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

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

(Stock Code: 187)

2009 ANNUAL REPORT SUMMARY

1 IMPORTANT NOTES

- 1.1 The board of directors (the “Board”), the Supervisory Committee and the directors (the “Directors”), supervisors and senior management of Beiren Printing Machinery Holdings Limited (the “Company”) warrant that there are no false representations or misleading statements contained in or material omission from this report and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents herein contained.

This summary is extracted from the full text of the annual report. Investors are advised to read the full text of the annual report for detailed information.

- 1.2 All directors of the Company attend the meeting.
- 1.3 ShineWing Certified Public Accountants and SHINEWING (HK) CPA Limited respectively issued a standard unqualified auditor's report, respectively, in accordance with PRC accounting standards and Hong Kong Financial Reporting Standards and disclosure requirements of the Hong Kong Companies Ordinance.
- 1.4 None of the controlling shareholders of the Company or its associates has misappropriated the Company's funds.
- 1.5 The Company did not provide external guarantees in violation of any specified decision-making procedures.
- 1.6 Mr. Pang Liandong, the Chairman, Mr. Zhang Peiwu, the General Manager, and Mr. Duan Yuangang, the Chief Accountant, have declared that they guarantee the truthfulness and completeness of the financial statements contained in the annual report.

2 INTRODUCTION TO THE COMPANY

2.1 Basic information

Short form of A Shares	北人股份
Stock code for A Shares	600860
Place for listing of the Company's A shares	Shanghai Stock Exchange
Short form of H Shares	Beiren Printing
Stock code of H Shares	0187
Place for listing of the Company's H Shares	The Stock Exchange of Hong Kong Limited
Registered address and office address	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC
Postal code	100176
Website	http://www.beirengf.com
Email address	beirengf@beirengf.com

2.2 Contact Person and Contact Way

	Secretary to the Board of Directors	Representative in charge of securities affairs
Name	Jiao Ruifang	Lu Ruiping
Contact address	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the People's Republic of China (the "PRC")	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the People's Republic of China (the "PRC")
Telephone	010-67802565	010-67802565
Facsimile	010-67802570	010-67802570
E-mail	beirengf@beirengf.com	beirengf@beirengf.com

3 SUMMARY OF ACCOUNTING AND OPERATIONAL DATA

3.1 Key Financial Data

	<i>Unit: RMB</i>			
	2009	2008	Changes over the same period of the preceding year (%)	2007
Income from principal operations	<u>767,668,587.26</u>	<u>759,050,785.96</u>	<u>1.14</u>	<u>1,071,509,754.56</u>
Total profit	<u><u>-179,989,911.27</u></u>	<u><u>-288,406,836.49</u></u>	<u><u>37.59</u></u>	<u><u>10,243,036.16</u></u>
Net profit attributable to shareholders of listed company	<u><u>-174,004,582.85</u></u>	<u><u>-263,141,611.27</u></u>	<u><u>33.87</u></u>	<u><u>9,278,498.87</u></u>
Net profit attributable to shareholders of listed company after extraordinary items	<u><u>-184,816,789.84</u></u>	<u><u>-269,010,827.39</u></u>	<u><u>31.30</u></u>	<u><u>-5,342,489.03</u></u>
Net cash flow from operating activities	<u><u>120,659,594.60</u></u>	<u><u>12,237,975.94</u></u>	<u><u>885.94</u></u>	<u><u>24,301,793.67</u></u>
	As at the end of 2009	As at the end of 2008	Changes from the end of 2008 to the end of 2009 (%)	As at the end of 2007
Total asset	<u><u>1,737,782,547.50</u></u>	<u><u>1,959,518,162.60</u></u>	<u><u>-11.32</u></u>	<u><u>2,216,816,579.29</u></u>
Equity interest of owners (or shareholders' equity)	<u><u>722,862,519.49</u></u>	<u><u>896,867,102.34</u></u>	<u><u>-19.40</u></u>	<u><u>1,161,039,825.84</u></u>

3.2 Major financial indicators

	2009	2008	Changes from the end of 2008 to the end of 2009 (%)	2007
Basic earnings per share (RMB/share)	-0.41	-0.62	33.87	0.02
Diluted earnings per share (RMB/share)	-0.41	-0.62	33.87	0.02
Basic earnings per share after extraordinary items (RMB/share)	-0.44	-0.64	31.25	-0.01
Returns on net assets on weighted average basis (%)	-21.49	-25.56	increase 4.07 percent	0.80
Return on net assets on weighted average basis after extraordinary items (%)	-22.82	-26.13	increase 3.31 percent	-0.46
Net cash flow per share from operating activities (RMB/share)	0.286	0.029	886.21	0.058
	As at the end of 2009	As at the end of 2008	Changes from the end of 2008 to the end of 2009 (%)	As at the end of 2007
Net asset per share attributable to shareholders of listed company (RMB/share)	1.71	2.13	-19.72	2.75

Extraordinary items

✓ Applicable ☐ Not Applicable

Unit: RMB

Extraordinary items

Amount

Profit (loss) from disposal of non-current assets	764,693.49
Government subsidy accounted into profit and loss for the current period (except for those closely associated with the operations of the Company which were accounted for in fixed amount or volume in compliance with the requirement of the policies of the State and in accordance with uniform standard of the state.)	8,435,792.39
Profit (loss) from debt restructuring	22,577.81
Reversal of impairment allowances for receivables individually tested for impairment	764,232.29
Effect of one-off adjustment to profit/loss for the period in accordance with the requirements of taxation and accounting laws and regulations on profit/loss for the period	-456,479.58
Other net non-operating income/expenses save for the above	1,383,093.49
Gain/loss on transfer of long-term equity investments held	630,814.67
Effect on income tax	0
Effect on minority interests (after tax)	732,517.57
Total	<u><u>10,812,206.99</u></u>

3.3 Differences between the PRC and Hong Kong Financial Reporting Standards

✓ Applicable □ Not Applicable

Items	Net assets		Net profit	
	Current year	Previous year	Current year	Previous year
<i>Unit: RMB</i>				
As reported under the Hong Kong Financial Reporting Standards	708,677	882,351	-173,674	-265,426
1. Difference in valuation of assets contributed to the Company by Beiren Group Corporation	60,198	60,198	—	—
2. Subsequent amortisation of difference in valuation of assets contributed to the Company by Beiren Group Corporation	-48,475	-48,409	-66	-66
3. Difference in valuation of assets contributed to subsidiaries	166	197	-31	-31
4. Difference in recognition of goodwill upon acquisition of a subsidiary	-4,479	-4,479	—	—
5. Difference in amortisation of goodwill upon acquisition of a subsidiary	4,479	4,479	—	3,135
6. Difference in recognition of deferred tax	—	—	—	1,622
7. Difference in recognition of transfer of impairment of assets	—	—	—	-1,730
8. Others	2,297	2,530	-234	-646
Prepared under Accounting Standard for Business Enterprises	<u>722,863</u>	<u>896,867</u>	<u>-174,005</u>	<u>-263,142</u>

During the year, the financial impact of differences between the PRC and Hong Kong Financial Reporting Standards on the net profit of the Company was RMB331,000. The main differences are as follows:

- (1) Adjustment in valuation of assets contributed by Beiren Group Corporation: In accordance with Hong Kong Financial Reporting Standards, 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 amortisation charge of RMB66,000 for the year was reversed in the accounts by the Company.
- (2) Difference in valuation of assets invested into subsidiaries: In accordance with Hong Kong Financial Reporting Standards, the intangible assets invested by the Company into the subsidiaries with original cost of RMB4,624,000 should be written off. In accordance with Accounting Standards for Business Enterprises, the intangible assets were stated as assets of the Group. Accordingly, the related amount of amortisation of RMB31,000 for the year was reversed in the accounts by the Company.

4 MOVEMENT OF SHAREHOLDERS' EQUITY AND INFORMATION OF SHAREHOLDERS

4.1 Statement of changes in share capital

✓ Applicable □ Not Applicable

	Before change		Increase/decrease in this change (+/-)					Unit: Share After change	
	Number	Percentage (%)	Issue of new shares	Bonus issue	Conversion from reserves	Others	Sub-total	Number	Percentage (%)
(I) Shares subject to trading moratorium									
1. State-owned shares									
2. State-owned legal person shares	180,440,000	42.76				-180,440,000	-180,440,000	0	0
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 shares subject to trading moratorium	180,440,000	42.76				-180,440,000	-180,440,000	0	0
(II) Circulating shares not subject to trading moratorium									
1. Renminbi ordinary shares	141,560,000	33.55				180,440,000	180,440,000	322,000,000	76.31
2. Foreign shares listed domestically									
3. Foreign shares listed overseas	100,000,000	23.69				0	0	100,000,000	23.69
4. Others									
Total shares not subject to trading moratorium	241,560,000	57.24				180,440,000	180,440,000	422,000,000	100
(III) Total shares	422,000,000	100				0	0	422,000,000	100

Note:

The Company made an announcement on 7 January 2010, that it had sold 21 million circulating shares of the Company not subject to trading moratorium on 6 January 2010 and on 7 January 2010, representing 4.98 percent of the total share capital of the Company. After this reduction, Beiren Group Corporation holds 201.64 million shares of the Company, which are all circulating shares not subject to trading moratorium, representing 47.78 percent of the total share capital of the Company. Beiren Group Corporation is still the major shareholder of the Company after the aforesaid reduction of shareholding.

