北人印刷機械股份有限公司
BEIREN PRINTING MACHINERY HOLDINGS LIMITED

(H Share Stock Code: 0187 ; A Share Stock Code: 600860)

Company Mission: To satisfy the demand for printing machinery products and services from users; to benefit the society and our shareholders, employees and customers as a whole; to ensure the maximization of our shareholders' gain.

Annual Report 2007

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IMPORTANT NOTES

1. The board of directors (the “Board”), the Supervisory Committee and the directors (the “Directors”), supervisors and senior management of Beiren Printing Machinery Holdings Limited (the “Company”) warrant that there are no false representations or misleading statements contained in or material omission from this summary and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents herein contained.

2. 10 out of 11 directors eligible to participate in the meeting attended the meeting in person. Director Mr. Lu Chang’an was absent from the meeting due to business engagement and had appointed Director Mr. Deng Gang to vote on his behalf.

3. ShineWing Certified Public Accountants and SHINEWING (HK) CPA Limited issued a standard unqualified auditor’s report, respectively, in accordance with PRC accounting standards and Hong Kong Financial Reporting Standards and Hong Kong Companies Ordinance of Hong Kong, respectively.

4. Mr. Wang Guohua, the Chairman, Mr. Zhang Peiwu, the General Manager, and Mr. Jiang Jianming, the Chief Accountant, have declared that they guarantee the truthfulness and completeness of the financial statements contained in the annual report.

INTRODUCTION TO THE COMPANY

(I) THE REFERENCE INFORMATION RELATED TO THE COMPANY

1.	Legal Chinese name of the Company:	北人印刷機械股份有限公司
	Chinese abbreviation:	北人股份
	Legal English name:	Beiren Printing Machinery Holdings Limited
	English abbreviation:	BR
2.	Company's legal representative:	Wang Guohua
3.	Company Secretary to the Board of Directors:	Jiao Ruifang
	Telephone:	010-67802565
	Facsimile:	010-67802570
	E-mail:	beireng@beirengf.com
	Contact address:	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the People's Republic of China (the "PRC")
	Representative in charge of securities affairs:	Lu Ruiping
	Telephone:	010-67802565
	Facsimile:	010-67802570
	E-mail:	beireng@beirengf.com
	Contact address:	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the People's Republic of China (the "PRC")
4.	Registered address of the Company:	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC
	Office address of the Company:	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC
	Postal code:	100176
	Company's international internet website:	http://www.beirengf.com
	E-mail:	beireng@beirengf.com
5.	Name of newspapers designated for dissemination of company information:	Shanghai Securities News, Hong Kong Economic Times, The Standard (English)
	Internet website for publishing annual report:	http://www.sse.com.cn, http://www.hkex.com.hk
	Place for preparation and reference of annual reports:	Secretariat of the Board of Directors of Beiren Printing Machinery Holdings Limited
6.	Place of listing of the Company's A Shares:	Shanghai Stock Exchange
	Abbreviated name of A Shares:	北人股份
	Stock code for A Shares:	600860
	Place of listing for the Company's H Shares:	The Stock Exchange of Hong Kong Limited
	Abbreviated name of H Shares:	Beiren Printing
	Stock code for H Shares:	0187

(I) THE REFERENCE INFORMATION RELATED TO THE COMPANY *(Continued)*

7. Other related information:

Date of first business registration of the Company:	13 July 1993
Place of first business registration of the Company:	Chaoyang District, Beijing, the PRC
Date of change in business registration of the Company:	24 December 2003
Place of change in business registration of the Company:	Beijing, the PRC
Business registration number:	1100001501595
Tax registration number:	Jing Guo Shui Chao Zi 110105101717457
Corporate Organizational Structure Code:	101717457
Domestic auditors of the Company:	ShineWing Certified Public Accountants
Address of domestic auditors of the Company:	9/F, Block A, Fu Hua Mansion No.8 Chao Yang Men Bei Da Jie, Dong Cheng District, Beijing, P.R.China
Overseas auditors of the Company:	SHINEWING (HK) CPA Limited
Address of overseas auditors of the Company:	16/F., United Centre, 95 Queensway, Hong Kong
Domestic legal adviser of the Company:	China Kang Da Law Office
Address of domestic legal adviser of the Company:	No. 19, Jianguomenwai Dajie, Chaoyang District, Beijing, China
Overseas legal adviser of the Company:	Woo, Kwan, Lee & Lo
Address of overseas legal adviser of the Company:	26/F, Jardine House, Central, Hong Kong
Reception of shareholder enquiries:	10th and 20th of each month (or on the following business day if it falls on a public holiday) (Closed on Saturday and Sunday) 9:00–11:00a.m. 2:00–4:00p.m.

