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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)

2012 ANNUAL RESULT ANNOUNCEMENT

The board of directors (the “Board”) of Beiren Printing Machinery Holdings Limited (the “Company”) hereby announces the preliminary consolidated result of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2012 (the “Reporting Period”) prepared in accordance with China Accounting Standards for Business Enterprises:

I. FINANCIAL INFORMATION

(All amounts in RMB unless otherwise stated)

CONSOLIDATED BALANCE SHEET

Consolidated Balance Sheet

Items	Notes	31 December 2012	31 December 2011
Current assets:			
Cash		181,154,277.96	161,866,351.06
Transaction settlement funds			
Placements with bank and other financial institutions			
Financial assets held for trading			
Bills receivable		23,425,119.81	20,263,400.00
Accounts receivable	5	192,265,245.43	163,969,806.39
Prepayments		15,824,817.72	30,187,908.20
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Interest receivable			
Dividends receivable		113,600.00	113,600.00
Other receivables		18,586,901.72	17,583,975.31
Purchase of resold of financial assets			
Inventories		403,659,917.33	422,781,854.19
Non-current assets due within one year			
Other current assets			
Total current assets		835,029,879.97	816,766,895.15

Items	Notes	31 December 2012	31 December 2011
Non-current assets:			
Entrusted loans and advanced granted			
Financial assets available for sale			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments		15,935,435.65	15,660,364.86
Investment properties		6,556,479.32	6,739,095.77
Fixed assets		498,616,014.96	526,997,541.58
Construction in progress		8,068,949.59	3,179,294.90
Construction materials			
Disposal of fixed assets			
Biological assets for production			
Oil and gas assets			
Intangible assets		101,464,670.47	104,020,316.25
Development expenditure			
Goodwill			
Long-term unamortised expenses		9,367,320.00	9,367,320.00
Deferred income tax assets			2,711,017.52
Other non-current assets			
Total non-current assets		640,008,869.99	668,674,950.88
Total assets		1,475,038,749.96	1,485,441,846.03
Current liabilities:			
Short-term borrowings		313,029,820.99	220,000,000.00
Borrowings from central bank			
Receipt of deposits and deposits from other banks			
Placement from banks and other financial institutions			
Financial liabilities held for trading			
Bills payables		24,200,000.00	16,950,000.00
Accounts payable	6	323,922,570.97	272,997,745.92
Receipts in advance		64,992,309.32	88,449,580.42
Disposal of repurchased financial assets			
Handling charges and commissions payable			
Wage payable		54,343,369.05	39,091,724.51
Tax payable		-335,448.24	-4,129,380.97
Interest payable		1,019,724.67	751,944.17
Dividends payable			
Other payables		57,728,663.10	41,361,493.75
Reinsurance accounts payable			
Insurance contract reserves			
Funds from securities trading agency			
Funds from securities underwriting agency			
Non-current liabilities due within one year			
Other current liabilities		1,250,200.56	2,257,016.55
Total current liabilities		840,151,210.42	677,730,124.35

Items	Notes	31 December 2012	31 December 2011
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Long-term payables			
Special payables		31,282,414.47	31,685,168.05
Estimated liabilities		542,407.38	567,607.38
Deferred income tax liabilities			
Other non-current liabilities		516,075.10	716,275.66
Total non-current liabilities		32,340,896.95	32,969,051.09
Total liabilities		872,492,107.37	710,699,175.44
Owners' equity (or shareholders' equity):			
Paid-up capital (or share capital)		422,000,000.00	422,000,000.00
Capital reserve		522,841,800.72	522,877,777.87
Less: Treasury stock			
Special reserve			
Surplus reserve		43,172,707.88	43,172,707.88
General risk provision			
Undistributed profit	7	-400,026,203.80	-231,668,177.08
Exchange difference arising on translation of foreign currency statements			
Total owners' equity attributable to parent company		587,988,304.80	756,382,308.67
Minority interests		14,558,337.79	18,360,361.92
Total owners' equity		602,546,642.59	774,742,670.59
Total liabilities and owners' equity		1,475,038,749.96	1,485,441,846.03

Consolidated Income Statement

Items	Notes	2012	2011
1. Total operating income		748,254,409.40	803,873,926.57
Including: Operating income		748,254,409.40	803,873,926.57
Interest income			
Premium income			
Handling charges and commission income			
2. Total operating cost		922,214,968.93	833,516,231.66
Including: Operating cost		616,796,577.32	640,174,781.71
Interest expenses			
Handling charges and commission expenses			
Payment of surrenders			
Net claim expenses			
Net provision for insurance contract reserves			
Policy dividend payment			
Expenses for reinsurance accepted			

Items	Notes	2012	2011
Business tax and surcharge		4,631,097.11	6,017,580.63
Sales expenses		69,666,650.83	59,983,930.02
Administrative expenses		173,349,544.40	109,017,465.08
Financial expenses		14,152,324.29	7,937,550.30
Impairment loss on assets		43,618,774.98	10,384,923.92
Add: Gain on change in fair value (loss expressed with “-”)			
Gain on investment (loss expressed with “-”)		-918,329.21	206,880.50
Including: Gain on investments in associates and joint ventures		-918,329.21	206,880.50
Exchange gain (loss expressed with “-”)			
3. Operating profit (loss expressed with “-”)		-174,878,888.74	-29,435,424.59
Add: Non-operating income		6,603,294.03	44,402,275.63
Less: Non-operating expenses		1,159,415.77	1,307,002.50
Including: Loss on disposal of non-current assets		112,548.95	1,183,716.93
4. Total profit (total loss expressed with “-”)		-169,435,010.48	13,659,848.54
Less: Income tax expenses	8	2,711,017.52	30,000.22
5. Net profit (net loss expressed with “-”)		-172,146,028.00	13,629,848.32
Net profit attributable to owners of parent company		-168,358,026.72	11,382,900.84
Minority interests		-3,788,001.28	2,246,947.48
6. Earnings per share:			
(1) Basic earnings per share	9	-0.40	0.03
(2) Diluted earnings per share		-0.40	0.03
7. Other comprehensive income			
8. Total comprehensive income		-172,146,028.00	13,629,848.32
Total comprehensive income attributable to owners of parent company		-168,358,026.72	11,382,900.84
Total comprehensive income attributable to minority shareholders		-3,788,001.28	2,246,947.48

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1. BASIS OF PREPARATION OF FINANCIAL STATEMENT

The financial statements have been prepared on a going concern and actual transaction and event basis.