Changes in restricted circulating shares

✓ Applicable □ Not Applicable

Unit: Share

Name of shareholder	No. of restricted circulating shares at the beginning of the year	No. of restricted circulating shares released during the year	No. of additional restricted circulating shares during the year	No. of restricted circulating shares at the end the year	Reason for restriction	Expiry date of restriction
Beiren Group Corporation	180,440,000	180,440,000	0	0	Share Segregation Reform	31 March 2009
Total	<u>180,440,000</u>	<u>180,440,000</u>	<u>0</u>	<u>0</u>	/	/

4.2 Number of shareholders and their shareholding

Unit: Share

Total number of shareholders at the end of the reporting period: 28,504 (including: 28,408 A share holders and 96 H share holders)

Particulars of top ten shareholders

Name of shareholders	Nature of shareholder	Percentage to share capital (%)	Number of shares held	Number of shares subject to trading moratorium	Number of shares pledged or frozen
Beiren Group Corporation	State-own legal person	52.76	222,640,000	0	Nil
HKSCC NOMINEES LIMITED	unknown	23.26	98,155,199	0	unknown
李瑞宏	unknown	0.39	1,628,700	0	unknown
羅志青	unknown	0.30	1,258,600	0	unknown
伍志强	unknown	0.19	820,000	0	unknown
北廣電子	unknown	0.17	722,100	0	unknown
馬明	unknown	0.15	620,000	0	unknown
廖敬秋	unknown	0.14	600,000	0	unknown
石毅	unknown	0.13	557,330	0	unknown
CHAN KWOK TAI EDDIE	unknown	0.13	556,000	0	unknown

Particulars of top 10 holders of shares not subject to trading moratorium

Name of shareholders	Number of circulating shares held	Class of shares	
Beiren Group Corporation	222,640,000	Renminbi ordinary shares	222,640,000
HKSCC NOMINEES LIMITED	98,155,199	Foreign shares listed overseas	98,155,199
李瑞宏	1,628,700	Renminbi ordinary shares	1,628,700
羅志青	1,258,600	Renminbi ordinary shares	1,258,600
伍志强	820,000	Renminbi ordinary shares	820,000
北廣電子	722,100	Renminbi ordinary shares	722,100
馬明	620,000	Renminbi ordinary shares	620,000
廖敬秋	600,000	Renminbi ordinary shares	600,000
石毅	557,330	Renminbi ordinary shares	557,330
CHAN KWOK TAI EDDIE	556,000	Foreign shares listed overseas	556,000

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

The Company is not aware of any connected relationship among the top ten holders of circulating shares, nor is the Company aware of any parties acting in concert as defined in Measures for Management on Information Disclosure of Changes in Shareholdings of Listed Company's Shareholders.

The Company is not aware of any connected relationship between the top ten holders of circulating shares and the top ten shareholders, nor is the Company aware of any parties acting in concert as defined in Measures for Management on Information Disclosure of Changes in Shareholdings of Listed Company's Shareholders.

1. Among the top ten shareholders of the Company, Beiren Group Corporation is the controlling shareholder of the Company. As of the reporting period, shares subject to trading moratorium held by Beiren Group Corporation were all listed for circulation in the market. As of the disclosed period of this report, Beiren Group Corporation had reduced 21 million circulating shares of the Company on 6 January 2010 and 7 January 2010. After this reduction, Beiren Group Corporation has 47.78 percent of the total share capital of the Company.
2. 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 5% or more of the total share capital of the Company.
3. None of the shareholders holding 5% or more of the Company's shares are in position where their shares have been pledged or locked up.
4. There was no change in respect of shareholders holding 5% or more of the Company's shares.
5. Save as disclosed above, 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.
6. Purchase, sale or redemption of the Company's listed securities.

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

7. Pre-emptive rights

There is no provision for pre-emptive rights under the laws of the PRC and the Articles of Association of the Company.

8. Convertibles, options, warrants or other similar rights

As of 31 December 2009, the Company did not issue any convertible securities, options, warrants or any other similar right.

4.3 Controlling shareholder and beneficial controller

4.3.1 Changes in status of controlling shareholder and beneficial controller

☐ Applicable ☒ Not Applicable

4.3.2 Information of controlling shareholder and beneficial controller

4.3.2.1 Status of Controlling shareholder

☐ The legal person

Unit: RMB0'000

Name	Beiren Group Corporation
The person in charge of the Company or Legal representative	Zhao Guorong
Date of incorporation	16 July 1992
Registered capital	17,126.7
Principle activities	Manufacturing and sale of printing presses, packing machines, pressing machines and related products and components, technical development, technical consultancy, services, operation of the import and export businesses related to the production of own enterprises, subcontracting work for overseas printing machinery projects and domestic projects by international tendering.

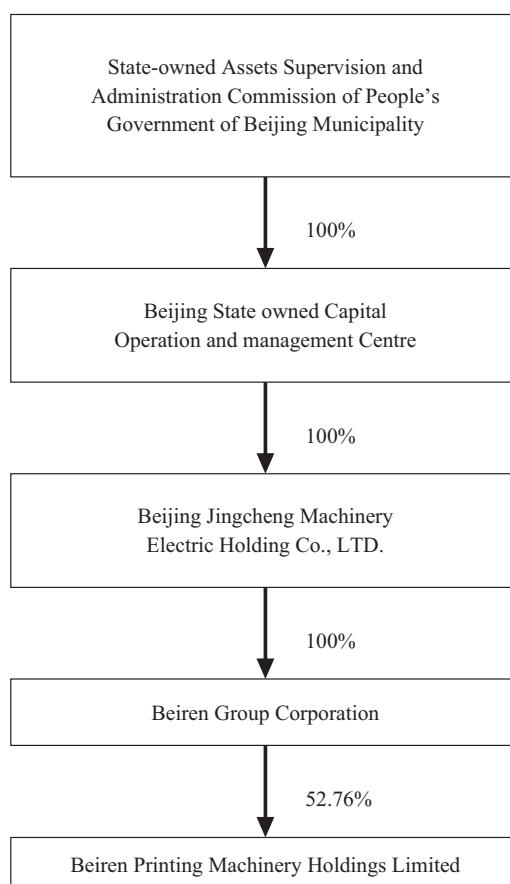
4.3.2.2 Status of beneficial controller

- ☐ The legal person

Unit: RMB0'000

Name	Beijing Jingcheng Machinery Electric Holding Co., Ltd.
The person in charge of the Company or Legal representative	Li Jisheng
Date of incorporation	8 September 1997
Registered capital	135,901.5
Principle activities	State-owned assets operation and management within the scope of authorization; operation of title (ownership); external financing and investment.

4.3.3 Property right and controlling relationship between the Company and beneficial controller



4.3.4 The beneficial controller controls the Company by way of Trust or other assets management

☐ Applicable ☒ Not Applicable

5 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

5.1 Change in shareholdings of Directors, Supervisors and Senior Management Staff and their remuneration

Unit: share

Name	Position	Sex	Age	Appointment date	End date of appointment	Shareholdings at the beginning of the year	Shareholdings at the end of the year	Increase/decrease	Whether receiving any remuneration or allowance from shareholder entities or other associated entities	
									Remuneration before tax received from the Company during the reporting period (RMB'000)	
Pang Liandong	Chairman	Male	60	2009-01-08	2011-07-13	0	0		19.09	No
Zhao Guorong	Vice Chairman	Male	38	2009-11-3	2011-07-13	0	0		0	Yes
Bai Fan	Director	Male	40	2008-7-14	2011-07-13	0	0		0	Yes
Zhang Peiwu	Director and General Manager	Male	46	2008-7-14	2011-07-13	0	0		34.78	No
Yang Zhendong	Director and Deputy General Manager	Male	47	2008-7-14	2011-07-13	0	0		25.20	No
Duan Yuangang	Director and Chief Accountant	Male	35	2009-01-08	2011-07-13	0	0		25.20	No
Xu Wencai	Independent Non-executive Director	Male	52	2008-7-14	2011-07-13	0	0		4	No
Wang Hui	Independent Non-executive Director	Female	48	2008-7-14	2011-07-13	0	0		4	No
Xie Bingguang	Independent Non-executive Director	Male	54	2008-7-14	2011-07-13	0	0		4	No
Wang Deyu	Independent Non-executive Director	Male	35	2008-7-14	2011-07-13	0	0		4	No
Wang Liansheng	Chairman of the Supervisory Committee	Male	51	2009-11-3	2011-07-13	0	0		10.17	No
Guo Xuan	Supervisor	Male	39	2008-7-14	2011-07-13	0	0		15.11	No
Shao Zhenjiang	Supervisor	Male	36	2008-7-14	2011-07-13	0	0		11.95	No
Jiao Ruifang	Secretary to the Board of Directors	Female	32	2008-7-14	2011-07-13	0	0		24.78	No
Kong Dagang	Deputy General Manager	Male	51	2008-7-14	2011-07-13	0	0		24.50	No
Liu Jing	Deputy General Manager	Male	53	2008-7-14	2011-07-13	0	0		24.68	No
Total	/	/	/	/	/	0	0	/	231.46	/

1. Explanations:

- (1) None of the directors, supervisors and senior management had been granted equity interest as an incentive by the Company during the reporting period.
- (2) Save as disclosed above, none of the directors, supervisors and senior management or any of their associates, as at 31 December 2009, had any interest in the shares of the Company or its associated corporations (as defined in the SFO. None of the directors and supervisors or their spouse or children under the age of 18 was granted any right to acquire securities of the Company or had exercised any such right.
- (3) As at the balance sheet date or at any time during the year, none of the directors and supervisors of the Company was directly or indirectly interested in any material contract of the Company other than the service contracts mentioned below.

