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北人印刷機械股份有限公司

BEIREN PRINTING MACHINERY HOLDINGS LIMITED

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

(Stock Code: 0187)

MATERIAL ASSET REORGANISATION

POSSIBLE VERY SUBSTANTIAL ACQUISITION, VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTIONS

AND RESUMPTION OF TRADING

On 5 July 2012, the Company and Jingcheng Holding entered into the conditional Reorganisation Framework Agreement in respect of the Reorganisation which comprises the Disposal and the Acquisition.

As (i) one or more of the applicable percentage ratios calculated pursuant to Chapter 14 of the Listing Rules in respect of the Disposal is likely to exceed 75% and (ii) Jingcheng Holding is the beneficial controlling Shareholder, the Disposal constitutes a possible very substantial disposal and connected transaction of the Company. As (i) one or more of the applicable percentage ratios calculated pursuant to Chapter 14 of the Listing Rules in respect of the Acquisition is likely to exceed 100% and (ii) Jingcheng Holding is the beneficial controlling Shareholder, the Acquisition constitutes a possible very substantial acquisition and connected transaction of the Company.

Accordingly, the Reorganisation, comprising the Disposal and the Acquisition, would be subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules. As at the date of this announcement, Beiren Group is interested in 201,620,000 A Shares, representing approximately 47.78% of the total issued Shares. Since Beiren Group is a wholly owned subsidiary of Jingcheng Holding, Beiren Group and its associates will abstain from voting on the relevant resolution(s) at the extraordinary general meeting to be convened for the purpose of approving the Reorganisation.

Pursuant to the Listing Rules, the Independent Board Committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders on the terms of the Reorganisation Framework Agreement and the transactions contemplated thereunder.

As the due diligence, auditing and valuation of the Outgoing Assets and/or the Incoming Assets have yet to be completed, the details of the Reorganisation and all figures in relation thereto (including the consideration) are subject to further adjustment and approval of the Board. Since time is required for completing such due diligence, auditing and valuation, the Company is currently unable to estimate with certainty the date of despatch of the Circular. The Company shall issue further announcement(s) to notify the Shareholders of the expected date of despatch of the Circular when such date of despatch can be more accurately ascertained.

The Listing Committee had considered and resolved that the Reorganisation would not constitute a reserve takeover for the purposes of Rule 14.06(6) of the Listing Rules, subject to compliance with the following conditions:

- (a) include in the Circular enhanced disclosure of the information about the Target Companies comparable to prospectus standard;
- (b) appoint a financial adviser acceptable to the Stock Exchange to conduct due diligence on the Target Companies with reference to Practice Note 21 of the Listing Rules;
- (c) include in the Circular a profit forecast of the Target Companies for the year ending 31 December 2012 and comply with the requirements under Rule 14.62 of the Listing Rules;
- (d) conduct a search to determine whether there had been a recent change towards concentration of holdings of the Shares in the hands of one or more persons or a group of persons. The Company would conduct the search as at 30 June 2012 and compare with the shareholder profile at a point in the past. This search should look beyond Central Clearing and Settlement System holdings to determine the ultimate beneficial owners of the Shares. If the search determined that the beneficial ownership of the Shares had become concentrated in the hands of one or more persons or group of person and they are not considered to be independent Shareholders, these person must abstain from voting in the general meeting to approve the Reorganisation; and
- (e) issue an announcement about the Listing Committee's decision.

The Shares were suspended from trading on the Stock Exchange with effect from 9:00 am on 10 April 2012 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 am on 6 July 2012.

Completion of the Reorganisation Framework Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

On 5 July 2012, the Company and Jingcheng Holding entered into the conditional Reorganisation Framework Agreement pursuant to which the Company shall transfer or procure the transfer of the Outgoing Assets (representing all the assets and liabilities of the Company) to Beiren Group on the instructions of Jingcheng Holding (the “**Disposal**”); and in consideration thereof, Jingcheng Holding shall transfer or procure the transfer of the Incoming Assets (being 71.56% equity interest in Tianhai Industrial, 100% interest in Jingcheng HK and 100% interest in Jingcheng Environment (after disposal of its environmental protection business)) to the Company (the “**Acquisition**”). In the event that the valued amount of the Outgoing Assets is larger than that of the Incoming Assets, Jingcheng Holding shall pay the difference between the value of the Outgoing Assets and that of the Incoming Assets in cash to the Company, or vice versa.

THE REORGANISATION FRAMEWORK AGREEMENT

Date

5 July 2012

Parties

1. The Company; and
2. Jingcheng Holding

The Disposal

Subject to the terms and conditions of the Reorganisation Framework Agreement, the Company has agreed to transfer or procure the transfer of, and Jingcheng Holding has agreed to accept transfer of, the Outgoing Assets by its wholly-owned subsidiary Beiren Group.

The estimated aggregate consideration for the Disposal is approximately RMB1,189,579,000, which was determined with reference to the estimated valuation of book value of the Outgoing Assets as at 31 March 2012. The consideration is subject to adjustment with reference to the final valuation of the book value of the Incoming Assets as at the Completion Date.

Such consideration shall be settled by (i) the transfer to the Company of the Incoming Assets pursuant to the Acquisition, and in the event that the valued amount of the Outgoing Assets exceed that of the Incoming Assets, (ii) the payment of an amount equivalent to the value of the Outgoing Assets less that of the Incoming Assets in cash by Jingcheng Holding to the Company.

Given that the estimated aggregate value of the Outgoing Assets being transferred pursuant to the Disposal exceeds the estimated aggregate value of the Incoming Assets being transferred pursuant to the Acquisition by an amount of approximately RMB295,382,800, it is estimated that Jingcheng Holding shall pay to the Company the said sum of RMB295,382,800 to account for this difference at Completion.

Following the Disposal, each of the Sale Subsidiaries will cease to be a subsidiary of the Company.

