
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Beiren Printing Machinery Holdings Limited**, you should at once hand this circular, together with the form of proxy, to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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 limited company established in the People's Republic of China)

(Stock Code: 187)

MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO

- (1) BEIREN YIXIN EQUITY TRANSFER AGREEMENT**
- (2) HAIMEN BEIREN FUJI EQUITY TRANSFER AGREEMENT**
- (3) RECEIVABLES TRANSFER AGREEMENT**
- (4) PROPERTY TRANSFER AGREEMENT**
- (5) MACHINERY TRANSFER AGREEMENT**
- (6) PATENTED TECHNOLOGY TRANSFER AGREEMENT**
- (7) INVENTORY TRANSFER AGREEMENT**
- AND**
- (8) RELOCATION COMPENSATION AGREEMENT**

**Independent financial adviser to the independent board committee
and the independent shareholders of the Company**



光大控股
EVERBRIGHT

China Everbright Capital Limited

A letter from the Board is set out on pages 6 to 24 of this circular and a letter from the Independent Board Committee is set out on pages 25 to 26 of this circular. A letter from China Everbright containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 27 to 43 of this circular.

A supplemental notice convening the 2009 annual general meeting of Beiren Printing Machinery Holdings Limited to be held on 29 June 2010 (Tuesday) has been despatched to the Shareholders on 11 June 2010.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“A Share”	Renminbi ordinary shares of RMB1.00 in the share capital of the Company, which are listed in the Shanghai Stock Exchange
“AGM”	the forthcoming annual general meeting of the Company to be convened on 29 June 2010 (Tuesday) at 9:00 a.m. at conference room of the Company, Room 6206, No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing
“Agreements”	the Receivables Transfer Agreement, Beiren Yixin Equity Transfer Agreement, Haimen Beiren Fuji Equity Transfer Agreement, Inventory Transfer Agreement, Machinery Transfer Agreement, Patented Technology Transfer Agreement, Property Transfer Agreement and Relocation Compensation Agreement
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Beijing Beiren Fuji”	Beijing Beiren Fuji Printing Machinery Company Limited, a company incorporated in the PRC and which is 70% owned by the Company
“Beijing SASAC”	State-owned Assets Supervision and Administration Commission of Beijing Municipal Government
“Beiren Group”	Beiren Group Corporation (北人集團公司), a company incorporated in the PRC and the controlling Shareholder holding approximately 47.78% equity interest in the Company
“Beiren Yixin”	Beiren Yixin (Beijing) Technology Development Company Limited, a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Beiren Yixin Equity Transfer Agreement”	the conditional equity transfer agreement dated 2 June 2010 entered into between the Company and Beiren Group relating to the disposal of all the equity interest in Beiren Yixin

DEFINITIONS

“Board”	the board of Directors
“Buildings”	the buildings erected on the land located at Fatou region of Chaoyang District, Beijing with an area of 17,063.70 square meters
“Business Day(s)”	a day on which banks in the PRC are generally open for business
“China Everbright”	China Everbright Capital Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agreements
“Company”	Beiren Printing Machinery Holdings Limited (北人印刷機械股份有限公司), a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“H Shares”	the overseas foreign listed shares of nominal value of RMB1.00 each in the share capital of the Company, which are listed in the Main Board of the Stock Exchange subscribed for and traded in HK\$
“Haimen Beiren Fuji”	Haimen Beiren Fuji Printing Machinery Company Limited, a company incorporated in the PRC and is 79.7% owned by the Company and 20.3% owned by Beijing Beiren Fuji

DEFINITIONS

“Haimen Beiren Fuji Equity Transfer Agreement”	the conditional equity transfer agreement dated 2 June 2010 (as amended by the Supplemental Agreement) entered into among the Company, Beijing Beiren Fuji and Beiren Group relating to the disposal of all the equity interest in Haimen Beiren Fuji by the Group
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Independent Board Committee”	the committee of independent non-executive Directors, consisting of Mr. Xu Wencai, Ms. Wang Hui, Mr. Xie Bingguang and Mr. Wang Deyu formed to advise the Independent Shareholders in respect of the terms of the Agreements and the transactions contemplated thereunder
“Independent Property Valuer”	Jones Lang LaSalle Sallmanns Limited, a professional property valuer independent of the Company and any of its connected persons (as defined in the Listing Rules)
“Independent Shareholders”	the Shareholders other than Beiren Group and its associates
“Inventory”	certain inventories possessed by the Company, including raw materials, working materials, quarto four-color lithographic printing machines and work-in-progress products, as set out in the Inventory Transfer Agreement
“Inventory Transfer Agreement”	the conditional inventory transfer agreement dated 2 June 2010 entered into between the Company and Beiren Group relating to the transfer of Inventory
“Latest Practicable Date”	10 June 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Machinery”	certain machines and equipment ancillary to the Property owned by the Company as set out in the Machinery Transfer Agreement

DEFINITIONS

“Machinery Transfer Agreement”	the conditional machinery transfer agreement dated 2 June 2010 entered into between the Company and Beiren Group relating to the transfer of Machinery
“Patented Technology”	the BEIREN200 quarto four-color lithographic printing technology, including design drawing and process, etc.
“Patented Technology Transfer Agreement”	the conditional patented technology transfer agreement dated 2 June 2010 entered into between the Company and Beiren Group relating to the transfer of Patented Technology
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purposes of this circular
“PRC Independent Valuer”	China Faith Appraisers Co., Ltd. (北京國有大正資產評估有限公司), a professional valuer independent of the Company and any of its connected persons (as defined in the Listing Rules)
“Property”	the land development costs in respect of a parcel of land in Fatou region of Chaoyang District, Beijing with a total area of 16,500 square meters, the buildings and structures
“Property Transfer Agreement”	the conditional property transfer agreement dated 2 June 2010 entered into between the Company and Beiren Group relating to the transfer of the Property
“Receivables”	the receivables owing by Haimen Beiren Fuji to the Company as at 31 March 2010
“Receivables Transfer Agreement”	the conditional transfer agreement dated 2 June 2010 entered into between the Company and Beiren Group relating to the disposal of Receivables by the Company
“Relocation Compensation Agreement”	the conditional relocation compensation agreement dated 2 June 2010 entered into between Beijing Beiren Fuji and Beiren Group relating to the relocation of the Buildings
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Share(s)”	share(s) of the Company, including A Shares and H Shares, unless otherwise specified
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 9 June 2010 entered into between the Company, Beijing Beiren Fuji and Beiren Group relating to the amendment of the consideration payable by Beiren Group under the Haimen Beiren Fuji Equity Transfer Agreement, details of which were disclosed in the announcement of the Company dated 9 June 2010
“Transactions”	the transactions as contemplated under each of the Agreements
“Valuation Date”	31 March 2010
“%”	per cent.

LETTER FROM THE BOARD



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

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

(Stock Code: 187)

Non-executive directors:

Mr. Zhao Guorong

Mr. Bai Fan

Executive directors:

Mr. Zhang Peiwu

Mr. Yang Zhendong

Mr. Duan Yuangang

Registered office:

6 Rongchangdong Street

Economic and Technological
Development Zone

Beijing

PRC

Independent non-executive directors:

Mr. Xu Wencai

Ms. Wang Hui

Mr. Xie Bingguang

Mr. Wang Deyu

14 June 2010

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTIONS

IN RELATION TO

- (1) BEIREN YIXIN EQUITY TRANSFER AGREEMENT**
- (2) HAIMEN BEIREN FUJI EQUITY TRANSFER AGREEMENT**
- (3) RECEIVABLES TRANSFER AGREEMENT**
- (4) PROPERTY TRANSFER AGREEMENT**
- (5) MACHINERY TRANSFER AGREEMENT**
- (6) PATENTED TECHNOLOGY TRANSFER AGREEMENT**
- (7) INVENTORY TRANSFER AGREEMENT**
- AND**
- (8) RELOCATION COMPENSATION AGREEMENT**

INTRODUCTION

Reference is made to the announcement of the Company dated 2 June 2010. Pursuant to the requirement of the Listing Rules, the Company will seek approval of the Independent Shareholders in relation to the Agreements and the Transactions.

LETTER FROM THE BOARD

The purpose of this circular is, inter alia, (i) to provide you with further information relating to the Agreements and the Transactions; (ii) to set out the opinions and recommendations of the Independent Board Committee and China Everbright; and (iii) to provide details on the valuations of Beiren Yixin, the Property and the Machinery.

(1) BEIREN YIXIN EQUITY TRANSFER AGREEMENT

Date

2 June 2010

Parties

(a) Transferor : the Company

(b) Transferee : Beiren Group

Information of Beiren Yixin

Beiren Yixin was incorporated in the PRC on 21 September 2009 and is a wholly-owned subsidiary of the Company. Beiren Yixin is principally engaged in technology development of the printing machines and products, technology transfer, technical consultancy, technical services and machines rental. As at the Latest Practicable Date, Beiren Yixin has a registered capital of RMB22,367,000.00.

Beiren Yixin has the land use rights of a parcel of land located at Block 64 Beijing Econ-Tech Development Area, Beijing with a site area of approximately 31,887.5 square meters which was valued at RMB169,684,500.00 by the PRC Independent Valuer as at the Valuation Date. As referred to in the property valuation report prepared by the Independent Property Valuer, which is set out in Appendix II to this circular, the value of the parcel of land was RMB133,000,000.00 as at the Valuation Date.

In accordance with the generally accepted accounting principles in the PRC, the net losses before and after taxation of Beiren Yixin for the year ended 31 December 2009 were RMB300.00 and the net losses before and after taxation of Beiren Yixin for the 3 months ended 31 March 2010 were RMB24,100.00.

LETTER FROM THE BOARD

The net asset value of Beiren Yixin as at 31 March 2010 was approximately RMB22,342,700.00 and was valued at RMB176,370,400.00 by the PRC Independent Valuer as at the Valuation Date by using asset-based method.

Consideration

The consideration is RMB176,370,400.00, and has been arrived at after arm's length negotiations between the Company and Beiren Group with reference to the net asset value of Beiren Yixin as assessed by the PRC Independent Valuer as at the Valuation Date, the valuation of which was set out in a valuation report which was subsequently endorsed by Beijing SASAC.

The consideration shall be paid by Beiren Group to the Company in cash in the following manner:

1. RMB89,948,904.00, representing 51% of the total consideration, shall be paid to the Company within 3 Business Days after the agreement shall become effective;
2. RMB44,092,600.00, representing 25% of the total consideration, shall be paid to the Company within 3 Business Days after the completion of the business registration procedure registering the completion of the share transfer in Beiren Yixin; and
3. the balance of the consideration of RMB42,328,896.00, representing 24% of the total consideration, shall be paid to the Company before 15 December 2010.

All taxes payable in relation to the share transfer shall be borne by the relevant parties in accordance with the applicable laws and regulations, or which shall be equally borne by the Company and Beiren Group if the laws or regulations have yet to specify.

Conditions and Completion

The Beiren Yixin Equity Transfer Agreement shall only become effective upon obtaining the approval from the Shareholders and the approval from Beijing SASAC.

The parties shall commence the share transfer procedures within 30 days after the Beiren Yixin Equity Transfer Agreement shall become effective.

Upon completion, there will be an expected gain of approximately RMB153,939,500.00.

LETTER FROM THE BOARD

Sale and Purchase:

The Company agreed to sell and Beiren Group agreed to purchase the entire equity interest in Beiren Yixin subject to terms of the Beiren Yixin Equity Transfer Agreement. Upon completion, Beiren Yixin will cease to a subsidiary of the Company and the Company will cease to have any interest in Beiren Yixin.

If the Company fails to complete the sale pursuant to the Beiren Yixin Equity Transfer Agreement, the Company shall pay an additional amount equal to 0.01% of the consideration as already paid by Beiren Group to be calculated per day for each day of delay as penalty.

If Beiren Group fails to pay the consideration as scheduled under the Beiren Yixin Equity Transfer Agreement, Beiren Group shall pay an additional amount equal to 0.01% of the outstanding consideration payable to be calculated per day for each day of delay to the Company as penalty.

(2) HAIMEN BEIREN FUJI EQUITY TRANSFER AGREEMENT

Date

2 June 2010

Parties

- (a) Transferor : the Company
- (b) Transferor : Beijing Beiren Fuji
- (c) Transferee : Beiren Group

Information on Haimen Beiren Fuji

Haimen Beiren Fuji is a company established in the PRC and has a registered capital of RMB51,000,000.00 as at the Latest Practicable Date. Haimen Beiren Fuji is principally engaged in manufacture and sale of printing machines and spare parts ancillary thereto and is currently 79.7% owned by the Company and 20.3% owned by Beijing Beiren Fuji (a subsidiary of the Company). The Group will dispose of the entire equity interest in Haimen Beiren Fuji under the Haimen Beiren Fuji Equity Transfer Agreement.

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In accordance with the generally accepted accounting principles in the PRC, the net losses before and after taxation of Haimen Beiren Fuji for the year ended 31 December 2008 were both RMB5,944,484.61 and the net losses before and after taxation of Haimen Beiren Fuji for the year ended 31 December 2009 were both RMB3,795,726.08.

The net asset value of Haimen Beiren Fuji as at 31 March 2010 was approximately RMB11,539,839.25 and was valued at RMB23,129,263.60 by the PRC Independent Valuer as at the Valuation Date by using asset-based method.

Consideration

Pursuant to the Haimen Beiren Fuji Equity Transfer Agreement (as amended by the Supplemental Agreement), the total consideration payable by Beiren Group is RMB23,129,263.60, of which RMB18,434,023.0892 shall be payable to the Company and RMB4,695,240.5108 shall be payable to Beijing Beiren Fuji. The consideration was arrived at after arm's length negotiations among the parties with reference to the net asset value of Haimen Beiren Fuji as assessed by the PRC Independent Valuer as at the Valuation Date, the valuation of which was set out in a valuation report which was subsequently endorsed by Beijing SASAC.

The consideration shall be paid by Beiren Group in cash in the following manner:

1. RMB11,795,924.436, representing 51% of the total consideration shall be paid by Beiren Group, of which RMB9,401,351.775492 shall be paid to the Company and RMB2,394,572.660508 shall be paid to Beijing Beiren Fuji, within 3 Business Days after the agreement shall become effective;
2. RMB5,782,315.90, representing 25% of the total consideration, shall be paid by Beiren Group, of which RMB4,608,505.7723 and RMB1,173,810.1277 shall be paid to the Company and Beijing Beiren Fuji respectively, within 3 Business Days after the completion of the business registration procedure registering the completion of the share transfer in Haimen Beiren Fuji; and
3. the balance of consideration of RMB5,551,023.264, representing 24% of the total consideration, shall be paid by Beiren Group, of which RMB4,424,165.541408 and RMB1,126,857.722592 shall be paid to the Company and Beijing Beiren Fuji respectively, before 15 December 2010.

LETTER FROM THE BOARD

Conditions and Completion

The Haimen Beiren Fuji Equity Transfer Agreement shall become effective only upon obtaining the approval from the Independent Shareholders and the approval by Beijing SASAC.

The parties shall commence the share transfer procedures within 30 days after the Haimen Beiren Fuji Equity Transfer Agreement becomes effective. Upon completion, Haimen Beiren Fuji will cease to be a subsidiary of the Company and the Group will cease to have any interest in Haimen Beiren Fuji.

Upon completion, there will be an expected gain of approximately RMB10,843,400.00.