The financial statements were prepared in accordance with the Basic Standard and 38 specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereafter referred to as “the Accounting Standards for Business Enterprises”) and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting (amended in 2010) issued by the China Securities Regulatory Commission(CSRC).

In addition, the financial statements have also complied with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

2. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS

(1) Accounting period

The accounting period of the Group is from 1 January to 31 December.

(2) Reporting currency

The reporting currency adopted for the preparation of the financial statements is Renminbi.

(3) Principles of accounting and measurement

The Group uses the accrual method as its basis of accounting. All assets are measured at historical cost, except for financial assets and investment properties which are measured at fair value. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

(4) Method of preparing consolidated financial statements

Principles in determining the scope of the consolidation

The scope of consolidation is determined on the basis of control. Control refers to the right that the Group is able to make decisions on financial and operational policies of another enterprise, and receiving benefits from the business activities conducted by the enterprise.

Method of preparing consolidated financial statements

The Group begins to include a subsidiary in the consolidated statement from the date that the Group acquires the effective control over the subsidiary. A subsidiary is excluded from the Group’s consolidated statement from the date the Group loses effective control over it. The significant balance, transactions and unrealized profits which fall in the scope of consolidation are offset when preparing consolidated statement. Shareholders’ equity of the subsidiary and net profit and loss which do not belong to the Group will be treated as minority interests with minority profit and loss to be presented separately under the shareholder’s equity of consolidated report.

When the accounting policy or accounting period adopted by the subsidiaries are not consistent with those of the Group, the necessary adjustments will be made on the subsidiaries' financial statements in accordance with the accounting policy or accounting period of the Group when preparing the consolidated financial statements.

For subsidiaries acquired through business combination not involving entities under common control, adjustments are made on individual financial statements based on the fair value of identifiable net assets at the acquisition date. For subsidiaries acquired through business combination involving entities under common control, the assets, liabilities, operation results and cash flow of the subsidiaries from the beginning of the earliest reporting period are included in the consolidated financial statements at the original book value as if the business combination has occurred at the beginning of the earliest reporting period.

3. REVENUE

Revenue includes the net value of the received and receivable for the sales of different types of printing machine unites, sales of spare parts and service rendered as follows:

Item	Current year	Last year
Sales of hectograph machine	366,076,828.89	327,543,008.42
Sales of intaglio printing machine	304,755,989.02	363,587,203.39
Sales of form machinery	43,721,353.45	62,445,299.14
Sales of spares parts	16,230,623.59	22,937,152.71
Others	1,540,885.98	8,337,475.07
Sales revenue	732,325,680.93	784,850,138.73
Less: tax and other expenses	4,631,097.11	6,017,580.63
Total	727,694,583.82	778,832,558.10

4. SEGMENT INFORMATION

More than 90% of the revenues and profits of the company came from domestic manufacturing and sale of the printing machines, therefore the company's management considers there is no need for the Segment Information.

5. ACCOUNTS RECEIVABLE

Item	At the year end	At the beginning of the year
Accounts receivable	294,010,327.55	262,749,341.69
Less: provision of bad debts	101,745,082.12	98,779,535.30
Net amount	192,265,245.43	163,969,806.39

Aging analysis of accounts receivable

Prior to the acceptance of new customers, the Group applies internal credit assessment policies to assess the credit quality of potential customers and does not determine a definite credit period. As for domestic sales, the Group recognizes accounts receivable and operating revenue at the time point of delivery of products to the customers with the ratio of accounts receivable meeting the acceptance conditions in accordance with the contract terms, and begins to calculate the ages of the account; as for export sales, the Group recognizes accounts receivable and operating revenue at the time point of customs clearance, and begins to calculate the ages of the account. The following is an aging analysis of accounts receivables:

Aging	At the year end	At the beginning of the year
Within 1 year	152,533,965.75	134,355,281.22
1 to 2 years	32,325,453.67	20,429,611.80
2 to 3 years	7,405,826.01	9,184,913.37
Over 3 years	0.00	0.00
Net amount	192,265,245.43	163,969,806.39

6. ACCOUNTS PAYABLE

(1) Breakdown of accounts payable is set out as follows:

Items	At the year end	At the beginning of the year
Cost of materials	323,922,570.97	272,997,745.92

(2) Accounts payable

On 31 December 2012, the aging analysis of accounts receivable is as follows:

Items	At the year end	At the beginning of the year
Within 1 year	249,800,013.57	217,624,921.19
1 to 2 years	45,271,811.35	27,901,330.06
2 to 3 years	9,641,943.64	17,902,351.80
Over 3 years	19,208,802.41	9,569,142.87
Total	323,922,570.97	272,997,745.92

Description: Significant accounts payable aging over 1 year are mainly final payment payable and deposit which were deferred as a result of the Group's tight liquidity. As suppliers regard the Group as a long-term and stable customer with good market image, they have allowed the Company to pay on a rolling basis.

- (3) At the year end, there was no amount payable to any shareholder of the Group holding 5% or more voting shares.
- (4) Accounts payable contains no foreign currency.