The Acquisition

Subject to the terms and conditions of the Reorganisation Framework Agreement, Jingcheng Holding has agreed to transfer or procure the transfer of, and the Company has agreed to accept transfer of, the Incoming Assets.

The estimated aggregate consideration for the Acquisition is approximately RMB 894,196,200, which was determined with reference to the estimated valuation of the book value of the Outgoing Assets as at 31 March 2012. The consideration is subject to adjustment with reference to the final valuation of the book value the Outgoing Assets as at the Completion Date. Such consideration shall be settled by (i) the transfer of the Outgoing Assets pursuant to the Disposal and in the event that the valued amount of the Incoming Assets is larger than that of the Outgoing Assets, (ii) the payment of an amount equivalent to the value of the Incoming Assets less that of the Outstanding Assets in cash by the Company to Jingcheng Holding.

Conditions for the Reorganisation Framework Agreement to become effective

The Reorganisation Framework Agreement shall become effective upon each of the following conditions being satisfied:

- (a) the approval of the Reorganisation by the board of directors of Jingcheng Holding;
- (b) the approval of the concrete plans of Reorganisation by the board of directors of the Company;
- (c) the approval of the Reorganisation and other related matters including but not limited to the Reorganisation by the Shareholders in a general meeting of the Company;
- (d) the approval of the plan relating to the transfer of employees in respect of the Outgoing Assets by the relevant employee representatives meeting prior to the general meeting of the Company;
- (e) the review by or filing at the relevant government authorities for the management of state-owned assets of the valuation results of the Valuation Report;

- (f) the approval by the Ministry of Commerce of the relevant matters of the Reorganisation;
- (g) the approval by the relevant government authorities for the management of state-owned assets of the plans relating to the Reorganisation;
- (h) the approval by the CSRC of the plans relating to the Reorganisation; and
- (i) the approval by the Stock Exchange of the plans relating to the Reorganisation (where required).

As at the date of this announcement, conditions (a), (b) and (d) have already been fulfilled.

In the event that not all the conditions for the Reorganisation Framework Agreement to become effective have been fulfilled within the period to be agreed by the parties thereto, the Reorganisation Framework Agreement shall be of no further effect and no party shall have any claim against or liability or obligation to the other party save in respect of any deliberate or serious default (including but not limited to any breach of mandatory requirements prescribed under any applicable laws and regulations) causing any of the conditions set out above unable to be fulfilled.

Conditions to Completion

Completion is conditional upon the following conditions being satisfied:

- (a) the conditions for the Reorganisation Framework Agreement to become effective being fulfilled;
- (b) there being no breach or any evidence showing the breach of the Reorganisation Framework Agreement;
- (c) there being no violation of any judgments, decisions or orders issued by any judicial authorities, regulatory authorities or statutory supervisory authorities as a result of the implementation of the Reorganisation; and
- (d) all the statements and warranties contained in the Reorganisation Framework Agreement remain true, accurate and valid.

Jingcheng Holding and the Company shall endeavour to satisfy all the conditions to Completion as set out above the soonest possible. After the approval by the CSRC of the Reorganisation is granted, Jingcheng Holding and the Company shall negotiate and agree upon the Completion Date.

Completion

During the Completion Period:–

- (a) the Company shall deliver to Beiren Group all contracts, documents and information relating to the Outgoing Assets and provide assistance to complete all formalities in relation to the transfer of the Outgoing Assets;
- (b) the Company on the one hand and Beiren Group on the other hand shall execute confirmation documents in respect of the transfer of the Outgoing Assets;
- (c) Jingcheng Holding shall deliver to the Company all contracts, documents and information relating to the Incoming Assets; and
- (d) Jingcheng Holding and the Company shall execute confirmation documents in respect of the transfer of the Incoming Assets. Jingcheng Holding shall also ensure the Company's legal ownership of 71.56% interest in Tianhai Industrial, 100% interest in Jingcheng HK and 100% interest in Jingcheng Environment shall be recorded in the respective articles of association of each of Tianhai Industrial, Jingcheng HK and Jingcheng Environment.

Profit and Loss in respect of the Outgoing Assets and the Incoming Assets

Jingcheng Holding and the Company agreed that, upon fulfilment of all the conditions for the Reorganisation Framework Agreement to become effective:–

- (a) all the profit and loss in relation to the Outgoing Assets arising from or incurred during the Transition Period shall belong to or be borne by Beiren Group; and
- (b) all the profit and loss in relation to the Incoming Assets arising from or incurred during the Transition Period shall belong to or be borne by the Company.

Transfer of creditors' rights or liabilities

Upon Completion, all creditors' rights, debts and/or liabilities in respect of the Outgoing Assets shall be borne by Beiren Group.

The Company shall in accordance with the relevant laws notify its creditors and debtors about the aforesaid transfer and obtain consent by the relevant creditors. In the event that creditors assert their rights against the Company, Beiren Group shall, upon written notice by the Company, be responsible for all the liabilities and costs arising in connection therewith and forfeit their right to seek compensation from the Company. Beiren Group shall further indemnify the Company of all liabilities or loss incurred in connection with the aforesaid.

INFORMATION ON THE OUTGOING ASSETS

The Sale Subsidiaries

Shaanxi Beiren

Shaanxi Beiren is a limited liability company established in the PRC and is currently owned by the Company as to approximately 86.24%. It is principally engaged in the manufacture, sale and maintenance of printing machines, copying machines, packing machines, engineering machines, electrical equipments and relevant fittings; and the manufacture and sale of typesetting machines and printing equipment.

