



北人印刷機械股份有限公司

BEIREN PRINTING MACHINERY HOLDINGS LIMITED

(a joint stock limited company established in the People's Republic of China)

(Stock Code: 187)

CLARIFICATION ANNOUNCEMENT SUPPLEMENT AND AMENDMENT TO 2006 ANNUAL REPORT AND 2007 FIRST QUARTERLY REPORT

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Pursuant to the rules governing the disclosure of information of A-Shares listed companies, Beiren Printing Machinery Holdings Limited (the "Company"), with its A Shares listed on the Shanghai Stock Exchange, will publish a clarification announcement supplement and amendment to 2006 annual report and 2007 first quarterly report on 21 June 2007 in Shanghai. The full text of which is as follows:

The Company and the board of directors ("the Board") confirm the truthfulness, accuracy and completeness of the contents of this announcement and accept joint and several responsibilities for any possible misleading statements or misrepresentation in or material omissions from this announcement.

I. According to relevant requirements from Shanghai Stock Exchange, the Company makes the following explanations on certain issues in 2006 Annual Report:

1. Notes to the higher product cost

The cost increase in the Company's products is attributable to the following factors:

- (1) Impacted by the intensive competitions, the Company decreased prices of regular products in 2006, resulting in the higher cost of sales as a percentage of sales revenue.
- (2) The production capacity cannot be fully utilised due to the slowdown of demands in printing press market, which resulted in the increase in unit cost per hour and hence the increase in unit product cost.
- (3) Due to the changing demands in the market and special requirements from the customers, the Company called back and reworked part of its products which increased the total reworking costs. The Company has taken initiatives to improve product specifications and production mode, accordingly, the reworking of products will be decreased.
- (4) Suffering from the price hike in casting materials and ancillary materials, the Company's outsourced castings and working hour of outsourcing increased accordingly, which resulted in the rise of products cost.

2. Notes to the impairment provisions for inventories

The Company made Rmb56,557,300 and Rmb9,482,600 impairment provisions for inventories in 2006 and 2005 respectively. As compared with year 2005, the increase in provisions for 2006 is mainly due to the following reasons:

- (1) Due to the strong demands in printing press market in past years, the Company failed to make correct judgement to the market demand in 2005 and 2006. Therefore, the Company arranged the production plan based on the strong demand assumptions in 2005 and 2006. The Company had to adjust its production plan frequently when the market demands shrank in the second half of 2005. As a result, part of its finished products and semi-finished products were overstocked. As the majority of overstock was incurred in year 2005, no provision for impairment was recognised or made in 2005. A provision for impairment of Rmb33,730,000 was made in 2006 based on the dilapidation extent of the overstocked products, market recognition of forward product prices, maintenance cost for potential disposals, etc.
- (2) Development of new products has been accelerated in recent years. As the Company hastened to launch new products into market, an overstock or failure in trial production of new products resulted in much higher cost than the expected market price. Accordingly, the Company verified and made a provision for impairment of Rmb18,440,000.
- (3) Due the favourable market in the last two years, the Company arranged too much production with certain products failed to meet customers' requirements, resulting in return of the products. Though the Company had made provision for some returned products, new provision for impairment has arisen from their natural diminution in value and further dilapidation. Accordingly, the Company made a provision of Rmb4,390,000 for impairment of these products.

II. There are some mistakes in the 2006 annual report and the 2007 first quarterly report of the Company disclosed at the website of Shanghai Stock Exchange (<http://www.sse.com.cn>) respectively on 25 April 2007 and 27 April 2007 due to negligence of relevant staff. Corrections are made as follows:

1. At Item (III) Major Accounting Figures and Financial Indices for the Past Three Years "Return on net assets after extraordinary items (Weighted average) (%)" on Page 5 of the 2006 Annual Report, the figure for 2006 is corrected from -7.65% to -7.68%.

2. Corrections to the Balance Sheet for the first quarter of 2007 are as follows:

(In the Balance Sheet for the first quarter of 2007, Rmb9,212,600.00 is omitted to be added to the following five items.)

Item	Opening balance of the Company (former) (Rmb)	Opening balance of the Company (corrected) (Rmb)
Total non-current assets	910,352,501.00	919,565,101.00
Total assets	1,800,992,474.68	1,810,205,074.68
Total current liabilities	614,026,902.97	623,239,502.97
Total liabilities	648,783,094.98	657,995,694.98
Total liabilities and shareholders' equity	1,800,992,474.68	1,810,205,074.68

We would like to apologize for your inconvenience in reading the annual report and the quarterly report due to the above-mentioned mistakes.

The Board of Directors
Beiren Printing Machinery Holdings Limited

20 June 2007

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

* Independent non-executive director