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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: 187)**

## **CONTINUING CONNECTED TRANSACTIONS**

The Board wishes to announce that on 2 November 2012, Beiren Fuji entered into the OEM Agreement with Beiren Group, pursuant to which Beiren Fuji manufactures and sells after-printing binding machinery products to Beiren Group and Beiren Fuji also provides maintenance services for end customers of Beiren Group with an annual cap of RMB28 million for a term commencing from 1 September 2012 to 31 December 2013.

As Beiren Group is a controlling shareholder of the Company holding approximately 47.78% equity interest in the Company as at the date of this announcement, Beiren Group is a connected person of the Company under Chapter 14A of the Listing Rules. Since the OEM Transactions shall be carried out as a continuing business and are expected to extend over a period of time, the OEM Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the OEM Transactions on an annual basis are more than 0.1% but less than 5%, the OEM Transactions are only subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE OEM AGREEMENT**

On 2 November 2012, Beiren Fuji entered into the OEM Agreement with Beiren Group containing, inter alia, the following terms:

### **Date:**

2 November 2012

### **Parties:**

(1) Beiren Fuji; and

(2) Beiren Group

**Term:**

A term commencing from 1 September 2012 to 31 December 2013. The OEM Agreement shall become effective upon signing.

**Transaction nature:**

Beiren Fuji shall manufacture and sell the after-printing binding machinery products to Beiren Group and Beiren Fuji shall also provide maintenance services for the end customers of Beiren Group.

*Scope of after-printing binding machinery products and maintenance services*

Product names: Beiren Saddle Stitching Equipment, Beiren-TSK auxiliary equipment and related products, and related maintenance services. Supplemental agreement should be signed by both parties if more products are added.

Product specifications: Riding press binding line LQD-10, Stacker DJ120, SSX conveyor and auxiliary equipment, slitting rewinding machine QF450, etc.

**Pricing and payment:***Pricing of after-printing machinery products*

The pricing of after-printing machinery products is determined based on arm's length negotiation between Beiren Fuji and Beiren Group and on normal commercial terms with reference to the market price of the after-printing machinery products, which represents a 8% price cut of the standard price determined by Beiren Group.

*Payment of after-printing machinery products*

The consideration for the after-printing machinery products shall be payable by Beiren Group by two installments, 30% of which shall be paid to Beiren Fuji immediately after the purchase order is made by Beiren Group and the remaining balance shall be paid to Beiren Fuji not later than six months after check and acceptance of the products delivered by Beiren Group to end users. In the event that the payment conditions provide that end users should pay within a shorter period of six months, Beiren Fuji should be paid in accordance with such conditions.

*Pricing of maintenance services*

The pricing of the maintenance services shall be based on the hourly rate of the technician, calculated in accordance with the actual hours spent for the maintenance services. The minimum charge is four hours.

### *Payment of maintenance services*

The consideration for the maintenance services shall be payable by Beiren Group to Beijing Fuji within 15 working days after the maintenance services is completed with both the maintenance services invoice and payment notice having been given to Beiren Group.

### **ANNUAL CAPS AND BASIS FOR DETERMINING THE ANNUAL CAPS**

It is expected that the maximum aggregate consideration, on an annual basis, payable by Beiren Fuji in respect of the OEM Transactions in the contract period is RMB28 million.

The annual caps are determined based on the projected sales volume of the after-printing binding machinery products and maintenance services and the selling price of the after-printing binding machinery products and maintenance services provided by Beiren Fuji.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE OEM AGREEMENT**

The entering into the OEM Agreement allows Beiren Fuji to increase its sales income, promote its brand name, improve the utilization rate of its equipment and expand its business development channels.

The Directors (including the independent non-executive Directors) considered that the OEM Transactions will be conducted in the ordinary and usual course of business of the Group, and on normal commercial terms, and both the OEM Transactions and the above annual caps as set out above are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

None of the Directors had a material interest in the OEM Transactions. However, in view of good corporate governance practices, Mr. Zhang Peiwu is the general manager of Beiren Group, Mr. Teng Mingzhi, Ms. Wu Dongbo, Mr. Li Shenggao and Ms. Wei Li are directors nominated by Beiren Group, they have all abstained from voting in the relevant Board resolutions approving the OEM Transactions.

### **IMPLICATIONS UNDER THE LISTING RULES**

As Beiren Group is the controlling shareholder of the Company holding approximately 47.78% equity interest in the Company as at the date of this announcement, Beiren Group is a connected person of the Company and the OEM Transactions, which will be carried out as a continuing business and are expected to extend over a period of time, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the OEM Transactions on an annual basis are more than 0.1% but less than 5%, the OEM Transactions are only subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## PRINCIPAL ACTIVITIES OF THE COMPANY, BEIREN GROUP AND BEIREN FUJI

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

Beiren Group is principally engaged in the manufacture and sales of after-printing facilities.

Beiren Fuji is principally engaged in the manufacture printing machines and the sale of self-manufactured products.

## DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following terms shall have the meanings set out below:–

“Beiren Fuji”	北京北人富士印刷機械有限公司 (Beijing Beiren Fuji Printing Machinery Co., Ltd.), a company incorporated in the PRC and a subsidiary held as to approximately 70% by the Company
“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
“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
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“OEM Agreement”	the agreement (委託加工生產合同) entered into between Beiren Fuji and Beiren Group dated 2 November 2012, particulars of which are set out in the section headed “THE OEM AGREEMENT” in this announcement
“OEM Transactions”	the transactions as contemplated under the OEM Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

For and on behalf of the Board  
**Beiren Printing Machinery Holdings Limited**  
**Jiao RuiFang**  
*Company Secretary*

Beijing, the PRC, 2 November 2012

*As at the date of this announcement, the Board 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 incorporated companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.*