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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)

2010 INTERIM REPORT SUMMARY

1 IMPORTANT NOTICES

- 1.1 The board of directors, supervisory committee and the directors, supervisors and senior management of the Company warrant that this report does not contain any false information, misleading statements or material omission and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents herein contained.

This summary is extracted from the 2010 Interim Report. Investors are advised to read the full text of Interim Report for detailed information.

- 1.2 All directors of the Company attended the meeting.
- 1.3 The Interim Financial Report has not been audited.
- 1.4 None of our controlling shareholders and their associates has appropriated the Company's capital for non-operating purposes.
- 1.5 The Company has not provided third-party guarantees in violation of stipulated procedures.
- 1.6 Mr. Zhao Guorong, the Chairman, Mr. Zhang Peiwu, the General Manager, and Mr. Duan Yuangang, the Chief Accountant, have declared that they guarantee the truthfulness and completeness of the financial statements contained in this Interim Report.

2 BASIC CORPORATE INFORMATION

2.1 Basic corporate information

Abbreviated name of A Shares	*ST北人
A Shares stock code	600860
Place of listing of the A Shares	Shanghai Stock Exchange
Abbreviated name of H Shares	Beiren Printing
H Shares stock code	0187
Place of listing of the H Shares	The Stock Exchange of Hong Kong Limited

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

2.2 Major financial data and indices

2.2.1 Major accounting data and financial indices

Unit: RMB

	By the end of the reporting period	By the end of the reporting period last year	Increase(+)/decrease(-) (%)
Total assets	1,623,010,735.37	1,737,782,547.50	-6.60
Owner's interests (or shareholders' interests)	709,256,246.82	722,862,519.49	-1.88
Net assets per share attributable to shareholders of listed company (RMB/share)	1.68	1.71	-1.75

Unit: RMB

	For the reporting period (January – June)	For the same period last year	Increase(+)/ decrease(-) (%)
Operating profit	-21,883,475.92	-41,880,324.14	N/A
Total profit	-14,538,850.61	-37,636,119.87	N/A
Net profit attributable to shareholders of listed company	-14,968,604.70	-35,677,696.35	N/A
Net profit attributable to shareholders of listed company after extraordinary items	-22,514,394.10	-39,788,653.21	N/A
Basic earnings per share (RMB)	-0.04	-0.08	N/A
Basic earnings per share after extraordinary items (RMB)	-0.05	-0.09	N/A
Diluted earnings per share (RMB)	-0.04	-0.08	N/A
Return on net assets on weighted average basis (%)	-2.09	-4.06	1.97
Net cash flow from operating activities	-24,588,414.42	41,559,690.16	-159.16
Net cash flow per share from operating activities (RMB)	-0.06	0.10	-159.16

2.2.2 Extraordinary items

✓ Applicable □ Not Applicable

Unit: RMB

Extraordinary items	Amount
Profit/loss from disposal of non-current assets	-22,962.25
Government subsidy accounted into profit and loss for the current period (except for those closely associated with the operations of the Company which were accounted for in fixed amount or volume in compliance with the requirement of the policies of the State and in accordance with uniform standard of the state)	6,011,129.59
Profit/loss from debt restructuring	1,583,495.15
Other net non-operating income/expenses save for the above	-227,037.18
Gain/loss on transfer of long-term equity investments held	310,801.51
Effect on income tax	0
Effect on minority interests (after tax)	109,637.42
Total	<u>7,545,789.40</u>

2.2.3 Differences between the PRC and Overseas Financial Reporting Standards

2.2.3.1 The difference between the net profit and net assets as shown in financial reports prepared in accordance with the HKFRS and the PRC GAAP

✓ Applicable ☐ Not Applicable

Unit: RMB
(‘000)

	Net profit		Net assets	
	Current year	Previous year	As at the end of the reporting period	As at the beginning of the reporting period
As reported under the Chinese Accounting Standards	-14,969	-35,678	709,256	722,863
Items and amounts adjusted in accordance with the HKFRS:				
1. Difference in valuation of assets contributed to the Company by Beiren Group Corporation	0	0	-60,198	-60,198
2. Subsequent amortisation of difference in valuation of assets contributed to the Company by Beiren Group Corporation	0	33	48,475	48,475
3. Difference in valuation of assets contributed to subsidiaries	0	16	-166	-166
4. Difference in recognition of goodwill upon acquisition of a subsidiary	0	0	4,479	4,479
5. Difference in amortisation of goodwill upon acquisition of a subsidiary	0	0	-4,479	-4,479
6. Difference in recognition of deferred tax	0	0	0	0
7. Difference in recognition of transfer of impairment of assets	0	0	0	0
8. Others	0	34	-2,297	-2,297
As reported under the Hong Kong Financial Reporting Standards	-14,969	-35,595	695,070	708,677

3 MOVEMENTS OF SHARE CAPITAL AND STATUS OF SHAREHOLDERS

3.1 Changes in shareholding

✓ Applicable □ Not Applicable

Unit: share

	Before the change		Issue of new shares	Increase (+)/decrease (-)				After the change	
	Number	Percentage (%)		Bonus issue	Conversion from reserve	Others	Sub-total	Number	Percentage (%)
I. Shares subject to trading moratorium									
1. State-owned shares									
2. State-owned legal person shares									
3. Other domestic shares									
Including: Domestic non-state-owned legal person shares									
Domestic public shares									
4. Foreign shares									
Including: Overseas legal person shares									
Overseas public shares									
II. Circulating shares not subject to trading moratorium									
1. Renminbi Ordinary shares	322,000,000	76.3						322,000,000	76.3
2. Foreign shares listed domestically									
3. Foreign shares listed overseas	100,000,000	23.7						100,000,000	23.7
4. Others									
III. Total shares	422,000,000	100						422,000,000	100

