous year and how such movements are dealt with

☐ Applicable ☒ Not Applicable

6 SIGNIFICANT EVENTS

6.1 Material litigation and arbitration

☐ Applicable ☒ Not Applicable

6.2 Acquisition and disposal of assets and asset reorganization

6.2.1 Acquisition of assets

☐ Applicable ☒ Not Applicable

6.2.2 Disposal or divestment of assets

☐ Applicable ☒ Not Applicable

6.2.3 Since the issue of the report on asset reorganization or announcement on acquisition/disposal of assets, the progress of such event and its impact on operating results and financial condition during the reporting period

☐ Applicable ☒ Not Applicable

6.3 Non-operating connected debts and liabilities

☒ Applicable ☐ Not Applicable

Unit: RMB10,000

Name of connected party	Capital provided to connected parties		Capital provided to the Company by connected parties	
	Incurred amount	Balance	Incurred amount	Balance
Beiren Group Corporation	0	0	0.13	1,236.5
Total	0	0	0.13	1,236.5

During the reporting period, the amount provided by the Company to the controlling shareholder and its subsidiaries was Rmb0, and the balance was Rmb0.

6.4 Guarantee

☒ Applicable ☐ Not Applicable

Unit: RMB10,000

Guarantee provided to external parties by the Company (not including guarantee provided to the controlling subsidiaries of the Company)

Total amount of guarantee provided during the reporting period

Total amount of outstanding guarantee provided as at the end of the reporting period

Guarantee provided to the subsidiaries of the Company

Total amount of guarantee provided to the controlling subsidiaries during the reporting period 1,750

Total amount of outstanding guarantee provided to the controlling subsidiaries as at the end of the reporting period 1,750

Total amount of guarantee granted by the Company (including guarantee provided to the controlling subsidiaries of the Company)

Total amount of guarantee 1,750

Percentage of the total amount of guarantee to the net assets of the Company 1.5%

Of which:

Amount of guarantee provided to the shareholders, beneficial controller and their connected parties

Amount of guarantee provided directly or indirectly to borrowers with gear ratio of over 70%

Total amount of guarantee exceeding 50% of net assets

Total amount of the above three guarantees

1,750

6.5 Analysis and explanation on other significant events and their impact and solutions

6.5.1 Security investment

☐ Applicable ☒ Not Applicable

6.5.2 Holding of equity in non-listing financial enterprises

☐ Applicable ☒ Not Applicable

6.5.3 Other significant events

☒ Applicable ☐ Not Applicable

(1) Income tax

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 by Order No. 63 of the President of the People's Republic of China with effect from 1 January 2008. According to document (Guoshuifa [2008] 17) "Notice of Provision of Enterprises Income Tax" ("關於企業所得稅預繳問題的通知") issued by the State Administration of Taxation in 2008, the advanced technology enterprises in Beijing will be reassessed. So the Company is using 25% (2007: 15%) for the provision of the income tax.

(2) Deposits and loans

The deposit of RMB5,000,000 placed with Ying Peng Cooperative Credit Union, Bai Yin, Gansu Province was not recovered and was in the process of liquidation by relevant authorities. The deposit represents approximately 0.4% of the Company's net assets and hence will have no material effect on the Company's operations. The Company has made a provision for the loss amounting to RMB5,000,000.

(3) Audit Committee

The unaudited 2008 Interim Report has been reviewed by the audit committee of the Board of Directors

(4) 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 3.24 of the Listing Rules.

(5) 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 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 2008.

(6) During the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

(7) Contingent liabilities

As at 30 June 2008, the Company did not have any material contingent liabilities.

6.5.4 Additional undertaking on shares subject to trading moratorium by shareholders with 5% or more of the Company's shares in 2008.

☐ Applicable ☒ Not Applicable

7 FINANCIAL REPORT

7.1 Audit opinion

Financial statement ☒ unaudited ☐ audited

7.2 Financial statements and notes to the financial statements prepared in accordance with Hong Kong Financial Report Standards (as attached below)

7.3 There have been no movements in accounting policies, accounting estimates and accounting methods during the reporting period.

7.4 There has been no correction on accounting errors during the reporting period.

7.5 The changes in scope of the consolidation for the reporting period

The Company conducted liquidation on two subsidiaries in 2007: Hubei Beiren Printing Machinery Sales Ltd. and Zhejiang Beiren Printing Machinery Sales Ltd. The balance sheets of these two companies were not consolidated for the year of 2007. The Income Statements of these two companies for the first half year of 2007 were included in the scope of consolidation, yet their Income Statements for the first half year of 2008 were not included in the scope of consolidation.