Based on the audited financial statements of Shaanxi Beiren for the two years ended 31 December 2011 prepared in accordance with CASBE, its net profits before and after taxation and extraordinary items for the financial year ended 31 December 2010 were approximately RMB7,740,000 and approximately RMB4,391,000 respectively and for the financial year ended 31 December 2011 were approximately RMB11,942,000 and approximately RMB7,879,000 respectively. The audited net asset value and the audited total asset value of Shaanxi Beiren as at 31 December 2011 amounted to approximately RMB76,172,000 and approximately RMB341,967,000 respectively.

Beiren Fuji

Beiren Fuji is a limited liability company established in the PRC and is currently owned by the Company as to approximately 70%. It is principally engaged in the manufacture printing machines and the sale of self-manufactured products.

Based on the audited consolidated financial statements of Beiren Fuji for the two years ended 31 December 2011 prepared in accordance with CASBE, its net loss before and after taxation and extraordinary items for the financial year ended 31 December 2010 were approximately RMB7,482,000 and approximately RMB13,191,000 respectively and its net profits before and after taxation and extraordinary items for the financial year ended 31 December 2011 were approximately RMB2,044,000 and approximately RMB1,030,000 respectively. The audited net asset value and the audited total asset value of Beiren Fuji as at 31 December 2011 amounted to approximately RMB26,217,000 and approximately RMB77,654,000 respectively.

Beiren Jingyan

Beiren Jingyan is a limited liability company established in the PRC and is currently owned by the Company as to approximately 99.76%. It is principally engaged in the manufacture of printing machines and relevant components and the provision of relevant technical consulting services.

Based on the audited consolidated financial statements of Beiren Jingyan for the two years ended 31 December 2011 prepared in accordance with CASBE, its net loss before and after taxation and extraordinary items for the financial year ended 31 December 2010 were approximately

RMB4,800,000 and approximately RMB5,112,000 respectively and for the financial year ended 31 December 2011 were approximately RMB2,234,000 and approximately RMB2,262,000 respectively. The audited net asset value and the audited total asset value of Beiren Jingyan as at 31 December 2011 amounted to approximately RMB5,843,000 and approximately RMB21,969,000 respectively.

Other investments of the Company

49% equity interests in Beijing Monigraf

Beijing Monigraf is a Sino-foreign equity joint venture enterprise established in the PRC which is owned as to 49% by the Company. Its operating scope includes the research and development, design, manufacture, sale of the control system of printing ink within the printer, the sale of the printing facilities and printing material, and in connection with its own products' installation, adjustment, maintenance, technology advisory and training.

20% equity interests in Beijing Beiyong

Beijing Beiyong is a limited liability company established in the PRC which is owned as to 20% by the Company. Its operating scope includes the processing and sale of standard and non-standard components, manufacture of casting, processing of model, technology development, transfer, advisory, service.

49% equity interests in Mitsubishi Beiren

Mitsubishi Beiren is a Sino-foreign equity joint venture enterprise established in the PRC which is owned as to 49% by the Company. Its operating scope includes the manufacture and sale of printing machinery, related technology advisory and service.

INFORMATION ON THE INCOMING ASSETS

Target Companies

Jingcheng HK

Jingcheng HK is an investment holding company incorporated in Hong Kong with limited liability and whose entire issued share capital is owned by Jingcheng Holding. Other than the holding of 28.44% interest in Tianhai Industrial and 9.48% interests in Tianjin Tianhai, Jingcheng HK has no other business operations.

Based on the unaudited consolidated financial statements of Jingcheng HK for the year ended 31 December 2011 prepared in accordance with CASBE, the unaudited total asset value and unaudited net asset value of Jingcheng HK after deduction of the amounts attributed from Jingcheng HK's 28.44% interest in Tianhai Industrial are set out as below:

As at 31 December 2011		
	Unaudited total asset value	Unaudited net asset value
	<i>('000 RMB)</i>	<i>('000 RMB)</i>
After deducting the amounts attributed from Jingcheng HK's 28.44% interest in Tianhai Industrial	440	24,684

Based on the unaudited consolidated financial statements of Jingcheng HK for the two years ended 31 December 2011 prepared in accordance with CASBE, the profits before taxation and profits after taxation and minority interest of Jingcheng HK for the years ended 31 December 2010 and 31 December 2011 after deduction of the amounts attributed from Jingcheng HK's 28.44% interest in Tianhai Industrial are set out as below:

	For the year ended 31 December 2010		For the year ended 31 December 2011	
	Unaudited net profit (loss) before taxation	Unaudited net profit (loss) after taxation and minority interest	Unaudited net profit (loss) before taxation	Unaudited net profit (loss) after taxation and minority interest
	<i>('000 RMB)</i>	<i>('000 RMB)</i>	<i>('000 RMB)</i>	<i>('000 RMB)</i>
After deducting the amounts attributed from Jingcheng HK's 28.44% interest in Tianhai Industrial	1,259	1,259	(99)	(99)

The aggregate original purchase cost of the entire interests in Jingcheng HK held by Jingcheng Holding was approximately RMB98,742,000.

Jingcheng Environment

Jingcheng Environment is a limited liability company established in the PRC wholly owned by Jingcheng Holding. It is principally engaged in compress machinery business and environmental protection business. In order to avoid competition between the Company (after the Reorganisation) and other subsidiaries of Jingcheng Holding which are engaged in environmental protection business, Jingcheng Environment shall dispose of this environmental protection business prior to the Reorganisation. Accordingly, Jingcheng Environment shall only be engaged in sale and manufacture of air compressor products when acquired by the Company pursuant to the Reorganisation. The Jingcheng Environment's products shall be mainly used in gas filling, polycrystalline silicon, coal chemical, nuclear power and military industries.