1. About the approval of changes in shareholding

Under the Share Segregation Reform, the major shareholder of the Company, Beiren Group Corporation, has fulfilled all its undertakings. All the shares of the Company held by Beiren Group Corporation are circulating shares free from trading moratorium. As of the reporting period, Beiren Group Corporation held 201.64 million shares of the Company, which are all circulating shares not subject to trading moratorium, representing 47.78 percent of the total share capital of the Company.

2. *Other information deemed necessary by the Company or as required by the Securities Regulators*

As announced by the Company on 1 July 2010, the Company received notification from its major shareholder, Beiren Group Corporation, that it has on 6 January 2010 and 7 January 2010 sold an aggregate of 21 million circulating shares of the Company not subject to trading moratorium, representing 4.98 percent of the total share capital of the Company, through the block trading system of the Shanghai Stock Exchange. After this reduction, Beiren Group Corporation still holds 201.64 million shares of the Company, which are all circulating shares not subject to trading moratorium, representing 47.78 percent of the total share capital of the Company. Beiren Group Corporation remains the major shareholder of the Company after the aforesaid reduction of shareholding.

3.2 Number of shareholders and their shareholding

Unit: share

Total number of shareholders at the end of the reporting period				19,763 (including: 19,671 A share holders, 92 H share holders)		
Particulars of top ten shareholders						
Name of shareholder	Nature of shareholder	Percentage in share capital (%)	Number of shares held	Increase/ decrease during the reporting period	Number of shareholdings subject to trading moratorium	Number of shares pledged or frozen
Beiren Group Corporation	State-owned legal person	47.78	201,640,000	-21,000,000	0	None
HKSCC NOMINEES LIMITED	Unknown	23.28	98,241,199	86,000	0	Unknown
China Construction bank — Fortis Haitong Sytle Rotation Equity Securities Investment Fund	Unknown	0.84	8,536,373	8,536,373	0	Unknown
Bank of China — Fortis Haitong Income Growth Securities Investment Fund	Unknown	0.62	2,636,350	2,636,350	0	Unknown
葉麗君	Unknown	0.36	1,498,833	1,498,833	0	Unknown
王熾旭	Unknown	0.32	1,370,075	1,370,075	0	Unknown
陳漢傑	Unknown	0.24	1,030,000	1,030,000	0	Unknown
伍志強	Unknown	0.19	820,000	0	0	Unknown
張力	Unknown	0.18	750,100	750,100	0	Unknown
吉林武	Unknown	0.18	747,299	747,299	0	Unknown

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

Name of shareholder	Number of shares not subject to trading moratorium held	Class and amount of shares
Beiren Group Corporation	201,640,000	Renminbi ordinary shares
HKSCC NOMINEES LIMITED	98,241,199	Foreign shares listed overseas
China Construction bank — Fortis Haitong Sytle Rotation Equity Securities Investment Fund	8,536,373	Renminbi ordinary shares
Bank of China — Fortis Haitong Income Growth Securities Investment Fund	2,636,350	Renminbi ordinary shares
葉麗君	1,498,833	Renminbi ordinary shares
王熾旭	1,370,075	Renminbi ordinary shares
陳漢傑	1,030,000	Renminbi ordinary shares
伍志強	820,000	Renminbi ordinary shares
張 力	750,100	Renminbi ordinary shares
吉林武	747,299	Renminbi ordinary shares
Explanation of the connected relationship or action in concert among the aforesaid shareholders	As of the reporting period, shares subject to trading moratorium held by the Company were all listed for circulation in the market. The Company is not aware of any connected relationship among the aforesaid shareholders, nor is the Company aware of any parties acting in concert as defined in Measures for Management on Information Disclosure of Changes in Shareholdings of Listed Company's Shareholders.	

Notes:

- (1) Beiren Group Corporation is the major shareholder of the Company, no share of which are being pledged or frozen.
- (2) HKSCC Nominees Limited held shares on behalf of its clients and the Company has not been notified by HKSCC Nominees Limited that there was any holder of H Shares who individually held more than 5% of the total share capital of the Company.
- (3) Save as disclosed above, as at 30 June 2010, the directors were not aware of any person (not being a director, supervisor or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (“SFO”) or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.
- (4) There is no provision for pre-emptive rights under the laws of the PRC and the Articles of Association of the Company.
- (5) As at 30 June 2010, the Company did not issue any convertible securities, options, warrants or any other similar right.