7. UNDISTRIBUTED PROFITS

Current year

Item	Amount	%
Undistributed profits at the end of last year	-231,668,177.08	
Add: adjustment of undistributed profits at the beginning of the year	0.00	
Including: changes of accounting policies	0.00	
corrections to significant accounting errors for prior periods	0.00	
changes to consolidation scope under common control	0.00	
other adjustments	0.00	
Undistributed profits at the beginning of the current year	-231,668,177.08	
Add: net profit attributable to parent company in the current year	-168,358,026.72	
Less: provision on statutory surplus fund	0.00	10
provision on arbitrary surplus fund	0.00	
ordinary share's dividend payable	0.00	
ordinary share's dividend transferred to share capital	0.00	
Undistributed profits at the end of the current year	-400,026,203.80	

Last year

Item	Amount	%
Undistributed profits at the end of last year	-243,051,077.92	
Add: adjustment of undistributed profits at the beginning of the year	0.00	
Including: changes of accounting policies	0.00	
corrections to significant accounting errors for prior periods	0.00	
changes to consolidation scope under common control	0.00	
other adjustments	0.00	
Undistributed profits at the beginning of the current year	-243,051,077.92	
Add: net profit attributable to parent company in the current year	11,382,900.84	
Less: provision on statutory surplus fund	0.00	10
provision on arbitrary surplus fund	0.00	
ordinary share's dividend payable	0.00	
ordinary share's dividend transferred to share capital	0.00	
Undistributed profits at the end of the current year	-231,668,177.08	

8. INCOME TAX EXPENSE

Item	Current year	Last year
Income tax for the current period – China Corporate Income Tax	0.00	0.00
1. China	0.00	0.00
2. Hong Kong	0.00	0.00
3. Other regions	0.00	0.00
4. Overprovision (underprovision) in prior years	0.00	0.00
Deferred tax expenses	2,711,017.52	30,000.22
Total	2,711,017.52	30,000.22

9. EARNINGS PER SHARE

(1) Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit for holder of ordinary share of the parent company by average weighted number of outstanding ordinary share of the parent company.

Items	Current year	Last year
Consolidated net profit for holder of ordinary share of the parent company	-168,358,026.72	11,382,900.84
Consolidated net profit for holder of ordinary share of the parent company after extraordinary items	-173,196,189.59	-30,853,075.37
Average weighted number of outstanding ordinary share of the parent	422,000,000.00	422,000,000.00
Basic earnings per share (RMB/share)	-0.40	0.03
Basic earnings per share after extraordinary items (RMB/share)	-0.41	-0.07

Calculation of average weighted number of ordinary share:

Items	Current year	Last year
Number of outstanding ordinary share at the beginning of the year	422,000,000.00	422,000,000.00
Converting surplus reserve into share capital	0.00	0.00
Number of outstanding ordinary share at the end of the year	422,000,000.00	422,000,000.00

(2) Diluted earnings per share

Diluted earnings per share is calculated, after potential diluting adjustment to ordinary share, by dividing the consolidated net profit for holder of ordinary share of the parent company by average weighted number of outstanding ordinary share of the parent company.

Adjustment factors of consolidated net profit for holder of ordinary share of the parent company are the recognised interest expense of dilutive potential ordinary shares; income or expense that would result from the conversion of dilutive potential ordinary shares; and the related income tax effects of the above adjustments.

Adjustment factor of average weighted number of outstanding ordinary share of the Company assumes the weighted average number of ordinary shares after conversion of the dilutive potential ordinary shares into ordinary shares.

Items	2012	2011
Consolidated net profit for holder of ordinary share of the parent company after adjustment	-168,358,026.72	11,382,900.84
Consolidated net profit for holder of ordinary share of the parent company after adjustment (after extraordinary items)	-173,196,189.59	-30,853,075.37
Average weighted number of outstanding ordinary share of the Company after adjustment	422,000,000.00	422,000,000.00
Diluted earnings per share (RMB/share)	-0.40	0.03
Diluted earnings per share after extraordinary items (RMB/share)	-0.41	-0.07

10. DIVIDEND

During 2012, there was no dividend paid or suggested. From the end of the reporting period, no dividend has been suggested by the board. (no dividend in 2011).

II. MANAGEMENT DISCUSSION AND ANALYSIS

(1) Review of 2012

In 2012, affected by European debt crisis and the slow down of the global economic growth, the global economy was still undergoing a significant adjustment after crisis and recovering at a slow pace. PRC government stuck to the basic principle, “Progress through Stability”, actively responded to the situation and made adjustment by stabilizing growth rate, making economic restricting and managing expectation, through which the economy preliminarily bottomed up and returned stable. In 2012, printing machinery industry suffered from various factors, such as the rapid development of digital printing and online printing, requirements on environmental protection, energy conservation and increase in labor cost and raw materials cost, resulting in excessive production capacity and declined growth rate. Overall operating result was not satisfactory, especially the sales record of sheet-fed multi-color offset presses. Market competition of printing machinery industry is increasingly fierce, merger and acquisition activities between enterprises have been increasing while green printing is growing stably with remarkable result. Package printing was still the fastest-growing market. Growth rate in central China and western China was faster while the growth rate in eastern China slowed down.

During the reporting period, the Company underwent the severest internal and external environment and processed the most complicated and hardest development mission. Besides, it closely adhered to operation management strategies, “Reform, adjustment, innovation and improvement”, changed our philosophy, carried on the reform and focused on technological innovation. The Company actively developed value-added service project, endeavored to enhance its core competitiveness, optimized business structure through improved strategic management, consolidated infrastructure, strengthened quality management control and tightened financial management to further better the operation of the Company, satisfy the customers’ needs and ensure the smooth operation of the Company.

During the reporting period, the operating income prepared in accordance with the PRC Accounting Standards was RMB748.2544 million. Net profit attributable to the shareholders of listed company was RMB-168.358 million.

1. *Improving marketing management, consolidating sales resources and establishing marketing cooperating relationship*

During the reporting period, based on the main strategy, “Exploring the market”, the Company aimed at optimizing sales system, improving marketing management and services and consolidating sales resources to establish sales cooperation relationship, enhance channel management, optimize market forecast and analysis system and dynamic appraisal system for agents, focus on market exploration for new products, improve value-added services, gradually consolidate sales resources, improve marketing management and services and strengthen the appeal and market share of the Company’s products.