Based on the unaudited consolidated financial statements of Jingcheng Environment for the year ended 31 December 2011 prepared in accordance with CASBE, the unaudited total asset value and unaudited net asset value of Jingcheng Environment after disposal of its environmental protection business are set out as below:

	As at 31 December 2011	
	Unaudited total asset value (‘000 RMB)	Unaudited net asset value (‘000 RMB)
After disposal of its environmental protection business	271,348	145,449

Based on the unaudited consolidated financial statements of Jingcheng Environment for the two years ended 31 December 2011 prepared in accordance with CASBE, the profits before taxation and profits after taxation and minority interest of Jingcheng Environment for the years ended 31 December 2010 and 31 December 2011 after disposal of its environmental protection business are set out as below:

	For the year ended 31 December 2010		For the year ended 31 December 2011	
	Unaudited net profit (loss) before taxation (‘000 RMB)	Unaudited net profit (loss) after taxation and minority interest (‘000 RMB)	Unaudited net profit (loss) before taxation (‘000 RMB)	Unaudited net profit (loss) after taxation and minority interest (‘000 RMB)
After disposal of its environmental protection business	7,310	6,394	14,884	14,701

The aggregate original purchase cost of the entire interests in Jingcheng Environment held by Jingcheng Holding was approximately RMB 83,281,000.

Tianhai Industrial

Tianhai Industrial is a Sino-foreign equity joint venture enterprise established in the PRC wholly owned by Jingcheng Holding, of which 71.56% equity interest is held by Jingcheng Holding directly and 28.44% equity interests is held by Jingcheng Holding through Jingcheng HK. It is principally engaged in the research and development, manufacture and sale of equipment for gas storage and transportation.

Tianhai Industrial, together with its various subsidiaries, possess various qualifications relating to the design of class A1, A2, C2, C3 pressured cylinders and the manufacture of class A1, A2, B1, B2, B3, C3, D1, D2 pressured cylinders. In 2010, Tianhai Industrial was recognised as a New High-Technology Enterprise (高新技術企業) by four authorities including the Science Technology Commission of Beijing Municipality (北京市科學技術委員會). The major products of Tianhai Industrial include gas cylinder products such as seamless steel gas cylinders (鋼質無縫氣瓶), gas

cylinders with seams (焊接氣瓶), steel seamless shells for gas pressure cylinders (蓄能器殼體) and hoop-wrapped gas cylinders (纏繞瓶), as well as low-temperature storage and transportation products such as industrial compressed gas tanks and storage tanks for liquefied natural gas. Tianhai Industrial's products are mainly used in the automobiles, chemical, fire control, medical, petroleum, energy, construction, food, metallurgy, engineering and electronics industries.

Based on the unaudited consolidated financial statements of Tianhai Industrial for the year ended 31 December 2011 prepared in accordance with CASBE, the unaudited total asset value and unaudited net asset value of Tianhai Industrial are set out as below:

As at 31 December 2011	
Unaudited total asset value	Unaudited net asset value
<i>('000 RMB)</i>	<i>('000 RMB)</i>
1,593,718	486,216

Based on the unaudited consolidated financial statements of Tianhai Industrial for the two years ended 31 December 2011 prepared in accordance with CASBE, the profits before taxation and profits after taxation and minority interest of Tianhai Industrial for the years ended 31 December 2010 and 31 December 2011 are set out as below:

For the year ended 31 December 2010		For the year ended 31 December 2011	
Unaudited net profit	Unaudited net profit	Unaudited net profit	Unaudited net profit
(loss) before taxation	(loss) after taxation	(loss) before taxation	(loss) after taxation
and minority interest	and minority interest	and minority interest	and minority interest
<i>('000 RMB)</i>	<i>('000 RMB)</i>	<i>('000 RMB)</i>	<i>('000 RMB)</i>
(9,437)	(8,472)	57,165	44,421

The aggregate original purchase cost of the entire interests in Tianhai Industrial held, directly and indirectly, by Jingcheng Holding was approximately RMB231,944,000.

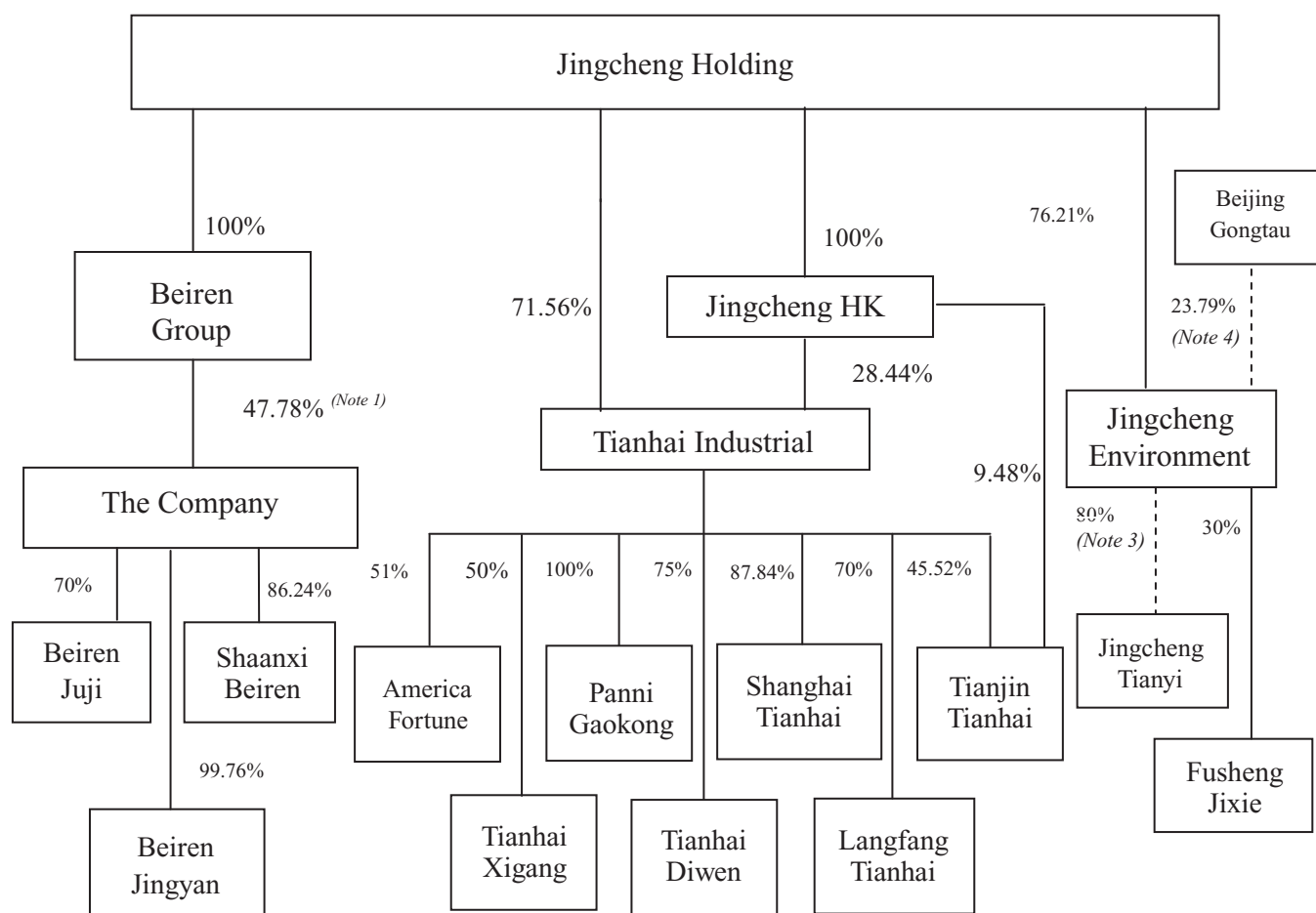
As all companies owned by Jingcheng Holding which are principally engaged in the New Business are included in the Target Companies or their respective subsidiaries, Jingcheng Holding will not have an interest (other than through its interest in the Company) in a business which competes or is likely to compete, either directly or indirectly, with the New Business after the Completion.

