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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)**

### DISCLOSEABLE AND CONNECTED TRANSACTION

#### DISPOSAL OF PROPERTY

On 31 October 2013, the Agreement was entered into between Tianhai Industrial, a wholly owned subsidiary of the Company with Asset Management Company for the disposal of the Property for a consideration of RMB105,779,500.

As the relevant percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. In addition, Asset Management Company is a wholly-owned subsidiary of Jingcheng Holding and Jingcheng Holding is the controlling shareholder of the Company holding approximately 47.78% interest in the Company, Asset Management Company is a connected person of the Company under Chapter 14A of the Listing Rules. The Disposal also constitutes a connected transaction of the Company which is subject to the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As at the date of this announcement, Jingcheng Holding is interested in 201,620,000 A Shares, representing approximately 47.78% of the total issued Shares. Accordingly, Jingcheng Holding and its associates will abstain from voting on the relevant resolution(s) at the EGM to be convened for the purpose of approving the Disposal.

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 Agreement and the transactions contemplated thereunder.

A circular containing, inter alia, details of (i) further information on the Agreement; (ii) the recommendation of the Independent Board Committee and the Independent Shareholders with respect to the Agreement; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect to the Agreement; (iv) the Valuation Report; and (v) a notice convening the EGM is expected to be despatched to the Shareholders on or about 21 November 2013.

## THE AGREEMENT

### Date:

31 October 2013

### Parties:

Vendor: Tianhai Industrial

Purchaser: Asset Management Company

### The Property:

No. 25, West Huaweili, Chaoyang District, Beijing, PRC, which is for staff dormitory use with a total gross floor area of appropriately 4,520.49 sq.m. and a land use right area of 1,402.78sq.m.. The Property has obtained all property ownership certificate and land certificate. The property ownership certificate number is Jing Fang Quan Zheng Chao She Wai 06 Zi No. 00164 (京房權證朝涉外06字第00164號) and the area stated in the certificate is 4,520.49 sq.m.. The land certificate number is Jing Chao Guo Yong (2006 Chu) No.0127 (京朝國用(2006出)第0127號) and the area stated in the certificate is 1,402.78 sq.m..

The Property is not subject to mortgage, pledge and any other rights restrictions and there is no existing and potential material litigation, arbitration or judicial enforcement and other significant disputes associated with the Property.

The Property was acquired by the Vendor in August 2005 at a cost of RMB24,698,981.55. Since the acquisition of the Property in August 2005, the Property has been used by the Tianhai Industrial as staff dormitory purpose. The net book value of the Property amounted to approximately RMB16,192,652.30 as at 31 March 2013.

In accordance with the generally accepted accounting principles in the PRC, the profits before and after taxation of the Property for the financial years ended 31 December 2011 and 2012 were as follows:

	<b>For the year ended 31 December 2011</b>	<b>For the year ended 31 December 2012</b>
	<i>RMB</i>	<i>RMB</i>
Profits before taxation	0	523,500
Profits after taxation	0	523,500

**Consideration:**

RMB105,779,500

According to a valuation done by an independent professional valuer, China Faith Appraisers Co., Ltd., based on the market comparison method, the value of the Property as at 31 March 2013 was RMB105,779,500.

The Consideration was determined after arm's length negotiations between the Vendor and Purchaser on normal commercial terms based on the abovementioned valuation results.

**Price and payment term:**

The Consideration shall be payable in cash by Asset Management Company to Tianhai Industrial in the following manner:—

- (i) a deposit of RMB52,899,750, representing 50% of the Consideration, will be paid to Tianhai Industrial on the next day after the execution of Agreement; and
- (ii) the remaining balance of RMB52,899,750 will be paid to Tianhai Industrial within two days after the property ownership certificate (房產證) and land certificate (土地證) in respect of the Property has been obtained and delivered to Asset Management Company.

**Delivery of the Property**

The completion of the Agreement will be conditional upon satisfaction of the following conditions:

- (i) the approval by the Stock Exchange of the despatch of circular in relation to the Disposal; and
- (ii) the approval of the Disposal and other related matters in a general meeting of the Company.

The Property is scheduled to be delivered to Asset Management Company upon the full settlement of the Consideration.

**REASONS FOR AND BENEFITS OF THE DISPOSAL**

It is proposed to dispose the staff dormitory which is used for providing nearby accommodation to the gas storage and transportation equipment business-related technicians of Tianhai Industrial, the wholly-owned subsidiary of the Company.

According to the development plan of Tianhai Industrial, the main production and research and development base of its business will gradually move to west production base in the central area of Huo County, Tongzhou District, Beijing the PRC which is relatively far away from the location of the Property, most of the residents will gradually move out from the Property. The vacancies of the Property will substantially increase and the Group considers that, it is not necessary to continue to own the Property.