2. *Enhancing on product restructuring and technological innovation to satisfy clients’ needs*

During the reporting period, the Company enhanced product restructuring, actively carried out market research, kept the technology in line with the market, organized and rationalized product line to foster technological innovation, product research and technical improvement by focusing on the development of major products and key research and development projects, which continuously advanced towards package, green and environmental friendly printing. Development of a N500 paper split polychrome offset machine, a demo machine for “Digital Single Piece of Paper Split Polychrome Offset Machine Industry Project”, which was a national-class project, was completed and realized sales. Meanwhile, we established 1 national standard and 2 industrial standards. 75A High-speed Printing Project was awarded First Prize in Technology Innovation from Printing and Printing Equipment Industries Association of China.

3. *Optimizing management model, enhancing on establishing system and improving operation quality of the Company*

During the period under review, through establishing a corporate platform for operation procedure, setting up a consolidated management system and improving integrated management and system establishment, the Company completely finalized a unified management under “Three Plans”, actively advanced the consolidation of procedure management platform and internal control system, combined budget and performance management, enhanced internal control and entire budget management, kept on establishing internal control and advancement of project procedure, noticeably improved the operation analyzing quality of the Company, realized the association of production and operating management and strengthened the efficiency and economic operation of the Company as a whole.

4. *Strengthening financial management, focusing on planning and management and raising the fund utilizing rate*

During the period under review, the Company further strengthened the financial management and focused on the control and management of budget and production plan, which fully implemented the information sharing system for purchasing resources, established a working system efficiently reducing purchasing cost, improved the management of accounts receivable collection, strengthened the work on accounts receivable collection, improved production plan management, controlled input of production, maintained balance and co-operation, speeded up product sales, reduced funds used and effectively improved fund utilizing efficiency.

5. *Strengthening the establishment of product quality system, strictly implementing responsible subject requirement and improving product quality*

During the period under review, the Company enhanced the establishment, management and review of product quality system, strictly implemented responsible subject requirement, continued to advance quality improvement, strengthened the quality control before launching the products into the market, raised overall product function, minimized quality impairment, fostered efficient operation of quality management system and improved the uniformity and stability of products.

6. *Enhancing on corporate reform, tightened information disclosure management and obtained material progress in material asset reorganisation*

During the period under review, the Company strictly complied with the requirements under related laws and regulations governing the listing companies on PRC and Hong Kong, tightened information disclosure, held staff representative meeting, board meeting and general meeting and completed the related audit and review on schedule, obtained the approval from Beijing SASAC for the appraisal of incoming and outgoing assets and the reply and approval for asset reorganisation proposal, obtained the approval from The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the shareholders’ circular and successfully convened a general meeting.

(2) Outlook for 2013

In 2013, global economy will keep on post-crisis adjustment since there are full of complicated factors and uncertainties in the international market and the effect of financial crisis tends to be long-lasting. Developed countries encourage manufacturing again to initialize the third industrial revolution symbolized by the Internet and new energy, which gives a new direction for global industrial restructuring. China government will continue on “active financial policy and stable monetary policy”, work on the solutions for the challenges coming during production and operation progress of enterprises, fasten the restructuring, gain new competitive advantages, facilitate the switch to new driving factors and the change in essential development methods in order to stabilize domestic economy. In 2013, printing machine industry will be driven by the increase in market demand for ink-jet printer, digital color printer and special image printer while the demand for digital printing technology is increasing, which further broadens and deepens green printing. Traditional printing machinery industry will face more serious challenges. Automation, intellectualization, digitalization and variation of printing machinery industry are the main trend, in which green printing is still the mainstream. Hybrid printing, combing the use of offset machine and digital online printing equipment will be the direction.

In 2013, affected by the cost control, declining profit and pricing pressure, consolidation within printing machinery industry will continue in future and the restructuring of business will go on. Facing with the complicated and ever-changing external economic condition and intense market competition within the industry, the Company will grasp the opportunity coming with the asset reorganisation, firmly advance corporate reform and practically change developing method to improve the operation quality of the Company and focus on the future development of the Company, based on which the Company will further carry out systemic reform, restructuring and innovation to ensure its professionalism in traditional industry, strength in market segments and excellence in emerging markets so as to boost the overall competitiveness of the Company.

Key works of the Company in 2013:

1. Capitalizing the opportunity from reorganisation, constructing a new Beiren and promoting the new development

The Company will accelerate the work for material asset reorganisation, focus on improvement of self-innovation and sustainable development and make breakthrough on the transformation of development mode, further reform and harmony promotion in order to further enhance the activities, control and impact of the Company with an aim to move into a new era.

2. *Accelerating technological innovation, strengthening product restructuring and improving technological innovation*

The Company will stick to market-oriented strategy. Based on clients' needs, the Company will promote external technical exchange and cooperation, improve the research and development of products and accelerate manufacture of demo machines for new products. Through innovation, the Company will transform and upgrade its products and strengthen interaction with distributors to fully understand clients' needs, get access into new area at a faster pace, develop new income sources, develop overall technological innovation ability and keep promoting competitiveness of its products.

3. *Innovating sales models, accelerating market exploration and improving marketing ability*

The Company will innovate sales models, strengthen marketing team building and channel management, advance the market exploration, enlarge its market share, further improve after-sale services and international promotion, actively enhance the launch-related work of new products and develop value-added service in order to create new profit growing point for the Company while improving the quality of market information collection and enhancing internal information sharing of the Company so as to unify the sales, production, technology and fund planning, improve the overall marketing ability of the Company and ensure to achieve the sales target.

4. *Strengthening progress management, determining responsible subject and enhancing the control over product quality*

Through establishing product quality system, the Company will strengthen the control over quality, establish and optimize product quality record, refine quality monitor and check system, determine responsible subject, widen QC progress, heighten the awareness of quality among all staff and improve the product quality in order to practically enhance product quality.