Shareholding structure

Based upon the shares in issue for each of the companies identified below, as at the date of this announcement (and assuming no changes to such issued share capitals prior to Completion), the simplified shareholding structure of the relevant companies before and after the Completion will be as follows:–

Before the Completion

The following reflects the simplified shareholding structure of the relevant companies as at the date of this announcement.



Notes:

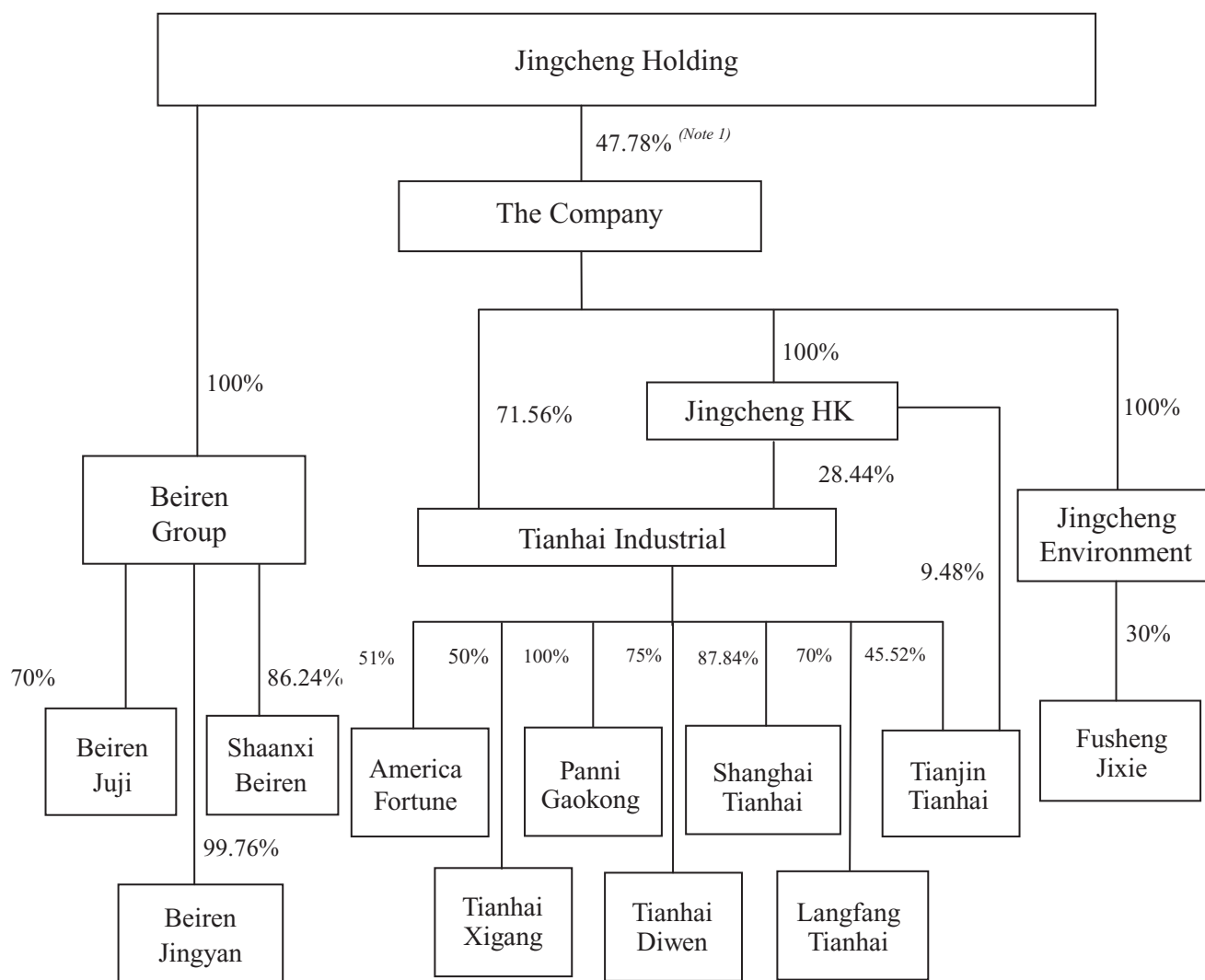
1. So far as the Directors are aware, Jingcheng Holding proposed to transfer 47.78% interest in the Company held through Beiren Group to Jingcheng Holding at nil consideration, following which Jingcheng Holding shall directly hold 47.78% interest in the Company. This transfer is not inter-conditional upon the Reorganisation.
2. America Fortune, Tianhai Xigang, Panni Gaokong, Tianhai Diwen, Shanghai Tianhai, Langfang Tianhai, Tianjin Tianhai and Fusheng Jixie refers to America Fortune Company, 北京天海西港環境技術有限公司, 北京攀尼高空作業設備有限公司, 北京天海低溫設備有限公司, 上海天海德坤復合氣瓶有限公司, 廊坊天海高壓容器有限公司, 天津天海高壓容器有限責任公司 and 北京復盛機械有限公司 respectively, all of which are owned by Tianhai Industrial (and in respect of Tianjin Tianhai which is also owned by Jingcheng HK) or in respect of Fusheng

