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**北人**  
BEIREN

**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 OF CHANGES IN ACCOUNTING ESTIMATION**

The Board of Directors of the Company and all members of the Board warrant that this announcement does not contain any false information, misleading statement or material omission and accept joint and several responsibilities for the truthfulness, accuracy and completeness of the contents herein contained.

### **IMPORTANT NOTICE:**

1. Date of change: effective from 1 January 2014.
2. The changes in accounting estimation did not affect the profit and loss, net assets and total assets of the Company in 2013. It had a certain impact on the Company in 2014: the total profits, net assets and total assets is expected to be increased by RMB18.24million, RMB18.24 million and RMB18.24 million, respectively.
3. Assuming that such changes in accounting estimation were applied three years before the date of the change, it is estimated that the total profits, net assets and total assets for 2013 would increase by RMB16.02 million, RMB16.02 million and RMB16.02 million respectively; the total profits, net assets and total assets for 2012 would increase RMB9.84 million, RMB9.84 million and RMB9.84 million respectively; the total profits, net assets and total assets for 2011 would increase RMB8.65 million, RMB8.65 million and RMB8.65 million respectively.

## I. Summary

### 1. *Reasons for the changes*

Given the material asset reorganization of Beiren Printing Machinery Holdings Limited (the “Company”), the relevant business was changed from manufacturing and distributing printing machinery to gas storage and transportation equipment business, which was a relatively material change in business nature, resulting in the changes in estimated useful lives of fixed assets and the percentage of bad debt provision to account receivables. Hence, it is proposed to make changes to certain accounting estimation to make them more in conformity with our production and operation.

### 2. *Details of the changes*

- (1) The changes in the bad debt provision percentages are as follows: the bad debt provision percentage for account receivables aged less than 1 year changes from 0% to 1%; the bad debt provision percentage for account receivables aged between 1 year and 2 years changes from 30% to 10%; the bad debt provision percentage for account receivables aged between 2 years and 3 years changes from 60% to 20%; the bad debt provision percentage for account receivables aged between 3 years and 4 years changes from 100% to 50%; the bad debt provision percentage for account receivables aged between 4 years and 5 years changes from 100% to 80%; and the bad debt provision percentage for account receivables aged more than 5 years remains 100%.
- (2) The below tables set forth the detailed changes in the depreciation rate and the rate of salvage value of certain fixed assets:

The depreciation rate and the rate of salvage value of our fixed assets prior to the changes in accounting estimation are as follows:

<b>Fixed assets</b>	<b>Depreciation rate</b>	<b>The rate of salvage value</b>
Building	40	3
Machinery	8-14	3
Transportation equipment	8	3
Administrative equipment and others	8	3

Based on the estimated useful lives of relevant assets of Beijing Tianhai Industry Co., Ltd. (“Tianhai Industrial”, the subsidiary of the Company) and Beijing Jingcheng Compressor Co., Ltd., the changes in the depreciation rate and the rate of salvage value of fixed assets are as follows:

<b>Fixed assets</b>	<b>Depreciation rate</b>	<b>The rate of salvage value</b>
Building	40	5
Machinery	10	5-10
Electrical equipment	5-10	5-10
Transportation equipment	5	5-10
Administrative equipment and others	5	5-10

The thirteenth meeting of the seventh session of the Board of Directors of the Company was convened on 16 December 2013, at which the resolution in relation to the change in accounting estimation was considered and passed. The above matters are not required to be proposed at a general meeting for shareholders’ approval.

## **II. Specific details and the impact on the Company**

Due to the material asset reorganization, there is a relatively material change in our business nature, resulting in the changes in the types of fixed assets and operation model as well as the estimated useful lives of fixed assets and the percentage of bad debt provision to account receivables. Hence, during the course of material asset reorganization, the Company consolidated the types of assets, production characteristics and operation model of gas storage and transportation business and revalued its estimated useful lives of fixed assets, collection of account receivables and estimated percentage of bad debts. In order to make the accounting estimations more in conformity with the business operation upon reorganization and the requirements of financial management, and to fairly and accurately reflect the Company’s financial situation and business result, there are changes in bad debts provision percentage for account receivables and the depreciation rate and the rate of salvage value of fixed assets (buildings) according to the revaluation.

According to the China Securities Regulatory Commission announcement [2011] No. 41, the changes in accounting estimations of the Company will be effective from 1 January 2014 upon the duly approval from the Board of Directors in respect to the changes in accounting estimations. The impacts of the changes in details are as follows:

1. The changes in accounting estimation would have impact on the figures of current and future periods, including the profit and loss as well as other items of current and future periods.

*(1) The changes in the bad debt provision percentage*

**Table for receivables**

Unit: RMB'0,000

<b>Aging</b>	<b>Estimation for 2014</b>	<b>Estimation for 2013</b>	<b>2012</b>	<b>2011</b>
Less than 1 year	36,500	36,638	31,841	18,384
1 to 2 years	4,000	3,596	1,466	1,337
2 to 3 years	1,500	1,053	660	381
3 to 4 years	340	433	306	24
4 to 5 years	160	124	24	148
More than 5 years	570	566	587	487
Total	43,070	42,411	34,884	20,761

**Bad debt provision before the changes in accounting estimation**

Unit: RMB'0,000

<b>Aging</b>	<b>Bad debt provision percentage</b>	<b>Estimation for 2014</b>	<b>Estimation for 2013</b>	<b>2012</b>	<b>2011</b>
Less than 1 year	0%	0	0	0	0
1 to 2 years	30%	1,200	1,079	440	401
2 to 3 years	60%	900	632	396	229
3 to 4 years	100%	340	433	306	24
4 to 5 years	100%	160	124	24	148
More than 5 years	100%	570	566	587	487
Total		3,170	2,834	1,753	1,289