(II) COMPANY BACKGROUND

1. History

The Company is a joint stock company established by Beiren Group Corporation as the sole promoter. On 13 July 1993, the Company incorporated in the Administration Bureau of Industry and Commerce. The Company was approved to become a joint stock limited company established by public offer of shares domestically and in Hong Kong on 16 July 1993 with regard to the approval document Ti Gai Sheng (1993) No. 118 from the State Commission for Restructuring Economic System. Pursuant to the approval of the China Securities Regulatory Commission ("CSRC") of the State Council and other relevant authorities, the Company issued H Shares in Hong Kong in 1993 and A Shares in Shanghai in 1994. The H Shares were listed on The Stock Exchange of Hong Kong Limited in 1993 and the A Shares were listed on the Shanghai Stock Exchange in 1994. Upon the approval of document Zheng Jian Fa Hang Zi [2002] No. 133 issued by China Securities Regulatory Commission ("CSRC") in 2002, the Company issued 22,000,000 additional A Shares which were listed on the Shanghai Stock Exchange on 16 January 2003. On 20 March 2006, the Company's the shareholders' general meeting approved share segregation reform in the A-share market. Trading in the Company's A shares resumed on 31 March 2006.

2. Scope of business operations

Development, design, manufacturing and sales of printing presses, pressing machines, packing machines, business forms printing presses, commercial revolving presses, commercial soft cover presses, intaglio presses, the parts and components for the aforesaid machines; technical consultancy, technical support; management of the export of own enterprises' and member enterprises' self-produced products and technology; the import of own enterprises and member enterprises production of the required auxiliary materials, instruments and meters, machines, parts and components and technology (apart from those products restricted by the State from import and export); processing on customer-supplied materials and "processing raw materials on clients' demands, assembling parts for clients and processing according to clients' samples or compensation trade".

SUMMARY OF ACCOUNTING AND OPERATIONAL FIGURES

(I) MAJOR ACCOUNTING FIGURES OF THE COMPANY FOR THE REPORTING PERIOD

Unit: Rmb

Item	Amount
Operating profit	-2,788,582.26
Total profit	10,243,036.16
Net profit attributable to shareholders of listed company	9,278,498.87
Net profit attributable to shareholders of listed company after extraordinary items	-5,342,489.03
Net cash flow from operating activities	24,301,793.67

(II) DIFFERENCES BETWEEN THE PRC AND INTERNATIONAL ACCOUNTING STANDARDS

Unit: Rmb'000

Item	Net profit attributable to shareholders of the parent company		Equity attributable to shareholders of the parent company	
	Current period	Previous period	Opening	Closing
As reported under the PRC accounting standards	9,278	-103,130	1,150,880	1,161,040
Sub-item and aggregate as adjusted under HK GAAP:				
1. Difference in valuation of net assets contributed by Beiren Group Corporation	0	0	-60,198	-60,198
2. Subsequent amortization on difference in valuation of net assets contributed by Berien Group Corporation	66	66	48,277	48,343
3. Difference in valuation of assets contributed to subsidiaries	31	31	-259	-228
4. Difference in recognition of good will upon acquisition of subsidiaries	0	0	4,479	4,479
5. Difference in amortization of good will upon acquisition of subsidiaries	0	0	-1,344	-1,344
6. Difference in recognition of deferred tax	0	-15,122	1,622	1,622
7. Difference in recognition of transfer of diminution in value of fixed assets	-1,730	0	0	-1,730
8. Others	-2,453	-1,639	-783	-3,236
Prepared under HK GAAP	5,192	-119,794	1,142,674	1,148,748

During the year, the impact of differences between the PRC and international accounting standards on the net profits of the Company was Rmb4,086,000, the difference was mainly due to the following:

1. **Consequential adjustment on net assets contributed by Berien Group Corporation**
   In accordance with HK GAAP, the land contributed by Beiren Group Corporation into the Company was accounted for as capital reserve. In accordance with PRC accounting standards, the amount was recorded as the increase in long term deferred expenses. Accordingly, the related amortization charge of approximately Rmb66,000 for the year was written back in the accounts by the Company.