3.3 Changes in status of controlling shareholder and beneficial controller

☐ Applicable ☒ Not Applicable

4 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

4.1 Changes in shareholding of directors, supervisors and senior management

✓ Applicable □ Not Applicable

Unit: share

Name	Position	Shareholding at the beginning of the year	Increase in the no. of shares held during the reporting period	Decrease in the no. of shares held during the reporting period	Shareholding at the end of the reporting period	Reason for the change
Zhao Guorong	Chairman	0	0	0	0	—
Bai Fan	Director	0	0	0	0	—
Zhang Peiwu	Director and General Manager	0	0	0	0	—
Yang Zhendong	Director and Deputy General Manager	0	0	0	0	—
Duan Yuangang	Director and Chief Accountant	0	0	0	0	—
Xu Wencai	Independent non-executive Director	0	0	0	0	—
Wang Hui	Independent non-executive Director	0	0	0	0	—
Xie Bingguang	Independent non-executive Director	0	0	0	0	—
Wang Deyu	Independent non-executive Director	0	0	0	0	—
Wang Liansheng	Chairman of Supervisory Committee	0	0	0	0	—
Guo Xuan	Supervisor	0	0	0	0	—
Shao Zhenjiang	Supervisor	0	0	0	0	—
Jiao Ruifang	Secretary to the Board	0	0	0	0	—
Kong Dagang	Deputy General Manager	0	0	0	0	—
Liu Jing	Deputy General Manager	0	0	0	0	—

Notes:

- (1) Save as disclosed above, none of the directors, supervisors and senior management of the Company, as at 30 June 2010, had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO), which was required to be recorded in the register under section 352 of the SFO, nor which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

- (2) None of the directors, supervisors and senior management of the Company or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or had exercised any such right as at 30 June 2010.
- (3) Save as those set out in the register required to be maintained by directors and supervisors under section 352 of the SFO, during the reporting period, the Company had not engaged in any arrangement which would enable the directors or supervisors of the Company or their respective associates to acquire any interest in any shares or debt securities of the Company, nor did the directors or supervisors had any interest which was required to be recorded in the register under section 352 of the SFO.

4.2 Appointment or dismissal of Directors, supervisors and senior management

✓ Applicable ☐ Not Applicable

- (1) As at 2 June 2010, Mr. Pang Liandong has reached his retirement age and has therefore tendered his resignation to the board of directors to resign as director and chairman of the Company and his positions as chairman of the strategic committee and member of the remuneration and monitoring committee, director of Beiren Yixin (Beijing) Technology Development Company Limited, director of Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd., and director of Beijing Beiyong Casting Company Limited were also terminated. The board of directors fully respects the decision of Mr. Pang and accepts his resignation with effect from 2 June 2010. Mr. Pang Liandong is not a shareholder of the Company.
- (2) At the fourth extraordinary general meeting of the sixth board of directors on 2 June 2010, Mr. Zhao Guorong was elected to be chairman of the sixth board of directors of the Company, chairman of the strategic committee and member of the remuneration and review committee.

5 DIRECTORS' REPORT

5.1 Management discussion and analysis

5.1.1 Discussion and analysis of overall operation during the reporting period

The macroeconomic performance has improved markedly during the reporting period, but given weak fundamentals, the development trend is difficult to predict. As the financial crisis continues to affect the global economy, the recovery of the market remains foggy. In the PRC, the government has implemented a credit policy that guarantees credit in some areas and limits in others, sustaining a stable growing economy, and therefore a favourable momentum for the development, consumption and exportation of fixed assets for the first half of the year. The printing machinery

industry also sustained a stable growth in the first six months of the year, but due to the resources tax adjustment which has pushed up raw material prices, and outsourced price and labor cost which in turn resulted in an overall cost increment of the industry. On top of this, decrease in demand under the financial crisis and the under-utilisation of production capacity have all exposed the industry to intense competition.

In face of a challenging time, the Company has timely adjusted the scale of economy, transferred the non-core business and assets, and concentrated on the main stream of business. As of the end of the reporting period, the operating income prepared in accordance with the PRC Accounting Standards was RMB386,640,000, up by 0.84% as compared with the previous reporting period, and the net loss was RMB14,970,000, down by 58.04% as compared with the previous reporting period; while prepared in accordance with Hong Kong Financial Reporting Standards, the turnover was RMB377,540,000 and the net loss was RMB14,970,000.

5.1.2 Review of major events during the first half of 2010

1. During the reporting period, the Company implemented the ‘12-5’ strategic industry research based on the conclusion of the ‘11-5’ strategy. The Company performed a complete analysis on the market environment both internationally and domestically by ways of research and interview to enhance the internal productivity and lay the foundation for the long term strategic development of the Company.
2. The Company transferred its non-core business and assets to its major shareholder, Beiren Group Corporation, during the reporting period to focus on its core business and weathered through the crisis by adjusting the economies of scale and mobilising the inventories. The proposal has been approved at the general meeting held at the end of June.
3. During the reporting period, the Company enhanced its services and refined its marketing areas into eleven districts to achieve an integrated management and accelerate market feedback and thereby provide better services to its customers.
4. During the reporting period, the Company accelerated its pace of research and development. The newly released BEIRENJS1040 sheet-fed offset perfecter and N525 two-colour unit-type off-set printing press have commenced sales received high acclaims from the customers, and meanwhile the Company focused on the existing products improvement and R&D refinement.