Sale and Purchase:

If the Company and Beijing Beiren Fuji fail to complete the sale pursuant to the terms of the Haimen Beiren Fuji Equity Transfer Agreement, the Company and Beijing Beiren Fuji shall jointly pay an additional amount equal to 0.03% of the consideration as already paid by Beiren Group to be calculated per day for each day of delay as penalty.

If Beiren Group fails to pay the consideration as scheduled under the Haimen Beiren Fuji Equity Transfer Agreement, Beiren Group shall pay an additional amount equal to 0.03% of the outstanding consideration payable to the Company and Beijing Beiren Fuji to be calculated per day for each day of delay as penalty.

(3) RECEIVABLES TRANSFER AGREEMENT

Date

2 June 2010

Parties

(a) Transferor : the Company

(b) Transferee : Beiren Group

LETTER FROM THE BOARD

Transfer of Receivables in Haimen Beiren Fuji

The Receivables owing by Haimen Beiren Fuji to the Company as at 31 March 2010 was approximately RMB19,983,777.72. The Company agreed to transfer the Receivables to Beiren Group subject to the terms of the Receivables Transfer Agreement.

Consideration

The consideration is RMB19,983,777.72, which has been arrived at after arm's length negotiations between the Company and Beiren Group with reference to the valuation of the Receivables by the PRC Independent Valuer as at the Valuation Date by using cost method, being RMB 19,983,777.72.

The consideration shall be paid by Beiren Group in cash in the following manner:

1. RMB10,191,726.6372, representing 51% of the consideration, shall be paid to the Company within 3 Business Days after the Receivables Transfer Agreement shall become effective;
2. RMB4,995,944.43, representing 25% of the consideration, shall be paid to the Company within 3 Business Days after Haimen Beiren Fuji has received a notice of transfer regarding the Receivables from the Company; and
3. RMB4,796,106.6528, representing 24% of the consideration, shall be paid to the Company before 15 December 2010.

Conditions and Completion

The Receivables Transfer Agreement shall become effective only upon obtaining the approval from the Independent Shareholders for the Receivables Transfer Agreement and the transactions contemplated thereunder.

The Company shall send written notification to Haimen Beiren Fuji regarding details of the transfer of Receivables within 5 Business Days after the Receivables Transfer Agreement shall become effective.

It is expected that there will be no gain or loss upon completion.

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Other terms

If the Company fails to give notice to Haimen Beiren Fuji regarding the transfer of Receivables pursuant to the Receivables Transfer Agreement, the Company shall pay an additional amount equal to 0.03% of the amount of consideration paid by Beiren Group to be calculated per day for each day of delay as penalty.

If Beiren Group fails to pay the consideration as scheduled under the Receivable Transfer Agreement, Beiren Group shall pay an additional amount equal to 0.03% of the outstanding consideration to the Company to be calculated per day for each day of delay as penalty.

(4) PROPERTY TRANSFER AGREEMENT

Date

2 June 2010

Parties

- (a) Transferor : the Company
- (b) Transferee : Beiren Group

Property to be transferred

The Property comprises the land development cost in respect of a parcel of land located at Fatou region of Chaoyang District, Beijing with a total area of 16,500 square meters and the Buildings and structures erected thereon. The book values of the land development cost and the Buildings were RMB2,546,471.10 and RMB7,820,664.93 respectively as at the Valuation Date. The valuations of the land development cost and the Buildings and structures were RMB2,546,471.10 and RMB8,944,000.00 respectively as assessed by the PRC Independent Valuer as at the Valuation Date by using cost method.

As referred to in the property valuation report prepared by the Independent Property Valuer, which is set out in Appendix II to this circular, the value of the Buildings and structures was RMB12,908,000.00 as at the Valuation Date.

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Consideration

The consideration is RMB11,490,471.10, which has been arrived at after arm's length negotiations between the Company and Beiren Group with reference to the valuation of the Property by the PRC Independent Valuer as at the Valuation Date.

The consideration shall be paid by Beiren Group in cash in the following manner:

1. RMB5,860,140.261, representing 51% of the total consideration, shall be paid to the Company within 3 Business Days after the Property Transfer Agreement shall become effective ;
2. RMB2,872,617.775, representing 25% of the consideration, shall be paid to the Company within 3 Business Days after handover of the Property to Beiren Group; and
3. RMB2,757,713.064, representing 24% of the consideration, shall be paid to the Company before 15 December 2010.

Conditions and Completion

The Property Transfer Agreement shall become effective only upon obtaining the approval from the Independent Shareholders for the Property Transfer Agreement and the transactions contemplated thereunder.

Handover of the Property to Beiren Group shall be completed within 30 Business Days after the Property Transfer Agreement shall become effective.

Upon completion, there will be an expected loss of approximately RMB127,300.00.

Other terms

If the Company fails to transfer the Property pursuant to the Property Transfer Agreement, the Company shall pay an additional amount equal to 0.03% of the amount of consideration already paid by Beiren Group to be calculated per day for each day of delay as penalty.

If Beiren Group fails to pay the consideration as scheduled under the Property Transfer Agreement, Beiren Group shall pay an additional amount equal to 0.03% of outstanding consideration payable to be calculated per day for each day of delay to the Company as penalty.

LETTER FROM THE BOARD

(5) MACHINERY TRANSFER AGREEMENT

Date

2 June 2010

Parties

(a) Transferor : the Company

(b) Transferee : Beiren Group

Machinery to be transferred

The Machinery includes transformer, air conditioning system, cranes, which are owned by the Company and ancillary to the Buildings. The book value of the Machinery was RMB2,222,272.23 and the valuation of the Machinery by the PRC Independent Valuer as at the Valuation Date was RMB3,162,750.00.

Consideration

The consideration is RMB3,162,750.00 which has been arrived at after arm's length negotiations between the Company and Beiren Group with reference to the valuation of the Machinery as at the Valuation Date by the PRC Independent Valuer by using cost method.

The consideration shall be paid by Beiren Group in cash in the following manner:

1. RMB1,613,002.50, representing 51% of the consideration, shall be paid to the Company within 3 Business Days after the Machinery Transfer Agreement shall become effective;
2. RMB790,687.50, representing 25% of the consideration, shall be paid to the Company within 3 Business Days after handover of the Machinery; and
3. RMB759,060.00, representing 24% of the consideration, shall be paid to the Company before 15 December 2010.

LETTER FROM THE BOARD

Conditions and Completion

The Machinery Transfer Agreement shall become effective only upon obtaining the approval from the Independent Shareholders for the Machinery Transfer Agreement and the transactions contemplated thereunder.

The Machinery and all parts ancillary thereto, including spare parts, drawings and manuals, shall be transferred to Beiren Group within 30 Business Days after the Machinery Transfer Agreement shall become effective.

Upon completion, there will be an expected gain of approximately RMB870,000.00.

Other terms

If the Company fails to transfer the Machinery pursuant to the Machinery Transfer Agreement, the Company shall pay an additional amount equal to 0.03% of the consideration already paid by Beiren Group to be calculated per day for each day of delay as penalty.

If Beiren Group fails to pay the consideration as scheduled under the Machinery Transfer Agreement, Beiren Group shall pay an additional amount equal to 0.03% of the outstanding consideration payable to be calculated per day for each day of delay to the Company as penalty.

(6) PATENTED TECHNOLOGY TRANSFER AGREEMENT

Date

2 June 2010

Parties

(a) Transferor : the Company

(b) Transferee : Beiren Group

Patented Technology to be transferred

Pursuant to the terms of the Patented Technology Transfer Agreement, Beiren Group will acquire from the Company an exclusive right to use the Patented Technology for 50 years in the PRC for manufacturing and selling the quarto four-color lithographic

LETTER FROM THE BOARD

printing machines. The Company shall retain the rights to use the Patented Technology but shall not grant further rights to use the Patented Technology to any third party. There was no book value for the Patented Technology. The valuation of the Patented Technology was RMB2,180,100.00 as determined by the PRC Independent Valuer as at the Valuation Date by using cost method.

Consideration

The consideration payable by Beiren Group to the Company for the Patented Technology amounts to RMB2,180,100.00. Such consideration was arrived at after arm's length negotiations between the Company and Beiren Group with reference to the valuation of the Patented Technology as at the Valuation Date by the PRC Independent Valuer.

The consideration shall be paid by Beiren Group in cash in the following manner:

1. RMB1,111,851.00, representing 51% of the consideration, shall be paid to the Company within 3 Business Days after the Patented Technology Transfer Agreement shall become effective;
2. RMB545,025.00, representing 25% of the consideration, shall be paid to the Company within 3 Business Days after the relevant technological information relating to the Patented Technology have been delivered to Beiren Group; and
3. RMB523,224.00, representing 24% of the consideration, shall be paid to the Company before 15 December 2010.

Conditions and Completion

The Patented Technology Transfer Agreement shall become effective only upon obtaining the approval from the Independent Shareholders for the Patented Technology Transfer Agreement and the transactions contemplated thereunder.

The information relating to the Patented Technology shall be transferred to Beiren Group within 30 Business Days after the Patented Technology Transfer Agreement becomes effective.

Upon completion, there will be an expected gain of approximately RMB2,059,500.00.

Other terms

If the Company fails to give the details on the Patented Technology pursuant to the Patented Technology Transfer Agreement, the Company shall pay an additional amount equal to 0.03% of the consideration already paid by Beiren Group to be calculated per day for each day of delay as penalty.

LETTER FROM THE BOARD

If the Company uses the Patented Technology outside the agreed scope pursuant to the Patented Technology Transfer Agreement, or allow any third party to use the Patented Technology in breach of the agreement, the Company shall cease to commit such breach and Beiren Group shall be entitled to an amount equal to 0.03% of the consideration from the Company as penalty or compensation.

If Beiren Group fails to pay consideration as scheduled under the Patented Technology Transfer Agreement, Beiren Group shall pay an additional amount equal to 0.03% of the outstanding consideration payable to be calculated per day for each day of delay to the Company as penalty.

If Beiren Group discloses the confidential information relating to the Patented Technology in breach of the Patented Technology Transfer Agreement and causes loss to the Company, Beiren Group shall pay an amount equal to 0.03% of the consideration as compensation.

(7) INVENTORY TRANSFER AGREEMENT

Date

2 June 2010

Parties

(a) Transferor : the Company

(b) Transferee : Beiren Group

Inventory to be transferred

The Company agreed to transfer certain inventories possessed by the Company including raw materials, working materials, quarto four-color lithographic printing machines and work-in-progress products to Beiren Group subject to the terms of the Inventory Transfer Agreement. The book value of the Inventory was RMB15,123,247.67 and the valuation of the Inventory was RMB18,286,487.57 as determined by the PRC Independent Valuer as at the Valuation Date by using cost method.

LETTER FROM THE BOARD

Consideration

The consideration payable by Beiren Group to the Company for the Inventory amounts to RMB18,286,487.57. Such consideration was arrived at after arm's length negotiations between the Company and Beiren Group with reference to the valuation of the Inventory as at the Valuation Date by the PRC Independent Valuer.

The consideration shall be paid by Beiren Group in cash in the following manner:

1. RMB9,326,108.6607, representing 51% of the consideration, shall be paid to the Company within 3 Business Days after the Inventory Transfer Agreement shall become effective;
2. RMB4,571,621.8925, representing 25% of the consideration, shall be paid to the Company within 3 Business Days after the Inventory has been delivered to Beiren Group; and
3. RMB4,388,757.0168, representing 24% of the total consideration, shall be paid to the Company before 15 December 2010.

Conditions and Completion

The Inventory Transfer Agreement shall become effective only upon obtaining the approval from the Independent Shareholders for the Inventory Transfer Agreement and the transactions contemplated thereunder.

The Inventory and all parts ancillary thereto, including spare parts, drawings and manuals, shall be transferred to Beiren Group within 30 Business Days after the Inventory Transfer Agreement becomes effective.

Upon completion, there will be an expected gain of approximately RMB3,156,900.00.

Other terms

Value added tax in respect of the transfer of Inventory shall be paid by Beiren Group to the Company. An invoice in respect of the value added tax will be issued by the Company to Beiren Group, which shall settle the tax amount as stated in such invoice.

LETTER FROM THE BOARD

If the Company fails to transfer the Inventory pursuant to the Inventory Transfer Agreement, the Company shall pay an additional amount equal to 0.03% of the consideration already paid by Beiren Group to be calculated per day for each day of delay as penalty.

If Beiren Group fails to pay consideration as scheduled pursuant to the Inventory Transfer Agreement, Beiren Group shall pay an additional amount equal to 0.03% of the outstanding consideration payable to be calculated per day for each day of delay to the Company as penalty.

(8) RELOCATION COMPENSATION AGREEMENT

Date

2 June 2010

Parties

- (a) Beijing Beiren Fuji, a subsidiary of the Company
- (b) Beiren Group

The compensation for the relocation

The Company has leased the Buildings and the Machinery to Beijing Beiren Fuji for its use until 31 December 2012. In consideration of compensation to be paid by Beiren Group to Beijing Beiren Fuji for relocation, Beijing Beiren Fuji agreed not to let the Buildings and the Machinery (which Beiren Group has acquired from the Company pursuant to the terms of the Property Transfer Agreement and Machinery Transfer Agreement) after the Relocation Compensation Agreement becomes effective. Beiren Group shall pay Beijing Beiren Fuji compensation in respect of relocating the Buildings by Beijing Beiren Fuji.

Consideration

The consideration payable by Beiren Group to Beijing Beiren Fuji for the relocation amounts to RMB10,746,900.00. Such consideration was arrived at after arm's length negotiations between Beijing Beiren Fuji and Beiren Group with reference to the estimated costs for the relocation as assessed by the PRC Independent Valuer as at the Valuation Date by using cost method.

LETTER FROM THE BOARD

The consideration shall be paid by Beiren Group in cash in the following manner:

1. RMB5,480,919.00, representing 51% of the consideration, shall be paid to the Company within 3 Business Days after the Relocation Compensation Agreement shall become effective;
2. RMB2,686,725.00, representing 25% of the consideration, to the Company within 3 Business Days after the Beijing Beiren Fuji has moved out from the Buildings; and
3. RMB2,579,256.00, representing 24% of the consideration, shall be paid to the Company before 15 December 2010.

Conditions and Completion

The Relocation Compensation Agreement shall become effective only upon obtaining the approval from the Independent Shareholders for the Relocation Compensation Agreement and the transactions contemplated thereunder.

Beijing Beiren Fuji shall move out of the Buildings and handover the Machinery to Beiren Group within 60 days after the Relocation Compensation Agreement shall become effective.

It is expected that there will be no gain or loss upon completion.

Other terms

If Beijing Beiren Fuji fails to move out from the Buildings pursuant to the Relocation Compensation Agreement, the Company shall pay an additional amount equal to 0.03% of the portion of consideration already paid by Beiren Group to be calculated per day for each day of delay as penalty.

If Beiren Group fails to pay consideration as scheduled pursuant to the Relocation Compensation Agreement, Beiren Group shall pay an additional amount equal to 0.03% of the outstanding consideration payable to be calculated per day for each day of delay to the Beijing Beiren Fuji as penalty.

LETTER FROM THE BOARD

THE REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

Under the ongoing impact of the international financial crisis, the Company is facing a fierce market environment and encountering consecutive losses in its operations. In order to be released from the difficulties as soon as possible, the Company intends to revise its economies of scale by reinvigorating the Company's assets in stock, focusing on the advantageous resources of the Company to develop its major businesses and transferring the non-core businesses and assets.