2. **Difference in valuation of capital contribution to subsidiaries**
   In accordance with HK GAAP, the intangible assets invested by the Company into the subsidiaries with original cost of Rmb 4,624,000 were written off in relevant years. In accordance with the Accounting Standards for Business Enterprises, the intangible assets were stated as assets of the Group. Accordingly, the related amount of amortization of Rmb31,000 for the year was written back in the accounts by the Company.

(III) DEDUCTING EXTRAORDINARY ITEMS AND AMOUNT

Unit: Rmb

Extraordinary items	Amount
Profit (loss) from disposal of non-current assets	3,818,086.21
Government subsidy accounted into profit and loss for the current period, other than those closely associated with the operations of the Company which were accounted for in fixed amount or volume in accordance with uniform standard of the state	2,104,624.68
Other net non-operating income or expenses	4,967,806.66
Write back of welfare balance	3,730,470.35
Total	14,620,987.90

(IV) MAJOR ACCOUNTING FIGURES AND FINANCIAL INDICES FOR THE PAST THREE YEARS

Unit: Rmb

Major accounting Figures	**2007**	2006 After adjustment	2006 Before adjustment	Increase/ decrease in 2007 as compared with 2006 (%)	2005 After adjustment	2005 Before adjustment
Income from principal operations	**1,071,509,754.56**	978,316,596.33	978,316,596.33	9.53	1,014,162,528.58	1,011,498,284.41
Total profit	**10,243,036.16**	-103,038,226.07	-87,257,826.20	109.94	42,410,644.33	61,509,113.95
Net profit attributable to shareholders of listed company	**9,278,498.87**	-103,129,983.00	-87,894,795.85	109.00	25,673,608.47	48,790,356.05
Net profit attributable to shareholders of listed company after extraordinary items	**-5,342,489.03**	-103,106,001.01	-93,878,476.30	94.82	10,285,466.40	33,402,213.97
Basic earnings per share	**0.02**	-0.24	-0.21	108.33	0.06	0.12
Diluted earnings per share	**0.02**	-0.24	-0.21	108.33	0.06	0.12
Basic earnings per share after extraordinary items	**-0.01**	-0.24	-0.22	95.83	0.02	0.08
Returns on net assets on fully diluted basis (%)	**0.80**	-8.96	-7.54	Increase 9.76 percentage points	2.04	3.81
Returns on net assets on weighted average basis (%)	**0.80**	-8.39	-7.11	Increase 9.19 percentage points	2.01	3.85
Return on net assets on fully diluted basis after extraordinary items (%)	**-0.46**	-8.96	-8.06	Increase 8.50 percentage points	0.82	2.61
Return on net assets on weighted average basis after extraordinary items (%)	**-0.46**	-8.38	-7.59	Increase 7.92 percentage points	0.80	2.64
Net cash flow from operating activities	**24,301,793.67**	35,321,461.11	35,321,461.11	-31.20	-31,354,369.58	-31,354,369.58
Net cash flow per share from operating activities	**0.058**	0.084	0.084	-30.95	-0.074	-0.074

Unit: Rmb

	End of 2007	End of 2006 After adjustment	End of 2006 Before adjustment	Increase/ decrease in 2007 as compared with the end of 2006 (%)	End of 2005 After adjustment	End of 2005 Before adjustment
Total asset	**2,216,816,579.29**	2,135,853,138.75	2,132,913,615.40	3.79	2,127,444,673.60	2,127,384,112.13
Equity interests of owners (or shareholders's equity)	**1,161,039,825.84**	1,150,879,765.66	1,165,310,630.15	0.88	1,257,813,397.15	1,280,500,320.83
Net asset per share attributable to shareholders of listed company	**2.75**	2.73	2.76	0.73	2.98	3.03