- (4) Save as those set out in the register required to be maintained by directors and supervisors under section 352 of the SFO of Hong Kong, during the year, the Company did not engage in any arrangement which would enable the directors or supervisors of the Company or any other corporation to acquire any interest in any shares or debt securities of the Company, nor did the directors or supervisors had any interest which was required to be recorded in the register under the SFO.
- (5) Save as disclosed above, none of the directors, supervisors and senior management of the Company, as at 31 December 2009, 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 would have to be notified to the Company and the HKSE pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or otherwise, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.
- (6) Save as disclosed above, none of any other directors, supervisors and senior management of the Company or their 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 31 December 2009.

2. *Service contracts of directors and supervisors*

The directors and supervisors have entered into written contracts with the Company, the main contents of which are as follows:

- (1) Each contract for the directors of the Sixth Board of Directors and supervisors of the Sixth Supervisory Committee is for a term commencing from 14 July 2008 to 13 July 2011.
- (2) The basic salary of executive directors of the Sixth Board who hold senior management positions in the Company will range from RMB150,000 to RMB200,000 for the first year of their tenure. The basic salary for the second and third year of their tenure will be adjusted based on the performance of the Company, where the maximum will not exceed 120% of the basic salary of the previous year and the minimum will not be less 90% of the basic salary of the first year of tenure. The amount of their yearend bonus will be determined at the sole discretion of the Board, realized based on the execution of Performance Contract entered into between the senior management and the Board each year. The annual fee of independent non-executive directors is RMB40,000. The annual fee of non-executive directors does not exceed RMB40,000. The annual fee of supervisors of the Company does not exceed RMB40,000.
- (3) The directors of the Company perform their duties in an honest, trustworthy and diligent manner, and to the best interests of the Company and all shareholders. The supervisors of the Company execute their duties as supervisors with due diligence and strictly perform their obligations and exercise their power.

3. *Changes in Directors, Supervisors and Senior Management*

- (1) The resolution in respect of the election of Mr. Zhao Guorong as the additional non-executive director of the Sixth Board of Directors of the Company (with a term of office starting from the date of this EGM up to 13 July 2011); and the resolution in respect of the election of Mr. Wang Liansheng as additional supervisor of the Sixth Supervisory Committee of the Company (with a term of office starting from the date of this EGM up to 13 July 2011) were considered and approved at the Second Extraordinary General Meeting of 2009 on 3 November 2009. The resolution in respect of the election of Mr. Zhao Guorong as the Vice-chairman of the Sixth Board of Directors of the Company, and the resolution in respect of the election of Mr. Zhao Guorong as the additional committee member of the Strategic Committee of the Board of the Company were considered and approved at the third extraordinary meeting of the Sixth Board of Directors of the Company. Mr. Wang Liansheng was elected as the Chairman of the Sixth Supervisory Committee of the Company at the Ninth Meeting of the Sixth Supervisory Committee of the Company. The above-mentioned matters were disclosed at “Shanghai Securities Daily”, the website of the Shanghai Stock Exchange <http://www.sse.com.cn> and the Stock Exchange of Hong Kong Limited <http://www.hkexnews.hk> on 4 November 2009.
- (2) The proposal in respect of the nomination of Mr. Bai Fan as member of the Nomination Committee of the Board was considered and approved at the 14th meeting of the sixth Board of Directors of the Company. This matter was disclosed at “Shanghai Securities Daily”, the website of the Shanghai Stock Exchange <http://www.sse.com.cn> and the Stock Exchange of Hong Kong Limited <http://www.hkexnews.hk> on 28 July 2009.
- (3) Mr. Deng Gang has resigned as non-executive Director, Vice chairman of the Board, Committee Member of the Strategic Committee and Committee Member of the Nomination Committee of the Company with effect from 20 July 2009 due to personal reasons. This matter was disclosed at “Shanghai Securities Daily”, the website of the Shanghai Stock Exchange <http://www.sse.com.cn> and the Stock Exchange of Hong Kong Limited <http://www.hkexnews.hk> on 22 July 2009.
- (4) As Mr. Yu Baogui has reached the retirement age, he tendered his resignation to the Board to resign as director of the company. The Board of the Company fully respected the decision of Mr. Yu Baogui and consented to his application for resignation with effect from 30 October 2009. This matter was disclosed at “Shanghai Securities Daily”, the website of the Shanghai Stock Exchange <http://www.sse.com.cn> and the Stock Exchange of Hong Kong Limited <http://www.hkexnews.hk> on 31 October 2009.
- (5) As Mr. Xiao Maolin has reached the retirement age, he has tendered his resignation to the Supervisory Committee of the Company to resign as Supervisor and Chairman of the Supervisory Committee. The Supervisory Committee of Company fully respected the decision of Mr. Xiao Maolin and consented to his application for resignation with effect from 3 November 2009. This matter was disclosed at “Shanghai Securities Daily”, the website of the Shanghai Stock Exchange <http://www.sse.com.cn> and the Stock Exchange of Hong Kong Limited <http://www.hkexnews.hk> on 12 September 2009 and on 4 November 2009.

6 REPORT OF DIRECTOR

6.1 Management Discussion and Analysis

(I) Review

During the reporting period, the international economy still awaited full recovery. To mitigate the negative impact of the financial crisis, the State timely launched the Top Ten Industry Promotion Planning at the beginning of the year that covered the machinery manufacturing industry. Some of the policies were beneficial to the development of the printing machinery manufacturing industry (“Printing Machinery Industry”), but as the printing industry has passed the fast growth phase, the production capacity has exceeded the total demand in society, and the printing industry (especially the publication industry) was going through assets consolidation to assimilate the inventory assets and social capacity. Large-scale acquisitions of machineries were not expected in the short-term. Also, the printing industry is situated at the lower end of the value chain of the national economy, the economy has not fully picked up, and the book printing and press printing have shown a contracting trend, leading to a downturn in the Printing Machinery Industry. The overall operating environment for the Printing Machinery Industry remained difficult in 2009. Being a prominent company in the Printing Machinery Industry, the Company has adopted proactive measures to address the situation in the past year. However, this was not adequate in alleviating various factors such as insufficient workload and increased costs that have exerted pressure on the operation, and the Company continued to record a loss for the operating results.

During the reporting period, operating income prepared in accordance with the PRC Accounting Standards was RMB767,668,600 and net loss was RMB174,004,600. Turnover prepared in accordance with Hong Kong Financial Reporting Standards was RMB748,384,000 and net loss was RMB173,674,000.

During the reporting period, the Company focused on its fundamental segments to reinforce its management and control capacity for enhancement in different aspects. Works carried out in association are as follows:

1. *Establishment of the Company’s internal control system to reinforce the management and control capacity.*

At the beginning of the year, the Company commenced the formulation of its internal control system and established the internal control system of the Company in accordance with the requirements under the Basic Criteria for Corporate Internal Control promulgated by the Ministry of Finance and the five commissions including CSRC, Audit Office, CBRC and CIRC. The internal control system was approved upon consideration at the thirteenth meeting

of the Sixth Board of Directors. The formulation and implementation of the internal control system provides the Company with a more updated and more stringent management platform which forms a sound foundation for enhancing the operation quality.

2. *Acceleration of new product research and development to strengthen market competitiveness*

During the reporting period, the Company has in respect of new product research and development, introduced the IPD project group model in which staff from a different segments from design, technique, quality control, sales, purchasing to production management are involved. On the one hand, this model covers all segments from design to marketing of the product. On the other hand, it pools the opinion from different segments to minimize the occurrence of errors and wastage throughout the development process of the Company and to cater to the market. Currently, the IPD project group is in pilot-running for the research and development of N550 folio double multi-colour machine, and has obtained good results. The N428 sheet-work 4-colour offset machine designed by the Company was also launched on the market for sales. The BEIREN-75A medium newspaper folding machine N477 also completed trial production and passed the inspection. The domesticated production of folding machines eliminates the need to import expensive foreign products, which in turn lowers the manufacturing cost of 75A products for higher competitiveness, forming a solid foundation for the continuous growth and development of the Company.

3. *Establishment of effective quality inspection method to enhance product quality*

Striving to enhance the Company's product quality and to strengthen its market competitiveness, the Company has formulated an economic inspection method in respect of the annual quality requirement, which has reinforced the Company's control in quality from six angles. As the quality inspection of the Company and the quality awareness of its staff were enhanced, the quality of the Company's parts all reached an inspection pass rate of 100%. Throughout the year, the Company has no incident of refund and exchange due to quality reason, and there was no material complaint on quality from its customers.