Except for the events mentioned above, the scope of consolidation of the financial statement for the current year is the same as that of the last year.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the Six Months Ended 30 June 2008

(Prepared in accordance with Hong Kong Financial Reporting Standards)

		Six months ended 30 June	
		2008	2007
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Turnover	3	392,980	546,543
Cost of sales		(316,002)	(429,949)
Gross profit		76,978	116,594
Other operating income		9,475	9,513
Selling and distribution expenses		(32,975)	(32,527)
Administrative expenses		(65,022)	(71,831)
Share of results of associates		1,759	(3,108)
Finance costs		(12,070)	(8,783)
(Loss) profit before taxation		(21,855)	9,858
Income tax expense	5	79	(1,219)
(Loss) profit for the period	6	(21,776)	8,639
Attributable to:			
Equity holders of the Company		(20,976)	9,487
Minority interests		(800)	(848)
		(21,776)	8,639
(Loss) earnings per share – Basic	8	(RMB4.97 cents)	RMB2.25 cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

(Prepared in accordance with Hong Kong Financial Reporting Standards)

	Notes	30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	614,681	636,272
Investment properties		76,156	76,701
Prepaid lease payments – non-current portion		144,912	146,187
Goodwill		3,135	3,135
Other intangible assets		–	283
Interests in associates		26,237	24,478
Deferred tax assets		4,773	4,590
		869,894	891,646
Current assets			
Inventories		779,458	683,335
Trade and other receivables	10	496,362	521,578
Prepaid lease payments - current portion		3,252	3,252
Tax recoverable		2,293	2,006
Pledged bank deposits		13,283	8,083
Bank balances and cash		43,703	100,381
		1,338,351	1,318,635
Current liabilities			
Trade and bills payables	11	405,312	388,268
Other payables		94,708	102,996
Sales deposits received		90,728	79,571
Amount due to ultimate holding company		12,365	12,366
Borrowings - due within one year	12	399,702	396,630
		1,002,815	979,831
Net current assets		335,536	338,804
Total assets less current liabilities		1,205,430	1,230,450

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

(Prepared in accordance with Hong Kong Financial Reporting Standards)

	<i>Notes</i>	30 June 2008 <i>RMB'000</i> (Unaudited)	31 December 2007 <i>RMB'000</i> (Audited)
Capital and reserves			
Share capital	<i>13</i>	422,000	422,000
Reserves		702,528	726,748
		<hr/>	<hr/>
Equity attributable to equity holders of the Company		1,124,528	1,148,748
Minority interests		49,575	50,375
		<hr/>	<hr/>
Total equity		1,174,103	1,199,123
		<hr/>	<hr/>
Non-current liabilities			
Borrowings - due after one year	<i>12</i>	27,000	27,000
Deferred income		4,327	4,327
		<hr/>	<hr/>
		31,327	31,327
		<hr/>	<hr/>
		1,205,430	1,230,450
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2008

(Prepared in accordance with Hong Kong Financial Reporting Standards)

Attributable to equity holders of the Company

	Share capital RMB'000	Share premium RMB'000	Translation reserve RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	General reserve fund RMB'000	Enterprise expansion fund RMB'000	Discre- tionary surplus reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Minority interests RMB'000	Total RMB'000
At 1 January 2007 (audited)	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	-	-	81	-	-	-	-	-	-	81	-	81
Profit (loss) for the period	-	-	-	-	-	-	-	-	9,487	9,487	(848)	8,639
Total recognised income for the period	-	-	81	-	-	-	-	-	9,487	9,568	(848)	8,720
Wound up of a subsidiary	-	-	-	-	(7)	-	-	-	7	-	(3,187)	(3,187)
At 30 June 2007 (unaudited)	<u>422,000</u>	<u>435,834</u>	<u>170</u>	<u>51,306</u>	<u>150,425</u>	<u>1,717</u>	<u>3,845</u>	<u>42,979</u>	<u>43,966</u>	<u>1,152,242</u>	<u>46,245</u>	<u>1,198,487</u>
At 1 January 2008 (audited)	422,000	435,834	971	51,306	151,280	1,717	3,845	42,979	38,816	1,148,748	50,375	1,199,123
Exchange difference arising on translation of foreign operations	-	-	(3,244)	-	-	-	-	-	-	(3,244)	-	(3,244)
Loss for the period	-	-	-	-	-	-	-	-	(20,976)	(20,976)	(800)	(21,776)
At 30 June 2008 (unaudited)	<u>422,000</u>	<u>435,834</u>	<u>(2,273)</u>	<u>51,306</u>	<u>151,280</u>	<u>1,717</u>	<u>3,845</u>	<u>42,979</u>	<u>17,840</u>	<u>1,124,528</u>	<u>49,575</u>	<u>1,174,103</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the Six Months Ended 30 June 2008*