5. *Strengthening financial management, lowering cost and expense, raising fund utilizing rate*

Through modern management skill, the Company will keep improving cost management, fund management and overall budget management to lower operation cost; and through efficiently utilizing existing resources. The Company will balance sales and production, strictly control inventory and the ratio of accounts receivable, fully capitalize systemic purchasing platform, optimizing the establishment of supply chain and lower the cost and expense. And through enhancing planning management. The Company will avoid risk, improve liquidity and raise fund utilizing rate.

6. *Optimizing organizational structure, improving internal management and strengthening the operation and management of the Company*

Based on and following the strategy of “3 Drop and 1 Rise”, the Company will keep driving and implementing procedure management and internal control, strictly control corporate and operation risk, further optimize organizational structure and system establishment, strengthen the coordination between systems, raise operation efficiency, reduce operation risk and improve the operation efficiency and scientific standard of the Company.

7. *Promoting reform on remuneration system, optimizing staff training system and ensuring corporate development*

The Company will actively promote the reform on remuneration system, optimize staff training, selecting, recruiting and incentive system, endeavour to break the bottle neck of human resources, enhance technical training and arouse staff passion and stimulate their creativity to ensure human resources for a better and rapid development of the Company.

(3) Analysis of major businesses

1. *Table of movement analysis for the related items in income statement and cash flow statement*

Unit: RMB

Items	Corresponding		Changes(%)
	Current period	period of last year	
Operation income	748,254,409.40	803,873,926.57	-6.92
Operation cost	616,796,577.32	640,174,781.71	-3.65
Sales cost	69,666,650.83	59,983,930.02	16.14
Management cost	173,349,544.40	109,017,465.08	59.01
Financing cost	14,152,324.29	7,937,550.30	78.30
Net Cash Flow from Operating Activities	-47,140,181.37	-20,898,129.06	-125.57
Net Cash Flow from Investing Activities	-7,934,697.35	20,685,811.94	-138.36
Net Cash Flow from Financing Activities	71,402,275.05	46,373,001.90	53.97
R&D expenditure	23,574,663.33	18,095,333.88	30.28

2. *Income*

(1) Analysis of the factors driving the changes in business

During the Reporting Period, domestic sales of printing machinery declined as compared to that of 2011, which was mainly attributable to the slow down of the global economic development, changes in printing market and decreasing demand on printer machinery. Following the financial crisis in 2008, the overall development of printing machinery industry was depressing. In 2012, the growth rate of the sales of printing machinery declined as compared to that of 2011, and fall in efficiency was apparently obvious. Especially, the growth rates of both production and sales of single or double colour offset machine dropped significantly, which was mainly attributable to the surge of domestic labour cost and prices of printing consumables. Printing corporations could no longer make any profits from sales of general products, resulting in a gradual decrease in the demand on single or double colour products. European crisis resulted in a significant drop in export business of printing corporations. Both business scale and revenue of printing corporations, who are export-oriented, located in Zhejiang, Jiangsu, Fujian and Guangdong region recorded a decrease, leading to a decrease in the purchasing quantity of printing machines. The government advocated to reform and consolidate news and media group, which affects their purchasing desire towards printing machinery. Many printing corporations delayed and cancelled their equipment purchasing plan. Changes in national policies on solar industry, notes and bills reduced the demand on flexible note business and intaglio cloth-printing equipment.

(2) Sales to major clients

During the Reporting Period, total operation revenue from the top five clients of the Company amounted to RMB92,680,341.89, accounting for 12.39% of total operation revenue for the year.

3. Cost

(1) Cost analyzing table

Unit: RMB

Sub-products	Component of cost	Sub-products		Corresponding period of last year	Percentage over total cost for the corresponding period of last year (%)	Changes in amount over last year(%)
		Current period	Percentage over total cost for the current period (%)			
Offset presses series	Materials	217,394,571.97	67.78	191,264,813.57	69.32	13.66
Offset presses series	Labor cost	39,995,726.06	12.47	33,937,640.03	12.30	17.85
Offset presses series	Manufacturing cost	63,345,275.84	19.75	50,713,319.00	18.38	24.91
Offset presses series	Total	320,735,573.87	100.00	275,915,772.60	100.00	16.24
Intrusion printers series	Materials	185,932,192.97	77.64	229,402,015.40	81.22	-18.95
Intrusion printers series	Labor cost	34,197,729.47	14.28	34,514,807.04	12.22	-0.92
Intrusion printers series	Manufacturing cost	19,349,975.78	8.08	18,528,407.06	6.56	4.43
Intrusion printers series	Total	239,479,898.22	100.00	282,445,229.50	100.00	-15.21
Form presses series	Materials	24,539,151.38	66.96	39,047,211.69	74.96	-37.16
Form presses series	Labor cost	7,216,881.60	19.69	7,162,475.46	13.75	0.76
Form presses series	Manufacturing cost	4,889,698.81	13.34	5,881,043.49	11.29	-16.86
Form presses series	Total	36,645,731.79	100.00	52,090,730.64	100.00	-29.65

(2) Major suppliers

During the Reporting Period, total purchasing amount from top five clients of the Company amounted to 48,900,400, accounting for 10.10% of the total purchasing amount for the year.

4. Cost

Unit: RMB

Items	Current period	Corresponding period of last year	Changes in amount over last year(%)
Sales cost	69,666,650.83	59,983,930.02	16.14
Management cost	173,349,544.40	109,017,465.08	59.01
Financing cost	14,152,324.29	7,937,550.30	78.30

Management cost recorded a large change as compared to that of previous year, mainly attributable to the increase in reorganisation cost and dismissal benefits;

Financial cost recorded a large change as compared to that of previous year, mainly attributable to the increase in loan.

5. R&D expenditure

(1) Table of R&D expenditure

Unit: RMB

R&D expenditure for current period	23,574,663.33
Capitalized R&D expenditure for current period	0
Total R&D expenditure	23,574,663.33
Percentage of total R&D expenditure over net asset(%)	3.91
Percentage of total R&D expenditure over operation income(%)	3.15

(2) Description

1. 598 book printing machine with a cutting specification (BEIREN B598)(Ke 068)

This machine is designed for the printing of nonstandard-sized magazines and advertisement. In May 2012, the product passed the review at corporate level and achieved sales and operation in Guangdong, which enriched the variety of book printing machine and enlarged our market share.