The Transactions will help to improve the operating results of the Company, the operational quality and efficiency of assets and increase the cash flow of the Company.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the independent financial adviser) consider that the terms of the Agreements are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Agreements are not inter-conditional to each other. Upon completion of the Transactions, there will be an expected income of approximately RMB265,350,100.00 and the Company expects that a gain of approximately RMB170,742,000.00 (after tax) will be accrued from the proceeds received from the Transactions. Such gain is calculated based on the income to be gained from the Transactions adjusted by the costs to be incurred therefrom. The assets of the Company will be increased to approximately RMB129,979,300.00 and the liabilities of the Company will be decreased to approximately RMB28,791,600.00.

The Company intends to use the sale proceeds for repaying bank loans and as general working capital.

GENERAL

The Group is principally engaged in the development, design, manufacturing and sales of printing presses and pressing machines.

Beiren Group is principally engaged in the manufacturing and sales of printing presses, packing machines, pressing machines and related products.

None of the Directors has a material interest in the Transactions. However, as Mr. Zhao Guorong is the director of Beiren Group, Mr. Bai Fan is the director of Beijing Jingcheng Electric Holding Co., Ltd. (a connected person of the Company) and Mr. Duan Yuangang

LETTER FROM THE BOARD

is a connected director (for the purpose of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange), they abstained from voting on the board resolution.

LISTING RULES IMPLICATIONS

The transaction under each of the Agreements may be aggregated under Rule 14A.25 of the Listing Rules. As the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules exceed 25% but are less than 75%, the Transactions constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are conditional upon approval by Shareholders. As at the Latest Practicable Date, having made all reasonable enquiries, Beiren Group is a substantial shareholder of the Company holding approximately 47.78% of the entire issued share capital in the Company and none of its associates holds any Shares. Therefore, Beiren Group is a connected person of the Company under Chapter 14A of the Listing Rules and the Transactions constitute connected transactions of the Company which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek approval from the Independent Shareholders in respect of the Agreements and the Transactions in the AGM to be convened on 29 June 2010. Beiren Group is holding approximately 47.78% of the entire issued share capital in the Company and therefore, Beiren Group and its associates will be required to abstain from voting in relation to the ordinary resolutions to approve the Agreements and the Transactions.

The Independent Board Committee has been formed to advise the Independent Shareholders on whether or not the Agreements and the Transactions are fair and reasonable and in the interests of the Shareholders as a whole. China Everbright has been appointed by the Company as its independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the Agreements and the transactions contemplated thereunder.

THE AGM

A supplemental notice convening the AGM to be held on 29 June 2010 (Tuesday) has been despatched to the Shareholders on 11 June 2010.

LETTER FROM THE BOARD

RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE

Your attention is drawn to (i) the letter from the Independent Board Committee dated 14 June 2010 set out on pages 25 to 26 of this circular which contains the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Agreements; and (ii) the letter from China Everbright dated 14 June 2010 as set out on pages 27 to 43 of this circular which contains the recommendation from China Everbright to the Independent Board Committee and the Independent Shareholders in relation to the Agreements and the principal factors and reasons considered by China Everbright in arriving at its recommendation.

Having taken into account the factors and reasons considered by, and the opinion of China Everbright as stated in its letter, the Independent Board Committee considers that the transactions pursuant to the Agreements are conducted on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM to approve the Agreements and the Transactions.

RECOMMENDATION OF THE BOARD

Taking into account the letter from the Independent Board Committee and all other factors as stated above as a whole, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM to approve the Agreements and the Transactions.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices I to IV to this circular.

Yours faithfully,

By order of the Board

BEIREN PRINTING MACHINERY HOLDINGS LIMITED

Zhao Guorong

Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



北人印刷機械股份有限公司
BEIREN BEIREN PRINTING MACHINERY HOLDINGS LIMITED
(a joint stock limited company established in the People's Republic of China)
(Stock Code: 187)

14 June 2010

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTIONS

IN RELATION TO

- (1) BEIREN YIXIN EQUITY TRANSFER AGREEMENT**
- (2) HAIMEN BEIREN FUJI EQUITY TRANSFER AGREEMENT**
- (3) RECEIVABLES TRANSFER AGREEMENT**
- (4) PROPERTY TRANSFER AGREEMENT**
- (5) MACHINERY TRANSFER AGREEMENT**
- (6) PATENTED TECHNOLOGY TRANSFER AGREEMENT**
- (7) INVENTORY TRANSFER AGREEMENT**
- AND**
- (8) RELOCATION COMPENSATION AGREEMENT**

We refer to the circular of the Company to the Shareholders dated 14 June 2010 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, terms used in this letter will have the same meanings as given to them in the section headed “Definitions” of the Circular.

We have been established by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of Agreements are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

We wish to draw your attention to the letter from China Everbright as set out on pages 27 to 43 of the Circular and the letter from the Board as set out on pages 6 to 24 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the factors and reasons considered by, and the opinion of China Everbright as stated in its letter, we consider that the transactions pursuant to the Agreements are conducted on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM to approve the Agreements and transactions contemplated thereunder.

Yours faithfully,

The Independent Board Committee
Beiren Printing Machinery Holdings Limited

LETTER FROM CHINA EVERBRIGHT

The following is the text of the “Letter from China Everbright” to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



14 June 2010

*To the Independent Board Committee and
the independent Shareholders of Beiren Printing Machinery Holdings Limited*

Dear Sirs,

MAJOR AND CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the Agreements and the transactions contemplated thereunder (the “**Transactions**”) are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole. The details of the Transactions are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular to the Shareholders dated 14 June 2010 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules exceed 25% but are less than 75%, the Transactions constitute major transactions for the Company under Chapter 14 of the Listing Rules and are conditional upon approval by Shareholders. As at the Latest Practicable Date, Beiren Group was a substantial shareholder of the Company holding approximately 47.78% of the entire issued share capital in the Company. Therefore, Beiren Group is a connected person of the Company under Chapter 14A of the Listing Rules and the Transactions constitute connected transactions of the Company which are subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM CHINA EVERBRIGHT

The Independent Board Committee, comprising all of the four independent non-executive Directors, namely Mr. Xu Wencai, Ms. Wang Hui, Mr. Xie Bingguang and Mr. Wang Deyu, has been formed to consider the fairness and reasonableness of the Transactions, and to make recommendations to the Independent Shareholders in respect thereof. We, China Everbright Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Our role as the independent financial adviser to the Independent Board Committee and the Independent Shareholders is to give our opinion as to whether the Transactions are: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Apart from normal professional fees for our services to the Company in connection with the engagement described above, no arrangement exists whereby China Everbright will receive any fees and benefits from the Group, Beiren Group or any of their respective associates. China Everbright is independent from and not connected with the Group, Beiren Group or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates pursuant to Rule 13.84 of the Listing Rules, and is accordingly qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Transactions.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management (the “**Management**”) of the Company and have assumed that such information, facts and opinions are true and accurate. We have also sought and received confirmation from the Directors that no material factors have been omitted from the information supplied and opinions expressed to us. However, we have not conducted any independent investigation into the business, operations or financial condition of the Group and Beiren Group. We have assumed that all statements and presentations made or referred to in the Circular were accurate at the time when they were made and are true at the date of the Circular.

We consider we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation.

LETTER FROM CHINA EVERBRIGHT

PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT

In formulating our view on the Transactions, we have taken into consideration the principal factors and reasons as set out below. In reaching our conclusion, we have considered the results of the analysis in light of each other and ultimately reached our opinion based on the results of all analysis taken as a whole.

(A) Background of and reasons for the Transactions

(i) *The Group and its future development strategies*

The Group is principally engaged in the manufacture and sales of a variety of printing press and related spare parts and provision of printing services. As extracted from the annual reports of the Company for the two years ended 31 December 2009 and the first quarter report of the Company for the three months ended 31 March 2010, the key financial figures of the Company during (i) the two years ended 31 December 2009; and (ii) the three months ended 31 March 2008 and 2009 were as follows:

	For the three month		For the year ended 31 December		
	ended 31 March				
	2010	2009	2009	2008	2007
	<i>(RMB in Thousands)</i>				
Turnover	170,555	144,080	748,384	739,161	1,052,869
Gross Profit/ (loss)	(7,968)	(20,250)	23,936	(15,415)	201,309
Net profit/(loss)	(3,704)	(20,788)	(179,187)	(285,113)	5,287
Equity	739,443	902,039	733,852	913,039	1,199,123

As illustrated above, the Group's financial performance and position have shown a decreasing trend since 2007. The Group's revenue decreased from approximately RMB1.05 billion in 2007 to approximately RMB748.38 million in 2009. In addition, the Company incurred net loss of approximately RMB285.11 million and approximately RMB179.19 million in 2008 and 2009, respectively. As at 31 March 2010, the Company's equity amounted to approximately RMB739.44 million, down approximately 38.33% from approximately RMB1.20 billion as at 31 December 2007.

LETTER FROM CHINA EVERBRIGHT

During the three months ended 31 March 2010, the financial performance of the Company was slightly improved. Its revenue increased by approximately 18.38% to RMB170.56 million during the three months ended 31 March 2010. Its net loss decreased from approximately RMB20.79 million during the three months ended 31 March 2009 to approximately RMB3.70 million during the same period in 2010.

As explained by the Management, the overall deterioration of the Company's financial performance and position is mainly attributable to below reasons:

- As the PRC printing industry passed the fast growth phase, the book printing and press printing have shown a contracting trend, leading to a downturn in the printing machinery industry; and
- The Company has faced a squeeze in profit margin as a result of an increase in raw materials and labour cost during the past few years.

As disclosed in the annual report of the Company for the year ended 31 December 2009 ("**2009 Annual Report**"), 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. To proactively address the operating challenges faced by the Company, the Company plans to (i) adjust its existing product structure; and (ii) reallocate and focus its resources on the development of its core product series.

LETTER FROM CHINA EVERBRIGHT

(ii) The subjects (“Subject Assets”) of the Agreements

Set out below is the summary of the Subject Assets:

Name of the Agreements	Subject Assets
1. Beiren Yixin Equity Transfer Agreement	<p>According to the Beiren Yixin Equity Transfer Agreement, the Company will transfer the entire equity interest in Beiren Yixin to Beiren Group at a cash consideration of RMB176,370,400.</p> <p>Beiren Yixin is principally engaged in technology development of the printing machines and products, technology transfer, technical consultation, technical services, and machines rental.</p>
2. Haimen Beiren Fuji Equity Transfer Agreement (as amended by the Supplemental Agreement)	<p>According to the Haimen Beiren Fuji Equity Transfer Agreement (as amended by the Supplemental Agreement), the Company and its subsidiary will transfer the entire equity interest in Haimen Beiren Fuji to Beiren Group at a cash consideration of RMB23,129,263.90.</p> <p>Haimen Beiren Fuji is principally engaged in manufacture and sale of printing machines and spare parts ancillary thereto.</p>
3. Receivables Transfer Agreement	<p>According to the Receivables Transfer Agreement, the Company will transfer the Receivables to Beiren Group at consideration of RMB19,983,777.72, which is equal to the receivables owning by Haimen Beiren Fuji to the Company as at 31 March 2010, subject to the terms of the Receivables Transfer Agreement.</p>

LETTER FROM CHINA EVERBRIGHT

Name of the Agreements	Subject Assets
4. Property Transfer Agreement	According to the Property Transfer Agreement, the Company will transfer the land development costs in respect of a parcel of land located at Fatou region of Chaoyang District, Beijing with an area of 16,500 square meters and the Buildings and structures erected thereon at a cash consideration of RMB11,490,471.10.
5. Machinery Transfer Agreement	According to the Machinery Transfer Agreement, the Company will transfer certain machinery and equipment including transformer, air conditioning system, cranes, which are owned by the Company and ancillary to the Buildings at a cash consideration of RMB3,162,750.
6. Patented Technology Transfer Agreement	According to the Patented Technology Transfer Agreement, the Company will transfer an exclusive right to use the Patented Technology for 50 years for manufacturing and selling the quarto four-color lithographic printing machines at a cash consideration of RMB2,180,100. The Company shall retain the rights to use the Patented Technology but shall not grant further rights to use the Patented Technology to any third party.
7. Inventory Transfer Agreement	According to the Inventory Transfer Agreement, the Company will transfer certain inventories possessed by the Company including raw materials, working materials, quarto four-color lithographic printing machines and work-in-progress products to Beiren Group at a cash consideration of RMB18,286,487.57.

LETTER FROM CHINA EVERBRIGHT

Name of the Agreements	Subject Assets
8. Relocation Compensation Agreement	The Company has leased the Buildings and the Machinery to Beijing Beiren Fuji for its use until 31 December 2012. In consideration of compensation of RMB10,746,900 to be paid by Beiren Group to Beijing Beiren Fuji for relocation, Beijing Beiren Fuji agreed not to let the Buildings and the Machinery (which Beiren Group has acquired from the Company pursuant to the terms of the Property Transfer Agreement and Machinery Transfer Agreement) after the Relocation Compensation Agreement becomes effective. Beiren Group shall pay Beijing Beiren Fuji compensation in respect of relocating the Buildings by Beijing Beiren Fuji.

Set out below is the summary of the key financial figures of Beiren Yixin and Haimen Beiren Fuji during the two years ended 31 December 2009:

	Audited net loss after taxation during the year ended 31 December		Audited net asset value as at 31 March
	2009	2008	2010
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
1. Beiren Yixin	300	Not applicable <i>(Note)</i>	22,342,700
2. Haimen Beiren Fuji	3,795,726.08	5,944,484.61	11,539,839.25

Note:

Beiren Yixin was incorporated on 21 September 2009.

LETTER FROM CHINA EVERBRIGHT

(iii) Reasons for, and benefit of, the Transactions

After discussion with the Management, we are advised that the following commercial rationales behind the Transactions:

Name of the Agreements Commercial rationales behind the Transactions

- | | |
|--|--|
| (A) Beiren Yixin
Equity Transfer
Agreement | Beiren Yixin was incorporated on 21 September 2009 and it was designed to act as a technology platform for the Group in developing technology of the printing machines and products, technology transfer, technical consultation, technical service. However, taking into account that (i) the overall operating environment for the printing machinery industry remains difficult; (ii) the Group's financial performance and position have continued to worsen since 2007; and (iii) considerable amount of the Group's financial resource is required for the development and daily operation of Beiren Yi Xin, for example, the establishment of R&D facilities of Beiren Yi Xin and other capital expenditure, the Management decided to transfer its investment in Beiren Yi Xin to Beiren Group at fair value in order to lessen the Group's its financial burden and improve its financial position. |
|--|--|

LETTER FROM CHINA EVERBRIGHT

- (B) Haimen Beiren Fuji Equity Transfer Agreement, Receivables Transfer Agreement, Patented Technology Transfer Agreement and Inventory Transfer Agreement
- Haimen Beiren Fuji is principally engaged in manufacture and sale of printing machines (quarto four-color lithographic printing business) and spare parts ancillary thereto.
- As advised by the Management, after 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, the Management consider that it is difficult to turn around the loss-making situation of Haimen Beiren Fuji in short to medium term even if great effort is devoted by Management because (i) there is fierce competition at quarto four-color lithographic printing business segment; and (ii) the growth potential of this printing business segment is relatively limited.

In light of the above, the Management decided to withdraw from quarto four-color lithographic printing business segment by disposing its investment in Haimen Beiren Fuji and the related assets, including the relevant patented technology, inventories and receivables, to Beiren Group at fair value in order to improve the financial position of the Group and let the Group in utilising its resources for the development of its core product series.