(Prepared in accordance with Hong Kong Financial Reporting Standards)

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	<u>(45,414)</u>	<u>16,382</u>
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,244)	(32,331)
Increase in pledged bank deposits	(5,200)	(11,631)
Prepaid lease payments in respect of land use rights	(80)	–
Proceeds from disposal of property, plant and equipment	8,938	86
Increase in amount due from minority shareholders	–	(157)
Removal compensation received	–	10,000
Other investing cash flows	342	662
	<u>(2,244)</u>	<u>(33,371)</u>
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES		
New borrowings raised	194,915	263,430
Repayment of borrowings	(191,843)	(204,516)
Interest paid	(12,070)	(8,567)
Repayment to ultimate holding company	(1)	–
	<u>(8,999)</u>	<u>50,347</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(56,657)</u>	<u>33,358</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	100,381	76,160
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	<u>(21)</u>	<u>(180)</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	<u>43,703</u>	<u>109,338</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the Six Months Ended 30 June 2008

(Prepared in accordance with Hong Kong Financial Reporting Standards)

1. GENERAL

Beiren Printing Machinery Holdings Limited (the “Company”) was established in Beijing, the People’s Republic of China (the “PRC”) on 13 July 1993 as a joint stock limited company in accordance with the provisions set out in the Standard Opinion on Joint Stock Limited Companies. The Company is registered as an overseas company in Hong Kong under Part XI of the Hong Kong Companies Ordinance. The H Shares and A Shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Shanghai Stock Exchange of the PRC respectively.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in the manufacture and sale of a variety of printing press and related spare parts and provision of printing services. The addresses of the registered office and principal place of business of the Company are disclosed in the Basic Corporate Information section to the Interim Report.

The ultimate holding company of the Company is Beiren Group Corporation (“BGC”), a State-controlled Enterprise established in the PRC.

The condensed consolidated Interim Financial Information are presented in Renminbi (RMB), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated Interim Financial Information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting Standard (“HKAS”) No. 34 “Interim Financial Reporting” which is one of the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The condensed consolidated Interim Financial Information for the six months ended 30 June 2008 has been prepared on the historical cost basis.

The condensed consolidated Interim Financial Information does not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2007.

The accounting policies used in the condensed consolidated Interim Financial Information for the six months ended 30 June 2008 are consistent with those followed in the preparation of the Group’s annual financial statements as at 31 December 2007.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretations (collectively referred to as “new HKFRSs”) issued by the HKICPA, which are effective for the accounting periods beginning on 1 January 2008.

HK(IFRIC)-Interpretation (“Int”) 11

HK(IFRIC)-Int 12

HK(IFRIC)-Int 14

HKFRS 2 – Group and Treasury Share Transactions

Service Concession Arrangements

HKAS 19 – The Limit on a Defined Benefit Asset,

Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs has 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the Six Months Ended 30 June 2008

(Prepared in accordance with Hong Kong Financial Reporting Standards)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

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

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 and HKAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 13	Customer Loyalty Programmes ²

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

² Effective for annual periods beginning on or after 1 July 2008.

³ Effective for annual periods beginning on or after 1 July 2009.

The directors of the Company are currently assessing the impact of the new standards, amendments and interpretations but are not yet in position to state whether they would have material impact on the condensed consolidated interim financial information.

3. TURNOVER

	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Sales of printing presses	363,727	521,693
Sales of spare parts	13,140	15,922
Provision of printing services	17,066	12,494
	<hr/>	<hr/>
Total sales	393,933	550,109
Less: Sales tax and other surcharges	(953)	(3,566)
	<hr/>	<hr/>
	392,980	546,543
	<hr/>	<hr/>

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the Six Months Ended 30 June 2008

(Prepared in accordance with Hong Kong Financial Reporting Standards)

5. INCOME TAX EXPENSE

	Six months ended 30 June 2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)
The taxation comprises:		
PRC current period income tax	104	504
Deferred tax (credit) charge	(183)	715
	<u>(79)</u>	<u>1,219</u>

The PRC income tax of the Company is calculated at the rate of 25% (2007: 15%) on the estimated assessable profits for the period. In accordance with the relevant rules and regulations in PRC, all other PRC subsidiaries are subject to PRC income tax levied at a rate of 25% (2007: 33%), except for Shaanxi Beiren Printing Machinery Company Limited which is taxed at 15% (2007: 15%) and Beijing Beiren Fuji Printing Machinery Company Limited which is taxed at 12.5% (2007: 12%). One of the Company's subsidiaries, Sheenlite Limited is a company incorporated in Hong Kong and is subject to Hong Kong Profits Tax at 17.5% (2007: 17.5%).