2. Development and trial production of N556 Split Sectional Double Color Printing Machine (Ke 064)

This machine, popular in Pearl River delta and Yangtze River delta region, is suitable for small and middle private enterprise and individual enterprise for paper material package printing and is a supplemental equipment to paper folio multi-colour offset machine. Double-colour machine with alcoholic lubricant and double-colour machine with water lubricant passed the review at corporate level in April and June respectively, both of which have achieved sales.

3. Digital folio multi-colour offset machine N500 (Ke 070)

This machine was selected among the second batch production of N500-4002 as experimental machine. This machine is equipped with various modules, including pneumatic align gauge, paper size customizer and downward clamp housing. Delivery check was completed at the end of October and achieved sales in Xian. In early December, the client completed delivery check. The project has enhanced the function, stability and reliability of the multi-colour printing machine of Beiren, which can be competed with imported high-end folio multi-colour offset machines.

4. N530 Development and trial production of folio two-sided single-colour offset machine (Ke 065)

To satisfy the printing demand for premium printing such as interests of books and magazines and product leaflets, we conducted a trial production for this model with alcoholic lubricant in order to explore the market for such machine, which passed the review at corporate level in June 2012.

5. BEIREN 920-UV Folio single-colour UV flat bed

Based on 08 model, this machine is equipped with additional function for the needs of package printing, such as lighting function and UV printing, better satisfying different needs for package of our clients with an aim to widen the usage of the products, lengthen product life and satisfy package market demand. The machine passed the review at corporate level in September.

6. N572 Folio number printing machine (Ke 074)

N572(M81D) Folio number printing machine is specially designed model for note printing enterprise. The machine adopts the technology used for our single-colour offset machine and approximately 90% parts and components are the same. Also, the machine introduces advanced number printing and on-line two-sided checking technology, which extended the availability of traditional products. It achieved sales and client finished delivery check in June.

6. Cash Flow

Unit: RMB

Items	Current period	Corresponding period of last year	Changes(%)
Other Cash receipts in operating activities	17,117,805.64	58,168,213.98	-70.40
Cash payments for goods and services acquired	299,771,119.80	468,248,461.97	-35.98
Other cash payments from operating activities	80,544,290.68	54,415,236.93	48.02
Net cash receipts from the sale of fixed assets, intangible assets and other long-term assets	8,320.00	28,146,285.00	-99.97
Cash receipts from borrowings	313,029,820.99	227,000,000.00	37.90
Other cash receipts in financing activities	8,000,000.00	—	—
Cash repayments of amount borrowed	220,000,000.00	164,750,000.00	33.54
Other cash payments in financing activities	16,250,000.00	5,412,402.69	200.24

Description:

Other Cash receipts in operating activities decreased over previous year, which was mainly attributable to two special funding projects by the Company and the compensation for suspending production of Beiren Group in previous year;

Cash payments for goods and services acquired decreased over previous year, which was mainly attributable to the decrease in production input in accord with market demand during the year;

Other cash payments from operating activities increased over previous year, which was mainly attributable to reorganisation cost paid during the year;

Net cash from the sale of fixed assets, intangible assets and other long-term assets decreased over previous year, which was mainly attributable to the receipt of demolition compensation by the Company from Beiren Group in previous year;

Cash receipts from borrowings increased over previous year, which was mainly attributable to the increase in short-term loan during the year;

Other cash receipts in financing activities increased over previous year, which was mainly attributable to the loan of the subsidiaries of the Company and Beiren Group during the year;

Cash repayments of amount borrowed increased over previous year, which was mainly attributable to the increase in borrowings;

Other cash payments in financing activities increased over previous year, which was mainly attributable to the increase in repayment of loan and bank drafts by subsidiaries of the Company to Beiren Group during the year.

(4) Analysis of industry, products or regional operation

(1) Principal businesses by industry and by product

Unit: RMB

Sector of Product	Operating income	Operating costs	Principal business by product			
			Profit margin (%)	Increase/decrease in Operating income over last year (%)	Increase/decrease in Operating costs over last year (%)	Increase/decrease in profit margin over last year (%)
Offset press series	366,076,828.89	320,735,573.87	12.39	11.76	16.24	Decrease 3.38 percent
Intrusion printers series	304,755,989.02	239,479,898.22	21.42	-16.18	-15.21	Decrease 0.90 percent
Form presses series	43,721,353.45	36,645,731.79	16.18	-29.98	-29.65	Decrease 0.40 percent
Total	714,554,171.36	596,861,203.88	16.47	-5.18	-2.23	Decrease 2.52 percent

(2) Principal businesses by geographical location

Unit: RMB

Geographical location	Operating income	Increase/decrease in operating income compared over last year (%)
Domestic	662,102,669.39	-8.98
Overseas	52,451,501.97	100.72
Total	714,554,171.36	-5.18

(5) Analysis of asset and liability

1. Analyzing table of asset and liability

Unit: RMB

Items	At the end of current period	Percentage of the amount at the end of current period over total asset (%)	At the end of previous period	Percentage of the amount at the end of previous period over total asset (%)	Changes in amount from the end of previous period to current period (%)
Monetary fund	181,154,277.96	12.28	161,866,351.06	10.90	11.92
Receivables	192,265,245.43	13.03	163,969,806.39	11.04	17.26
Note receivables	23,425,119.81	1.59	20,263,400.00	1.36	15.6
Other receivables	18,586,901.72	1.26	17,583,975.31	1.18	5.7
Inventory	403,659,917.33	27.37	422,781,854.19	28.46	-4.52
Investment in real estate	6,556,479.32	0.44	6,739,095.77	0.45	-2.71
Investment in long-term equity	15,935,435.65	1.08	15,660,364.86	1.05	1.76
Fixed assets	498,616,014.96	33.80	526,997,541.58	35.48	-5.39
Project in progress	8,068,949.59	0.55	3,179,294.90	0.21	153.8
Short-term loan	313,029,820.99	21.22	220,000,000.00	14.81	42.29

2. Descriptions

Project in progress recorded a large change over the previous year was mainly due to that the inputs for and transfer of fixed assets has not yet completed and transferred to fixed assets;

Short-term loan recorded a large change over the previous year was mainly attributable to the increase in funds required for reorganisation.