LETTER FROM CHINA EVERBRIGHT

- (C) Property Transfer Agreement, Relocation Compensation Agreement and Machinery Transfer Agreement
- As advised by the Management, the land use rights (“**Land Use Right**”) of a parcel of land (“**Land Parcel**”) located at Fatou region of Chaoyang District, Beijing with a site area of 16,500 square meters and the buildings erected thereon were contracted to be transferred by Beiren Group to the Group by way of injection capital when the Company was incorporated in 1993.

As the Land Use Right was granted by the relevant authority to Beiren Group in June 1993, the Group cannot obtain the valid building certificates for the buildings erected on the Land Parcel.

In accordance with the requirement of <Notice of Beijing listed companies corporation governance in 2009>《關於北京轄區上市公司2009年公司治理相關工作的通知》published by China Securities Regulation Commission, to solve the problem of the inconsistent legal entities of land and buildings erected thereon, the Company intends to transfer the (i) land development cost and buildings erected, and (ii) corollary machines and equipment to Beiren Group.

As the Company signed tenancy agreement with Beijing Beiren Fuji in January 2003, pursuant to which the Company agreed to lease the Land Parcel and the buildings erected thereon to Beijing Beiren Fuji for a term commencing on 1 January 2003 and expiring on 31 December 2012. Due to the above transfer in properties, Beiren Group, as the successor of using the Premises and the Machinery, shall pay Beijing Beiren Fuji cash compensation of RMB10,746,900.00 in respect of relocating the Premises by Beijing Beiren Fuji.

LETTER FROM CHINA EVERBRIGHT

In light of the above, in particular that:

1. the principal purpose of the Transactions is to lessen the financial burden of the Group through transferring loss-making subsidiaries and related assets to Beiren Group at fair values;
2. the Company is allowed to focus its resources on the development of its core product series with better growth potential; and
3. the long-standing issue of inconsistency between buildings and land can be solved through Property Transfer Agreement,

we are of the view that the Transactions are consistent with the overall corporate strategy of the Company and in the interests of the Company and the Independent Shareholders as a whole.

(B) The cash considerations under the Acquisition Agreements

(i) Consideration and basis of determination

As stated in the Letter from the Board, the cash considerations payable to the Company under the Beiren Yixin Equity Transfer Agreement and Haimen Beiren Fuji Equity Transfer Agreement are determined with reference to the net asset value of Beiren Yixin and Haimen Beiren Fuji as assessed by the PRC Independent Valuer as at the Valuation Date, the valuation of which was set out in a valuation report which was subsequently endorsed by Beijing SASAC.

In relation to the Receivables Transfer Agreement, the Machinery Transfer Agreement, the Patented Technology Transfer Agreement, the Inventory Transfer Agreement and Relocation Compensation Agreement, the cash consideration payable to the Company is arrived at after arm's length negotiations between the Company and Beiren Group with reference to the valuation/assessment of (i) the Receivables as at the Valuation Date (in the case of Receivables Transfer Agreement); (ii) the Machinery as at the Valuation Date (in the case of Machinery Transfer Agreement); (iii) the Patented Technology as at the Valuation Date (in the case of Patented Technology Transfer Agreement); (iv) the Inventory as at the Valuation Date (in the case of Inventory Transfer Agreement); and (v) the estimated costs for the relocation as assessed by the PRC Independent Valuer as at the Valuation Date.

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In relation to the Property Transfer Agreement, the consideration payable to the Company is arrived at after arm's length negotiations between the Company and Beiren Group with reference to the valuation of the Property by the PRC Independent Valuer as at the Valuation Date.

Set out below are the summary of the cash considerations (“**Considerations**”) under the Agreements and the appraised values of the relevant assets as stated in the asset valuation reports:

Name of the Agreements	Amount of the cash considerations (RMB)	The appraised value of the relevant assets (RMB)	Valuation methodology	Date of valuation
1. Beiren Yixin Equity Transfer Agreement	176,370,400	176,370,400	Asset-based method	31 March 2010
2. Haimen Beiren Fuji Equity Transfer Agreement	23,129,263.60	23,129,263.60	Asset-based method	31 March 2010
3. Receivables Transfer Agreement	19,983,777.72	19,983,777.72	Cost method	31 March 2010
4. Property Transfer Agreement	11,490,471	11,490,471	Cost method	31 March 2010
5. Machinery Transfer Agreement	3,162,750	3,162,750	Cost method	31 March 2010
6. Patented Technology Transfer Agreement	2,180,100	2,180,100	Cost method	31 March 2010
7. Inventory Transfer Agreement	18,286,487.57	18,286,487.57	Comparison method	31 March 2010
8. Relocation Compensation Agreement	10,746,900	10,746,900	Cost method	31 March 2010

In assessing the fairness of the Considerations, we had discussed with the PRC Independent Valuer on the methodology adopted and the assumptions used in arriving at the appraisal values of the Subject Assets as at 31 March 2010. Based on our discussion with the PRC Independent Valuer, we have no reason to doubt the fairness and appropriateness of the methodologies adopted and assumptions adopted by them in carrying out the valuation of the Subject Assets.

LETTER FROM CHINA EVERBRIGHT

As advised by the Management, the appraisal valuations of the Subject Assets were conducted in accordance with the relevant rules and regulations regarding asset valuation in the PRC. Pursuant to 企業國有產權轉讓管理暫行辦法 (the Provisional Measures on the Management of Acquisition of the State-owned Property Rights of Enterprises) effective from 1 February 2004, the consideration for the acquisition of State-owned assets shall be based on the value appraised by a qualified valuer endorsed by or filed with the relevant PRC government regulatory bodies. In view of the above and as confirmed by the Management that the PRC Independent Valuer is qualified valuer endorsed by or filed with the relevant PRC government regulatory bodies, we consider that the Considerations, which are based on the appraised value, are in line with our understanding of the above PRC regulation.

Shareholders should note that we have not considered the property valuation report (“**Property Valuation Report**”) prepared by the Independent Property Valuer in Appendix II of the Circular in assessing the consideration under the Property Transfer Agreement because no commercial value was assigned by the Independent Property Valuer on the Buildings as the Company did not obtain the ownership of the Buildings through the relevant building ownership certificates as at the Valuation Date. As stated in the Property Valuation Report, for reference purpose, the Independent Property Valuer is of the option that the depreciated replacement cost of the Buildings as at the Valuation Date would be RMB12,908,000 assuming all relevant title certificates have been obtained and the Buildings could be freely transferred. However, all relevant title certificates had not been obtained by the Company as at the Latest Practicable Date.

(ii) Comparable connected transactions

To assess the fairness and reasonableness of the Considerations, we have, to the best of our knowledge, information and belief, performed searches on the official website of the Stock Exchange and identified 31 connected transactions (“**Comparable Connected Transactions**”) since 1 June 2009, being 12 months preceding the date of the Acquisition Agreements, up to the Latest Practicable Date, involving all acquisitions of assets or businesses from connected parties by companies incorporated in the PRC and listed on the main board of the Stock Exchange and adopted the appraised values as the basis to determine the relevant considerations. We compared the premium/discount of the considerations over/to appraised values of the Comparable Connected Transactions. However, we have to point out that

LETTER FROM CHINA EVERBRIGHT

although the analysis of Comparable Connected Transactions can reflect transaction benchmark and provides a guideline for valuation, it does not include differences in industries, accounting policies and standards as well as differences in local regulations, operating environment, business model, taxation and other unique characteristics of different target companies. However, we believe the following Comparable Connected Transactions analysis still provides a meaningful benchmark to assess the Considerations. The following table sets out the approximate considerations, appraised values and the premium/discount of the considerations over/to appraised values of the Comparable Connected Transactions:

Stock code	Listed companies	Date of agreement	Consideration (RMB million)	Appraised value of the target asset(s) (RMB million)	(Discount)/ premium to/ over the appraised value
548	Shenzhen Expressway Company Limited	30 Jun 2009	1,156	1,168	(1.11%)
553	Nanjing Panda Electronics Company Limited	10 July 2009	2.64	2.64	0%
1171	Yanzhou Coal Mining Company Limited	24 July 2009	116.3	121.78	(4.5%)
1088	China Shenhua Energy Company Limited	31 July 2009	16.08	16.08	0%
553	Nanjing Panda Electronics Company Limited	10 August 2009	52.95	52	1.8%
2337	Shanghai Forte Land Co., Ltd.	13 August 2009	24.49	22.25	10.06%
386	China Petroleum & Chemical Corporation	21 August 2009	3,945.81	3,945.81	0%
1919	China COSCO Holdings Company Limited	27 August 2009	278.67	278.67	0%
857	PetroChina Company Limited	28 August 2009	2,813.33	2,813.33	0%
857	PetroChina Company Limited	27 – 28 August 2009	11,066.37	11,066.37	0%

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Stock code	Listed companies	Date of agreement	Consideration (RMB million)	Appraised value of the target asset(s) (RMB million)	(Discount)/ premium to/ over the appraised value
811	Sichuan Xinhua Winshare Chainstore Co., Ltd.	7 September 2009	12.4	12.4	0%
1898	China Coal Energy Company Limited	10 September 2009	91.92	93.20	(1.4%)
8290	Tianjin Tianlian Public Utilities Company Limited	16 September 2009	620.74	624.9	(0.67%)
2600	Aluminum Corporation of China Limited	29 October 2009	30	30	0%
1072	Dongfang Electric Corporation Limited	13 November 2009	155.79	155.79	0%
2868	Beijing Capital Land Ltd.	20 November 2009	369.5	376.36	(1.86%)
161	CATIC Shenzhen Holdings Limited	18 November 2009	833.04	791	5.3%
1108	Luoyang Glass Company Limited	16 December 2009	7.3	7.3	0%
857	PetroChina Company Limited	30 December 2009	1,088.06	1,088.06	0%
38	First Tractor Company Limited	29 December 2009	5	5	0%
2009	BBMG Corporation	31 December 2009	12.26	12.26	0%
2009	BBMG Corporation	15 January 2010	118.6	118.6	0%
1618	Metallurgical Corporation of China Ltd.	15 January 2010	387.39	395.06	(1.98%)
2009	BBMG Corporation	17 January 2010	1,496.39	1,496.39	0%
390	China Railway Group Limited	8 March 2010	408.64	408.64	0%
1053	Chongqing Iron & Steel Company Limited	18 March 2010	37.36	37.36	0%
1099	Sinopharm Group Co., Ltd.	23 March 2010	1,189.51	1,189.51	0%

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Stock code	Listed companies	Date of agreement	Consideration (RMB million)	Appraised value of the target asset(s) (RMB million)	(Discount)/ premium to/ over the appraised value
763	ZTE Corporation	8 April 2010	152.9	152.9	0%
2880	Dalian Port (PDA) Company Limited	5 May 2010	25.72	25.72	0%
2357	AviChina Industry & Technology Company Limited	11 May 2010	908.24	908.66	0%
1138	China Shipping Development Company Limited	17 May 2010	144.46	144.46	0%
				Maximum:	10.06%
				Minimum:	(4.5%)
				Average:	0.18%
The Transactions:					0%

Source: Announcements published on the Stock Exchange's website

Note: The premium/discount of the considerations over/to the appraised values is calculated by dividing the considerations by the PRC appraised values of the Comparable Connected Transactions.

As shown above, the premium over/ (discount to) the appraised value of the Comparable Connected Transactions ranged from approximately (4.5)% to 10.06%. Given that the Considerations are equivalent to the appraised value of the Subject Assets to be disposed by the Group; and (ii) within the range of premium over/ (discount to) the appraised value of the Comparable Connected Transactions, we are of the view that the Considerations are fair and reasonable to the Company and the Independent Shareholders as a whole.

(C) Possible financial effects

(i) Effects on net assets value and earnings

Following completion of the Transactions (“**Completion**”), Beiren Yixin and Haimen Beiren Fuji would no longer be subsidiaries of the Company. Accordingly, the operating results and financial positions of Beiren Yixin and Haimen Beiren Fuji would no longer be consolidated into the financial statements of the Group.

LETTER FROM CHINA EVERBRIGHT

Given that Beiren Yixin and Haimen Beiren Fuji are loss-making companies, the Company's earnings would be enhanced as a result of the exclusion of financial results of Beiren Yixin and Haimen Beiren Fuji.

As stated in the Letter from the Board, upon the Agreements become effective, there will be an expected income of approximately RMB265.35 million and the Company expects that a gain of approximately RMB170.74 million (after tax) will be accrued from the proceeds received from the Transactions. Such gain is calculated based on the income to be gained from the Transactions adjusted by the costs to be incurred therefrom. The assets of the Company will be increased to approximately RMB129.98 million and the liabilities of the Company will be decreased to approximately RMB28.79 million.

(ii) *Effects on working capital*

Following Completion, the balance of approximately RMB268,458,800 would be paid by Beiren Group to the Company. As stated in the Letter from the Board, the Company intends to use the sale proceeds for returning the bank loans, paying the relocation expenses and funds for technological renovation and supplementing the working capital. Through the above measures, the Management believe that the Company will be able to get rid of the financial difficulties as soon as possible.

(D) Recommendation

Based on the above principal factors and reasons, we are of the opinion that the Agreements and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and its shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant ordinary resolutions to approve the Agreements and the transactions contemplated thereunder as detailed in the notice of AGM which has been despatched to the Shareholders.

Yours faithfully,

For and on behalf of

China Everbright Capital Limited

Alvin Kam

Director

1. STATEMENT OF INDEBTEDNESS

As at 31 May 2010, being the latest practicable date for the purpose of the statement of indebtedness, the Group had outstanding borrowings of approximately RMB346,850,000, of which RMB328,850,000 is short-term borrowings and RMB18,000,000 is long-term borrowings.

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at the close of business on 31 May 2010, have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, charges or debentures, mortgages, loans, or other similar indebtedness or any finance lease commitments, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credit or any guarantees or other material contingent liabilities.

2. WORKING CAPITAL

Taking into account the expected cash inflow of approximately RMB265,350,100.00 upon completion of the Transactions, the Directors of are of the opinion that the Group has sufficient working capital for at least the next 12 months from the date of this circular in the absence of unforeseeable circumstances.

3. FINANCIAL AND TRADING PROSPECT

The Company has an adequate amount of working capital which is sufficient for the operation and production activities of the Company in the next 12 months.

Upon completion of the Transactions, the Company will use the expected income for repaying bank loans, paying the expenses for relocation and upgrades of the technologies and as general working capital. The Company's cashflow, operation results, qualities and efficiency will be improved as a result.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, the date to which the latest published audited consolidated financial statements of the Group were made up.

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Sallmanns Limited, an independent property valuer, in connection with its valuation as at 31 March 2010 of the property interests of Beiren Printing Machinery Holdings Limited and Beiren Yixin (Beijing) Technology Development Company Limited.



Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

14 June 2010

The Board of Directors

Beiren Printing Machinery Holdings Limited

No. 6 Rongchang Dongjie

Beijing Economic-Technological Development Area

Beijing

The People's Republic of China

Dear Sirs,

In accordance with your instructions to value the properties in which Beiren Printing Machinery Holdings Limited (the "Company") and Beiren Yixin (Beijing) Technology Development Company Limited. ("Yixin", a wholly-owned subsidiary of the Company) have interests in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 31 March 2010 (the "date of valuation").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

Based on the opinion from the Company's PRC legal advisers, we have ascribed no commercial value to the properties. However, reference values are provided based on respective assumptions as detailed in the footnotes of the valuation certificates.