4. *Increase of control over subsidiaries to leverage on the synergy among the companies and to improve investment return*

During the reporting period, the Company has fully increased the control over its subsidiaries through changing the leadership of the subsidiaries, carrying out project audit and listening to the duty report of the assets representatives in the subsidiaries. The operating quality and results of the subsidiaries achieved remarkable improvement.

(II) Prospects

In 2009, the PRC successfully maintained an 8% economic growth rate. It is expected that the machinery industry will also recover in 2010. For specific printing machine markets, the book printing machine market is expected to realise a stable growth of approximately 3%, while the press printing machine market is expected to record a slight decrease. Under the economic recovery, the packaging machine market will maintain a growth of over 10%. As the central government adjusts the economic structure and transforms the mode of economic growth, the printing machine industry will face various pressures, including broadband economy, low-carbon economy and digital printing, and increasing overall market competition. Meanwhile, from the macroeconomic perspective, the market is subject to inflation pressure. As such, the Company may be subject to increases in energy resource and raw material prices in the coming year.

Key work of the Company in 2010

1. The “12-5” strategic industry research

To meticulously analyse and conclude the implementation of the “11-5” strategy, proactively address the operating challenges in face, and scientifically formulate the “12-5” strategic planning. The Company has decided to conduct in-depth research in respect of the direction of development for the printing and printing machinery industries, the development trends of its competitors, the development and positioning of the core products of the Company, the development and prospect of the subsidiaries and their products as well as the overall operating model of the Company.

2. Improvement of marketing capability and enlargement of market share

The Company will reasonably adjust its marketing strategies, strengthen its market forecasting work, promptly respond to market and client information, refine its marketing areas, in order to improve its marketing capability and enhance the promotion effort of its new products, which will in turn enlarge its market share.

3. Cost reduction and enhancement of profitability

The Company will implement comprehensive cost and expense reduction measures, strictly control its capital expenditure, and further reduce the inventory and assimilate overstocking products, avoid unnecessary input and cut down the consumption of materials and energy, in order to enhance the equipment and capacity utilisation and increase the gross profit margin of its products.

4. Re-allocation of resources through adjustments in product structure

Through maximising the re-allocation and adjustment of existing resources, centralising the premium resources to developing the core product series, the Company efforts to achieve enhancement and upgrade of product structure through technological and management innovations. By accelerating the speeds of new product research and development as well as market launch, the Company strives for a migration in its business and enhancement of its product structure, which in turn will improve its core competitiveness.

5. Stringent implementation of fundamental management works

(1) To strengthen internal control, perfect the internal control system, supervise the implementation of the internal control system, establish internal control systems in subsidiaries, and reinforce the in-house training on internal control. (2) To strengthen and sophisticate the management efforts. Further lower the inventory and assimilate stock products; reduce unnecessary input; reduce consumption of materials and energy etc. (3) To continuously step up the efforts in collecting receivables and reduce the occurrence of new debts through perfecting the control over the sales process for significant improvement in the capital status of the Company and enhanced efficiency of capital use. (4) To strengthen financial control, implement centralised capital management and reinforce the control over capital of the subsidiaries. (5) To continuously strengthen the control over subsidiaries, and guide the subsidiaries in enhancing the level of management, reducing the costs and increasing their profitability.

6. The invested budget of technical improvement in 2010 is RMB8,753,500, in which the invested budget of new projects in 2010 is RMB8,520,000, and the carry-over project of 2009 is RMB233,500. The invested budget will be mainly used in the update and improvement of the equipment in order to boost productivity and improve level of processing.

6.2 Principal businesses by business sector and products

Unit: RMB

Sector of Product	Operating income	Operating costs	Operating profit margin (%)	Increase/decrease in Operating income over last year (%)	Increase/decrease in Operating costs over last year (%)	Increase/decrease in operating profit margin over last year (%)
Offset press series	448,572,601.58	425,499,245.67	-34.50	2.33	13.72	Increase 3.38 percent
Intrusion printers series	233,438,692.09	191,016,579.67	-7.12	13.18	2.86	Increase 21.12 percent
Form presses series	26,685,627.24	25,344,804.67	-21.01	-38.96	-34.49	Increase 20.71 percent
Total	708,696,920.91	641,860,630.01	-24.97	2.96	7.23	Increase 10.27 percent

Explanation:

The reason for the negative operating profit of the Company's products was: The market has not recovered completely yet during the reporting period, and the Company controlled the volume of the input and output in order to digest the inventory. The decrease of the output caused the increase of the pre-hour cost and amortisation of fixed cost, which caused the cost of the finished products increased.

6.3 Principal businesses by geographical location

Unit: RMB

Geographical location	Operating income	Increase/decrease in operating income compared over last year (%)
Domestic	672,187,376.20	8.80
Overseas	36,509,544.71	-48.21
Total	708,696,920.91	2.96

6.4 Operation and business performance of major holding subsidiaries

Unit: RMB

Company name	Nature of business	Main product or service	Registered capital	Asset size	Net profit
Beijing Beiren Fuji Printing Machinery Limited	Manufacture of printing presses	Form presses	42,328,060.26	84,983,159.67	-4,501,726.53
Haimen Beiren Fuji Printing Machinery Limited	Manufacture of printing presses machine	Quarto printing	51,000,000.00	62,470,361.95	-3,795,726.08
Beiren Yi Xin (Beijing) Technical Development Co., Ltd.	Technical development of printing presses machine		1,000,000.00	1,000,940.08	-250.42
Beijing Beiren Jingyan Printing Machine Factory	Parts for printing presses	Paper-feeding machine	21,050,000.00	28,006,314.94	-3,011,561.60
Beijing Beiren Yuxin Offset Printing Limited	Printing	Printing and packaging	22,430,000.00	43,270,047.56	-5,841,015.38
Shaanxi Beiren Printing Machinery Limited	Manufacture of printing presses	Intaglio presses	115,000,000.00	305,617,493.96	-13,758,364.02

6.5 Information on major suppliers

Unit: RMB0'000

Total procurement from the top five suppliers	5,626.99	Percentage accounting for total procurement	13%
Total sales from the top five customers	7,898.21	Percentage accounting for total sales	10.48%

6.6 Use of capital raised

☐ Applicable ☒ Not Applicable

Change of Projects

☐ Applicable ☒ Not Applicable

6.7 Projects financed by non-raised funds

☐ Applicable ☒ Not Applicable

6.8 Explanation of the Board on non-standard opinion given by the auditors

☐ Applicable ☒ Not Applicable

6.9 The Board's Profit Distribution Plan or Plan to Convert Surplus Reserves into Share Capital

According to the PRC accounting standards, the Company realized a net profit of RMB-174,004,600 during the reporting period; the undistributed profit was RMB-265,330,500 at the end of the year. According to Hong Kong Financial Reporting Standards, the Company realized a net profit attributable to the owners of RMB-173,674,000 during the reporting period. Due to the loss recorded during the reporting period, the Company did not recommend to distribute profit or to transfer capital reserve to share capital for 2009 as the profit to be distributed to shareholders would be small.

The Company registered a profit during the reporting period but no profit distribution plan is proposed.

☐ Applicable ☒ Not Applicable

6.10 Analysis of Financial Status and Business Performance During the Reporting Period

1. Operating results (prepared under PRC accounting standards)

In 2009, total profit of the Company increased by RMB108,416,900 or 37.59% as compared with the same period last year.

- (1) Operating income increased by 1.14% while operating cost increased by 1.62% as compared with last year. Gross profit margin for the year was 9.26% while gross profit margin for last year was 9.7%. The decrease in gross profit margin was due to the drop in production volume, so that amortisation of fixed cost was relatively high.
- (2) Business tax and surcharge increased by 93.99% over last year mainly due to increase in operating income; expenditure for the period decreased by 14.64% over last year mainly due to measures taken by the Company to reduce the expenditure and costs; loss in impairment of assets decreased by 63.49% over last year mainly due to decrease of bad debts provision and provision for diminution in value of inventory; investment revenue increased by 113.96% over last year mainly due to the decrease of operating loss of associated companies.

- (3) Net non-operating income increased by 66.91% over last year, mainly attributable to the increase in government grants.

2. *Analysis of assets, liabilities and equity interests*

Total assets value amounted to RMB1,737,780,000 during the reporting period, decreased by 11.32% as compared with the beginning of the year, of which inventory, accounts receivable, prepayments decreased substantially. Total liabilities amounted to RMB994,473,600, decreased by 4.07% as compared with the beginning of the year, mainly due to decrease in short term loans and accounts payable. Total equity interest attributable to shareholders amounted to RMB743,309,000, decreased by 19.45% as compared with the beginning of the year.

3. *Financial position analysis*

Under its prudent financial policies, the Company established a strict risk control system for investment, financing and cash management to maintain a moderate capital structure and solid finance sources. The Company has kept its finance size under strict control to satisfy the need of the Company to finance for operating activities while minimize its financial costs and prevent financial risks in a timely manner by utilizing financial instruments, so as to achieve a sustainable development of the Company and maximize its shareholders' value.