(6) Analysis of principal subsidiary and joint stock company*Unit: RMB*

Name of the corporation	Business nature	Principal product or service	Registered capital	Total asset	Net asset	Net profit
Shaanxi Beiren Printing Machinery Co., Ltd.	Manufacture of professional printing machine	Pressing machines Coating machine	11,500	36,212.95	5,910	-1,707.22
Beijing Beiren Fuji Printing Machinery Co., Ltd.	Manufacture of professional printing machine	Form presses machines Flexo printing machine	US\$ 5.10 million	5,762.54	2,142.07	-479.62
Beijing Beiren Jinyan Printing Machinery Co., Ltd.	Manufacture of professional printing machine	Manufacture of paper-feeding machine and other component	2,105	2,140	127.70	-456.58
Beijing Monigraf Automations Co., Ltd.	Manufacture	Ink color remote control system	1,500	2,373.06	1,805.75	8.00
Beijing Beiyong Casting Co., Ltd.	Manufacture	Die construction Model processing	568	7,171.69	2,865.44	-478.78

(7) Analysis of Financial Status and Business Performance During the Reporting Period

1. Operating results

In 2012, total profit of the Company reduced by RMB183,094,900 as compared with the same period last year.

- (1) Operation revenues, operation costs and operation profits were 6.92%, 3.65% and 494.11% lower than the same period of last year respectively.

Of which: Sales of printing machines decreased by 5.18% in 2012 as compared to 2011 and sale profit margin decreased by 2.52%, of which the sales of book printing machine increased as a result of the change in book printing machine market by policies. Sales revenue from offset machine increased by 11.76%. Sales of pressing machines and form presses machines was declining and revenue of such machines decreased by 16.18% and 29.98% respectively. Gross profit margin of offset machines was 12.39%, 3.38% lower than that of 2011. While the sales revenue from pressing machines decreased by 16.18%, the percentage growth of sale cost was slightly lower than of sales revenue, thus the sales profit margin dropped 0.9% as compared to 2011. The decrease in sales revenue from form presses machines was greater than the decrease of sales cost, thus sales profit margin decreased by 0.4%.

Business tax and surcharge decreased by 23.04% over last year. Investment revenue decreased by 543.89% over last year due to the drop in profitability of associates expenses increased by 45.34% over last year with a 320.02% increase in asset impairment losses.

- (2) Non-operating income decreased by 85.13% over last year, mainly attributable to the compensation for the loss in financing for housing relocation, resettlement and suspension of production and operation in the corresponding period of 2011.

2. Analysis of assets, liabilities and equity interests

Total assets value amounted to RMB1,475,038,700 during the reporting period, decreased by 0.7% as compared with the beginning of the year, of which accounts receivable increased by 17.26%, inventory decreased by 4.52% and fixed asset decreased by 5.39%. Total liabilities amounted to RMB872,492,100, increased by 22.77% as compared with the beginning of the year, mainly due to increase in short term loans, employee benefits payable (termination benefits), reorganisation fees payable and etc.. Total equity interest attributable to shareholders amounted to RMB602,546,600, decreased by 22.23% as compared with the beginning of the year.

3. *Financial position analysis*

Under its prudent financial policies, the Company established a strict risk control system for investment, financing and cash management to maintain a moderate capital structure and solid financing channels. The Company has kept its financing size under strict control to satisfy the need of the Company to finance for operating activities while minimize its financial costs and prevent financial risks in a timely manner by utilizing financial instruments, so as to achieve a sustainable development of the Company and maximize its shareholders' value.

Liquidity and capital structure

	2012	2011
(1) Assets-liabilities ratio	59.15%	47.84%
(2) Quick ratio	51.34%	58.14%
(3) Liquidity ratio	99.39%	120.52%

4. *Bank loans*

The Company implemented its annual capital budget plan in accordance with the market conditions and requirement of customers to control the bank loan scale strictly. The Company utilized fully financial tools to reduce finance costs timely and defend against financial risks, by which the Company improved the profit of the Company and shareholders while satisfying the capital need of operating activities. As at the end of the reporting period, the Company had short-term loan RMB313,029,800, increased by 42.29% as compared with the beginning of the year. Long-term loan was zero.

5. *Exchange Risk Management*

The Company held a relatively small amount of deposits in foreign currencies. Daily expenses in foreign exchange mainly comprise dividends payable to holders of H Shares, fees payable to the Stock Exchange and for information disclosure, and advisory fee for the Company's reorganisation during the reporting period. The change in foreign exchange rates will not have material impact on the results of the Company.

(8) Principal Sources of Fund and Its Use

1. Cash flows from operating activities

The Company's cash inflows are mainly derived from revenue of goods selling. Cash outflow was mainly related to production and operating activities. The Company's cash inflow from operating activities for the reporting period amounted to RMB587,975,800, while cash outflow amounted to RMB635,116,000. Net cash flow during the reporting period from operating activities amounted to RMB-47,140,200.

2. Cash flows from investment activities

Cash inflow from investment activities during the reporting period amounted to RMB257,400 which was mainly attributable to the disposal of fixed assets. Cash outflow to investment activities amounted to RMB8,192,100, which was mainly used for capital expense on purchase of fixed assets. The above expenditures were financed by the Company's internal resources. Net cash flow from investment activities for the reporting period amounted to RMB-7,934,700.

3. Cash flows from fund-raising activities

Cash inflow from fund-raising activities during the reporting period amounted to RMB321,029,800, which was mainly derived from bank loans. Cash outflow from fund-raising activities during the reporting period amounted to RMB249,627,500 was mainly for repayment of bank loans and interest. Net cash flow from fund-raising activities for the reporting period amounted to RMB71,402,300.