The reference value of property no. 1 has been estimated on the basis of the depreciated replacement costs of its buildings and structures.

Depreciated replacement cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.” It is based on an estimate of the current cost of replacement of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

The reference value of property no. 2 has been estimated by adopting the residual valuation method, which we would define as the market value of the property concerned, assuming that it is newly completed in accordance with the details of the development proposal provided to us in terms of property uses, respective saleable areas and construction schedules which are firstly established by the comparative approach to establish the gross development value of the property. The total unexpended costs of development including construction costs, professional fees and other associated expenditure, together with an allowance for interest expense, and developer’s profit are estimated and deducted from the established gross development value of the property. The resultant residual figure is then adjusted back to the date of valuation to arrive at the suggested market value of the property concerned in its existing state. We emphasize that this is not the stated capital value of the property interest and has been included for reference purposes only, subject to the special assumptions outlined in the Notes.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards on Properties published from time to time by the Hong Kong Institute of Surveyors; and the IVS published from time to time by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Company and Yixin and have accepted advice given to us on such matters as tenure, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — Beijing Baoyin Law Firm, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and Yixin. We have also sought confirmation from the Company and Yixin that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 27 years' experience in the valuation of properties in the PRC and 30 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

SUMMARY OF VALUES

Group I — Property interest held for investment by the Company in the PRC

No.	Property	Capital value in existing state as at 31 March 2010 RMB
1.	19 buildings and various structures No. 9 Huagong Road Chaoyang District Beijing The PRC	No commercial value
Sub-total:		Nil

Group II — Property interest held for future development by Yixin in the PRC

No.	Property	Capital value in existing state as at 31 March 2010 RMB
2.	A parcel of land located at Block 64 Beijing Econ-Tech Development Area Beijing The PRC	No commercial value
Sub-total:		Nil
Grand total:		Nil

VALUATION CERTIFICATE

Group I — Property interest held for investment by the Company in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in										
				existing state as at 31 March 2010 RMB										
1.	19 buildings and various structures No. 9 Huagong Road Chaoyang District Beijing The PRC	<p>The property comprises 19 buildings and various ancillary structures which were completed in various stages between 1969 and 1994.</p> <p>The buildings have a total gross floor area of approximately 9,488.71 sq.m., the details of which are set out as follows:</p> <table><tr><th>Usage</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Office</td><td>650.92</td></tr><tr><td>Production</td><td>5,418.30</td></tr><tr><td>Ancillary</td><td>3,419.49</td></tr><tr><td>Total:</td><td>9,488.71</td></tr></table>	Usage	Gross Floor Area (sq.m.)	Office	650.92	Production	5,418.30	Ancillary	3,419.49	Total:	9,488.71	The property is currently occupied by Beijing Beiren Fuji Printing Machinery Co., Ltd. for production and ancillary purposes.	No commercial value
Usage	Gross Floor Area (sq.m.)													
Office	650.92													
Production	5,418.30													
Ancillary	3,419.49													
Total:	9,488.71													

Notes:

1. As advised by the Company, the property is located at a parcel of land under a State-owned Land Use Rights Certificate – Chao Quan Guo Yong (93) Zi Di No. 00006 (朝全國用(93)字第00006號), pursuant to which the land use rights of the parcel of land with a site area of approximately 16,500 sq.m. have been granted to Beiren Group Company (北人集團公司, the shareholder of the Company) for industrial use.
2. We have not been provided with any title certificates of the property.
3. Pursuant to a Tenancy Agreement and 4 Supplementary Tenancy Agreements dated between 28 November 1995 and 1 January 2003 entered into between the Company and Beijing Beiren Fuji Printing Machinery Co., Ltd. (a 70% interest owned subsidiary of the Company), the property was leased to Beijing Beiren Fuji Printing Machinery Co., Ltd. at a monthly rent of RMB43,864.17 for a term commencing on 1 January 2003 and expiring on 31 December 2012.
4. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:

a. The Company will obtain the ownership of the property after obtaining relevant Building Ownership Certificates pertaining to the property;

- b. It is subject to the title situation of the land on which the property is located that the Company's rights to occupy, use, transfer, donate, mortgage and otherwise dispose of the property; and
 - c. The Company's rights to use the land on which the property is located will be protected by the PRC laws after the Company has completed relevant land grant procedures and obtained the State-owned Land Use Rights Certificate under the name of the Company.
- 5. We have relied on the aforesaid legal opinion and attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the property (excluding the land element) as at the date of valuation would be RMB12,908,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.

VALUATION CERTIFICATE

Group II — Property interest held for future development by Yixin in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2010 <i>RMB</i>
2.	A parcel of land located at Block 64 Beijing Econ-Tech Development Area Beijing The PRC	<p>The property comprises a parcel of land with a site area of approximately 31,887.5 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 25 December 2050 for industrial use.</p>	The property is currently vacant.	No commercial value

Notes:

1.

Pursuant to a State-owned Land Use Rights Transfer Contract entered into between the Company and Yixin dated 19 October 2009, the land use rights of a parcel of land with a site area of approximately 31,887.5 sq.m. were contracted to be transferred to Yixin by way of capital contribution at a consideration of RMB15,656,762.50.
2.

Pursuant to a State-owned Land Use Rights Certificate - Kai You Xian Guo Yong (2009) Di No.73 (開有限國用(2009)第73號), the land use rights of the parcel of land with a site area of approximately 31,887.5 sq.m. have been granted to Yixin for a term expiring on 25 December 2050 for industrial use.
3.

As advised by the Company, a 12-storey grade-A office building with 2-level basement is planned to be constructed on the property. Upon completion, the building will have a gross floor area of approximately 57,280 sq.m., the details of which are set out as follows:

Usage	Gross Floor Area <i>(sq.m.)</i>
Office	47,830
Car parking spaces (270 lots)	9,450
Total:	57,280

As at the date of valuation, Yixin has not obtained any construction permits relating to the property.

4.

We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:

a.

Yixin has legally obtained the land use rights of the property and has the rights to occupy, use, lease and mortgage the land use rights of the property legally in accordance with the valid term stipulated by the State-owned Land Use Rights Certificate;

- b. Yixin has not obtained requisite approvals for the development of the vacant land from the relevant government authorities and has not have the legal rights to develop and transfer the relevant land use rights of the property; and
 - c. The property is not subject to mortgage or any other encumbrances.
- 5. We have relied on the aforesaid legal opinion and attributed no commercial value to the property. However, for reference purpose, by adopting the residual valuation method which is applicable where comparables are not readily available in the market, we are of the opinion that the market value of the property in its existing state as at the date of valuation would be RMB133,000,000 based on the following special assumptions:
 - a. the property can be freely transferred;
 - b. all necessary construction permits for the development of the property have been obtained;
 - c. the development scheme set out in note 3 has been approved by the relevant government authorities without any further land premium;
 - d. the plot ratio of the property is 1.5 which complies with normal planning guidelines; and
 - e. the office building will be constructed and completed within a reasonable period of time.

The following is the text of the valuation reports prepared for the purpose of incorporation in this circular received from China Faith Appraisers Co., Ltd. (北京國有大正資產評估有限公司), an independent valuer, in connection with the valuations of Beiren Yixin, the Property and the Machinery held by the Group as at 31 March 2010.

Proposal of Beiren Printing Machinery Holdings Ltd. to
transfer equities of Beiren Yixin (Beijing)
Technology Development Co., Ltd.

Asset Appraisal Report Summary
Guoyou Dazheng Appraisal Report Ref (2010) No. 93

China Faith Appraisers Co., Ltd. accepted the entrustment from Beiren Printing Machinery Holdings Ltd., in accordance with the relevant laws, regulations and asset appraisal standards of the State, observing the independent, objective and fair principles, has conducted an appraisal on the entire shareholders’ equity of Beiren Yixin (Beijing) Technology Development Co., Ltd. involved in an equity transfer.

The appraisal subject of this appraisal was the entire shareholders’ equity of Beiren Yixin (Beijing) Technology Development Co., Ltd. The scope of appraisal was all assets and relevant liabilities of Beiren Yixin (Beijing) Technology Development Co., Ltd. The value type for the valuation is market value. The base date of appraisal was 31 March 2010.

The appraiser has performed necessary appraisal procedures, taking the continuous use of assets and open market as a basis, the asset-based approach was adopted to make appraisal and estimations, which formed the final conclusion of the appraisal report. As on the base date of appraisal, the appraisal result of the entire shareholders’ equity of Beiren Yixin (Beijing) Technology Development Co., Ltd. was RMB176,370,400. Report Results of Asset Appraisal of Beiren Yixin (Beijing) Technology Development Co., Ltd.

		Amount: RMB1,000			
ITEM	Book value	Valuation	Appreciation/ Depreciation	Appreciation rate %	
	A	B	C=B-A	D=C/A × 100%	
1	Current assets	6,787.1	6,787.1	—	—
2	Non-current assets	15,656.8	169,684.5	154,027.7	9,837.8
3	Intangible assets	15,656.8	169,684.5	154,027.7	9,837.8
4	Total assets	22,443.9	176,471.6	154,027.7	6,862.8
5	Current liabilities	101.2	101.2	—	—
6	Total liabilities	101.2	101.2	—	—
7	Net assets (owners’ equity)	22,342.7	176,370.4	154,027.7	6,893.9

The appraiser has made explanations of special issues on the hypothetical conditions and other issues as adopted in the Hypothetical Development Method during the appraisal process, to which users of the appraisal report should pay attention.

The validity of the appraisal conclusion in this appraisal report is one year from the base date of appraisal, i.e. from the date of asset valuation, 31 March 2010 to 30 March 2011.

This valuation report is dated 7 May 2010.

The above content is an excerpt from the full appraisal report. To understand the details and have a reasonable understanding on the appraisal conclusion of this appraisal project, the full appraisal report should be read carefully.

China Faith Appraisers Co., Ltd.

Legal Representative:

Certified Public Assets Appraiser:

7 May 2010

Proposal of Beiren Printing Machinery Holdings Ltd. to
transfer equities of Beiren Yixin (Beijing)
Technology Development Co., Ltd.

Asset Appraisal Report
Guoyou Dazheng Appraisal Report Ref (2010) No. 93

Beiren Printing Machinery Holdings Ltd.:

China Faith Appraisers Co., Ltd. accepted the entrustment from Beiren Printing Machinery Holdings Ltd., in accordance with the relevant laws, regulations and asset appraisal standards of the State, applying the asset-based approach and following necessary appraisal procedures, has conducted an appraisal on the market value as on 31 March 2010 of the entire shareholders’ equity of Beiren Yixin (Beijing) Technology Development Co., Ltd. involved in a proposed equity transfer for Beiren Printing Machinery Holdings Ltd. The asset appraisal report is hereby presented below.

I. THE ENTRUSTING PARTY, APPRAISED PARTY AND APPRAISAL REPORT
USERS:

The entrusting party of this project was Beiren Printing Machinery Holdings Ltd. The party being appraised was Beiren Yixin (Beijing) Technology Development Co., Ltd. Users of the appraisal report, include the entrusting party and other appraisal report users stipulated by relevant State laws and regulations.

(I) Information of the entrusting party:

Name of enterprise:	Beiren Printing Machinery Holdings Ltd.
Address:	No. 6, Rongchang Street, Beijing Economic and Technological Development Zone, Beijing.
Legal representative:	PANG Liandong
Registered capital:	RMB422,000,000
Paid-in capital:	RMB422,000,000
Company type:	Holdings Ltd. (listed, State-holding)

Business scope:

Authorized business projects: To manufacture printing machineries, forging equipment, packing machineries, and the parts and components of the afore-said machineries and equipment. General business projects: To develop, design and sale printing machineries, forging equipment, packing machineries, and the parts and components of the afore-said machineries and equipment; technical consulation, technical support service; operate import business of the products and materials manufactured by our enterprise or other members, various meters, and parts and components of the afore-said machineries and equipment (except commodities restricted by the State to be operated by a business and those forbidden for import and export by the State); operate the business of processing materials provided by clients and “processing raw materials based on the client’s demands, assembling parts for the client, processing according to client’s samples and compensation trade in foreign trade business”; and the rental of office space, machineries and equipment.

(II) Information of the appraised party:

1. Overview

Name of the enterprise:	Beiren Yixin (Beijing) Technology Development Co., Ltd.
Address:	5/F., Block 1, No. 6, Rongchang Street, Beijing Economic and Technological Development Zone, Beijing.
Legal representative:	PANG Liandong
Registered capital:	RMB22,367,000
Paid-in capital:	RMB22,367,000

Company type:	Limited liabilities company (sole proprietary legal entity)
Business scope:	Authorized business projects: Nil. General business projects: To provide technological development, technological transfer, technological consultation and technological service of printing machineries and products; equipment rental (except exclusively approved projects), in which investment of land-use right was RMB15,656,762.5).

2. Enterprise introduction:

Beiren Yixin (Beijing) Technology Development Co., Ltd. was set up in September 2009. It was set up solely by A+H listed company Beiren Printing Machinery Holdings Ltd. (stock code 600860). In March 2010, Beiren Printing Machinery Holdings Ltd. increased capital for Beiren Yixin (Beijing) Technology Development Co., Ltd. with land-use right and cash. After the capital increase, Beiren Yixin (Beijing) Technology Development Co., Ltd., the total registered capital would be RMB 22,367,000. As at the date of appraisal, Beiren Yixin (Beijing) Technology Development Co., Ltd. had the following equity structure:

Shareholder	Investment amount (RMB1,000)	Percentage
Beiren Printing Machinery Holdings Ltd.	22,367	100%
Total	22,367	100%

The major business scope of Beiren Yixin (Beijing) Technology Development Co., Ltd. is to provide technological development, technological transfer, technological consultation and technological service of printing machineries and products; equipmental rental (except exclusively approved projects). Various business lines of the company are currently still at a preliminary stage. In future, the company will gradually set up a research and development platform for printing

machineries and relevant products. The company will also rely on its strong printing equipment and relevant technological capabilities to gradually develop relevant technological consultation projects.

3. *Status of assets and liabilities and business performance in the recent years and on the date of appraisal:*

Below is the information of the balance sheet as at 31 December 2009 and the balance sheet as at the base date of appraisal (financial statement has been audited by ShineWing Certified Public Accountants Co., Ltd. The audit report reference was XYZH/2009A4009-13):

ITEM	Unit: RMB	
	31 Mar 2010	31 Dec 2009
Current assets	6,787,100	1,000,900
Non-current assets	15,656,800	—
Long-term investments	—	—
Fixed assets	—	—
Tangible assets and other assets	15,656,800	—
Total assets	22,443,900	10,000,900
Current liabilities	101,200	1,200
Non-current liabilities	—	—
Total liabilities	101,200	1,200
Net assets	22,342,700	999,700

Profit and Loss for 2009 and Profit and Loss for Jan-Mar 2010 (financial statement has been audited by ShineWing Certified Public Accountants Co., Ltd.) are as follows:

		Unit: RMB	
ITEM		Jan-Mar 2010	2009
I.	Operational income	100,000	—
	Less: Operational cost	—	—
	Business tax and surcharges	5,500	—
	Sales expense	—	—
	Management fee	119,500	1,200
	Finance charge	-900	-900
	Loss in asset depreciation	—	—
	Add: Revenue from fair value change (Loss expressed with “-”)	—	—
	Investment revenue (Loss expressed with “-”)	—	—
II.	Business profit (Loss expressed with “-”)	-24,100	-300
	Add: Non-operating income	—	—
	Less: Non-operating expense	—	—
III.	Total profit (Loss expressed with “-”)	-24,100	-300
	Less: Profit tax charges	—	—
IV.	Net profit (Loss expressed with “-”)	-24,100	-300

4. Relationship between the entrusting party and the appraised party

The appraised party Beiren Yixin (Beijing) Technology Development Co., Ltd. was a wholly owned subsidiary of the entrusting party Beiren Printing Machinery Holdings Ltd.

II. PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to conduct an appraisal on the entire shareholders’ equity of Beiren Yixin (Beijing) Technology Development Co., Ltd. so as to provide its market value on the base date of appraisal, which will be used as a reference basis for the proposal of Beiren Printing Machinery Holdings Ltd. to transfer 100% shareholders’ equity in Beiren Yixin (Beijing) Technology Development Co., Ltd.

Documents on the economical behaviors involved in this appraisal:

- 1. Beijing Jingcheng Machinery Electric Holding Co., Ltd. (Jin Machinery Consolidation (Reply) [2010] No. 13) “On the approval and reply to conduct audit and appraisal on Beiren Yixin (Beijing) Technology Development Co., Ltd.” ;
- 2. Beiren Group Corporate (Beiren Issue [2010] No. 38) “On the approval and reply to conduct audit and appraisal on Beiren Yixin (Beijing) Technology Development Co., Ltd.” ;
- 3. “The Twentieth Board Meeting of the Sixth Board of Directors” of Beiren Printing Machinery Holdings Ltd. on 5 May 2010.

III. APPRAISAL SUBJECT AND SCOPE OF APPRAISAL

(1) Appraisal subject and scope of appraisal

The appraisal subject of this project was the entire shareholders’ equity of Beiren Yixin (Beijing) Technology Development Co., Ltd. The scope of appraisal was all assets and relevant liabilities of Beiren Yixin (Beijing) Technology Development Co., Ltd.

Total assets: RMB22,443,823.80, including:

Current assets:	Book value	RMB6,787,061.30
Non-current assets:	Book value	RMB15,656,762.50

Total liabilities RMB101,162.50, all of which was current liabilities.

Current liabilities:	Book value	RMB101,162.50
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The above figures have been audited by ShineWing Certified Public Accountants Co., Ltd., and an audit report with unqualified opinion with reference number XYZH/2009A4009-13 was prepared.

(2) Status of the enterprise’s intangible assets:

The intangible assets reported by the enterprise was land-use right, where land area was 31887.5 square meters. The land-use was industrial use. The type of land-use right was transference. The piece of land was used to increase capital to Beiren Yixin (Beijing) Technology Development Co., Ltd. by Beiren Printing Machinery Holdings Ltd. in October 2009 in the form of tangible asset (current land-use right has already been changed to Beiren Yixin (Beijing) Technology Development Co., Ltd.). The capital increase used 19 October 2009 as the base date of appraisal when conducting appraisal to the piece of land (Beijing Zhongjianhua Real Estates Appraisal Co., Ltd. issued Zhongjian RE Note [2009] No. 151 “Land Valuation Report”), and has used the appraisal value as the amount of capital increase. The book value of the intangible assets of Beiren Yixin (Beijing) Technology Development Co., Ltd. was the appraisal value used in capital increased. The appraised party provided “Land Valuation Report” and relevant shareholders’ meeting resolution and the a capital verification report of the entrusting party and the appraised party.

IV. VALUE TYPE AND ITS DEFINITION

Based on economical behaviors and other relevant conditions such as appraisal purpose, the value type of this appraisal was market value, which is the appraised amount of the value if a normal fair transaction was made on the base date of appraisal by the appraisal subject under the circumstance where the buying party and selling party both act willingly and sensibly without being forced.

V. BASE DATE OF APPRAISAL

The base date of appraisal of this project was 31 March 2010. The base date of appraisal was set by the entrusting party. The selection of the base date of appraisal maintainly considered the end of a financial period and factors beneficial to the realization of this economical behaviors. The value-taking standard of the appraisal was the price standard valid on the base date of appraisal.

VI. APPRAISAL BASIS**(1) Basis of economical behaviors**

1. Beijing Jingcheng Machinery Electric Holding Co., Ltd. (Jin Machinery Consolidation (Reply) [2010] No. 13) “On the approval and reply to conduct audit and appraisal on Beiren Yixin (Beijing) Technology Development Co., Ltd.”;
2. Beiren Group Corporation (Beiren Issue [2010] No. 38) “On the approval and reply to conduct audit and appraisal on Beiren Yixin (Beijing) Technology Development Co., Ltd.”;
3. “The Twentieth Board Meeting of the Sixth Board of Directors” of Beiren Printing Machinery Holdings Ltd. on 5 May 2010.

(2) Legal and regulation basis:

1. “Company Law of the People’s Republic of China” (Revised on 27 October 2005 at the 18th session of the Standing Committee of the 10th National People’s Congress of the People’s Republic of China);
2. “Law on the State-Owned Assets of Enterprises of the People’s Republic of China” (President Order 2008 No. 5);
3. “Land Administration Law of the People’s Republic of China” (Revised on 28 August 2004 at the 11th session of the Standing Committee of the 10th National People’s Congress of the People’s Republic of China);
4. “Law on Urban Real Estate Administration of the People’s Republic of China” (PRC President No. 29, revised on 30 August 2007 at the 29th session of the Standing Committee of the 10th National People’s Congress of the People’s Republic of China);
5. “Administration of State Asset Valuation Procedures” (State Council Order No. 91, 1991);
6. “Detailed Implementation of the Administration of State Asset Valuation Procedures” (State Asset Method Issue [1992] No. 36);

7. “Supervision and Administration of State-owned Assets of Enterprises Tentative Regulations” (State Council Order No. 378, 2003);
8. “Interim Measures for the Administration of the Transfer of the State-owned Property Right of Enterprises” (State Assets Commission, MOF Order No. 3, 2003);
9. “Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises” (State Assets Commission Order No. 12, 2005);
10. “Notice on Issues Concerning Reinforcing the Administration of Assessment of State-owned Assets of Enterprises” (State Assets Commission Property Right [2006] No. 274);
11. “Notice on Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises in Beijing”) BJ National Asset Issue [2008] No.5;
12. Other relevant laws, regulations, rules and systems related to appraisal work.

(3) Appraisal standard basis:

1. “Asset Appraisal Standards — Basic Principles” (MOF Enterprise Financial System (2004) No. 20);
2. “Code of Ethics on Asset Appraisal — Basic Principles” (MOF Enterprise Financial System (2004) No. 20);
3. “Asset Appraisal Standards — Appraisal Report” (PRC Appraisal Institute [2007] No. 189);
4. “Asset Appraisal Standards — Appraisal Procedures” (PRC Appraisal Institute [2007] No. 189);
5. “Asset Appraisal Standards — Real Estate” (PRC Appraisal Institute [2007] No. 189);
6. “Guide on Appraisal Report of State-Owned Assets of Enterprises” (PRC Appraisal Institute [2008] No. 218);

7.

“Registered Capital Appraiser” (PRC CPA Institute [2003] No. 18);

8.

“Opinions on Standards for the Operation of Asset Appraisal (Trial)” (published on 7 May 1996 by the China Appraisal Society);

9.

“Accounting Standard for Business — Basic Principles” (MOF Order No. 33);

10.

“Accounting Standard for Business No. 1 — Inventories” and others, contributing to 38 specified principles (MOF Enterprise Financial and Accounting System (2006) No. 3);

11.

“Accounting Standard for Business — Application Guide” (MOF Enterprise Financial and Accounting System (2006) No. 18);

12.

“Code for Real Estate Appraisal” (GB/T50291-1999);

13.

“Regulations for Valuation on Urban Land” (GB/T18508-2001);

14.

“Regulations for Gradation and Classification on Urban Land” (GB/T18507-2001).

(4) Basis of asset ownership

State-owned Land-use Right Certificate

(5) Basis of taking values during appraisal

1.

Future land planning information of the appraised party;

2.

Notice on publishing “Regulations of Basic Construction Financial Management” by the Ministry of Finance (Financial Construction [2002] No.394);

3.

Notice on publishing the “Administrative Regulations for the Collection of Construction Survey and Design Fees” by the PRC National Development and Reform Commission and the Ministry of Construction (Value Calculation [2002] No. 10);

4. “Supplementary Notice on Relevant Issues on the Administrative Regulations for the Collection of Construction Survey and Design Fees” issued by the office of PRC National Development and Reform Commission and office of the Ministry of Construction (Calculation Office Value [2002] No. 1153);
5. Notice on “Administrative Regulations on Construction Projects Supervision and Related Service Charge” issued by PRC National Development and Reform Commission and Ministry of Construction (Development Reform Value [2007] No. 670);
6. “Quota in Construction Project Budgets in Beijing detailed estimate norm in construction engineering” (version 2001), “Quota in Construction Project Fees in Beijing” (version 2001), and Quota in Construction Project Estimates in Beijing (2004);
7. “Loan interest rate chart of the People’s Bank of China” (executed since 23 December 2008);
8. Relevant information on construction budget as provided by the appraised party;
9. Asset list and other information provided by the appraised party;
10. Financial, accounting and other information provided by the appraised party;
11. Market information, economic data of the industry and macroeconomy information collected by the appraisal staff;
12. Relevant information collected from on-site surveys and investigations from the appraisal staff;
13. Technical information and geological survey information related to the construction works;
14. Other reference materials.

VII. APPRAISAL METHODS

The appraisal methods mainly include asset-based approach, income approach and market approach. This appraisal adopted the asset-based approach. Asset-based approach refers to the appraisal direction where the value of the appraisal subject was appraised on the basis of fair appraisal of the enterprise in all its assets and liabilities. The basic formula of asset-based approach is as follows:

Value of the entire shareholders’ equity = sum of the appraised value of all assets – sum of the appraised value of all liabilities

The appraisal subject of this report maintained continuous operation. Its core assets were tangible assets such as land, and in the course of applying asset-based approach, the selection of economical and technical reference variables involved in the appraisal of various assets has sufficient data and information as a basis and reference. Therefore, such information could use asset-based approach to conduct an appraisal. Income approach refers to the appraisal direction where the value of the appraisal subject was appraised on the basis of capitalizing or realizing the expected revenue of the enterprise being appraised. The appraisal subject was established in late 2009. Its main assets were currency fund and to-be-developed land-use rights. There was no other operational asset. As at the base date of appraisal, the appraisal subject has not formed normal operating business. A stable corresponding relationship between operation and revenue has not been formed. Moreover, future revenue and risks could not be predicted or quantified. Therefore, this appraisal did not adopt the revenue method to conduct calculations.

Market approach refers to the appraisal direction where the value of the appraisal subject was appraised on the basis of comparing various equity assets such as owners’ equities and shares between the appraisal subject and a reference enterprise that has already had some transaction example cases on the market. Since the appraised party was not a listed company, and around the base date of appraisal, there were limited equity transaction example cases involving enterprises at a similar scale in the industry in China. Therefore, it was difficult to obtain comparable transaction example cases that were relevant, reliable and accurate. Because of the above, this appraisal did not adopt market approach.

Asset-based approach appraisal

1. Current assets

Current assets were currency fund, including cash and bank deposits. The appraisal staff adopted the method of inspection stocking to conduct on-site stocktaking for cash. They performed a reasonable deduction calculation based on the cash daily log. After the deduction calculation, they appraised the cash balance of the base date of appraisal, which was verified against the cash log. The verified book value was used as an appraisal value. On bank saving accounts, after verifying internals records, completing a bank statement reconciliation, and checking the status of the company’s correspondence with the bank, a trial balance on the bank saving amount was conducted. After verifying that there was no error, the verified book value was used as an appraisal value.

2. Non-current assets

Non-current assets were intangible land-use rights. According to the information provided by the appraised party and the relevant information collected from on-site surveys and investigations from the appraisal staff, the Hypothetical Development Method was used to conduct appraisal. Hypothetical Development Method is to obtain the value of the appraisal subject after the development, minus the normal development cost, tax, profit and other items in future, so as to appraise the subjective and reasonable value or price of the appraisal subject. This appraisal adopted the static calculation of the Hypothetical Development Method, where the formular is as follows:

Appraisal value of land parcel = real estate value upon completion of development – development cost of building constructions on cultivated land – management fee – investment interest – sales expense – sales tax amount – investment profit – tax undertaken by the buying party when purchasing land parcel

The income approach was applied to the real estate value upon completion of development to make estimations and calculations.

3. *Liabilities*

To verify the actual debtors and debt amount of various liabilities upon realization of the appraisal purpose, so as to use the liability items and amount that the appraisal party would have to actually undertake upon realization of the appraisal purpose in order to confirm the appraisal value.

VIII. IMPLEMENTATION PROCESS AND DETAILS OF APPRAISAL PROCEDURES

China Faith Appraisers Co., Ltd. accepted the entrustment from Beiren Printing Machinery Holdings Ltd. has conducted an appraisal on the shareholders’ equity of Beiren Yixin (Beijing) Technology Development Co., Ltd. held by Beiren Printing Machinery Holdings Ltd. The base date of appraisal was agreed to be 31 March 2010. China Faith Appraisers Co., Ltd. on 20 April 2010 drafted the appraisal plan and confirmed the appraisal proposal. The appraisal work started officially on 22 April 2010 and completed on-site on 24 April 2010. On 7 May 2010, an official report was released. Major appraisal work processes were as follows:

(I) **Preparation stage before the appraisal**

1. On 20 April 2010, the valuation company negotiated and agreed with the entrusting party and the appraisal party on basic issues including the appraisal purpose, scope of appraisal and base date of the appraisal of this appraisal. A “Business Engagement Letter” was signed with the entrusting party, and a work plan was formulated;
2. The valuation company coordinated with the appraisal party to complete tasks such as conducting asset inventory inspection and filling in the “Asset Appraisal Details Form”. Appraisal team staff paid on-site visit to have an initial understanding on the entrusted assets and assisted the enterprise to conduct the asset report work for conducting asset appraisal, and to collect documents and information as required by the asset appraisal.

(II) On-site Verification and Appraisal Stage

1. To listen to the relevant staff from the entrusting party and appraisal party to give an introduction to the general enterprise status and the history and current of the appraised assets, to understand the financial system, business status, fixed asset technology and other information of the enterprise;
2. To verify the “Asset Appraisal Details Form” and relevant financial records and data as provided by the appraisal party, and to coordinate with the appraisal party to make adjustments when problems are found;
3. To conduct verification on every single item of intangible assets listed on the “Asset Appraisal Details Form” based on the requirements of the asset appraisal standard and appraisal system;
4. To review and collect property certification documents of the appraised assets;
5. To confirm the actual appraisal methods according to the actual situation and characteristics of the appraised assets;
6. To review and collect technical information and collection information of the relevant assets; to conduct market research, survey and collect relevant information and price information;
7. To make an initial appraisal and calculation of the assets and liabilities within the scope of appraisal.

(III) Appraisal Summary Stage

To compile an initial analysis and summary of various types of assets, to make necessary adjustments, amendments and improves on the appraisal results.

(IV) Preparation and Submission Stage of the Appraisal Report

To compile asset appraisal report, and to exchange opinions on the appraisal draft with the entrusting party. After make comprehensive consideration of relevant opinions, amendments and corrections were made to the appraisal report according to the internal three-tier audit system and procedures of the appraisal authority, and to provide the official asset appraisal report.