Liquidity and capital structure

	2009	2008
(1) Assets-liabilities ratio	57.23%	52.91%
(2) Quick ratio	45.94%	44.32%
(3) Liquidity ratio	97.00%	110.15%

4. *Bank loans*

The Company implemented its annual capital budget plan in accordance with the market conditions and requirement of customers to control the bank loan scale strictly. The Company utilized fully financial tools to reduce finance costs timely and defend against financial risks, by which the Company improved the profit of the Company and shareholders while satisfying the capital need of operating activities. As at the end of the reporting period, the Company had short-term loan RMB314,850,000, decreased by 12.71% as compared with the beginning of the year. Long-term loan was RMB24,000,000, decreased by 11.11% as compared with the beginning of the year.

5. *Exchange Risk Management*

The Company held a relatively small amount of deposits in foreign currencies. Daily expenses in foreign exchange mainly comprise dividends payable to holders of H Shares, fees payable to auditors, fees payable to Hong Kong Stock Exchange and for publication of information disclosure. The change in foreign exchange rates will not have material impact on the results of the Company.

6. *Principal Sources of Fund and Its Use*

(1) Cash flows from operating activities

The Company's cash inflows are mainly derived from revenue of goods selling. Cash outflow was mainly related to production and operating activities. The Company's cash inflow from operating activities for the reporting period amounted to RMB796,507,600, while cash outflow amounted to RMB675,848,000. Net cash flow during the reporting period from operating activities amounted to RMB120,659,600.

(2) Cash flows from investment activities

Cash inflow from investment activities during the reporting period amounted to RMB434,100 which was mainly attributable to the disposal of fixed assets and recovery of other long-term assets. Cash outflow to investment activities amounted to RMB3,779,400, which was mainly used for capital expense on purchase and construction of fixed assets. The above expenditures were financed by the Company's internal resources. Net cash flow from investment activities for the reporting period amounted to RMB-3,345,400.

(3) Cash flows from fund-raising activities

Cash inflow from fund-raising activities during the reporting period amounted to RMB414,450,000, which was mainly derived from bank loans. Cash outflow from fundraising activities during the reporting period amounted to RMB486,397,100 was mainly for repayment of bank loans and interest. Net cash flow from fund-raising activities for the reporting period amounted to RMB-71,947,100.

7. Capital Structure

The Company's capital structure consists of interests and liabilities attributable to shareholders during the reporting period. Interests attributable to shareholders amounted to RMB743,309,000; of which, minority interests amounted to RMB20,446,400; and total liabilities amounted to RMB994,473,600. Total assets amounted to RMB1,737,782,500. As at the end of the year, the Company's gearing ratio was 57.23%.

Capital structure by liquidity

Total current liabilities	RMB958,302,900	Accounting for 55.15% of the capital
Total equity interest	RMB743,309,000	Accounting for 42.77% of the capital
of which: minorities interest	RMB20,446,400	Accounting for 1.18% of the capital

8. Contingent Liability

As at the end of the reporting period, the Company did not have any significant contingent liability.

9. Analysis of the Reasons for Major Changes in Overall Financial Position Compared with Last Year (prepared According to PRC Accounting Standards)

- (1) Cash and cash balances increased by 59.7% compared with the beginning of the year, mainly due to the increase in efforts in the collection of goods payment by the Company.
- (2) Bills receivable increased by 113.36% compared with the beginning of the year, mainly due to the increase in bank acceptance bill received by the Company.

- (3) Accounts receivable decreased by 14.6% compared with the beginning of the year, mainly due to the increase in efforts in the collection of debts by the Company.
- (4) Inventories decreased by 25.81% compared with the beginning of the year, mainly due to the control of the input and output based on the market changes and inventory digestion by the Company.
- (5) Long-term equity investment increased by 4.3% compared with the beginning of the year, mainly due to confirmation of the income from investment of associated companies.
- (6) Short-term loan decreased by 12.71% compared with the beginning of the year, mainly due to the repayment of bank borrowings expiring during the year.
- (7) Notes Payable increased by 73.75% compared with the beginning of the year, mainly due to the undue bank acceptance bill opened by the supplier.
- (8) Receipts in advance increased by 57.41% compared with the beginning of the year, mainly due to the increase in pre-payment with order by the clients.
- (9) Tax payable increased by 215.66% compared with the beginning of the year, mainly due to the increase in outstanding account of tax payable.
- (10) Account payable for special item increased by 123.13% compared with the beginning of the year, mainly due to the increase in the received capital to develop new products.
- (11) Undistributed profit decreased by 7.39% compared with the beginning of the year, mainly due to loss during the year.
- (12) Operating income increased by 1.14% compared with the beginning of the year. Operating cost increased by 1.62% compared with the beginning of the year. Gross profit margin for the year was 9.26% while gross profit margin for last year was 9.70%. The decrease in gross profit margin was due to the drop in production volume so that amortisation of fixed cost was relatively high.
- (13) Expenditure for the period decreased by 14.64% compared with the beginning of the year, mainly due to the measures taken by the Company to reduce the expenditure and costs.

- (14) Impairment loss on assets decreased by 63.49% compared with the same period of last year, mainly due to decrease of bad debts provision and provision for diminution in value of inventory.
- (15) Investment revenue increased by 113.96% compared with the same period of last year, mainly due to the decrease of operating loss of associated companies.
- (16) Net non-operating income increased by 66.91% compared with the same period of last year, mainly attributable to the increase in government grants.

7 MAJOR EVENTS

7.1 Acquisition of assets

☐ Applicable ☒ Not Applicable

7.2 Disposal of assets

☒ Applicable ☐ Not Applicable

Unit: RMB

Transaction parties	Disposed assets	Disposal date	Selling Price	Net profit contributed to the listed company by the assets from the beginning of the year to the date of disposal of the assets	Profit or loss arising from disposal of assets	Is it a connected transaction (if yes, please state the pricing basis)	Whether the property rights of the disposed assets were fully transferred	Whether the debts and liabilities were fully transferred
Hebei Upholster and Printing Machinery Company Limited	Hebei Beiren Paper Feeder Co., Ltd. (a subsidiary of the Company)	24 July 2009	50,000			No	Yes	Yes

7.3 Material Guarantees

✓ Applicable ☐ Not Applicable

Unit: RMB0'000

**Guarantees provided to external parties by the Company
(excluding guarantee provided to the controlling subsidiaries)**

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

Guarantees provided to the controlling subsidiaries by the Company

Total amount of guarantee provided to the controlling subsidiaries during the reporting period	1,000
Total amount of outstanding guarantee provided to the controlling subsidiaries as at the end of the reporting period	1,000
Total amount of guarantee granted by the Company (including guarantee provided to the controlling subsidiaries)	
Total amount of guarantee	1,000
Proportion of the total amount of guarantee to the net assets of the Company	1.38%
Including:	
Amount of guarantee provided for Shareholders, beneficial controllers and their connected parties	—
Amount of debt guarantee provided, either directly or indirectly, for guaranteed parties whose gear ratio is larger than 70%	—
Excess of total amount of guarantee over 50% of net assets	—
Total amount of the above three guarantees	1,000

7.4 Material Connected Transactions

7.4.1 Connected Transactions Related to Day-to-day Operation

✓ Applicable ☐ Not Applicable

1. Connected Transaction Related to Day-to-day Operation

Unit: RMB

Connected transactions parties	Connection	Type of connected transactions	Subject of connected transactions	Pricing basis of connected transactions	Price of connected transactions	Amount of connected transactions	Proportion to amount of transaction of similar type (%)	Settlement of connected transactions	Market price	Reasons for material difference between transaction price and market reference price
Beiren Group Corporation	Parent company	Purchase of goods		Agreed price		929,059.83	0.75			
Beiren Group Corporation	Parent company	Grant of rights of use including patents and trademarks		Agreed price		3,802,754.55	100.00			
Beijing Monigraf Automations Company Limited	Associated company	Purchase of goods		Agreed price		8,143,899.16	6.55			
Beijing Beiyong Casting Company Limited	Associated company	Purchase of goods		Agreed price		10,579,374.53	8.51			
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Company Limited	Associated company	Purchase of goods		Agreed price		3,023,705.85	2.43			
Beiren Group Corporation	Parent company	Other utility fees such as water, electricity and gas fees (sale)		Agreed price		176,238.02	15.51			
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Company Limited	Associated company	Other utility fees such as water, electricity and gas fees (sale)		Agreed price		378,230.53	33.28			
Beijing Beiyong Casting Company Limited	Associated company	Other inflows (Land and building rental)		Agreed price		4,407,064.68				
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Company Limited	Associated company	Other inflows (Land and Building rental)		Agreed price		1,621,836.00				
Beijing Monigraf Automations Company Limited	Associated company	Other inflows (Land and Building rental)		Agreed price		50,331.00				
Beiren Group Corporation	Parent company	Other inflows (Land and Building rental)		Agreed price		930,000.00				
Beiren Group Corporation	Parent company	Other outflows (Land use fees)		Agreed price		850,000.00				

7.4.2 Connected Debts and Liabilities

☒ Applicable ☐ Not Applicable

Unit: RMB

Connected party	Connection	Capital provided to connected parties		Capital provided to the listed company by connected parties	
		Incurred amount	Balance	Incurred Amount	Balance
Beiren Group Corporation	Parent company			1,387,166.71	13,641,380.51
Beijing Monigraf Automations Company Limited	Associated company	50,331.00	50,331.00		
Total		50,331.00	50,331.00	1,387,166.71	13,641,380.51

7.4.3 Appropriated fund and the recovery progress in 2009

☐ Applicable ☒ Not Applicable

The failure to recover non-operating appropriated funds as at the end of 2008 and the responsibility accountability plan proposed by the Board

☐ Applicable ☒ Not Applicable

7.5 Asset management on trust

☐ Applicable ☒ Not Applicable

7.6 Performance of Undertakings

7.6.1 Undertakings during the reporting period or carried on within the reporting period of the Company or shareholders holding 5% or more of the shares

☒ Applicable ☐ Not Applicable

During the reporting period, the sole shareholder of non-circulating shares of the Company Beiren Group Corporation had completed the performance of the undertakings concerning the Share Segregation Reform.