Net cash flow from operating activities in 2012 decreased by 125.57% over last year, mainly due to a lower amount of cash received from sales of goods and provision of services. Net cash flow generated from investment decreased by 138.36% over last year mainly attributable to the cash received from disposing of assets in last year. Net cash flow generated from fund-raising activities increased by 53.97% over last year, mainly due to the significant increase in loan borrowed and repayment of debt as compared to last year.

Net cash flow generated from operating activities was RMB-47,140,200. Net profit for the year was RMB-172,146,000 mainly attributable to fund-raising activities.

(9) Capital Structure

The Company's capital structure consists of interests and liabilities attributable to shareholders during the reporting period. Interests attributable to shareholders amounted to RMB602,546,600; of which, minority interests amounted to RMB14,558,300; and total liabilities amounted to RMB872,492,100. Total assets amounted to RMB1,475,038,700. As at the end of the year, the Company's gearing ratio was 59.15%.

Capital structure by liquidity

Total current liabilities	RMB840,151,200	Accounting for 56.96% of the capital
Total equity interest	RMB602,546,600	Accounting for 40.85% of the capital of
of which: minorities interest	RMB14,558,300	Accounting for 0.99% of the capital

(10) Contingent Liability

During reporting period, the Company did not have any significant contingent liability.

III NOTES TO OTHER MATERIAL EVENTS

1. Receipt of government subsidies

The Company had received product research and development fees and subsidies for disabled staff amounting to RMB7,000,000 from the government.

2. During the reporting period, there was no change in respect of the consolidation of subsidiaries
3. The applicable enterprise income tax rate for the Company is 25% during the reporting period.
4. **Audit of financial report for the reporting period by the audit committee**

The 2012 Financial Report has been reviewed and confirmed by the audit committee of the Board of the Company.

5. Code on Corporate Governance Practices

During the reporting period, the Company was in compliance with the code provisions set out in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited. Details of implementation of the Code on Corporate Governance Practices will be set out on the Corporate Governance Report in 2012 Annual Report.

6. Model Code for securities transactions by directors and supervisors

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 in Appendix 10 to the Listing Rules. Having made specific enquiry to all directors and supervisors of the Company, the Company confirmed that, each of the Directors and supervisors has complied with the required standards regarding securities transactions by directors set out in the Model Code within the 12 months ended 31 December 2012.

7. Share capital

(1) During the reporting period, there was no change in the total number of shares and the structure of share capital of the Company.

(2) During the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s shares.

8. On 7 December 2012, the Company received the “Confirmation on Transfer Registration from the Shanghai Branch Office of China Securities Depository and Clearing Corporation Limited”(《中國證券登記結算有限公司上海分公司過戶登記確認書》), confirming that the relevant procedures for the transfer of 201,620,000 shares in the Company at nil consideration to Beijing Jingcheng Machinery Electric Holding Co., Ltd by Beiren Group Corporation, the former controlling shareholder of the Company, in relation to the administrative transfer of state-owned shares have been completed. Following the completion of such transfer, the total share capital of the Company remains unchanged, of which 201,620,000 shares, representing 47.78% of the total share capital, are held by Beijing Jingcheng Machinery Electric Holding Co., Ltd., the controlling shareholder of the Company. As a result, the controlling shareholder and actual controller of the Company is Beijing Jingcheng Machinery Electric Holding Co., Ltd. The Company made disclosure on the websites of Shanghai Stock Exchange and Stock Exchange on 7 December 2012 as well as Shanghai Securities on 8 December 2012.

9. The Company was informed by Beijing Jingcheng Machinery Electric Holding Co., Ltd., the Company's beneficial controller, on 6 April 2012 that it is currently planning to implement a material assets reorganisation relating to the Company. The Company immediately published an Announcement of Suspension of Trading for such purpose and trading of shares of the Company was suspended from 9 April. It then published an Announcement of Suspension of Trading in relation to a Material Asset Reorganisation on 13 April and an Announcement of Extension of Suspension Period in relation to a Material Asset Reorganisation on 15 May and 14 June respectively. During such period, the Company published an Announcement on the Progress of Material Asset Reorganization once every week. On 5 July, the Company convened the first board meeting for the material assets reorganisation. The trading of shares of the Company was resumed on 6 July and a proposal of material reorganisation of assets and connected transaction was disclosed on the same date. On 2 November, the Company convened the second board meeting for the material assets reorganisation and disclosed material assets reorganisation proposal. On 18 December, proposal for material assets reorganisation was considered and passed at the extraordinary general meeting of the Company. On 4 January 2013, the Company announced it received CSRC's Acceptance Notice of the Application for Administrative Permission (No. 122213) (《中國證監會行政許可申請受理通知書》(122213 號)) from the CSRC. On 21 January 2013, the Company announced it received a notice from CSRC that the vetting of the Company's Material Asset Reorganisation matters has been carried out in the 2013 second working conference and unconditionally approved by the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC. Yet, on 25 January 2013, the Company received a notice from CSRC that since party/parties concerned for the Company's material asset reorganisation is/are suspected of violating the laws and such matter has been filed for investigation, the vetting of the Company's application for the material assets reorganisation has been temporarily suspended by the CSRC. As at the date of disclosure, the material assets reorganisation of the Company has still be subject to the investigation by CSRC and it is uncertain whether this material assets reorganisation could be passed by CSRC finally. The Company will make related disclosure according to the progress of reorganisation as and when appropriate. Investors should be aware of the risks of investment.

IV. ANNUAL REPORT AND OTHER INFORMATION

This announcement is set out on the websites of the Company (www.beirengf.com) and the Stock Exchange (www.hkexnews.hk). Annual report will be despatched to shareholders and will be published on the aforesaid websites in due course.

By Order of the Board
Beiren Printing Machinery Holdings Limited
Zhang Peiwu
Chairman

Beijing, the PRC
27 February 2013

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.