IX. APPRAISAL HYPOTHESIS

- (1) Hypothesis on transaction;
- (2) Hypothesis on open market;
- (3) Hypothesis on continuous use of assets;
- (4) Hypothesis on continuous operation of the enterprise;
- (5) The existing macroeconomy of the State would have no substantial changes;
- (6) The social economy environment where the company is in, and policies such as tax and tax rate would have no substantial changes;
- (7) Land development conducted by the company was according to the regulations of land transfer contract; building construction plans and proposals complied to the requirements of the Beijing Economical and Technological Development Zone and received relevant approvals;
- (8) This appraisal took the hypothesis that the land would construct a scientific research building in future with a planned building volume rate of 1.5 and it was planned to have a total construction area of 57,280 sq. m, on which above-ground construction area would be 47,830 sq. m. and underground construction area would be 9,450 sq. m., with about 270 car parking spaces. Upon completion, the development would be for lease. This appraisal was based on the hypothesis that the housing planning proposal provided by the appraisal party would comply with the requirements of the local planning authorities, and was made on the basis that approval was obtained. If this hypothesis had any changes, the appraisal conclusion should be adjusted accordingly;
- (9) This appraisal did not consider influence from the factor of inflation.

X. APPRAISAL SUMMARY

This appraisal adopted the asset-based approach to conduct appraisal and calculations.

As as the base date of appraisal, the book value of total assets of Beiren Yixin (Beijing) Technology Development Co., Ltd. was RMB22,443,900, appraised value as RMB176,471,600, appreciation value as RMB154,027,700, appreciation rate 686.28%; book value of liabilities was RMB101,200, appraised value RMB101,200, without any change in appreciation or depreciation. Owners’ equity (net assets) has a book value of RMB22,342,700, appraised value as RMB176,370,400, appreciation value as RMB154,027,700, appreciation rate as 689.39%. For detailed conclusion, please refer to the Asset Appraisal Details Form. Report Results of Asset Appraisal of Beiren Yixin (Beijing) Technology Development Co., Ltd.

		Amount: RMB1,000			
		Book value	Valuation	Appreciation/ Depreciation	Appreciation rate %
ITEM					D=C/A × 100%
		A	B	C=B-A	
1	Current assets	6,787.1	6,787.1	—	—
2	Non-current assets	15,656.8	169,684.5	154,027.7	9,837.8
3	Intangible assets	15,656.8	169,684.5	154,027.7	9,837.8
4	Total assets	22,443.9	176,471.6	154,027.7	6,862.8
5	Current liabilities	101.2	101.2	—	—
6	Total liabilities	101.2	101.2	—	—
7	Net assets (owners’ equity)	22,342.7	176,370.4	154,027.7	6,893.9

XI. EXPLANATIONS OF SPECIAL ISSUES

(I) Restrictions of Hypothetical Development Method

The intangible land in this appraisal adopted the Hypothetical Development Method to conduct appraisal. According to Hypothetical Development Method, future planning and design condition came from the planning and design materials and feature sprovided by the appraised party. Those planning and design features have not obtained approval from relevant planning administration authorities. Based on the most realisable planning and design features, the appraisal party conducted an initial planning construction on

the land concerned, and planned to construct a scientific research building in future with a planned building volume rate of 1.5 and it was planned to have a total construction area of 57,280 square meters, on which above-ground construction area would be 47,830 square meters. and underground construction area would be 9,450 square meters, with about 270 car parking spaces. Upon completion, the development would be for lease. This appraisal was based on the hypothesis that the housing planning proposal provided by the appraisal party would comply with the requirements of the local planning authorities, and was made on the basis that approval was obtained. If this hypothesis had any changes, the appraisal conclusion should be adjusted accordingly.

(II) Major events after the base date of appraisal

The appraiser has conducted due diligence survey and did not, from the base date of appraisal to the date of appraisal report, find any major events that may have any influence on the appraisal conclusion. After the base date of appraisal, within the validity period of the appraisal conclusion, if the asset quantity and valuation standard have any changes, they should be handled according to the following principles:

1. When there is a change in asset quantity, the original appraisal method should be adopted to make corresponding adjustments to the asset amount;
2. When there is a change in asset valuation standards and has brought significant influence to the asset appraisal, the entrusting party should promptly deploy a qualified valuation body to reconfirm the appraised value;
3. On changes to asset quantity and valuation standards after the base date of appraisal, the entrusting party should give full consideration when making an actual valuation for the assets and should make adjustments accordingly.

The appraiser would like to draw special attention from all report users to the above special issues.

XII. EXPLANATIONS ON THE LIMITATIONS OF THE APPRAISAL REPORT

- (1) This appraisal report should only be used for the appraisal purpose and use specified in this appraisal report, and it should not be used in any other purposes or use. Any consequences due to inappropriate use shall not be liable to the signed assets appraiser and the affiliated appraisal body;
- (2) This appraisal report should only be used by the appraisal report users specified in the Business Engagement Letter on Asset Appraisal signed between China Faith Appraisers Co, Ltd. and the entrusting party, as well as report users stipulated by national laws and regulations;
- (3) The appraisal report has not been verified or kept as a back-up copy. The appraisal conclusion should not be used;
- (4) Without consent from the appraisal body, no party should copy, quote or disclose all or part of the content of the appraisal report to the mass media;
- (5) From the base date of appraisal, unless there is substantial change to market conditions or asset status, the validity of the appraisal conclusion in this appraisal report is one year from the base date of appraisal, i.e. from the date of asset valuation, 31 March 2010 to 30 March 2011;
- (6) When policy adjustments have a substantial influence on the appraisal conclusion, the base date of appraisal should be reconfirmed to conduct appraisal.

XIII. APPRAISAL REPORT DATE

This valuation report is dated 7 May 2010.

China Faith Appraisers Co., Ltd.

Legal Representative:

Certified Public Assets Appraiser:

7 May 2010

**Proposal of Beiren Printing Machinery Holdings Ltd. to
transfer partial asset items**

Asset Appraisal Report Summary

Guoyou Dazheng Appraisal Report Ref (2010) No. 94

China Faith Appraisers Co., Ltd. accepted the entrustment from Beiren Printing Machinery Holdings Ltd., in accordance with the relevant laws, regulations and asset appraisal standards of the State, observing the independent, objective and fair principles, has conducted an appraisal on the partial asset of Beiren Fatou No. 10 Subfactory involved in a transfer.

The appraisal subject of this appraisal was the 16,500 square meters. of land development fee and its above-ground 17,063.70 square meters building construction (structure) and the machineries and equipment located in Beiren Fatou No. 10 Subfactory Zone, Chaoyang district, Beijing city that Beiren Printing Machinery Holdings Ltd. planned to transfer. The value type for the valuation is market value. The base date of appraisal was 31 March 2010.

The appraiser has performed necessary appraisal procedures, taking the continuous use of assets and open market as a basis, the Replacement Cost Method was adopted to make appraisal and estimations.

As on the base date of appraisal, the appraisal result of the Beiren Yixin (Beijing) Technology Development Co., Ltd. assets proposed to be transferred was RMB14,653,200.

During the process of appraisal, from the base date of appraisal to the date of appraisal report, the appraiser did not find nay major events that may have any influence on the appraisal conclusion. The appraiser would like to draw special attention from all report users to major influential issues outside the period of the above period.

The validity of the appraisal conclusion in this appraisal report is one year from the base date of appraisal, i.e. from the date of asset valuation, 31 March 2010 to 30 March 2011.

This valuation report is dated 11 May 2010.

The above content is an excerpt from the full appraisal report. To understand the details and have a reasonable understanding on the appraisal conclusion of this appraisal project, the full appraisal report should be read carefully.

China Faith Appraisers Co., Ltd.

Legal Representative:

Certified Public Assets Appraiser:

11 May 2010

Proposal of Beiren Printing Machinery Holdings Ltd. to
transfer partial asset items

Asset Appraisal Report Summary

Guoyou Dazheng Appraisal Report Ref (2010) No. 94

Beiren Printing Machinery Holdings Ltd.:

China Faith Appraisers Co., Ltd. accepted the entrustment from Beiren Printing Machinery Holdings Ltd., in accordance with the relevant laws, regulations and asset appraisal standards of the State, applying the replacement cost method and following necessary appraisal procedures, has conducted an appraisal on the market value as at 31 March 2010 of the real estate and the machineries and equipment located in Beiren Fatou No. 10 Subfactory Zone that Beiren Printing Machinery Holdings Ltd. planned to transfer. The asset appraisal report is hereby presented below.

I. THE ENTRUSTING PARTY, APPRAISED PARTY AND APPRAISAL REPORT
USERS:

The entrusting party and asset ownership party of this project was Beiren Printing Machinery Holdings Ltd. Users of the appraisal report included the entrusting party and other appraisal report users stipulated by relevant State laws and regulations.

Information of the entrusting party:

Name of enterprise:	Beiren Printing Machinery Holdings Ltd.
Address:	No. 6, Rongchang Street, Beijing Economic and Technological Development Zone, Beijing.
Legal representative:	PANG Liandong
Registered capital:	RMB422,000,000
Paid-in capital:	RMB422,000,000
Company type:	Holdings Ltd. (listed, State-holding)
Company’s A share listed in:	Shanghai Stock Exchange
Company’s A share code:	600860
Company’s H share listed in:	The Stock Exchange of Hong Kong Limited
Company’s H share code:	0187

Business scope: Authorized business projects: To manufacture printing machineries, forging equipment, packing machineries, and the parts and components of the afore-said machineries and equipment. General business projects: To develop, design and sale printing machineries, forging equipment, packing machineries, and the parts and components of the afore-said machineries and equipment; technical consulation, technical support service; operate import business of the products and materials manufactured by our enterprise or other members, various meters, and parts and components of the afore-said machineries and equipment (except commodities restricted by the State to be operated by a business and those forbidden for import and export by the State); operate the business of processing materials provided by clients and “processing raw materials based on the client’s demands, assembling parts for the client, processing according to client’s samples and compensation trade in foreign trade business”; and the rental of office space, machineries and equipment.

II. PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to conduct an appraisal on the 16,500 square meters of land development fee and its above-ground 17,063.70 sq. m. building construction (structure) and the machineries and equipment located in Beiren Fatou No. 10 Subfactory Zone, Chaoyang district, Beijing that Beiren Printing Machinery Holdings Ltd. planned to transfer, so as to provide its marlet value on the base date of appraisal, which will be used as a reference basis for the proposal of Beiren Printing Machinery Holdings Ltd. to transfer those assets.

Documents on the economical behaviors involved in this appraisal were: Beijing Jingcheng Machinery Electric Holding Co., Ltd. (Jin Machinery Consolidation (Reply) [2010] No. 11) “On the approval and reply to conduct real estate appraisal on Beiren Fatou No. 10 Subfactory” dated 7 May 2010.

III. APPRAISAL SUBJECT AND SCOPE OF APPRAISAL

The appraisal subject of this project was the 16,500 square meters of land development fee and its above-ground 17,063.70 square meters building construction (structure) and the machineries and equipment located in Beiren Fatou No. 10 Subfactory Zone, Chaoyang district, Beijing that Beiren Printing Machinery Holdings Ltd. planned to transfer.

This appraisal subject and scope of appraisal were the same as the appraisal subject and scope of appraisal confirmed in the entrustment.

IV. VALUE TYPE AND ITS DEFINITION

Based on economical behaviors and other relevant conditions such as appraisal purpose, the value type of this appraisal was market value, which is the appraised amount of the value if a normal fair transaction was made on the base date of appraisal by the appraisal subject under the circumstance where the buying party and selling party both act willingly and sensibly without being forced.

V. BASE DATE OF APPRAISAL

The base date of appraisal of this project was 31 March 2010.

The base date of appraisal was set by the entrusting party. The selection of the base date of appraisal maintainly considered the end of a financial period and factors beneficial to the realization of this economical behaviors.

VI. APPRAISAL BASIS

(I) Basis of economical behaviors

Documents on the economical behaviors involved in this appraisal were: Beijing Jingcheng Machinery Electric Holding Co., Ltd. (Jin Machinery Consolidation (Reply) [2010] No. 11) “On the approval and reply to conduct real estate appraisal on Beiren Fatou No. 10 Subfactory” dated 7 May 2010.

(II) Legal and regulation basis

1. “Company Law of the People’s Republic of China” (Revised on 27 October 2005 at the 18th session of the Standing Committee of the 10th National People’s Congress of the People’s Republic of China);
2. “Law on the State-Owned Assets of Enterprises of the People’s Republic of China” (President Order 2008 No. 5);
3. “Land Administration Law of the People’s Republic of China” (Revised on 28 August 2004 at the 11th session of the Standing Committee of the 10th National People’s Congress of the People’s Republic of China);
4. “Law on Urban Real Estate Administration of the People’s Republic of China” (PRC President No. 29, revised on 30 August 2007 at the 29th session of the Standing Committee of the 10th National People’s Congress of the People’s Republic of China);
5. Other relevant laws, regulations, rules and systems related to appraisal work.

(III) Appraisal standard basis

1. “Asset Appraisal Standards — Basic Principles” (MOF Enterprise Financial System (2004) No. 20);
2. “Code of Ethics on Asset Appraisal — Basic Principles” (MOF Enterprise Financial System (2004) No. 20);
3. “Asset Appraisal Standards — Appraisal Report” (PRC Appraisal Institute [2007] No. 189);
4. “Asset Appraisal Standards — Appraisal Procedures” (PRC Appraisal Institute [2007] No. 189);
5. “Asset Appraisal Standards — Machineries and Equipment” (PRC Appraisal Institute [2007] No. 189);
6. “Asset Appraisal Standards — Real Estate” (PRC Appraisal Institute [2007] No. 189);

7.

“Guiding Opinions for Certified Public Valuer on Legal Ownership of Subject under Appraisal” (PRC Appraisal Institute [2003] No. 18);

8.

“Guiding Opinions for Types of Value under Asset Appraisal” (PRC Appraisal Institute [2007] No. 189);

9.

“Opinions on Standards for the Operation of Asset Appraisal (Trial)” (published on 7 May 1996 by the China Appraisal Society);

10.

“Accounting Standard for Business — Basic Principles” (MOF Order No. 33);

11.

“Code for Real Estate Appraisal” (GB/T50291-1999);

(IV) Basis of asset ownership

Relevant ownership information provided by the appraised party;

(V) Basis of taking values during appraisal

1.

“Real Estate Appraisal and Pricing Information” (March 2010);

2.

“Quota in Construction Project Budgets in Beijing” (2008);

3.

“Quota in Construction Project Fees in Beijing” (2008);

4.

“The Latest Commonly Used Data and Coefficient Handbook in Asset Appraisal”;

5.

“2010 Handbook of Mechanical and Electrical Products Pricing” published by China Machine Press;

6.

Financial, accounting and other information provided by the asset ownership party;

7.

Market information, economic data of the industry and macroeconomy information collected by the appraisal staff;

8.

Relevant information collected from on-site surveys and investigations from the appraisal staff;

9.

Other reference materials.

VII. APPRAISAL METHODS

(I) In this appraisal, the housing construction inside the factory zone adopted a principle to appraise the real estate and the land separately. Housing construction inside the factory zone was appraised mainly using cost approach.