The Disposal is unrelated to the business operations of Tianhai Industrial and will not affect the daily business and production activities of Tianhai Industrial.

Based on the above reasons, the Board considers that it is a good opportunity for the Group to dispose the Property, which is its non-core assets, and to reduce the number of low efficiency assets of the Group. Hence, the main business of the Group will be further emphasized and the return on assets of the Group will be improved.

The Directors (excluding the independent non-executive Directors who will express their view after considering the advice from the independent financial adviser) consider that the Disposal is on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors had material interest in respect of the Agreement. However, in view of good corporate governance practices, Mr. Zhang Peiwu, Mr. Teng Mingzhi, Ms. Wu Dongbo, Mr. Li Shenggao and Ms. Wei Li, being directors nominated by the Jingcheng Holding, had all abstained from voting in the relevant Board resolutions approving the Agreement.

## **FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS**

It is estimated that, upon Completion, the Group will record a gain on disposal of approximately RMB70,000,000 (subject to finalization which will be disclosed in the circular). Such gain is estimated based on the consideration receivable from the Disposal, i.e. RMB105,779,500, less the net book value of the Property of approximately RMB16,192,652.30 as at 31 March 2013 and other related costs and expenses.

The Board intends to use the net proceeds arising from the Disposal as general working capital of the Group.

## **COMPLIANCE WITH THE LISTING RULES**

As the relevant percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. In addition, Asset Management Company is a wholly-owned subsidiary of Jingcheng Holding and Jingcheng Holding is the controlling shareholder of the Company holding approximately 47.78% interest in the Company, Asset Management Company is a connected person of the Company under Chapter 14A of the Listing Rules. The Disposal also constitutes a connected transaction of the Company which is subject to the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As at the date of this announcement, Jingcheng Holding is interested in 201,620,000 A Shares, representing approximately 47.78% of the total issued Shares. Accordingly, Jingcheng Holding and its associates will abstain from voting on the relevant resolution(s) at the EGM to be convened for the purpose of approving the Disposal.

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 Agreement and the transactions contemplated thereunder. An independent financial adviser has been appointed by the Company to advise the Independent Board Committee and the independent Shareholders regarding the Agreement and the transaction contemplated thereunder.

A circular containing, inter alia, details of (i) further information on the Agreement; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders with respect to the Agreement; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect to the Agreement; (iv) the Valuation Report; and (v) a notice convening the EGM is expected to be despatched to the Shareholders on or about 21 November 2013.

## **GENERAL**

The Company is principally engaged in research and development, manufacture and sale of compressed gas cylinders, gas compressors and related equipment.

Asset Management Company is principally engaged in asset management, property management, investment management, investment, lease of property, provision of public car park services, technology development, technical training, technical services, economic information consulting, design, production, agency and placing of advertisements, provision of conference service, exhibition service and office service, design and maintenance of machinery and equipment and sales of machinery and equipment, computer, household goods, hardware, construction materials, handicrafts and auto parts.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms shall have the meaning set out below:

“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
“Agreement”	北京市存量房屋買賣合同 (Beijing Second-hand Standard Property Sale and Purchase Agreement) dated 31 October 2013 entered into between Tianhai Industrial as vendor and Asset Management Company as purchaser for the sale and purchase of the Property
“Asset Management Company”	北京京城機電資產管理有限責任公司 (Beijing Jingcheng Electric Management Co., Ltd.), a company incorporated in the PRC and is 100% owned by Jingcheng Holding
“associate”	has the meaning ascribed to it under the Listing Rules

“Beijing SASAC”	State-owned Asset Supervision and Administration Commission of People’s Government of Beijing Municipality
“Board”	the board of directors of the Company
“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 Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB105,779,500, being the consideration for sale and purchase of the Property pursuant to the Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Disposal”	the disposal of the Property subject to and upon the terms and conditions of the Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the first extraordinary general meeting of 2013 of the Company to be convened on 16 December 2013 for the purposes of approving, among others things, the Disposal
“Group”	the Company and its subsidiaries
“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 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 Disposal under the Listing Rules
“Jingcheng Holding”	北京京城機電控股有限責任公司 (Beijing Jingcheng Machinery Electric Holding Co., Ltd.), a company incorporated in the PRC and holding 47.78% interest in the Company
“Listing Rules”	The Rules Governing the Listing of Securities of the Stock Exchange
“PRC”	the People’s Republic of China

“Property”	No. 25, West Huaweili, Chaoyang District, Beijing, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“shares”	shares of the Company, including A Shares and H Shares
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianhai Industrial”	北京天海工業有限公司, a limited liability company established in the PRC and is 100% owned by the Company
“Valuation Report”	the valuation report on the Property as prepared by the independent property valuer
“%”	per cent

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

Beijing, the PRC, 31 October 2013

*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.*