5. During the reporting period, the Company closely monitored the recovery of its trade receivables and formulated the Trade Receivables Settlement Method. Besides, the Company held meetings to analyze the trade receivables regularly to check the accounts and solve the remaining issues. The reduction of the remaining balance of the trade receivables to RMB15,650,200 during the reporting period proved the effects of the abovementioned policies.
6. To facilitate the implementation of the internal control practices, in the process of internal control assessments during the reporting period, the Company located and resolved the arising problems promptly in order to control the effectiveness of the internal control of the Company. During the reporting period, the Company improved the internal control system.

5.1.3 Business outlook for the second half of 2010

In the second half of the year, the global economy was affected by the debt crisis in Europe as well as other uncertainties and unstable factors. The upward trend mainly backed by stimulus plans launched by different governments is coming to an end and the rate of growth is bound to further decrease. In face of these, the PRC economy will also experience slackened pace of growth, with accelerated economic restructuring and decreased rate of growth in fixed assets investment during the second half of the year. The Company foresees a corresponding decrease in the rate of growth for the printing machinery market. Responding to the above, the Company will adopt the following measures to proactively prepare for the market challenges ahead.

1. The Company will continue the “12-5” strategic planning, set out the visions and objectives for future development, analyse the strategy of different functions such as marketing, technology development, production management, financial management, human resources and corporate culture, with the aim to fully realise the “12-5” strategy in leading the direction of the Company.
2. The Company will implement the asset transfer project in accordance with the agreement. After the completion of the asset transfer, the Company will utilise the proceeds to repay bank loans, finance costs of relocation, technical innovation and as general working capital. These will enhance the structure of assets of the Company.
3. Advantaged resources will be centralized for the development of core product lines to speed up the launch on the market, improve the competitiveness of the core products and strengthen the R&D capability of environmental friendly and low-carbon high-end printing machineries .
4. The Company will strengthen the orientation and pertinence of its sales incentive policy, fully motivate the commitment and creativity of the sales staff, and promote the marketing concept of customer service in order to meet customers demand.

5. The Company will continue to reinforce the synergy with its suppliers, establish long term strategic partnership with them, step up the capacity analysis of the suppliers, adjust the production capacities of key components facing under-capacity, as well as suggest and implement solutions, in order to maintain its production progress.
6. With a view to reduce the cost pressure, the Company will strengthen the control over its operating costs and minimize any unnecessary expenditure. Parallel to these, the Company will hold a tight grip over its internal fundamental management and intensify the control and review for different costs.
7. The Company will consistently implement the spirit of the Guidelines for Enterprise Internal Control (Caikuai [2010]11) jointly issued by the five ministries including the Ministry of Finance and the China Securities Regulatory Commission, in order to ensure the implementation of its internal control requirements. On the other hand, the Company will reinforce the training for the internal control of its subsidiaries, in order to establish the internal control system of its subsidiaries.

5.2 Principal operation by product and sector

Unit: RMB

By product	Operating income	Operating cost	Operating profit margin (%)	Increase (/Decrease) in operating income over last year (%)	Increase (/Decrease) in operating cost over last year (%)	Increase (/Decrease) in operating profit margin over last year (%)
Sales of set print machines	212,289,914.26	176,646,446.78	-4.12	-8.29	-13.44	Increased by 8.67 percentage points
Sales of Intrusion printers	139,237,198.64	106,208,776.04	1.60	15.28	3.50	Increased by 8.21 percentage points
Sales of Form presses	21,753,816.20	18,642,969.74	1.71	31.64	39.58	Decreased by 1.74 percentage points
Total	373,280,929.10	301,498,192.56	-1.65	1.22	-5.79	Increased by 8.39 percentage points

Including the total connected transaction sum of RMB0 for sales of products and provision of labour to controlling shareholders and its subsidiaries by the listed company.

5.3 Principal operation by geographical segment

Unit: RMB

Region	Operating income	Increase/decrease in operating income over last year (%)
PRC	361,154,526.25	3.72
Outside PRC	12,126,402.85	-41.08

5.4 Explanation on material movements in principal operation and its structure

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

5.7 Use of proceeds

5.7.1 Utilization of proceeds

☐ Applicable ☒ Not Applicable

5.7.2 Changes of items

☐ Applicable ☒ Not Applicable

5.8 Projects financed by non-raised funds

The Company did not have any non-raised fund item during the reporting period.

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

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

☐ Applicable ☒ Not Applicable

6 SIGNIFICANT EVENTS

6.1 Acquisition of assets

☒ Applicable ☐ Not Applicable

Unit: RMB

Transaction parties or ultimate controlling party	Acquired assets	Date of acquisition	Selling Price	Net profit contributed to the company by the assets from the date of acquisition to the end of the reporting period	Net profit contributed to the Company from the beginning of the year to the end of the reporting period (Applied to business combinations under the same controlling party)	Is it a connected transaction (if yes, please state the pricing basis)	Whether the property rights of the acquired assets were fully transferred	Whether the debts and liabilities were fully transferred
Public shareholder Kong Dagang	11.37% shareholding interest in Hebei Beiren (a subsidiary of the Company)	26 January 2010	143,400.00	-248,602.96		Yes, the agreed price	Yes	Yes

6.2 Disposal of assets

☒ Applicable ☐ Not Applicable

Unit: RMB

Transaction parties	Disposed assets	Disposal date	Selling Price	Net profit contributed to the company by the disposed assets from the beginning of the year to the date of disposal of the assets	Profit or loss arising from disposal of assets	Is it a connected transaction (if yes, please state the pricing basis)	Whether the property rights of the assets were fully transferred	Whether the debts and liabilities were fully transferred
Beijing Offset Point Factory	68.66% equity interest of Beijing Beiren Yuxin Offset Printing Company Limited	2 February 2010	350,000.00	0	310,801.51	No	Yes	Yes