7.6.2 The Company's explanation on whether the earnings estimate on assets or projects was met and its reasons in the situation that earnings in the Company's assets or projects is estimated, the period of which includes the reporting period.

☐ Applicable ☒ Not Applicable

7.7 Material litigation or arbitration

☐ Applicable ☒ Not Applicable

7.8 Other material events and analysis on its impacts and solutions

7.8.1 Investment in securities

☐ Applicable ☒ Not Applicable

7.8.2 Holding of equity interests in other listed companies

☐ Applicable ☒ Not Applicable

7.8.3 Holding of equity interests in non-listed financial companies

☐ Applicable ☒ Not Applicable

7.8.4 Trading of shares of other listed companies

☐ Applicable ☒ Not Applicable

7.9 The Board of Directors of the Company issued the self assessment report on the internal control of the Company and the auditing firm issued its auditing opinion. Please refer to the full text of the 2009 Annual Report of the Company for details.

7.10 The Company disclosed the report on performance of social responsibility. Please refer to the full text of the annual report for details.

7.11 Other Events

(1) Auditors

During the reporting period, the Company appointed ShineWing Certified Public Accountants and SHINEWING (HK) CPA Limited as the Company's domestic and overseas auditors for 2009 respectively. They have reviewed the attached financial statements under the PRC accounting standards and the financial report prepared under the Hong Kong Financial Reporting Standards.

During the reporting period, the remunerations payable to domestic and overseas auditors are RMB900,000 for ShineWing Certified Public Accountants and RMB250,000 for SHINEWING (HK) CPA Limited, respectively. The audit fee includes all fees related to audit services provided to the Company by the auditors, including audit fee and review fee.

As at 31 December 2009, ShineWing Certified Public Accountants has provided audit services for the Company for 3 years, and SHINEWING (HK) CPA Limited has provided audit services for the Company for 3 years.

- (2) The Company had received product research and development fees, subsidies for employment stability and social insurance subsidies amounting to RMB8,435,800 from the government.

- (3) Disposal of subsidiaries and associates during the reporting period

During the reporting period, the subsidiary of the Company Hebei Beiren Paper Feeder Co., Ltd. was disposed, and relevant procedures were finished.

- (4) Income tax

The applicable enterprise income tax rate for the Company is 25%.

- (5) The 2009 Financial Report has been reviewed and confirmed by the audit committee under the Board of Directors of the Company.

- (6) 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.

- (7) 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 in Appendix 10 to the Listing Rules. Having made specific enquiry to all directors and supervisors of the Company, the Company confirmed that, each of the Directors and supervisors has complied with the required standards regarding securities transactions by directors set out in the Model Code within the 12 months ended 31 December 2009.

- (8) During the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.
- (9) As of 31 December 2009, the Company did not issue any convertible securities, options, warrants or any other similar rights.

8 REPORT OF THE SUPERVISORY COMMITTEE

8.1 Independent Opinion of the Supervisory Committee on Operating in Compliance with Laws by the Company

The Supervisory Committee is of the view that, during the reporting period, the work of the Board of the Company strictly complied with the Company Law, Securities Law, the Listing Rules, Articles of Association of the Company and other relevant laws and regulations. The material decisions of the Company were scientific and reasonable and the procedures of decision were lawful and effective. Meanwhile, the Company has established and improved its internal management and control system. Directors and General Manager of the Company were able to carry out their duties earnestly. There had been no violation of the laws, regulations, the Articles of Association of the Company or behavior in detrimental to the interests of the Company.

8.2 Independent Opinion of the Supervisory Committee on Review of the Company's Financial Position

The Supervisory Committee is of the opinion that the 2009 financial report truly reflected the financial position and the operating results of the Company. The Supervisory Committee has diligently reviewed the Financial Statements and other accounting data of the Company and is of the view that the income and expenditure were clearly stated in the accounts of the Company, and that accounting and financial management had complied with the relevant requirements, and no problem was found. SHINEWING (HK) CPA Limited and ShineWing Certified Public Accountants have audited the Financial Report of the Company for 2009 in accordance with Hong Kong accounting standards and PRC accounting standards and issued their respective auditors' report with unqualified opinion. The Supervisory Committee considers that the auditors' report truly reflects the financial status, operating results and cash flows of the Company and that the auditors' report is fair, objective, true and reliable.

8.3 Independent Opinion of the Supervisory Committee on Use of the Last Raised Proceeds by the Company

The last fund raising activity of the Company was conducted at the end of 2002 and completed for the year ended 31 March 2003. The use of the proceeds raised was in line with the intended use without any changes.

8.4 Independent Opinion of the Supervisory Committee on Acquisition and Disposal of Assets of the Company

The Company had no material acquisition and disposal of assets during the reporting period.

8.5 Opinion of the Supervisory Committee on Connected Transactions of the Company

The Company had no material connected transactions during the reporting period.

9 FINANCIAL REPORT

9.1 Auditor's opinion

ShineWing Certified Public Accountants had audited the Financial Report of the Company for 2009 and had issued its standard auditor's report No.XYZH/2009A4009 with unqualified opinion.

SHINEWING (HK) CPA Limited had audited the Financial Report of the Company for 2009 and had issued its standard auditor's report with unqualified opinion.

9.2 Financial report (prepared in accordance with the Hong Kong Financial Reporting Standards)

CONSOLIDATED INCOME STATEMENT

(Prepared under Hong Kong Financial Reporting Standards)

For the year ended 31 December 2009

	NOTES	2009 RMB'000	2008 RMB'000
Turnover	1	748,384	739,161
Cost of sales		<u>(724,448)</u>	<u>(754,576)</u>
Gross profit (loss)		23,936	(15,415)
Other operating income	3	24,437	18,057
Selling and distribution expenses		(62,853)	(79,915)
Administrative expenses		(145,845)	(178,710)
Finance costs	4	(19,956)	(24,110)
Share of results of associates		<u>622</u>	<u>(8,977)</u>
Loss before taxation		(179,659)	(289,070)
Taxation	5	<u>472</u>	<u>3,957</u>
Loss for the year	6	<u><u>(179,187)</u></u>	<u><u>(285,113)</u></u>
Loss for the year attributable to:			
Owners of the Company		(173,674)	(265,426)
Minority interests		<u>(5,513)</u>	<u>(19,687)</u>
		<u><u>(179,187)</u></u>	<u><u>(285,113)</u></u>
Loss per share	8		
Basic		<u><u>RMB(41.2) cents</u></u>	<u><u>RMB(62.9) cents</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Prepared under Hong Kong Financial Reporting Standards)

For the year ended 31 December 2009

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Loss for the year	(179,187)	(285,113)
Exchange differences arising on translation of foreign operations, representing other comprehensive loss for the year	<u>—</u>	<u>(971)</u>
Total comprehensive loss for the year	<u>(179,187)</u>	<u>(286,084)</u>
Total comprehensive loss attributable to:		
Owners of the Company	(173,674)	(266,397)
Minority interests	<u>(5,513)</u>	<u>(19,687)</u>
	<u>(179,187)</u>	<u>(286,084)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*(Prepared under Hong Kong Financial Reporting Standards)**As at 31 December 2009*

	2009 RMB'000	2008 <i>RMB'000</i>
Non-current assets		
Property, plant and equipment	553,379	597,896
Prepaid lease payments	141,349	143,732
Investment properties	74,752	75,506
Goodwill	—	—
Other intangible assets	—	—
Interests in associates	15,388	14,766
Deferred tax assets	8,240	8,652
	793,108	840,552
Current assets		
Inventories	489,304	659,505
Trade and other receivables	302,544	350,432
Prepaid lease payments	2,894	2,894
Amounts due from minority shareholders of subsidiaries	21,049	20,976
Deposits placed in financial institutions	297	459
Bank balances and cash	119,131	74,325
	935,219	1,108,591
Current liabilities		
Trade and bills payables	391,443	411,498
Other payables	73,218	76,110
Sales deposits received	94,623	60,112
Amount due to immediate holding company	15,639	14,094
Tax liabilities	1,904	3,204
Bank and other borrowings – due within one year	120,400	258,243
Loans from ultimate holding company	230,000	135,000
Provision for retirement obligations	10,340	14,256
	937,567	972,517
Net current (liabilities) assets	(2,348)	136,074
	790,760	976,626