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law ("the New Corporate Income Tax Law") was approved and became effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. The tax rate of certain subsidiaries changed from 33% to 25% from 1 January 2008. The Company and certain subsidiaries continue to enjoy the preferential tax rates disclosed below after the New Corporate Income Tax Law until expiry.

According to document (Guoshuifa [2008] 17) "Notice of Provision of Enterprises Income Tax" ("關於企業所得稅預繳問題的通知") issued by the State Administration of Taxation in 2008, the advanced technology enterprises in Beijing will be reassessed. So the Company is using 25% (2007: 15%) for the provision of the income tax.

According to document (Caishuizi [2008] 21) "Notice of Application of Transitional Preferential Policy on Enterprises Income Tax" ("關於貫徹落實國務院關於實施企業所得稅過渡優惠政策有關問題的通知") issued by the State Administration of Taxation on 4 February 2008, the applicable income tax rate of the Company's subsidiary, Shaanxi Beiren Printing Machinery Company Limited is 15% (2007: 15%).

According to document (Caishuizi [2008] 21) issued by the State Administration of Taxation, the applicable income tax rate of the Company's subsidiary, Beijing Beiren Fuji Printing Machinery Company Limited is 25%, this subsidiary will continue to receive the income tax relief granted in previous years. According to document (Guoshuizhishuijianmianzi [2006] 2) "Reply on the Application of Enterprises Income Tax Relief on Advanced Technology Enterprises by Beijing Beiren Fuji Printing Machinery Company Limited" ("關於對北京北人富士印刷機械有限公司申請享受先進技術的企業所得稅減免問題的批覆") issued by the tax bureau directly under Beijing State Administration of Taxation, Beijing Beiren Fuji Printing Machinery Company Limited is levied at half of the income tax from 2006 to 2008. Consequently the income tax of Beijing Beiren Fuji Printing Machinery Company Limited is charged at the rate of 12.5% on the estimated assessable profits for the period (2007: 12%).

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the Six Months Ended 30 June 2008

(Prepared in accordance with Hong Kong Financial Reporting Standards)

6. (LOSS) PROFIT FOR THE PERIOD

Six months ended 30 June	
2008	2007
<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)	(Unaudited)

(Loss) profit for the period has been arrived at after charging (crediting):

Depreciation and amortisation	25,652	24,573
Share of tax of associates (included in share of results of associates)	250	190
(Gain) loss on disposal of property, plant and equipment	(4,572)	192
Interest income	(342)	(662)
Gain on disposal of a subsidiary and an associate	—	(1,595)

7. DIVIDENDS

No dividends were paid during the current period.

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

8. (LOSS) EARNINGS PER SHARE

The calculation of basic loss/earnings per share attributable to the equity holders of the Company is based on the loss for the period attributable to equity holders of the Company of approximately RMB20,976,000 (2007: profit of approximately RMB9,487,000) and on the number of shares of 422,000,000 shares (2007: 422,000,000 shares) in issue during the period.

No diluted loss/earnings per share is presented as the Company did not have any potential shares outstanding for the two periods ended 30 June 2008 and 2007.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB2,379,000 (2007: RMB1,274,000) on acquisition of property, plant and equipment and approximately RMB3,865,000 (2007: RMB31,057,000) on construction in progress.

During the period, the Group disposed of certain property, plant and machinery with a carrying amount of approximately RMB4,366,000 (2007: RMB278,000) for total proceeds of approximately RMB8,938,000 (2007: RMB86,000), resulting in a gain on disposal of approximately RMB4,572,000 (2007: loss of RMB192,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the Six Months Ended 30 June 2008

(Prepared in accordance with Hong Kong Financial Reporting Standards)

10. TRADE AND OTHER RECEIVABLES

	30 June 2008 <i>RMB'000</i> (Unaudited)	31 December 2007 <i>RMB'000</i> (Audited)
Trade receivables	399,500	416,517
Bills receivables	19,894	36,936
	419,394	453,453
Prepayments and deposits	37,579	32,342
Other receivables	39,389	35,783
	496,362	521,578