6.3 Guarantee

☒ Applicable ☐ Not Applicable

Unit: RMB'0000

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

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

Guarantee provided to the subsidiaries of the Company

Total amount of guarantee provided to the controlling subsidiaries during the reporting period	1,000
Total amount of outstanding guarantee provided to the controlling subsidiaries as at the end of the reporting period	1,000

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

Total amount of guarantee	1,000
Percentage of the total amount of guarantee to the net assets of the Company	1.41%
Of which:	

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

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

Total amount of guarantee exceeding 50% of net assets

Total amount of the above three guarantees

6.4 Non-operating connected debts and liabilities

☒ Applicable ☐ Not Applicable

Unit: RMB'0000

Connected party	Capital provided to connected parties		Capital provided to the listed company by connected parties	
	Incurred amount	Balance	Incurred amount	Balance
Beiren Group Corporation	—	—	180.18	1,544.32

During the reporting period, the amount provided by the Company to the controlling shareholder and its subsidiaries was RMB0, and the balance was RMB0.

6.5 Material litigation and arbitration

☐ Applicable ☒ Not Applicable

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

6.6.1 Security investment

☐ Applicable ☒ Not Applicable

6.6.2 Holding of equity in other listed companies

☐ Applicable ☒ Not Applicable

6.6.3 Holding of equity in non-listing financial enterprises

☐ Applicable ☒ Not Applicable

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

✓ Applicable ☐ Not Applicable

1. The Enterprise Income Tax for the Company during the reporting period is 25%.
2. During the reporting period the Company had received subsidies amounting to RMB601,110,000 from the government.
3. Audit Committee

The unaudited 2010 Interim Report of the Company has been reviewed by the audit committee of the Board of Directors.

4. During the reporting period, the Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
5. During the reporting period, the Company has adopted a set of code of practice regarding securities transactions by directors and supervisors on terms no less exacting than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules. Having made specific enquiry to all directors and supervisors of the Company, each of the Directors and supervisors has complied with the required standards set out in the Model Code within the 6 months ended 30 June 2010.
6. During the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.
7. During the reporting period, the Company had sold Beijing Beiren Yuxin Offset Printing Company Limited, and is not included in the consolidation.

7 FINANCIAL REPORT

- 7.1 The interim financial report of the Company is unaudited.
- 7.2 Financial statements (as attached below).
- 7.3 There has been no changes in accounting policies and accounting estimates during the reporting period.
- 7.4 There has been no correction on accounting errors during the reporting period.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

(Prepared in accordance with Hong Kong Financial Reporting Standards)

		Six months ended 30 June	
		2010	2009
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
	Notes		
Turnover	3	377,537	375,882
Cost of sales		<u>(307,397)</u>	<u>(330,579)</u>
Gross profit		70,140	45,303
Other operating income		10,176	9,025
Selling and distribution expenses		(28,253)	(24,129)
Administrative expenses		(57,482)	(58,616)
Finance costs		(9,332)	(9,384)
Share of results of associates		<u>211</u>	<u>248</u>
Loss before taxation		(14,540)	(37,553)
Taxation	4	<u>(103)</u>	<u>(166)</u>
Loss for the period	5	<u><u>(14,643)</u></u>	<u><u>(37,719)</u></u>
Attributable to:			
Owners of the Company		(14,969)	(35,595)
Non-controlling interests		<u>326</u>	<u>(2,124)</u>
		<u><u>(14,643)</u></u>	<u><u>(37,719)</u></u>
Loss per share			
Basic and diluted	7	<u><u>RMB(3.55) cents</u></u>	<u><u>RMB(8.43) cents</u></u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

(Prepared in accordance with Hong Kong Financial Reporting Standards)

	Six months ended 30 June	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loss for the period	<u>(14,643)</u>	<u>(37,719)</u>
Total comprehensive loss for the period	<u>(14,643)</u>	<u>(37,719)</u>
Attributable to:		
Owners of the Company	(14,969)	(35,595)
Non-controlling interests	<u>326</u>	<u>(2,124)</u>
	<u>(14,643)</u>	<u>(37,719)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

(Prepared in accordance with Hong Kong Financial Reporting Standards)

	Notes	30/6/2010 RMB'000 (Unaudited)	31/12/2009 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	522,884	553,379
Investment properties		74,398	74,752
Prepaid lease payments		139,916	141,349
Interests in associates		15,599	15,388
Deferred tax assets		8,240	8,240
		<u>761,037</u>	<u>793,108</u>
Current assets			
Inventories		464,100	489,304
Trade and other receivables	9	288,709	302,544
Prepaid lease payments		2,806	2,894
Amounts due from minority shareholders of subsidiaries		21,049	21,049
Deposits placed in financial institutions		—	297
Bank balances and cash		75,854	119,131
		<u>852,518</u>	<u>935,219</u>
Current liabilities			
Trade and bills payables	10	330,154	391,443
Other payables		62,513	73,218
Sales deposits received		93,616	94,623
Amount due to immediate holding company		17,406	15,639
Tax liabilities		1,000	1,904
Bank and other borrowings – due within one year	11	177,950	120,400
Loans from ultimate holding company		150,000	230,000
Provision for retirement obligations		10,518	10,340
		<u>843,157</u>	<u>937,567</u>
Net current assets (liabilities)		<u>9,361</u>	<u>(2,348)</u>
Total assets less current liabilities		<u><u>770,398</u></u>	<u><u>790,760</u></u>