MOVEMENT OF SHAREHOLDER'S EQUITY AND INFORMATION OF SHAREHOLDERS

(I) CHANGES IN SHARE CAPITAL

1. Change in shareholding

Unit: Share

	Before change		Increase/decrease in this change (+/-)					After change	
	Number	Percentage (%)	Issue of new shares	Bonus issue	Conversion from reserves	Others	Sub-total	Number	Percentage (%)
I. Shares subject to trading moratorium									
1. State-owned shares									
2. State-owned legal person shares	222,640,000	52.76				-21,100,000	-21,100,000	201,540,000	47.76
3. Other domestic shares									
Including:									
Domestic legal person shares									
Domestic public shares									
4. Foreign shares									
Including:									
Overseas legal person shares									
Overseas public shares									
Total shares subject to trading moratorium	222,640,000	52.76				-21,100,000	-21,100,000	201,540,000	47.76
II. Circulating shares not subject to trading moratorium									
1. Renminbi ordinary shares	99,360,000	23.55				21,100,000	21,100,000	120,460,000	28.55
2. Foreign shares listed domestically									
3. Foreign shares listed overseas	100,000,000	23.69						100,000,000	23.69
4. Others									
Total shares not subject to trading moratorium	199,360,000	47.24						220,460,000	52.24
III. Total shares	422,000,000	100				0	0	422,000,000	100

Note: About the changes in shareholding

Share Segregation Reform of the Company was approved by related general meeting on 20 March 2006 and implemented on 29 March 2006 as the share record date, and the Company resumed listing for the first time after the implementation on 31 March 2006. According to the Share Segregation Reform, shares subject to trading moratorium held by the Company were 222,640,000 shares, of which 21,100,000 shares were listed for circulation on the market on 5 June 2006 and the nature of shareholding has changed accordingly. Announcement of Listing of Circulating Shares subject to Trading Moratorium of the Beiren Printing Machinery Holdings Limited was disclosed by the Company on 30 May 2007.

2. Change in restricted circulating shares

Unit: Share

Name of shareholder	No. of restricted circulating shares at the beginning of the year	No. of restricted circulating shares released during the year	No. of additional restricted circulating shares during the year	No. of restricted circulating shares at the end the year	Reason for restriction	Expiry date of restriction
Beiren Group Corporation	222,640,000	21,100,000	0	201,540,000	Share Segregation Reform	5 June 2007
Total	222,640,000	21,100,000	0	201,540,000		

(I) CHANGES IN SHARE CAPITAL *(Continued)*

3. Security issue and listing

(1) Status of security issue for the past three years

For the past three years ended 31 December 2007, the Company had not engaged in security issue or listing.

(2) Changes in total number of shares and the shareholding structure of the Company

During the reporting period, the total number of shares of the Company remained unchanged. 21,100,000 shares subject to trading moratorium were released on 5 June 2007 due to the Share Segregation Reform, resulting in change in the shareholding structure. See "1. Change in shareholding and note" in "(I) Change in Share Capital" in this section for detail.

(3) Existing internal employee shares

There was no internal employee share in the Company at the end of the reporting period.

4. The Company's share prices during the period

(1) H Shares' prices in 2007:

Opening price at beginning of year:	HK$1.69
Closing price at end of year:	HK$2.69
Highest price:	HK$4.55
Lowest price:	HK$1.69

(2) A Shares' prices in 2007:

Opening price at beginning of year:	Rmb3.73
Closing price at end of year:	Rmb10.02
Highest price:	Rmb12.50
Lowest price:	Rmb3.58

(II) SHAREHOLDERS

1. Number of shareholders and their shareholding

Unit: Share

Total number of shareholders at the end of the reporting period:	24,686 (including: 24,601 A share holders and 85 H share holders)

Particulars of top ten shareholders

Name of shareholders	Nature of shareholder	Percentage to share capital (%)	Number of shares held	Increase/ decrease during the reporting period	Number of shares subject to trading moratorium	Number of shares pledged or frozen
Beiren Group Corporation	State-own legal person	52.76	222,640,000	0	201,540,000	Nil
HKSCC NOMINEES LIMITED	unknown	23.47	99,041,199	1,376,000	0	unknown
汪新輝	unknown	0.18	741,899	741,899	0	unknown
謝旭紅	unknown	0.17	730,000	730,000	0	unknown
天寶天成	unknown	0.16	691,500	691,500	0	unknown
汪興林	unknown	0.16	682,800	682,800	0	unknown
蘇國榮	unknown	0.16	666,860	666,860	0	unknown
張達瑞	unknown	0.16	660,308	660,308	0	unknown
倪琳	unknown	0.14	606,628	606,628	0	unknown
黃玉群	unknown	0.14	573,704	573,704	0	unknown