Jixie which is owned by Jingcheng Environment as to the relevant percentages set out above. Each of these companies specializes in or possesses different qualifications for the manufacture and sale of different types of equipment for gas storage and transportation, related components, testing equipment or other relevant products.

3. Jingcheng Tianyi refers to 北京京城天義環保科技有限公司, a company principally engaged in environmental protection business. Jingcheng Tianyi shall be disposed by Jingcheng Environment prior to the Reorganisation in order to avoid any competition between Jingcheng Environment and other subsidiaries of Jingcheng Holding which are engaged in environment protection business after completion of the Reorganisation.
4. Beijing Gongtau refers to 北京工業發展投資管理有限公司. Jingcheng Holding and Beijing Gongtau have entered into an equity transfer agreement pursuant to which Beijing Gongtau agreed to transfer its 23.79% equity interests in Jingcheng Environment to Jingcheng Holding. Such transfer will be completed pending completion of all legal formalities required by the relevant PRC authorities, following which Jingcheng Environment will be owned as to 100% by Jingcheng Holding.

After the Completion

The following reflects the simplified shareholding structure of the relevant companies upon Completion (assuming no changes in the issued share capital of any of the companies prior to Completion).



Notes:

1. So far as the Directors are aware, Jingcheng Holding proposed to transfer 47.78% interest in the Company held through Beiren Group to Jingcheng Holding at nil consideration, following which Jingcheng Holding shall directly hold 47.78% interest in the Company. This transfer is not inter-conditional upon the Reorganisation.
2. America Fortune, Tianhai Xigang, Panni Gaokong, Tianhai Diwen, Shanghai Tianhai, Langfang Tianhai, Tianjin Tianhai and Fusheng Jixie refers to America Fortune Company, 北京天海西港環境技術有限公司, 北京攀尼高空作業設備有限公司, 北京天海低溫設備有限公司, 上海天海德坤復合氣瓶有限公司, 廊坊天海高壓容器有限公司, 天津天海高壓容有限責任公司 and 北京復盛機械有限公司 respectively, all of which are owned by Tianhai Industrial and (in respect of Tianjin Tianhai which is also owned by Jingcheng HK) or in respect of Fusheng Jixie which is owned by Jingcheng Environment as to the relevant percentages set out above. Each of these companies specializes in or possesses different qualifications for the manufacture and sale of different types of equipment for gas storage and transportation, related components, testing equipment or other relevant products.

Upon Completion, the Sale Subsidiaries will cease to be subsidiaries of the Company, the Target Companies, America Fortune, Tianhai Xigang, Panni Gaokong, Tianhai Diwen, Shanghai Tianhai, Langfang Tianhai, Tianjin Tianhai and Fusheng Jixie will become subsidiaries of the Company, Tianhai Xigang will become a joint controlled entity of the Company and Funsheng Jixie will become an associate company of the Company.

Background of the Target Companies' senior management

Most of the senior management of the Target Companies has more than 10 years relevant work experience in sales and manufacturing equipment for gas storage and transportation industries and a majority of the aforesaid senior management have been working in the Target Companies or their respective subsidiaries for over 10 years.

REASONS FOR AND BENEFITS OF THE REORGANISATION

Due to the downturn of the printing industry as a whole, the Company had difficulty in operating in its printing machineries business. The Company recorded loss of more than RMB100 million in the each of the years ended 31 December 2008 and 2009 and the loss for the year ended 31 December 2008 was over RMB200 million. For the years ended 31 December 2007, 2010 and 2011, the profits recorded were contributed by non-operating income. The Company further recorded a loss for the first quarter of 2012. As the difficulties currently confronting the printing industry in the PRC are not expected to be alleviated in the near future, it would be in the interest of the Company and its shareholders to implement the Reorganisation, which involves the disposal of its existing business and an acquisition of new profitable business, to improve the profitability and prospects of the Company.

The Target Companies have 3 major products, namely gas cylinders, low-temperature transportation equipment (which are produced by Tianhai Industrial) and gas compressor machinery (which are produced by Jingcheng Environment). According to the research report prepared by IBM and published in 2010, Tianhai Industrial ranks the first in Asia and ranks the third globally in the field of manufacture of industrial gas cylinders (工業氣瓶).

After completion of the Reorganisation, it is expected that Tianhai Industrial will continue to maintain its leading position in the gas container market. Besides the continual development of low-temperature transportation equipment and natural gas cylinders equipment, the Company intends to diversify in the direction of “from cylinders to tanks, from automobiles to stations” (瓶、罐、車、站), and therefore gradually develop into a system equipment supplier and solution provider. At the same time, the Company expects Jingcheng Environment to continue the steady development of its current compressor equipment business and expand its production lines to include large-medium size compressor machinery. This development will enable the Company to satisfy demands from the petroleum, coal, steel and chemical fertilizers industries, all of which require skillful and reliable large-medium compressor machinery.