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

	30 June 2008 <i>RMB'000</i> (Unaudited)	31 December 2007 <i>RMB'000</i> (Audited)
Within 1 year	356,988	391,183
1 – 2 years	46,882	44,629
2 – 3 years	8,702	16,331
Over 3 years	6,822	1,310
	419,394	453,453

11. TRADE AND BILLS PAYABLES

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

	30 June 2008 <i>RMB'000</i> (Unaudited)	31 December 2007 <i>RMB'000</i> (Audited)
Within 1 year	397,329	385,563
1 – 2 years	4,835	719
2 – 3 years	1,287	1,353
Over 3 years	1,861	633
	405,312	388,268

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the Six Months Ended 30 June 2008

(Prepared in accordance with Hong Kong Financial Reporting Standards)

12. BORROWINGS

The Group obtained new borrowings of RMB194,915,000 (2007: RMB263,430,000), and repaid RMB191,843,000 (2007: RMB204,516,000) during the period. The newly raised borrowings bear interest at market rates.

13. SHARE CAPITAL

RMB'000

Registered, issue and fully paid, at 1 January 2007, 30 June 2007,

31 December 2007 and 30 June 2008

332,000,000 A shares of RMB1 each

322,000

100,000,000 H shares of RMB1 each

100,000

422,000

14. CAPITAL COMMITMENT

30 June 2008	31 December 2007
<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)	(Audited)

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

472

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the Six Months Ended 30 June 2008

(Prepared in accordance with Hong Kong Financial Reporting Standards)

15. RELATED PARTY DISCLOSURE

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

	Six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of printing presses to		
– Beijing Beiren Hengtong Printing Machinery Sales Limited (“Beijing Beiren Hengtong”, an associate)	–	4,936
– Beijing Yanlong Import and Export Company (“Beijing Yanlong”, a subsidiary of BGC)	5,064	1,239
– Beijing Mitsubishi Heavy Industry Beiren Printing Machinery Co., Ltd. (“Mitsubishi Beiren”, an associate)	6,384	–
Purchase of printing presses from		
– BGC (ultimate holding company)	–	2,397
– Mitsubishi Beiren (an associate)	47,404	49,177
Purchase of materials from		
– BGC (ultimate holding company)	456	1,489
– Beijing Beiyong Casting Company Limited (“Beijing Beiyong”, an associate)	11,525	13,232
– Beijing Monigraf Automations Co., Ltd. (“Beijing Monigraf”, an associate)	5,729	2,144
Trademark fee paid		
– BGC (ultimate holding company)	1,979	3,468
Rental income received from		
– Beijing Monigraf (an associate)	45	50
– Beijing Beiyong (an associate)	2,204	2,204
– Mitsubishi Beiren (an associate)	811	811

(b) Material balances with related parties at the balance sheet date

	30 June 2008	31 December 2007
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Amounts due from associates	8,721	–
Amounts due to associates	80,482	49,484
Amount due to ultimate holding company	2,109	1,750

Above balances with related parties are all trading in nature, which are included in trade and other receivables and trade and bills payables at the balance sheet date.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the Six Months Ended 30 June 2008

(Prepared in accordance with Hong Kong Financial Reporting Standards)

15. RELATED PARTY DISCLOSURE (Continued)

- (c) Transactions/balances with other State-controlled Enterprises in the PRC

The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively “State-controlled Enterprises”). In addition, the Group itself is part of BGC, which is ultimately controlled by the PRC government. Apart from the transactions with BGC and its subsidiaries disclosed in note (a) above, the Group also conducts businesses with other State-controlled Enterprises. The directors of the Company consider those State-controlled Enterprises are independent third parties so far as the Group’s business transactions with them are concerned. The Group has also established pricing policies for products and such pricing policies do not depend on whether or not the customers are State-controlled Enterprises. Having due regard to the substance of the relationships and in view of the nature of these transactions, the directors of the Company are of the opinion that disclosure would not be meaningful.

- (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 RMB1,050,000 (2007: RMB460,000).

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

11 August 2008

As at the date of the announcement, the Company's Board of Directors comprises Mr. Wang Guohua, Mr. Deng Gang, Mr. Bai Fan and Mr. Yu Baogui as non-executive directors, Mr. Zhang Peiwu, Mr. Yang Zhendong and Mr. Jiang Jianming as executive directors and Mr. Xu Wencai, Ms. Wang Hui, Mr. Xie Bingguang and Mr. Wang Deyu as independent non-executive directors.