Particulars of top 10 holders of shares not subject to trading moratorium

Name of shareholder	Number of circulating shares held	Class of shares
HKSCC NOMINEES LIMITED	99,041,199	Foreign shares listed overseas
Beiren Group Corporation	21,100,000	Renminbi ordinary shares
汪新輝	741,899	Renminbi ordinary shares
謝旭紅	730,000	Renminbi ordinary shares
天寶天成	691,500	Renminbi ordinary shares
汪興林	682,800	Renminbi ordinary shares
蘇國榮	666,860	Renminbi ordinary shares
張達瑞	660,308	Renminbi ordinary shares
倪琳	606,628	Renminbi ordinary shares
黃玉群	573,704	Renminbi ordinary shares

(II) SHAREHOLDERS *(Continued)*

1. Number of shareholders and their shareholding *(Continued)*

The explanation of the connected relation and action in concert among the aforesaid shareholders	The Company is not aware of any connected relationship among the top ten holders of circulating shares, nor is the Company aware of any parties acting in concert as defined in Measures for Management on Information Disclosure of Changes in Shareholdings of Listed Company's Shareholders. The Company is not aware of any connected relationship between the top ten holders of circulating shares and the top ten shareholders, nor is the Company aware of any parties acting in concert as defined in Measures for Management on Information Disclosure of Changes in Shareholdings of Listed Company's Shareholders.

Notes:

(1) Among the top ten shareholders of the Company, Beiren Group Corporation is the controlling shareholder of the Company.

(2) HKSCC Nominees Limited held shares on behalf of its clients and the Company has not been notified by HKSCC Nominees Limited that there was any holder of H Shares who separately held 5% or more of the total share capital of the Company.

(3) None of the shareholders holding 5% or more of the Company's shares are in position where their shares have been pledged or frozen.

(4) There was no change in respect of shareholders holding 5% or more of the Company's shares.

(5) Save as disclosed above, as far as the Directors are aware, none of the persons (not being a Director or chief executive of the Company) has any interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

(6) Purchase, sale or redemption of the Company's listed securities

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

(7) Pre-emptive rights

There is no provision for pre-emptive rights under the laws of the PRC and the Articles of Association of the Company.

(8) Convertibles, options, warrants or other similar rights

As of 31 December 2007, the Company did not issue any convertible securities, options, warrants or any other similar right.

2. Particulars of Shares held by Top 10 Holders of Shares subject to Trading Moratorium and Trading Moratorium

Unit: share

			Particulars of shares subject to trading moratorium available for listing and trading		
No.	Names of holder of shares subject to trading moratorium	No. of shares subject to trading moratorium held	Trading moratorium expiry date	No. of additional shares available for listing and trading after expiring of trading moratorium	Trading moratorium
1	Beiren Group Corporation	222,640,000	5 June 2007 31 March 2008 31 March 2009	21,100,000 42,200,000 222,640,000	It will not trade or transfer the non-circulating shares held by it within 12 months from the date of implementation of the Share Segregation Reform Proposal; within 12 and 24 months, subsequent to the aforesaid period, the number of the originally non-circulating shares subsequently listed for trading on the stock exchange will not exceed 5 per cent and 10 per cent, respectively, of the total number of shares of the Company; within the aforesaid period, the selling price of such shares subsequently listed on the stock exchange will not be lower than 110% (Rmb4.29/share) of the weighted average price of 30 trading days before the announcement of the Share Segregation Reform Proposal.

(II) SHAREHOLDERS *(Continued)*

3. Controlling shareholder and beneficial controller

(1) Status of the legal person controlling shareholder

Name of the controlling shareholder:	Beiren Group Corporation
Legal representative:	Deng Gang
Registered capital:	Rmb200,266,000
Date of incorporation:	16 July 1992
Principle operating or managing activities:	Manufacturing and sale of printing presses, packing machines, pressing machines and related products and components, technical development, technical consultancy, services, operation of the import and export businesses related to the production of own enterprises, subcontracting work for overseas printing machinery projects and domestic projects by international tendering.