To use clean energy is the policy of the PRC government. The manufacture and sales of gas cylinders for compressed natural gas (“CNG”) and liquefied natural gas (“LNG”) for automobiles by the Target Companies is thus expected to benefit from the more popularized and promoted use of CNG and LNG as fuel for automobiles. Since CNG and LNG gas cylinders are products with a high gross profit margin, the Company’s profitability after the Reorganisation is expected to be enhanced substantially. Further, the Target Companies have successfully obtained state certification for use in the nuclear energy industry for some of its compressor machinery. It should benefit from the rapid development of the third generation of nuclear energy plants in the PRC.

Accordingly, the Directors (excluding the independent non-executive directors whose views will be rendered upon having received the advice of the independent financial advisor) believe that the terms of the Reorganisation are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Since both the Company and Beiren Group are under the common control of Jingcheng Holding, the difference between the book value of the Outgoing Assets and that of the Incoming Assets will be recorded as capital reserve and the Company does not expect to record any profit or loss as a result of the Disposal.

The cash consideration expected to be received by the Company pursuant to the Disposal, being approximately RMB295,382,800, will be applied by the Company as shareholders’ loans advanced to the Target Companies, in order that the Target Companies could repay loans due to Jingcheng Holding.

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY AND JINGCHENG HOLDING

The Company is principally engaged in the manufacture and sales of printing facilities.

Jingcheng Holding is principally engaged in state-own assets operation and management within the scope of authorization, operation of title (ownership), external financing and investment.

LISTING RULES IMPLICATIONS

As (i) one or more of the applicable percentage ratios calculated pursuant to Chapter 14 of the Listing Rules in respect of the Disposal is likely to exceed 75% and (ii) Jingcheng Holding is the beneficial controlling Shareholder, the Disposal constitutes a possible very substantial disposal and connected transaction of the Company. As (i) one or more of the applicable percentage ratios calculated pursuant to Chapter 14 of the Listing Rules in respect of the Acquisition is likely to exceed 100% and (ii) Jingcheng Holding is the beneficial controlling Shareholder, the Acquisition constitutes a possible very substantial acquisition and connected transaction of the Company. So far as the Directors are aware, Jingcheng Holding proposed to transfer 47.78% interest in the Company held through Beiren Group to Jingcheng Holding at nil consideration, following which Jingcheng Holding shall directly hold 47.78% interest in the Company. This transfer is not inter-conditional upon the Reorganisation. Accordingly, the Reorganisation, comprising the Disposal and the Acquisition, is subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules. As at the date of this announcement, Beiren Group is interested in 201,620,000 A Shares, representing approximately 47.78% of the total issued Shares. Since Beiren Group is a wholly owned subsidiary of Jingcheng Holding, Beiren Group and its associates will abstain from voting on the relevant resolution(s) at the extraordinary general meeting to be convened for the purpose of approving the Reorganisation.

Pursuant to the Listing Rules, the Independent Board Committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders on the terms of the Reorganisation Framework Agreement and the transactions contemplated thereunder.

As the due diligence, auditing and valuation of the Outgoing Assets and/or the Incoming Assets have yet to be completed, the details of the Reorganisation and all figures in relation thereto (including the consideration) are subject to further adjustment and approval of the Board. Since time is required for completing such due diligence, auditing and valuation, the Company is currently unable to estimate with certainty the date of despatch of the Circular. The Company shall issue further announcement(s) to notify the Shareholders of the expected date of despatch of the Circular when such date of despatch can be more accurately ascertained.

LISTING COMMITTEE'S DECISION

The Listing Committee had considered and resolved that the Reorganisation would not constitute a reserve takeover for the purposes of Rule 14.06(6) of the Listing Rules, subject to compliance with the following conditions:

- (a) include in the Circular enhanced disclosure of the information about the Target Companies comparable to prospectus standard;
- (b) appoint a financial adviser acceptable to the Stock Exchange to conduct due diligence on the Target Companies with reference to Practice Note 21 of the Listing Rules;

- (c) include in the Circular a profit forecast of the Target Companies for the year ending 31 December 2012 and comply with the requirements under Rule 14.62 of the Listing Rules;
- (d) conduct a search to determine whether there had been a recent change towards concentration of holdings of the Shares in the hands of one or more persons or a group of persons. The Company would conduct the search as at 30 June 2012 and compare with the shareholder profile at a point in the past. This search should look beyond Central Clearing and Settlement System holdings to determine the ultimate beneficial owners of the Shares. If the search determined that the beneficial ownership of the Shares had become concentrated in the hands of one or more persons or group of person and they are not considered to be independent Shareholders, these person must abstain from voting in the general meeting to approve the Reorganisation; and
- (e) issue an announcement about the Listing Committee's decision.

SUSPENSION AND RESUMPTION OF TRADING

The Shares were suspended from trading on the Stock Exchange with effect from 9:00 am on 10 April 2012 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 am on 6 July 2012.