## Bad debt provision after the changes in accounting estimation

Unit: RMB'0,000

Aging	Bad debt provision percentage	Estimation for 2014	Estimation for 2013	2012	2011
Less than 1 year	1%	365	366	318	184
1 to 2 years	10%	400	360	147	134
2 to 3 years	20%	300	211	132	76
3 to 4 years	50%	170	217	153	12
4 to 5 years	80%	128	99	19	118
More than 5 years	100%	570	566	587	487
Total		1,933	1,819	1,356	1,011

## Impact on the profit and loss before and after the changes in accounting estimation

Unit: RMB'0,000

Aging	Estimation for 2014	Estimation for 2013	2012	2011
Less than 1 year	365	366	318	184
1 to 2 years	-800	-719	-293	-267
2 to 3 years	-600	-421	-264	-153
3 to 4 years	-170	-216	-153	-12
4 to 5 years	-32	-25	-5	-30
More than 5 years	0	0	0	0
Total	-1,237	-1,015	-397	-278

As shown on the above table, as a result of the changes in accounting estimation, it is anticipated that the total profits for 2014 and 2013 would increase RMB12.37 million and RMB10.15 million respectively; and the total profits for 2012 and 2011 would increase RMB3.97 million and RMB2.78 million respectively.

*(2) The changes in depreciation rate of certain buildings*

In order to facilitate the financial management of the Company, the estimated useful lives of fixed assets are revalued based on the types of assets, production characteristics and operation model of gas storage and transportation business, resulting in the changes in depreciation rate and the rate of salvage value of certain fixed assets, under which, the depreciation rate and the rate of salvage value of the buildings in Langfang production base and Tianjin production base of Tianhai Industrial, the subsidiary of the Company, changed from 20 years and 10% to 40 years and 5% respectively. It is estimated that the total profits for each of the accounting years will increase RMB5.87 million.

2. Impact on the relevant indicators of the Company assuming such accounting estimation was applied three years before the date of change.

Assuming that such changes in accounting estimation were applied three years before the date of the change, the total profits and net assets for 2013 would increase RMB16.02 million and RMB16.02 million respectively; the total profits and net assets for 2012 would increase RMB9.84 million and RMB9.84 million respectively; and the total profits and net assets for 2011 would increase RMB8.65 million and RMB8.65 million respectively.

**III. Conclusive opinion of the Board of Directors, Independent Directors, Supervisory Committee and accountant**

1. The Board of Directors expresses following opinions in respect of the changes in accounting estimation of the Company:

The Board of Directors is of the opinion that the adjustment made to the depreciation rate and the rate of salvage value of the fixed assets and the bad debt provision percentage for account receivables is in accordance with the relevant requirements under Accounting Standards for Enterprises and the revised depreciation rate and the rate of salvage value of the fixed assets and bad debt provision percentage for account receivables can more truly and accurately reflect the financial situation of the Company. Therefore, we agree the Company to make changes to the accounting estimation for the depreciation rate and the rate of salvage value of the fixed assets and bad debt provision percentage for account receivables.

2. Independent Directors expresses following opinions in respect of the changes in accounting estimation of the Company:

- (1) The Board of Directors of the Company has considered and passed the matters in relation to the changes in accounting estimation in accordance with the procedure under the Articles of Association of the Company and requirements under relevant laws and regulations;

- (2) The revised accounting estimation can more accurately reflect the actual situation of the depreciation rate and the rate of salvage values of the fixed assets and the bad debt provision percentage for account receivables of the Company. Such changes are based on true and reliable situation and in accordance with relevant requirements under Accounting Standards for Enterprises, which can truly and objectively reflect the financial situation of the Company. Company's interests and minority interests are not prejudiced;
  - (3) After careful consideration, Independent Directors unanimously agreed the changes in accounting estimation of the Company.
3. The Supervisory Committee expresses following opinions in respect of the changes in accounting estimation of the Company:
  - (1) Such changes in the accounting estimation of the Company are made in conjunction with the Company's actual situation and in accordance with the relevant requirements under relevant laws and regulations;
  - (2) The amended accounting estimation can more fairly and accurately reflect the Company's financial situation and business result and improve the quality of the Company's financial information;
  - (3) The members of Supervisory Committee unanimously agreed the changes in accounting estimation of the Company.
4. Details of the changes in accounting estimation of the Company illustrated by ShineWing Certified Public Accountants (special general partnership) are as follows:

We are of the opinion that the management of the Company has revalued the accounting estimations for the sake of prudence with reference to the business characteristics and operation model upon reorganization. The resolution for the above changes in accounting estimation has been approved at the thirteenth meeting of the seventh session of the Board of Directors of the Company. In compliance with the relevant provisions of "Accounting Standards for Enterprises No. 28-Accounting policies, changes in Accounting Estimates and Errors", the above changes in accounting estimation are applied prospectively with effect from 1 January 2014.

#### **IV. Documents available for inspection**

1. Board resolutions under Directors' signatures;
2. Letter of the opinion of Independent Directors under Independent Directors' signatures;
3. Resolutions of Supervisory Committee under Supervisors' signatures;
4. Opinion of ShineWing Certified Public Accountants (special general partnership).

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

16 December 2013

*As at the date of this announcement, the Board comprises Mr. Wang Pingsheng, Mr. Hu Chuanzhong, Mr. Wu Yanzhang, Mr. Li Junjie and Ms. Jiang Chi as executive directors, Mr. Jiang Zili and Ms. Wu Dongbo as non-executive directors and Mr. Zhang Shuangru, Ms. Wang Hui, Mr. Xie Bingguang and Mr. Wang Deyu as independent directors.*