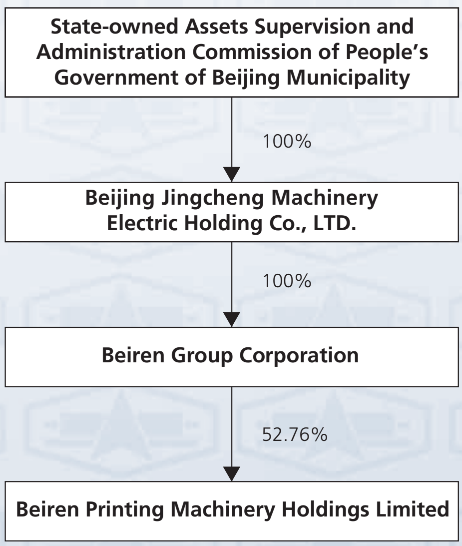
(2) Status of legal beneficial controller

Name of beneficial controller:	Beijing Jingcheng Machinery Electric Holding Co., LTD.
Legal representative:	Li Jisheng
Registered capital:	Rmb1,359,015,000
Date of incorporation:	8 September 1997
Principle operating or managing activities:	State-own assets operation and management within the scope of authorization; operation of title (ownership); external financing and investment.

(3) Changes in status of controlling shareholder and beneficial controller

There was no change in the controlling shareholder and the beneficial controller of the Company during the reporting period.

(4) Property right and controlling relationship between the Company and beneficial controller



4. Details of other legal person shareholders holding 10% or more of shares

As at the end of this reporting period, the Company did not have any legal person shareholder holding 10% or more of its shares.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

(I) DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Summary of directors, supervisors and senior management status

Unit: share

Name	Position	Sex	Age	Appointment date	End date of appointment	Shareholdings at the beginning of the year	Shareholdings at the end of the year	Increase/ decrease	Reason of change	Remuneration before tax received from the Company during the reporting period (Rmb'000)	Whether receiving an remuneration or allowance from shareholder entities or other assiciated entities
Wang Guohua	Chairman	Male	44	2005-07-14	2008-07-13	1,656	1,656	0		0	Yes
Lu Chang'an	Vice Chairman	Male	59	2005-07-14	2008-07-13	6,624	6,624	0		0	Yes
Zhang Peiwu	Director and General Manager	Male	44	2007-06-18	2008-07-13	0	0	0		48.4	No
Yu Baogui	Director	Male	58	2005-07-14	2008-07-13	5,796	5,796	0		3	Yes
Yang Zhendong	Director and Chief Engineer	Male	45	2005-07-14	2008-07-13	0	0	0		35.7	No
Jiang Jianming	Director and Chief Accountant	Male	52	2005-07-14	2008-07-13	0	0	0		35.7	No
Deng Gang	Director	Male	42	2005-07-14	2008-07-13	0	0	0		4	Yes
Wu Wenxiang	Independent Non-executive Director	Male	73	2005-07-14	2008-07-13	0	0	0		3	No
Wu Kongzuo	Independent Non-executive Director	Male	61	2005-07-14	2008-07-13	0	0	0		5	No
Li Yijing	Independent Non-executive Director	Female	56	2005-07-14	2008-07-13	0	0	0		3	No
Shi Tiantao	Independent Non-executive Director	Male	45	2005-07-14	2008-07-13	0	0	0		3	No
Xiao Maolin	Chairman of the Supervisory Committee	Male	58	2005-07-14	2008-07-13	0	0	0		3	Yes
Xue Kexin	Supervisor	Male	42	2005-07-14	2008-07-13	1,000	0	-1,000	Sales of shares	10.6	No
Tian Furen	Supervisor	Male	59	2005-07-14	2008-07-13	5,658	4,258	-1,400	Sales of shares	7.3	No
Jiao Ruifang	Secretary to the Board of Directors	Female	31	2007-03-01	2008-07-13	0	0	0		24.3	No
Kong Dagang	Deputy General Manager	Male	49	2007-03-01	2008-07-13	0	0	0		23.5	No
Liu Jing	Deputy General Manager	Male	52	2007-03-01	2008-07-13	0	0	0		30.2	No
Total	/	/	/	/	/	20,734	18,334	-2,400	/	239.7	/

(I) DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT *(Continued)*

1. Summary of directors, supervisors and senior management status *(Continued)*

Explanations:

(1) None of the directors, supervisors and senior management had been granted equity interest as an incentive by the Company during the reporting period.

