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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)

**Announcement on capital increase
to Beijing Beiren Printing Equipment Co., Ltd., a wholly-owned subsidiary**

The board of directors of the Company together with the directors thereof guarantee that the information contained in this announcement does not contain any false statements, misleading statements or material omissions and all of them severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents herein contained.

Important notice:

- Name of investment: capital increase to Beijing Beiren Printing Equipment Co., Ltd.
- Investment amount: The amount of capital increase of the Company amounted to RMB551,726,400 and the total investment after capital increase amounted to RMB552,726,400.
- Contents of capital increase: Beiren Printing Machinery Holdings Limited (the “Company”) proposed to contribute RMB352,802,300 to the registered capital of Beijing Beiren Printing Equipment Co., Ltd., among which, RMB247,661,600 will be contributed by way of the properties and land use rights of the Company located at Yizhuang and RMB105,140,700 will be contributed by way of cash (the valuation of such properties and land use rights amounted to RMB446,585,700, of which RMB247,661,600 will be included as registered capital and the valuation surplus of RMB198,924,100 will be included as capital reserve).
- The valuation result of the project was approved by “Approval on the valuation of the establishment of new company by Beiren Printing Machinery Holdings Limited of the proposed contribution to the land in Yizhuang and the buildings thereon by the state-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality” (Jing Guo Zi Chan Quan [2013] No.8)

A. Overview of the external investment

1. The Company will contribute RMB352,802,300 to the registered capital of Beijing Beiren Printing Equipment Co., Ltd. after its establishment, among which, RMB247,661,600 will be contributed by way of the properties and land use rights of the Company located at Yizhuang

and RMB105,140,700 will be contributed by way of cash (the valuation of such properties and land use rights amounted to RMB446,585,700, of which RMB247,661,600 will be included as registered capital and the valuation surplus of RMB198,924,100 will be included as capital reserve).

2. The capital contribution by the Company for the establishment of the wholly-owned subsidiary is not a related party transaction.
3. The resolution regarding the capital increase to Beijing Beiren Printing Equipment Co., Ltd., a wholly-owned subsidiary was approved at the eighth interim meeting of the seventh session of the board of directors (the “Board”) convened by the Company on 7 February 2013.

B. Overview of the investment entity

The Company is the sole investment entity to Beijing Beiren Printing Equipment Co., Ltd., a wholly-owned subsidiary, and there is no other investment party.

C. Basic information of capital increase to the wholly-owned subsidiary

The Company will contribute RMB352,802,300 to the registered capital of Beijing Beiren Printing Equipment Co., Ltd. a wholly-owned subsidiary, among which, RMB247,661,600 will be contributed by way of the properties and land use rights of the Company located at Yizhuang and RMB105,140,700 will be contributed by way of cash (the valuation of such properties and land use rights amounted to RMB446,585,700, of which RMB247,661,600 will be included as, registered capital and the valuation surplus of RMB198,924,100 will be included as capital reserve). As commissioned by the Company, the abovementioned physical assets have been valued by Beijing China Faith Appraisers Co., Ltd., which is qualified for engaging in securities and futures business, and the valuation of the project was approved by “Approval on the valuation of the establishment of new company by Beiren Printing Machinery Holdings Limited of the proposed contribution of the land in Yizhuang and the buildings thereon by the State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality” (Jing Guo Zichan Quan [2013] No.8). Date of valuation: 31 July 2012. The physical assets mentioned above are under normal operation, and are free from mortgages, pledges or other third party rights, significant disputes, litigations or arbitration and judicial measures such as seizure or freezing relating to the assets.

D. Objective, existing risks and impact of the investment on the Company

1. Objective of the investment

In view of the actual development needs of current printing business, the Company proposed to separately establish a subsidiary for the Digital Single Piece of Paper Split Polychrome Offset Machine Industry Project which will operate and develop independently.

The project can promote the development of the printing equipment manufacturing industry in the Beijing region, raise China's domestic production proportion of high-end printing equipment and meet the market demand for high-end printing equipment in China.

2. Existing Risks

During the start-up period of the wholly-owned subsidiary, there may be a lack of talents and management experience, which would lead to risks including increased management costs. To address these risks, the Company will control and eliminate such risks through various strategies and measures.

3. Impact on the Company

The Company is currently taking charge of the Digital Single Piece of Paper Split Polychrome Offset Machine Industry Project, which is supported by the National Development and Reform Commission. The target of the project is to develop and produce high-end digital split polychrome offset printing machines with a printing speed up to 16,500 sheets/hour and achieve industrialization. Currently, high-end digital split polychrome offset printing machines with a printing speed up to 16,500 sheets/hour in the domestic market are mainly imported from foreign countries in complete set. Upon normal operation of Beijing Beiren Printing Equipment Co., Ltd., the technical level of the domestic high-end offset printing machines will be effectively enhanced, hence breaking the monopoly of foreign high-end printing equipment so as to raise the domestic production of China's key printing equipment and meet the demand for high-end printing equipment in China.

4. Impact on the Material Asset Reorganisation

The establishment and capital increase of Beijing Beiren Printing Equipment Co., Ltd., a wholly-owned subsidiary, by the Company will not affect the scope and value of the assets for disposal of the Company's Material Asset Reorganisation.

E. Documents for inspection

1. Resolution of the Eighth Interim Meeting of the Seventh Session of the Board of the Company;
2. Valuation report and the securities practicing certificate of the valuation institution.

**The Board of Directors of
Beiren Printing Machinery Holdings Limited**

Beijing, the PRC
7 February 2013

As at the date of this announcement, the Board of the Company comprises Mr. Zhang Peiwu, Mr. Chen Bangshe, 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.