Completion of the Reorganisation Framework Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“A Share(s)”	domestic ordinary share(s) with a par value of RMB1.00 each in the share capital of the Company which are listed on the Shanghai Stock Exchange and traded in RMB
“Acquisition”	the transfer by Jingcheng Holding of the Incoming Assets to the Company pursuant to the terms and conditions of the Reorganisation Framework Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Beiying”	北京北瀛鑄造有限責任公司(Beijing Beiying Casting Co., Ltd.), a limited liability company established in the PRC which is owned as to 20% by the Company

“Beijing Monigraf”	北京莫尼自控系統有限公司(Beijing Monigraf Automations Co., Ltd.), a sino-foreign equity joint venture enterprise established in the PRC which is owned as to 49% by the Company
“Beiren Fuji”	北京北人富士印刷機械有限公司(Beijing Beiren Fuji Printing Machinery Co., Ltd.), a limited liability company established in the PRC as more particularly set out under the section headed “Information on the Outgoing Assets” of this announcement
“Beiren Jingyan”	北京北人京延印刷機械有限責任公司(Beijing Beiren Jinyan Printing Machinery Co., Ltd.), a limited liability company established in the PRC as more particularly set out under the section headed “Information on the Outgoing Assets” of this announcement
“Beiren Group”	北人集團公司(Beiren Group Corporation), a company incorporated in the PRC and holding approximately 47.78% interest in the Company
“Board”	the board of Directors
“Business Day”	means a day on which licensed banks are generally opened for business in Hong Kong (excluding Saturdays)
“CASBE”	the China Accounting Standards for Business Enterprises
“Circular”	the circular to be issued by the Company giving further information about the Reorganisation and such other information as required under the Listing Rules or by the Stock Exchange
“Company”	北人印刷機械股份有限公司(Beiren Printing Machinery Holdings Limited), 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 Exchanges
“Completion”	completion of the Reorganisation in accordance with the terms of the Reorganisation Framework Agreement
“Completion Date”	means the date when Completion shall take place, being the date as agreed between the parties to the Reorganisation Framework Agreement upon satisfaction of the conditions as more particularly described in the section headed “The Reorganisation Framework Agreement – Conditions to Completion” of this announcement

“Completion Period”	means the period commencing from the Effective Date and ending on the Completion Date
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“Disposal”	the transfer by the Company of the Outgoing Assets to Beiren Group on the instructions of Jingcheng Holding pursuant to the terms and conditions of the Reorganisation Framework Agreement
“Effective Date”	The effective date of the Reorganisation Framework Agreement upon the satisfaction of all the conditions as more particularly described in the section headed “The Reorganisation Framework Agreement – Conditions for the Reorganisation Framework Agreement to become effective” of this announcement
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign share(s) with a par value of RMB1.00 each in the share capital of the Company which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Incoming Assets”	(i) 71.56% equity interests in Tianhai Industrial, (ii) 100% interests in Jingcheng HK and (iii) 100% equity interests in Jingcheng Environment (after disposal of its environmental protection business)
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Zhang Shuangru, Ms. Wang Hui Mr. Xie Bingguang and Mr. Wang Deyu, which has been established by the Company to advise the Independent Shareholders on the Reorganisation Framework Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the general meeting to be convened for the purposes of approving the Reorganisation under the Listing Rules

“Jingcheng Environment”	北京京城環保產業發展有限責任公司(Jingcheng Environment Protection Development Co., Ltd.), a company incorporated in the PRC as more particularly set out under the section headed “Information on the Incoming Assets” of this announcement
“Jingcheng HK”	Jingcheng Holding (Hong Kong) Company Limited, a company incorporated in Hong Kong as more particularly set out under the section headed “Information on the Incoming Assets” of this announcement
“Jingcheng Holding”	北京京城機電控股有限責任公司(Jingcheng Holding Machinery Electric Holding Co., Ltd.), a company incorporated in the PRC and holding 100% interest in Beiren Group
“Listing Committee”	the listing sub-committee of the directors of the Stock Exchange elected or appointed in accordance with the articles of association of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mitsubishi Beiren”	北京三菱重工北人印刷機械有限公司(Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd.), a Sino-foreign equity joint venture enterprise established in the PRC which is owned as to 49% by the Company
“New Business”	the research and development, manufacture and sale of compressed gas cylinders and related equipment after the Completion
“Outgoing Assets”	all the assets and liabilities owned by the Company as at the date of this announcement, as more particular described in the section headed “Information on the Outgoing Assets” of this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Reorganisation”	the Acquisition and the Disposal
“Reorganisation Framework Agreement”	the reorganisation framework agreement dated 5 July 2012 between the Company and Jingcheng Holding setting out the framework of the Reorganisation

“Sale Subsidiaries”	Shaanxi Beiren, Beiren Fuji and Beiren Jingyan, all of which are non-wholly owned subsidiaries of the Company as at the date of this announcement
“Shaanxi Beiren”	陝西北人印刷機械有限責任公司 (Shaanxi Beiren Printing Machinery Co., Ltd.), a limited liability company established in the PRC as more particularly set out under the section headed “Information on the Outgoing Assets” of this announcement
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of RMB 1.00 each in the share capital of the Company, including A share(s) and H share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Jingcheng HK, Jingcheng Environment and Tianhai Industrial
“Tianhai Industrial”	北京天海工業有限公司, a limited liability company established in the PRC and a wholly-owned subsidiary of Jingcheng Holding as at the date of this announcement as more particularly set out under the section headed “Information on the Incoming Assets” of this announcement”
“Transition Period”	means the period commencing from 31 March 2012 and ending on the Completion Date
“Valuation Report”	the valuation report to be issued by a qualified valuer in respect of the Incoming Assets and the Outgoing Assets, the valuation results of which are reviewed by or filed at the relevant government authorities for the management of state-owned assets
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

On behalf of the Board of
Beiren Printing Machinery Holdings Limited
Jiao Rui Fang
Company Secretary

Beijing, the PRC 5 July 2012

As at the date of this announcement, the Board of the Company comprises Mr. Zhang Peiwu, Mr. Chen Bangshe and Ms. Jiang Chi as executive directors, Mr. Teng Mingzhi, Ms. Wu Dongbo, Mr. Li Shenggao and Ms. Wei Li as non-executive directors and Mr. Zhang Shuangru, Ms. Wang Hui, Mr. Xie Bingguang and Mr. Wang Deyu as independent non-executive directors.

English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.