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Capital and reserves		
Share capital	422,000	422,000
Reserves	<u>286,677</u>	<u>460,351</u>
Equity attributable to owners of the Company	708,677	882,351
Minority interests	<u>25,175</u>	<u>30,688</u>
Total equity	<u>733,852</u>	<u>913,039</u>
Non-current liabilities		
Bank and other borrowings — due after one year	18,000	24,000
Loans from ultimate holding company	10,500	5,000
Provision for retirement obligations	25,603	31,021
Deferred income	<u>2,805</u>	<u>3,566</u>
	<u>56,908</u>	<u>63,587</u>
	<u>790,760</u>	<u>976,626</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Prepared under Hong Kong Financial Reporting Standards)

For the year ended 31 December 2009

	Attributable to owners of the Company								Retained profits (accumulated losses)	Total	Minority interests	Total
	Share capital	Share premium	Exchange translation reserve	Capital reserve	Statutory surplus reserve	General reserve fund	Enterprise expansion fund	Discretionary surplus reserve				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008	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
Loss for the year	—	—	—	—	—	—	—	—	(265,426)	(265,426)	(19,687)	(285,113)
Other comprehensive loss for the year	—	—	(971)	—	—	—	—	—	—	(971)	—	(971)
Total comprehensive loss for the year	—	—	(971)	—	—	—	—	—	(265,426)	(266,397)	(19,687)	(286,084)
At 31 December 2008	422,000	435,834	—	51,306	151,280	1,717	3,845	42,979	(226,610)	882,351	30,688	913,039
Loss for the year, representing total comprehensive loss for the year	—	—	—	—	—	—	—	—	(173,674)	(173,674)	(5,513)	(179,187)
Transfer	—	—	—	—	(151,280)	—	—	—	151,280	—	—	—
At 31 December 2009	422,000	435,834	—	51,306	—	1,717	3,845	42,979	(249,004)	708,677	25,175	733,852

Note:

During the year ended 31 December 2009, pursuant to relevant regulations of the rules in respect of the General Meeting of Listed Companies issued by the China Securities Regulatory Commission and the Articles of Association of the Company, the Board of Directors passed resolution to transfer the statutory surplus reserve to offset the accumulated losses.

CONSOLIDATED STATEMENT OF CASH FLOWS*(Prepared under Hong Kong Financial Reporting Standards)**For the year ended 31 December 2009*

	2009 RMB'000	2008 RMB'000
OPERATING ACTIVITIES		
Loss before taxation	(179,659)	(289,070)
Adjustments for:		
Depreciation for property, plant and equipment and investment properties	45,520	48,956
Amortisation of prepaid lease payments	2,895	2,893
Amortisation of other intangible assets	—	283
Gain on disposal of property, plant and equipment	(765)	(5,063)
Allowance for trade and other receivables	1,903	23,997
(Reversal of) allowance for obsolete inventories	(13,956)	56,263
Impairment loss recognised in respect of property, plant and equipment	290	—
Impairment loss on goodwill	—	3,135
Provision for retirement obligations	7,276	24,057
Gain on disposal of a subsidiary	(631)	—
Share of results of associates	(622)	8,977
Interest income	(447)	(726)
Government grants released from deferred income	(761)	(761)
Finance costs	19,956	24,110
Operating cash flows before movements in working capital	(119,001)	(102,949)
Decrease (increase) in inventories	181,850	(32,433)
(Increase) decrease in trade and other receivables	(2,502)	79,921
(Decrease) increase in trade and bills payables	(13,216)	23,230
Increase in other payables	399	8,397
Increase (decrease) in sales deposits received	34,511	(19,459)
Increase in amount due to immediate holding company	1,545	1,728
Decrease in provision for retirement obligations	(16,610)	(14,063)
Cash generated from (used in) operations	66,976	(55,628)
Income tax (paid) refunded	(410)	5,105
NET CASH FROM (USED IN) OPERATING ACTIVITIES	66,566	(50,523)

	2009 RMB'000	2008 <i>RMB'000</i>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,056)	(15,987)
Prepaid lease payment in relation to land use rights	(512)	(80)
Advances to minority shareholders of subsidiaries	(73)	(2,093)
Net cash inflow from disposal of a subsidiary	9	—
Interest received	447	726
Dividend received from an associate	622	113
Proceeds on disposal of property, plant and equipment	2,197	11,665
Decrease in pledged bank deposits	—	8,083
NET CASH (USED IN) FROM INVESTING ACTIVITIES	<u>(1,366)</u>	<u>2,427</u>
FINANCING ACTIVITIES		
Repayments of bank and other borrowings	(240,450)	(201,078)
Interest paid	(19,956)	(24,110)
Advances from (repayment to) ultimate holding company	100,500	(10,000)
New borrowings raised	139,350	258,658
NET CASH (USED IN) FROM FINANCING ACTIVITIES	<u>(20,556)</u>	<u>23,470</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	44,644	(24,626)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	74,784	100,381
Effect of foreign exchange rate changes	—	(971)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>119,428</u>	<u>74,784</u>
Analysis of balance of cash and cash equivalents:		
Deposits placed in financial institutions	297	459
Bank balances and cash	119,131	74,325
	<u>119,428</u>	<u>74,784</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Prepared under Hong Kong Financial Reporting Standards)

For the year ended 31 December 2009

1. TURNOVER

Turnover represents the net amount received and receivable for different types of printing presses and spare parts sold by the Group to outside customers and provision of printing services and is analysed as follows:

	2009 RMB'000	2008 RMB'000
Sales of offset press	448,573	438,356
Sales of gravure press	233,438	206,253
Sales of business form machine	26,686	43,716
Others	44,652	53,341
Total sales	753,349	741,666
Less: sales tax and other surcharges	(4,965)	(2,505)
	<u>748,384</u>	<u>739,161</u>

2. SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14, *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, no segment analysis of financial information was presented as substantially all of the Group's assets and liabilities are located in the PRC. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

Specifically, in prior years, segment information reported externally was analysed on the basis of location of assets and liabilities. However, information reported to the chief operating decision maker, is more specifically focused on the types of printing presses supplied and services provided by the Group's operating divisions. The principal categories of printing presses supplied are offset press, gravure press and business form machine. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

Sales of offset press	—	Manufacturing and sales of presses for printing double-side color or monochrome books, periodicals and other printing materials
Sales of gravure press	—	Manufacturing and sales of presses for printing packaging and folding cartons for food and beverage, cleaning supplies and health products
Sales of business form machine	—	Manufacturing and sales of presses for printing and processing various forms of paper, such as invoices, bar codes, leaflets and lottery tickets
Others	—	Sales of spare parts and provision of printing services

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 December 2009

	Sales of offset press <i>RMB'000</i>	Sales of gravure press <i>RMB'000</i>	Sales of business form machine <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
TURNOVER						
External sales	445,143	232,125	26,686	44,430	—	748,384
Inter-segment sales	2,900	—	—	5,999	(8,899)	—
Total	<u>448,043</u>	<u>232,125</u>	<u>26,686</u>	<u>50,429</u>	<u>(8,899)</u>	<u>748,384</u>
Segment loss	<u>(128,066)</u>	<u>(5,610)</u>	<u>(3,641)</u>	<u>(20,480)</u>	—	<u>(157,797)</u>
Share of results of associates						622
Unallocated corporate income						1,078
Unallocated corporate expenses						(3,606)
Finance costs						<u>(19,956)</u>
Loss before taxation						<u><u>(179,659)</u></u>

For the year ended 31 December 2008

	Sales of offset press <i>RMB'000</i>	Sales of gravure press <i>RMB'000</i>	Sales of business form machine <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
TURNOVER						
External sales	436,674	205,640	43,716	53,131	—	739,161
Inter-segment sales	<u>4,068</u>	<u>—</u>	<u>—</u>	<u>14,637</u>	<u>(18,705)</u>	<u>—</u>
Total	<u><u>440,742</u></u>	<u><u>205,640</u></u>	<u><u>43,716</u></u>	<u><u>67,768</u></u>	<u><u>(18,705)</u></u>	<u><u>739,161</u></u>
Segment loss	<u><u>(141,055)</u></u>	<u><u>(51,821)</u></u>	<u><u>(14,760)</u></u>	<u><u>(44,610)</u></u>	—	(252,246)
Share of results of associates						(8,977)
Unallocated corporate income						726
Unallocated corporate expenses						(4,463)
Finance costs						<u>(24,110)</u>
Loss before taxation						<u><u>(289,070)</u></u>

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of share of results of associates, interest income on bank deposits, gain on disposal of a subsidiary, central administration costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segments assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

Segment assets

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Sales of offset press	1,144,165	1,326,446
Sales of gravure press	252,683	262,544
Sales of business form machine	47,011	66,901
Others	141,412	195,050
Total segment assets	1,585,271	1,850,941
Unallocated corporate assets	143,056	98,202
Consolidated assets	1,728,327	1,949,143

Segment liabilities

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Sales of offset press	352,377	335,540
Sales of gravure press	157,861	143,702
Sales of business form machine	19,344	25,872
Others	68,450	91,449
Total segment liabilities	598,032	596,563
Unallocated corporate liabilities	396,443	439,541
Consolidated liabilities	994,475	1,036,104

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than goodwill, interests in associates, deferred tax assets, deposits placed in financial institutions and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- all liabilities are allocated to reportable segments other than amount due to immediate holding company, tax liabilities, bank and other borrowings and loans from ultimate holding company. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Other segment information