(2) Save as disclosed above, none of the directors, supervisors and senior management or any of their associates, as at 31 December 2007, had any interest in the shares of the Company or its associated corporations (as defined in the Securities (Disclosure of Interests) Ordinance). None of the directors and supervisors or their spouse or children under the age of 18 was granted any right to acquire securities of the Company or had exercised any such right.

(3) As at the balance sheet date or at any time during the year, none of the directors and supervisors of the Company was directly or indirectly interested in any material contract of the Company other than the service contracts mentioned below.

(4) Save as those set out in the register required to be maintained by directors and supervisors under section 29 of the Hong Kong Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), during the year, the Company did not engage in any arrangement which would enable the directors or supervisors of the Company or any other corporation to acquire any interest in any shares or debt securities of the Company, nor did the directors or supervisors had any interest which was required to be recorded in the register under section 29 of the SDI Ordinance.

(5) Save as disclosed above, none of the directors, supervisors and senior management of the Company, as at 31 December 2007, had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO) which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO or any interest or short positions which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO.

(6) Save as disclosed above, none of any other directors, supervisors and senior management of the Company or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or had exercised any such right as at 31 December 2007.

2. Service contracts of directors and supervisors

The directors and supervisors have entered into written contracts with the Company, the main contents of which are as follows:

(1) Each contract for the directors of the fifth Board of Directors and supervisors of the fifth Supervisory Committee is for a term commencing from 14 July 2005 to 13 July 2008.

(2) The salary payable to the directors and supervisors is subject to a 15% increment for each subsequent year within the term of the service contracts.

(3) Each of the directors is entitled to a management bonus calculated by reference to the consolidated net profit of the Company (excluding extraordinary items) after taxation as decided by the Board of Directors provided that the aggregate amount of bonus payable to the directors may not exceed 1% of such profit. The directors shall abstain from voting in respect of the resolution on the amount payable to them.

(II) PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE LAST FIVE YEARS:

(1) **Wang Guohua**, Chinese nationality, aged 44, Chairman of the Board, an MBA holder and a senior engineer. Mr. Wang was the Chairman of the Board, Secretary to the Party Committee and Chief Engineer of Beiren Group Corporation; Head of Beijing Research Institute of Printing Machinery; Director, General Manager and Chief Engineer of Beiren Printing Machinery Holdings Ltd. He is currently Chairman of the Board of Beiren Printing Machinery Holdings Ltd. and Deputy General Manager of Beijing Jingcheng Machinery Electric Holding Co., LTD. He has been engaged in product design and corporate management for a number of years.

(2) **Lu Chang'an**, Chinese nationality, aged 59, Vice Chairman, a postgraduate and a senior economist. Mr. Lu was General Manager of Beiren Group Corporation; Director, General Manager and Deputy General Manager of Beiren Printing Machinery Holdings Ltd.. He is currently Vice Chairman of Beiren Printing Machinery Holdings Ltd. He has over 30 years' experience in corporate management.

(3) **Zhang Peiwu**, Chinese nationality, aged 44, Director and General Manager, a postgraduate in printing mechanics, a senior economist. Mr. Zhang taught in Xi'an University of Technology of Shaanxi Province and was Deputy General Manager and Legal Representive of Sichuan Printing Materials Company (四川省印刷物資公司), Manager of China Printing Meterals Corporation (中國印刷物資總公司), assistant to General Manager of Beiren Group Corporation and served concurrently as the General Manager of Operation and Sales Company. He is currently Director and General Manager of Beiren Printing Machinery Holdings Ltd. He has years of experience in marketing and administration.

(II) PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE LAST FIVE YEARS: *(Continued)*

(4) **Yu Baogui**, Chinese nationality, aged 58, a Director, a post-secondary graduate and a political work engineer. Mr. Yu has been a Director and the Chairman of the Labour Union of Beiren Group Corporation and Beiren Printing Machinery Holdings Ltd. since 1996. He has over 10 years' experience in production management and employees' relations.

(5) **Yang Zhendong**, Chinese nationality, aged 45, Director and Chief Engineer, a postgraduate and a senior engineer. Mr. Yang was the Deputy Chief of Research Institute of Beiren Printing Machinery Holdings Ltd. He is currently Director and Chief Engineer of Beiren Printing Machinery Holdings Ltd. Mr. Yang has years of experience in product design and management.