		30/6/2010	31/12/2009
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Capital and reserves			
Share capital	<i>12</i>	422,000	422,000
Reserves		273,070	286,677
		<hr/>	<hr/>
Equity attributable to owners of the Company		695,070	708,677
Non-controlling interests		23,978	25,175
		<hr/>	<hr/>
Total equity		719,048	733,852
		<hr/>	<hr/>
Non-current liabilities			
Bank and other borrowings – due after one year	<i>11</i>	18,000	18,000
Loans from ultimate holding company		12,179	10,500
Provision for retirement obligations		18,366	25,603
Deferred income		2,805	2,805
		<hr/>	<hr/>
		51,350	56,908
		<hr/>	<hr/>
		770,398	790,760
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

(Prepared in accordance with Hong Kong Financial Reporting Standards)

	Attributable to owners of the Company								Sub-total	Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	General reserve fund	Enterprise expansion fund	Discretionary surplus reserve	Retained profits (accumulated losses)			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Note)							
For the six months ended 30 June 2009											
At 1 January 2009 (audited)	422,000	435,834	51,306	151,280	1,717	3,845	42,979	(226,610)	882,351	30,688	913,039
Total comprehensive loss for the period	—	—	—	—	—	—	—	(35,595)	(35,595)	(2,124)	(37,719)
Appropriations	—	—	—	(151,280)	—	—	—	151,280	—	—	—
At 30 June 2009 (unaudited)	<u>422,000</u>	<u>435,834</u>	<u>51,306</u>	<u>—</u>	<u>1,717</u>	<u>3,845</u>	<u>42,979</u>	<u>(110,925)</u>	<u>846,756</u>	<u>28,564</u>	<u>875,320</u>
For the six months ended 30 June 2010											
At 1 January 2010 (audited)	422,000	435,834	51,306	—	1,717	3,845	42,979	(249,004)	708,677	25,175	733,852
Acquisition of additional interest in a subsidiary	—	—	1,362	—	—	—	—	—	1,362	(1,505)	(143)
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	(18)	(18)
Total comprehensive (loss) income for the period	—	—	—	—	—	—	—	(14,969)	(14,969)	326	(14,643)
At 30 June 2010 (unaudited)	<u>422,000</u>	<u>435,834</u>	<u>52,668</u>	<u>—</u>	<u>1,717</u>	<u>3,845</u>	<u>42,979</u>	<u>(263,973)</u>	<u>695,070</u>	<u>23,978</u>	<u>719,048</u>

Note:

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

(Prepared in accordance with Hong Kong Financial Reporting Standards)

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	<u>(12,527)</u>	<u>37,868</u>
Proceeds from disposal of property, plant and equipment	90	664
Proceeds from disposal of prepaid lease payments	13,027	—
Disposal of a subsidiary (net of cash and cash equivalents) (Note 13)	(246)	—
Acquisition of additional interest in a subsidiary	(143)	—
Interest received	389	137
Purchase of property, plant and equipment	(1,152)	(769)
Prepaid lease payments in respect of land use rights	<u>(12,909)</u>	<u>—</u>
NET CASH (USED IN) FROM INVESTING ACTIVITIES	<u>(944)</u>	<u>32</u>
Repayments of bank and other borrowings	(140,950)	(213,884)
Interest paid	(9,332)	(9,384)
New borrowings raised	198,500	201,850
Repayment from minority shareholders of subsidiaries	—	125
Repayment to ultimate holding company	<u>(78,321)</u>	<u>—</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(30,103)</u>	<u>(21,293)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(43,574)</u>	<u>16,607</u>
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>119,428</u>	<u>74,784</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by:		
Deposits placed in financial institutions	—	375
Bank balances and cash	<u>75,854</u>	<u>91,016</u>
	<u><u>75,854</u></u>	<u><u>91,391</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2010

(Prepared in accordance with Hong Kong Financial Reporting Standards)

1. GENERAL

Beiren Printing Machinery Holdings Limited (the “Company”) was established in Beijing, the People’s Republic of China (the “PRC”) on 13 July 1993 as a joint stock limited company in accordance with the provisions set out in the Standard Opinion on Joint Stock Limited Companies issued as of 15 May 1992 by the State Commission for Restructuring the Economic System of the PRC. The Company is registered as an overseas company in Hong Kong under Part XI of the Hong Kong Companies Ordinance. The H Shares and A Shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Shanghai Stock Exchange of the PRC respectively.

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

The immediate holding company of the Company is Beiren Group Corporation (“BGC”), an enterprise owned by the whole people established in the PRC. The directors of the Company consider that the ultimate holding company of the Company is Beijing Jingcheng Machinery Electric Holding Co., Ltd. (“Beijing Jingcheng”), a State-owned enterprise established in the PRC. The addresses of the registered office and principal place of business of the immediate holding company and the ultimate holding company are disclosed in the Shareholders Information section to the Interim Report.