For the year ended 31 December 2009

	Sales of offset press RMB'000	Sales of gravure press RMB'000	Sales of business form machine RMB'000	Others RMB'000	Consolidated RMB'000
Amounts included in the measure of segment loss or segment assets:					
Addition to non-current assets (Note)	1,292	3,255	21	—	4,568
Depreciation and amortisation	36,509	6,632	1,153	4,121	48,415
Impairment loss recognised in respect of property, plant and equipment	—	—	—	290	290
Allowance for trade and other receivables	768	713	422	—	1,903
(Reversal of) allowance for obsolete inventories	(10,000)	(4,417)	6	455	(13,956)
(Gain) loss on disposal of property, plant and equipment	(1,059)	298	(29)	25	(765)

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment loss or segment assets:

Interests in associates	15,388	—	—	—	15,388
Share of results of associates	(622)	—	—	—	(622)
Interest income	(360)	(62)	(21)	(4)	(447)
Interest expense	13,427	5,311	1,202	16	19,956
Taxation	(321)	402	(190)	(363)	(472)

For the year ended 31 December 2008

	Sales of offset press <i>RMB'000</i>	Sales of gravure press <i>RMB'000</i>	Sales of business form machine <i>RMB'000</i>	Others <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Amounts included in the measure of segment loss or segment assets:					
Addition to non-current assets					
<i>(Note)</i>	6,390	8,074	736	867	16,067
Depreciation and amortisation	38,535	6,577	1,578	5,442	52,132
Impairment loss on goodwill	—	3,135	—	—	3,135
Allowance for trade and other receivables	18,099	5,757	6	135	23,997
Allowance for obsolete inventories	40,476	6,256	9,531	—	56,263
Loss (gain) on disposal of property, plant and equipment	510	(570)	(29)	(4,974)	(5,063)

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment loss or segment assets:

Interests in associates	14,766	—	—	—	14,766
Share of results of associates	8,977	—	—	—	8,977
Interest income	(432)	(230)	(53)	(11)	(726)
Interest expense	15,471	6,954	1,566	119	24,110
Taxation	1,622	(1,604)	(3,975)	—	(3,957)

Note: Non-current assets excluded deferred tax assets.

Geographical information

The Group's operations are located in the PRC with customers located in the PRC, East Asia other than the PRC, South America, North America, Europe, Africa and other parts of the world.

The Group's turnover from operations from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Turnover from		Non-current assets	
	external customers			
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
PRC	711,874	668,664	769,480	817,134
East Asia other than the PRC	29,276	53,596	—	—
South America	6,678	2,408	—	—
North America	258	7,996	—	—
Europe	298	3,631	—	—
Africa	—	2,032	—	—
Others	—	834	—	—
	748,384	739,161	769,480	817,134

Note: Non-current assets excluded goodwill, interests in associates and deferred tax assets.

Information about major customers

There is no customer contributing over 10% of the total turnover of the group for both years.

3. OTHER OPERATING INCOME

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Gross rental income from investment properties	2,140	2,006
Gross rental income from prepaid lease payments	2,846	2,846
Gross rental income from property, plant and equipment	4,174	3,355
Gain on disposal of property, plant and equipment	765	5,063
Gain on disposal of a subsidiary	631	—
Government grants (<i>Note</i>)	8,332	627
Government grants released from deferred income	761	761
Interest income on bank deposits	447	726
Profit from sales of scrap materials	1,121	—
Others	3,220	2,673
	<u>24,437</u>	<u>18,057</u>

Note:

Government grants include (i) employment stabilisation and social security subsidies granted to the Group by The Beijing Municipal Human Resources and Social Security Bureau and (ii) funds received from local government authorities for research and development etc.

4. FINANCE COSTS

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
Interest on bank and other borrowings wholly repayable within five years	19,911	23,724
Interest on discounted bills	45	386
	<u>19,956</u>	<u>24,110</u>

5. TAXATION

	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>
The taxation comprises:		
PRC Corporate Income Tax ("CIT")		
(Over) under provision in prior years	<u>(884)</u>	<u>105</u>
Deferred tax		
Current year	412	(2,749)
Attributable to a change in tax rate	<u>—</u>	<u>(1,313)</u>
	<u>412</u>	<u>(4,062)</u>
	<u><u>(472)</u></u>	<u><u>(3,957)</u></u>

Under the Law of the People's Republic of China on Corporate Income Tax (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of the Company and certain of its PRC subsidiaries is 25% from 1 January 2008 onwards.

Starting from 1 January 2008, CIT of the Company is calculated at the rate of 25% (2008: 25%) of the estimated assessable profits for the year. In accordance with the relevant rules and regulations in the PRC, except for Shaanxi Beiren Printing Machinery Company Limited ("Shaanxi Beiren") and Beijing Beiren Fuji Printing Machinery Company Limited ("Beiren Fuji"), all other PRC subsidiaries are subject to CIT at a rate of 25% (2008: 25%).

According to document (Guoshuifa 2002 47) and document (Caishuizi 2008 21) "Notice of Application of Transitional Preferential Policy on Corporate Income Tax" issued by the State Administration of Taxation on 10 May 2002 and 4 February 2008 respectively, the applicable income tax rate of Shaanxi Beiren is 15%. In addition, Shaanxi Beiren was recognised as high technology enterprise on 11 December 2008 and therefore is entitled to a preferential tax rate of 15% for three years, with effective from 1 January 2009.

According to document (Jingguoshuiwaipifu 2002 1-11) issued by the foreign tax bureau of Beijing State Administration of Taxation, the applicable income tax rate of Beiren Fuji is 24% from 2001. In addition, according to document (Guoshuizhishuijianmianzi 2006 2) issued by the tax bureau directly under Beijing State Administration of Taxation, Beiren Fuji is levied at half of the income tax from 2006 to 2008. Consequently the income tax of Beiren Fuji is charged at the rate of 12% on the estimated assessable profits for the year ended 31 December 2008. Starting from 1 January 2009, the applicable tax rate of Beiren Fuji is 25%.

No provision for Hong Kong profits tax had been made for the year ended 31 December 2008 as there was no assessable profit for the subsidiary operating in Hong Kong.

The taxation for the year can be reconciled to the loss before taxation per the consolidated income statement as follows:

	2009 RMB'000	2008 <i>RMB'000</i>
Loss before taxation	(179,659)	(289,070)
Tax at the domestic income tax rate of 25% (2008: 25%)	(44,914)	(72,267)
Tax effect of expenses not deductible for tax purposes	4,443	19,403
Tax effect of income not taxable for tax purpose	(10,786)	(4,790)
(Over) under provision in respect of prior years	(884)	105
Tax effect of tax losses/deductible temporary differences not recognised	51,304	50,828
Tax effect of share of results of associates	(155)	2,244
Effect of different tax rates of subsidiaries	520	1,833
Increase in opening deferred tax asset resulting from a change in applicable tax rate	—	(1,313)
Taxation for the year	(472)	(3,957)

6. LOSS FOR THE YEAR

	2009 RMB'000	2008 <i>RMB'000</i>
Loss for the year has been arrived at after charging (crediting):		
Depreciation and amortisation		
— Property, plant and equipment and investment properties	45,520	48,956
— Prepaid lease payments	2,895	2,893
— Other intangible assets	—	283
Total depreciation and amortisation	48,415	52,132
Staff costs including directors' emoluments	201,476	258,052
Allowance for trade and other receivables, net (included in administrative expenses)	1,903	23,997
(Reversal of) allowance for obsolete inventories (included in cost of sales)	(13,956)	56,263
Research and development expenses	35,321	21,196
Auditors' remuneration	1,150	1,150
Net foreign exchange losses	12	227
Impairment loss recognised in respect of property, plant and equipment	290	—
Impairment loss on goodwill	—	3,135
Provision for retirement obligations	7,276	24,057
Share of taxation of associates (included in share of results of associates)	68	192
Cost of inventories recognised as an expense	738,404	698,313

7. DIVIDEND

No dividend was paid or proposed during 2009, nor has any dividend been proposed since the end of the reporting period (2008: Nil).

8. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company is based on the loss for the year attributable to the owners of the Company of approximately RMB173,674,000 (2008: RMB265,426,000) and the weighted average number of 422,000,000 (2008: 422,000,000) ordinary shares in issue during the year.

No diluted loss per share is presented as the Company did not have any potential shares outstanding for the two years ended 31 December 2009.

9.3 There is no change of accounting policy during the reporting period.

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

9.5 Changes in scope of consolidation during the reporting period compared to the previous annual report are as follows:

As compared with the previous published annual report, the subsidiary of the Company Hebei Beiren Paper Feeder Co., Ltd. was excluded from the scope of consolidation during the reporting period due to its disposal. Save for this, there were no other changes.

Chairman: Pang Liandong
Beiren Printing Machinery Holdings Limited
18 March 2010

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Zhao Guorong and Mr. Bai Fan as non-executive directors, Mr. Pang Liandong, Mr. Zhang Peiwu, Mr. Yang Zhendong and Mr. Duan Yuangang as executive directors and Mr. Xu Wencai, Ms. Wang Hui, Mr. Xie Bingguang and Mr. Wang Deyu as independent non-executive directors.