Appraisal value = Replacement price × Integrated depreciation rate

1. *Determination of replacement price*

Replacement price = Construction and installation cost + Preliminary expense and other charges + Capital cost

(1) *Construction and installation cost*

According to the actual condition of the assessed housing construction, the housing construction was divided into “brick and concrete structure” and “frame-bent structure”. From different structures, typical construction works would be selected. The valuation company then collected market pricing information, “Consumption Index for Construction Volume” and general technical and economical indice from construction projects similar to the typical construction works. With reference to construction standards of local buildings, information such as “market price information on construction materials in Beijing in March 2010” was used to calculate cost of construction work. The construction and installation cost of other housing with the same kind of structures was calculated with differential adjustment method for typical construction works. Factors affecting construction installation cost of housing mainly include the number of floors, height of each floor, appearance, floorplan layout, width, open area, span, construction materials, renovation standards, equipment and facilities. The appraisal subject and typical construction works were compared so as to obtain an integrated adjustment figure. The construction and installation cost of the appraisal subject equaled to the construction and installation cost of typical construction works multiplied by integrated adjustment coefficient.

(2) Preliminary expense and other charges

Preliminary expense and other charges are the construction fee mandated by the local regional government and other charges incurred by the construction party for the construction projects excluding construction costs.

(3) Capital cost

According to a reasonable construction period for a project, assuming all construction capital would be injected evenly during the construction period, the capital cost was calculated based on the loan interest rate announced by People’s Bank of China on the base date of appraisal.

Capital cost = (Construction and installation cost + Preliminary expense + other charges) × Construction period × interest rate × 1/2

2. Setting the integrated depreciation rate

The method of combining residue rate over useful life and assessed newness rate was used to set the integrated depreciation rate of the construction.

(1) Calculation of the residue rate over useful life

Residue rate over useful life = (Economical useful life – used life)/economical useful life × 100%

(2) Verification of the determination of newness rate

First, major factors affecting integrated depreciation rate of housing would be categorized based on structure (foundation, walls, load capacity, house roof), internal renovation (flooring, internal and external furnishing, doors and windows, ceiling), and equipment (water and hygiene, heating, lighting). With reference to the stipulations of the “Assessment of the Damage to Housing Grading Standards” under the Ministry of Construction, actual current status from on-site surveys would be used to determine the sound value of each category, after which integrated depreciation rate would be determined according to weighting.

(3) *Integrated depreciation rate*

Take a weight value of 40% from residue rate over useful life, and take a weight value of 60% from assessed newness rate

Integrated Depreciation Rate = 40% × residue rate over useful life
+ 60% × assessed newness rate

(II) **Machineries and equipment within the scope of this appraisal were mainly appraised using cost approach for the purpose of this appraisal, according to the principle of continuous use, taking market price as a reference, while considering equipment characteristics and the details of the data collected.**

Appraised value = Replacement price × Integrated depreciation rate

1. *Determination of replacement price*

For Chinese made equipment, the reference of the replacement price was mainly the current marketing price of same-model or same-type equipment in the China market. It was determined after considering other factors such as necessary transportation and miscellaneous fees, installation and adjustment fee, basic charge and capital cost.

Replacement price = equipment procurement fee + transportation and miscellaneous fee + installation and adjustment fee + basic charge + capital cost

(1) *Procurement price*

This was determined mainly by inquiring pricing from manufacturing factories, trading market and trading companies or pricing information with reference from “2010 Handbook of Mechanical and Electrical Products Pricing”, while also taking reference from recent contract price of same-type equipment.

(2) *Transportation and miscellaneous fees*

Taking the procurement price as a basis, “The Latest Commonly Used Data and Coefficient Handbook in Asset Appraisal” was used as a reference to make calculations based on different transportation and miscellaneous fees.

(3) *Installation and adjustment fee*

According to the characteristics, weight, ease of installation, the procurement price of the equipment was used as a calculation basis while taking reference from “The Latest Commonly Used Data and Coefficient Handbook in Asset Appraisal” to make calculations based on different installation rates.

Small equipment without the need of installation were not considered to have installation and adjustment fees.

(4) *Basic charge*

Based on the characteristics of the equipment, with reference to “The Latest Commonly Used Data and Coefficient Handbook in Asset Appraisal”, the procurement price was used as a basis. Basic charge was calculated based on different basic rates.

(5) *Capital cost*

According to the types of equipment, based on the loan interest rate on the base date of appraisal, capital cost was calculated based on even injection.

Capital cost = (procurement price + transportation and miscellaneous fees + installation and adjustment fees + basic charge) × loan interest rate × construction period × 1/2

Machineries and equipment with a short installation cycle and low unit price were not considered to have capital cost.

2. *Determination of integrated depreciation rate*

Integrated depreciation rate = Technically assessed newness rate × weight + residue rate over useful life × weight

(1) *Assessed newness rate*

The determination of technically assessed newness rate mainly relied on the actual situation of the equipment of the enterprise. Based on the technical status of the equipment, work environment, status of repair and maintenance, while taking into account individual scores for different parts of the equipment during on-site surveys, the technically assessed newness rate was determined.

(2) *Residue rate over useful life*

Residue rate over useful life was determined according to the economical useful life and the used life

Residue rate over useful life = (Economical useful life – used life) ÷ Economical useful life × 100%

(3) *Weight*

For structurally complicated and large equipment, the newness rate was determined with useful life method and technically assessed newness rate, taking a weight value of 40% from useful life, and a weight value of 60% from technically assessed newness rate.

3. *Determination of appraisal value*

Appraisal value = Replacement price × Integrated depreciation rate

(III) Long-term amortization fee

The reported long-term amortization fee was an asset of Beiren Group Company taking 16,500 sq. m. of land development cost located in Beiren Fatou No. 10 Subfactory Zone, Chaoyang district, Beijing as a capital injection into Beiren Printing Machinery Holdings Ltd. As at the base date of appraisal, the land-use right belonged to Beiren Group Company. The land-use right was not converted as shares. For the land development cost within the scope of appraisal, the amortization value after verification was used as appraisal value.

VIII. IMPLEMENTATION PROCESS AND DETAILS OF APPRAISAL PROCEDURES

China Faith Appraisers Co., Ltd. accepted the entrustment from Beiren Printing Machinery Holdings Ltd. has conducted an appraisal on the 16,500 sq. m. of land development fee and its above-ground 17,063.70 square meters building construction (structure) and the machineries and equipment located in Beiren Fatou No. 10 Subfactory Zone, Chaoyang district, Beijing that Beiren Printing Machinery Holdings Ltd. planned to transfer. The base date of appraisal was fixed on 31 March 2010. China Faith Appraisers Co., Ltd. on 20 April 2010 drafted the appraisal plan and confirmed the appraisal proposal. The appraisal work started officially on 25 April 2010 and completed on-site on 30 April 2010. On 11 May 2010, an official report was released. Major appraisal work processes were as follows:

(I) Preparation stage before the appraisal

On 20 April 2010, the valuation company negotiated and agreed with the entrusting party and the appraisal party on basic issues including the appraisal purpose, scope of appraisal and base date of the appraisal of this appraisal. A “Business Engagement Letter” was signed with the entrusting party, and a work plan was formulated;

1. The valuation company coordinated with the asset ownership party to complete tasks such as conducting asset inventory inspection and filling in the “Asset Appraisal Details Form”. Appraisal team staff paid on-site visit to have an initial understanding on the entrusted assets and assisted the enterprise to conduct the asset report work for conducting asset appraisal, and to collect documents and information as required by the asset appraisal.

(II) On-site Verification and Appraisal Stage

1. To listen to the relevant staff from the entrusting party and appraisal party to give an introduction to the general enterprise status and the history and current status of the appraised assets;
2. To verify the “Asset Appraisal Details Form” and relevant financial records and data as provided by the asset ownership party, and to coordinate with the asset ownership party to make adjustments when problems are found;
3. To verify fixed assets based on the requirements of the asset appraisal standard and appraisal system;
4. To review and collect property certification documents of the appraised assets;
5. To confirm the actual appraisal methods according to the actual situation and characteristics of the appraised assets;
6. To review and collect technical information and collection information of the relevant assets; to conduct market research, survey and collect relevant information and price information;
7. To make an initial appraisal and calculation of the assets and liabilities within the scope of appraisal.

(III) Appraisal Summary Stage

To compile an initial analysis and summary of various types of assets, to make necessary adjustments, amendments and improvements on the appraisal results.

(IV) Preparation and Submission Stage of the Appraisal Report

To compile asset appraisal report, and to exchange opinions on the appraisal draft with the entrusting party. After making comprehensive consideration of relevant opinions, amendments and corrections were made to the appraisal report according to the internal three-tier audit system and procedures of the appraisal authority, and to provide the official asset appraisal report.

IX. APPRAISAL HYPOTHESIS

- (1) Hypothesis on transaction;
- (2) Hypothesis on open market;
- (3) Hypothesis on continuous best and highest use;
- (4) Hypothesis on continuous use of assets;

X. APPRAISAL SUMMARY

The appraisal result of the assets that Beiren Printing Machinery Holdings Ltd. proposed to transfer was: RMB14,653,200.

XI. EXPLANATIONS OF SPECIAL ISSUES

(I) Major events after the base date of appraisal

The appraiser has conducted due diligence survey and did not, from the base date of appraisal to the date of appraisal report, find any major events that may have any influence on the appraisal conclusion. After the base date of appraisal, within the validity period of the appraisal conclusion, if the asset quantity and valuation standard have any changes, they should be handled according to the following principles:

- 1. When there is a change in asset valuation standards and has brought significant influence to the asset appraisal, the entrusting party should promptly deploy a qualified valuation body to reconfirm the appraised value.
- 2. On changes to asset quantity and valuation standards after the base date of appraisal, the entrusting party should give full consideration when making an actual valuation for the assets and should make adjustments accordingly.

(II) In June 1993, Beiren Group Company used 16,500 sq. m. of land development cost and its above-ground building construction located in Beiren Fatou No. 10 Subfactory Zone, Chaoyang district, Beijing as a capital injection into Beiren Printing Machinery Holdings Ltd. As at

the base date of appraisal, the land-use right belonged to Beiren Group Company. According to “Confirmation Notice on Asset Appraisal Result from the Making and Modifying Publicly Issued Shares by Beiren Group Company” issued by State-owned Assets Supervision and Administration Commission with reference “State-owned Assets Appraisal (1993) No. 274”, the land-use right was not converted as shares.

(III) For the housing construction within the scope of appraisal, Beiren Printing Machinery Holdings Ltd. did not obtain a “certificate of title”.

The appraiser would like to draw special attention from all report users to the above special issues.

XII. EXPLANATIONS ON THE LIMITATIONS OF THE APPRAISAL REPORT

- (I) This appraisal report should only be used for the appraisal purpose and use specified in this appraisal report, and it should not be used in any other purposes or use. Any consequences due to inappropriate use shall not be liable to the signed assets appraiser and the affiliated appraisal body;
- (II) This appraisal report should only be used by the appraisal report users specified in the Business Engagement Letter on Asset Appraisal signed between China Faith Appraisers Co, Ltd. and the entrusting party, as well as report users stipulated by national laws and regulations;
- (III) The appraisal report has not been verified or kept as a back-up copy. The appraisal conclusion should not be used;
- (IV) Without consent from the appraisal body, no party should copy, quote or disclose all or part of the content of the appraisal report to the mass media;
- (V) From the base date of appraisal, unless there is substantial change to market conditions or asset status, the validity of the appraisal conclusion in this appraisal report is one year from the base date of appraisal, i.e. from the date of asset valuation, 31 March 2010 to 30 March 2011.
- (VI) When policy adjustments have a substantial influence on the appraisal conclusion, the base date of appraisal should be reconfirmed to conduct appraisal.

XIII. APPRAISAL REPORT DATE

This valuation report is dated 11 May 2010.

China Faith Appraisers Co., Ltd.

Legal Representative:

Certified Public Assets Appraiser:

11 May 2010

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters not contained in this circular, the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF DIRECTOR’S INTERESTS

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors, Supervisors and chief executive of the Company or their respective associates had any interest or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, so far as was known to the Directors, the following Directors were also directors or employees of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO:

Name of Director	Position in Beiren Group
Mr. Zhao Guorong	Director and general manager
Name of Director	Position in Beijing Jingcheng Electric Holding Co., Ltd.
Mr. Bai Fan	Chief accountant

3. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2009, the date to which the latest published audited consolidated financial statements of the Group were made up.

4. DIRECTORS' INTERESTS IN MATERIAL CONTRACTS

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any members of the Group which does not expire or is not determinable by the relevant member of the Group within one year without compensation, other than statutory compensation.

6. LITIGATIONS

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries as engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

7. COMPETING INTEREST

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete with the business of the Group.

8. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date:

- (a) a trademark licence agreement entered into between the Company as licensee and Beiren Group as licensor dated 14 April 2009 pursuant to which Beiren Group granted to the Group an exclusive right (apart from Beiren Group and its subsidiaries) to use the trademark 「北人牌」 by paying 1% of the sales income of the Group from the products of the Group on which the trademark 「北人牌」 is used;
- (b) the Beiren Yixin Equity Transfer Agreement;
- (c) the Haimen Beiren Fuji Equity Transfer Agreement;
- (d) the Receivables Transfer Agreement;
- (e) the Property Transfer Agreement;
- (f) the Machinery Transfer Agreement;
- (g) the Patented Technology Transfer Agreement;
- (h) the Inventory Transfer Agreement;
- (i) the Relocation Compensation Agreement; and
- (j) the Supplemental Agreement.

9. QUALIFICATIONS AND CONSENTS OF EXPERTS

China Everbright a licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO

Jones Lang LaSalle Sallmanns Limited (“**Sallmanns**”) Independent property valuer

China Faith Appraisers Co., Ltd. Independent valuer
(北京國有大正資產評估有限公司) (“**China Faith**”)

The letter and recommendation given by China Everbright, Sallmanns and China Faith are given for incorporation in this circular. Each of China Everbright, Sallmanns and China Faith has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, China Everbright, Sallmanns and China Faith were not interested in any Shares or shares in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Share or share in any member of the Group.

As at the Latest Practicable Date, China Everbright, Sallmanns and China Faith did not have any direct or indirect interest in any asset which had been acquired or disposed of by or leased to any member of the Group since 31 December 2009, being the date to which the latest published audited financial statements of the Company were made up.

10. GENERAL

- (a) The registered office of the Company is at 6 Rongchangdong Street, Economic and Technological Development Zone, Beijing, PRC.
- (b) The Hong Kong branch share registrar and transfer office of the Company (for H Shares) is Hong Kong Registrars Limited at Room 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (c) The secretary of the Company is Jiao Ruifang, a Bachelor in Economics graduated from Harbin University of Science and Technology, and a senior project manager. She is studying the Qinghua-The Chinese University of Hong Kong MBA in Financial Services Programme.

- (d) The valuation reports in Appendix III are prepared in Chinese. In case of inconsistency between the Chinese version and its English translation, the Chinese version shall prevail.
- (e) The English language text of this circular shall prevail over the Chinese language text in case of inconsistency (except Appendix III).

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Messrs. Woo, Kwan Lee & Lo at 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours within 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2008 and 31 December 2009 respectively;
- (c) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix;
- (d) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 25 to 26 of this circular;
- (e) the letter from China Everbright, the text of which is set out on pages 27 to 43 of this circular;
- (f) the property valuation report of Sallmanns, the text of which is set out on pages II-1 to II-7 of this circular; and
- (g) the valuation reports of China Faith, the text of which is set out on pages III-1 to III-38 of this circular;
- (h) the consent letters of China Everbright, Sallmanns and China Faith referred to in the paragraph headed “Qualifications and Consents of Experts” in this Appendix.