The condensed consolidated interim financial information is presented in Renminbi (RMB), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules) and with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2009.

Principal accounting policies

The condensed consolidated interim financial information has been prepared on the historical cost basis.

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009 except as described below.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by HKICPA which are effective for the Group's financial year beginning on 1 January 2010.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Emeptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – INT 17	Distribution of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ⁴
HKAS 32 (Amendment)	Classification of Rights Issues ²
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS7 Disclosures for First-time Adopters ³
HKFRS 9	Financial Instruments ⁵
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁴
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ Amendments that are effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

² Effective for annual periods beginning on or after 1 February 2010.

³ Effective for annual periods beginning on or after 1 July 2010.

⁴ Effective for annual periods beginning on or after 1 January 2011.

⁵ Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. In addition, under the standard, changes in fair value of equity investments are generally recognised in other comprehensive income, with only dividend income recognised in profit or loss. The application of HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker for the purposes of resource allocation and performance assessment are as follows:

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

Segment revenues and results

For the year ended 30 June 2010

	Sales of offset press <i>RMB'000</i>	Sales of gravure press <i>RMB'000</i>	Sales of business form machine <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
TURNOVER						
External sales	209,634	140,705	25,430	1,768	—	377,537
Inter-segment sales	2,334	—	—	100	(2,434)	—
Total	<u>211,968</u>	<u>140,705</u>	<u>25,430</u>	<u>1,868</u>	<u>(2,434)</u>	<u>377,537</u>
Segment loss	<u>(1,942)</u>	<u>(488)</u>	<u>(149)</u>	<u>(1,836)</u>	—	(4,415)
Share of results of associates						211
Unallocated corporate income						389
Unallocated corporate expenses						(1,393)
Finance costs						<u>(9,332)</u>
Loss before taxation						<u>(14,540)</u>

For the year ended 30 June 2009

	Sales of offset press <i>RMB'000</i>	Sales of gravure press <i>RMB'000</i>	Sales of business form machine <i>RMB'000</i>	Others <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
TURNOVER						
External sales	223,114	120,778	13,304	18,686	—	375,882
Inter-segment sales	<u>2,021</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,021)</u>	<u>—</u>
Total	<u><u>225,135</u></u>	<u><u>120,778</u></u>	<u><u>13,304</u></u>	<u><u>18,686</u></u>	<u><u>(2,021)</u></u>	<u><u>375,882</u></u>
Segment (loss)/profit	<u><u>(17,894)</u></u>	<u><u>(5,443)</u></u>	<u><u>(1,399)</u></u>	<u><u>(4,405)</u></u>	<u><u>—</u></u>	<u><u>(26,343)</u></u>
Share of results of associates						248
Unallocated corporate income						137
Unallocated corporate expenses						(2,211)
Finance costs						<u>(9,384)</u>
Loss before taxation						<u><u>(37,553)</u></u>

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

Inter-segment sales are charged at prevailing market rates.

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

Segment assets

	30/6/2010 <i>RMB'000</i>	31/12/2009 <i>RMB'000</i>
Sales of offset press	1,073,847	1,144,165
Sales of gravure press	276,303	252,683
Sales of business form machine	46,725	47,011
Others	116,987	141,412
	<u>1,513,862</u>	<u>1,585,271</u>
Total segment assets	1,513,862	1,585,271
Unallocated corporate assets	99,693	143,056
	<u>99,693</u>	<u>143,056</u>
Consolidated assets	<u>1,613,555</u>	<u>1,728,327</u>

4. TAXATION

Six months ended 30 June	
2010	2009
<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)	(Unaudited)

The taxation comprises:

PRC Corporate Income Tax ("CIT")

Current period	<u>103</u>	<u>166</u>
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On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Corporate Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council issued Implementation Regulation of the New Law. The New Law and Implementation Regulation changed the tax rate of the Company and certain of its PRC subsidiaries to 25% from 1 January 2009 onwards.

Starting from 1 January 2008, CIT of the Company is calculated at the rate of 25% (2009: 25%) of the estimated assessable profits for the period. In accordance with the relevant rules and regulations in the PRC, except for Shaanxi Beiren Printing Machinery Company Limited ("Shaanxi Beiren"), all other PRC subsidiaries are subject to CIT at a rate of 25% (2009: 25%).

According to document (Guoshuifa [2002] 47) and document (Caishuizi [2009] 21) "Notice of Application of Transitional Preferential Policy on Corporate Income Tax" issued by the State Administration of Taxation on 10 May 2002 and 4 February 2009 respectively, the applicable income tax rate of Shaanxi Beiren is 15% (2009: 15%).

No provision for Hong Kong profits tax has been made as there is no assessable profit for the subsidiaries operating in Hong Kong during the periods ended 30 June 2010 and 2009.

5. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging (crediting):		
Depreciation and amortisation		
— Property, plant and equipment and investment properties	19,744	22,858
— Prepaid lease payments	1,403	1,446
Total depreciation and amortisation	21,147	24,304
Share of taxation of associates (included in share of results of associates)	2,074	(5)
Cost of inventories recognised as an expense	307,397	330,579
Interest on bank and other borrowings	9,332	9,384
Loss on disposal of property, plant and equipment	23	600
Interest income on bank deposits	(389)	(137)

6. DIVIDEND

No dividend was paid or proposed for the six months ended 30 June 2010 (six months ended 30 June 2009), nor has any dividend been proposed since the end of the reporting period.

7. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company is based on the loss for the period attributable to owners of the Company of approximately RMB14,969,000 (2009: RMB35,595,000) and the weighted average number of 422,000,000 (2009: 422,000,000) ordinary shares in issue during the period.

As there were no dilutive potential shares during the two periods ended 30 June 2010 and 2009 and accordingly, the diluted loss per share is the same as basic loss per share.

8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB495,000 (2009: RMB487,000) on acquisition of property, plant and equipment and approximately RMB657,000 (2009: RMB282,000) on construction in progress.

During the period, the Group disposed of certain of its property, plant and equipment with a carrying amount of approximately RMB113,000 (2009: RMB1,264,000) for total proceeds of approximately RMB90,000 (2009: RMB664,000), resulting in a loss on disposal of approximately RMB23,000 (2009: loss on disposal of approximately RMB600,000).

9. TRADE AND OTHER RECEIVABLES

	30/6/2010 RMB'000 (Unaudited)	31/12/2009 RMB'000 (Audited)
Trade receivables	230,738	255,168
Bills receivables	33,293	16,708
Other receivables	5,248	12,068
Prepayments and deposits	19,430	18,600
	<u>288,709</u>	<u>302,544</u>

The Group allows average credit period of 360 days to its trade customers with retention payment to be paid one year after sales. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the end of the reporting period:

	30/6/2010 RMB'000 (Unaudited)	31/12/2009 RMB'000 (Audited)
Within 1 year	166,429	178,879
1 – 2 years	45,595	54,167
2 – 3 years	18,670	21,974
Over 3 years	44	148
	<u>230,738</u>	<u>255,168</u>

10. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables at the end of the reporting period:

	30/6/2010 RMB'000 (Unaudited)	31/12/2009 RMB'000 (Audited)
Within 1 year	242,200	292,592
1 – 2 years	87,954	92,370
2 – 3 years	—	4,734
Over 3 years	—	1,747
	<u>330,154</u>	<u>391,443</u>

11. BANK AND OTHER BORROWINGS

During the period, the Group obtained new borrowings of RMB198,500,000 (2009: RMB139,350,000) and repaid bank and other borrowings of RMB140,950,000 (2009: RMB240,450,000). The newly raised borrowings bear interest at variable market rates.

12. SHARE CAPITAL

RMB'000

Registered, issued and fully paid, at 1 January 2009, 31 December 2009 and 30 June 2010

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

13. DISPOSAL OF A SUBSIDIARY

On 2 February 2010, the Group disposed of 68.66% equity interest in Beijing Beiren Yuxin Offset Printing Company Limited to an independent third party. The aggregate net assets disposed in the transaction are as follows:

2/2/2010
RMB'000

Net assets disposed of:	
Property, plant and equipment	12,144
Inventories	2,498
Trade and other receivables	28,031
Bank balances and cash	596
Trade and bills payable	(8,367)
Other payables	(34,846)
	<hr/> 56
Non-controlling interests	<hr/> (18)
	38
Gain on disposal	<hr/> 312
Total consideration	<hr/> <hr/> 350
Satisfied by:	
Cash	<hr/> <hr/> 350
Net cash outflow arising on disposal:	
Cash consideration	350
Bank balances and cash disposed of	<hr/> (596)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	<hr/> <hr/> 246

14. RELATED PARTIES DISCLOSURE

	30/6/2010	31/12/2009
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Amounts due from associates	1,219	691
Amounts due to associates	25,433	54,480

The above balances with related parties are all of trading nature and are included in trade and other receivables and trade and bills payables at the end of the reporting period.

During the period, the Group entered into the following transactions with its related parties:

	Six months ended 30 June	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Purchase of materials from		
— Beijing Beiyong Casting Company Limited		
(“Beijing Beiyong”) (an associate)	3,228	5,846
— Beijing Monigraf Automations Co., Ltd.		
(“Beijing Monigraf”) (an associate)	7,269	11,449
Trademark fee paid to		
— BGC (immediate holding company)	1,916	1,956
Rental income received from		
— Beijing Beiyong (an associate)	2,204	2,204
— Mitsubishi Beiren (an associate)	811	811

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

The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively “State-controlled Enterprises”). In addition, the Group itself is part of BGC, which is controlled by the PRC government. Apart from the transactions with BGC and its subsidiaries disclosed above, the Group also conducts businesses with other State-controlled Enterprises. The directors of the Company consider that transactions with other State-controlled Enterprises are activities in the ordinary course of business, and that dealings of the Group have not been significantly controlled or owned by the PRC

government. The directors consider those State-controlled Enterprises are independent third parties so far as the Group's business transactions with them are concerned. The Group has also established pricing policies for products and such pricing policies do not depend on whether or not the customers are State-controlled Enterprises. Having due regard to the substance of the relationships and in view of the nature of these transactions, the directors of the Company are of the opinion that disclosure would not be meaningful.

Compensation of key management personnel

The short term benefits paid or payable by the Group to directors of the Company and other members of key management during the period is approximately RMB1,256,000 (2009: RMB1,440,000).

Beiren Printing Machinery Holdings Limited
Zhao Guorong
Chairman

29 July 2010

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