(6) **Jiang Jianming**, Chinese nationality, aged 52, a Director, Chief Accountant, a university graduate and a senior accountant. Mr. Jiang was Head of Asset Management Department of Beijing Mechatronics Industry Holding (Group) Company Limited, and Head of Audit Department of Asset and Finance of Beijing Jingcheng Machinery Electric Holding Co., LTD. He is currently Director and Chief Accountant of Beiren Printing Machinery Holdings Ltd. He has extensive experience in corporate financial management.

(7) **Deng Gang**, Chinese nationality, aged 42, a Director, a postgraduate and a senior engineer. Mr. Deng was Head of Human Resources Department of Beijing Jingcheng Machinery Electric Holding Co., LTD. He is currently General Manager and Secretary to the Party Committee of Beiren Printing Machinery Holdings Ltd., and director and Secretary to the Party Committee of Beiren Printing Machinery Holdings Limited. Mr. Deng has experience and ability in various fields including human resource management.

(8) **Wu Wenxiang**, Chinese nationality, aged 73, an independent non-executive Director, a member of the Strategic Committee, and a senior economist. Mr. Wu graduated from the People's University of China with major in industrial statistics. He was once General Manager and Chairman of China Printing Holding Company, a member of the printing technology equipment coordination team of the National Economic Commission, the Secretary General and Vice-chairman of China Printing and Equipment Machinery Industrial Association, and Vice-chairman of the standing committee for the Supervisors and Consultants Committee of China Printing Museum. Mr. Wu is currently Chairman of China Printing Technology Association, Vice-chairman of China Publishing Workers Association, and Vice-chairman of China Packaging Technology Association. He was accredited as outstanding contribution expertise of the State and was granted special subsidy in 1992. In 1995, Mr. Wu was in charge of research and production of national drawings printed by plastic seal on soft paper and obtained the national patent right. In 1997, Mr. Wu was awarded the Bi Sheng Award, the highest prize for the printing industry in the PRC.

(9) **Wu Kongzuo**, from the Hong Kong Special Administrative Region, aged 61, an independent non-executive Director, Chairman of the Nominee Committee, a member of the Remuneration and Monitoring Committee and a practicing lawyer. Mr. Wu graduated from the Faculty of Law at the University of Hong Kong. He dealt with legal and labour affairs in the Legal Department and Judicial Department of the Hong Kong Government. He worked as a practicing lawyer from 1988 to 2001, dealing with legal matters such as corporate finance and mergers and acquisitions. From 1991, he acted as executive directors for a number of companies such as North Sea Group Co., Ltd. (a Hong Kong listed company), Capital Citybus Limited (a British public bus company), etc., and has over 10 years' experience in corporate finance, project planning, corporate management, etc. He currently focuses on investment management business and is an executive director of New Ocean Green Energy Holdings Ltd. (a Hong Kong listed company) and Prime CCIF Capital Limited as well as an executive member of the Shenzhen Association for Sino-foreign Entrepreneurs.

(10) **Li Yijing**, Chinese nationality, aged 56, an independent non-executive Director, Chairman of the Audit Committee, a member of the Remuneration and Monitoring Committee, a postgraduate and a certified accountant. She was once a teacher in the Party's School of Beijing Construction Materials Bureau, a Supervisor and Deputy Headmaster of the Research Office of the Party's School of Beijing Mechanical Bureau and Deputy Chief Accountant of Beijing Zhongpingjian Accountants Firm. She has been a delegate to the 10th National People's Congress of Beijing since 1998 and a member of the 7th Beijing Municipal Committee of the Association for China Democratic Foundation since 1997.

(11) **Shi Tiantao**, Chinese nationality, aged 45, an independent non-executive Director, a member of the Nomination Committee and the Remuneration and Monitoring Committee and a doctorate in laws. He is currently a professor and a tutor of doctorate candidates in School of Law of Tsinghua University, and a standing council member of the Society of China Commercial Laws. Mr. Shi has been engaged in teaching and research of corporate law, securities law and finance law. He was a visiting researcher in East Asia Politics and Economics Institute (Singapore) in 1995 and a visiting professor in School of Law of Stanford University in 2001–2002.

(12) **Xiao Maolin**, Chinese nationality, aged 58, Chairman of the Supervisory Committee, a postgraduate and an economist. Mr. Xiao has been Secretary to the Disciplinary Committee of Beiren Group Corporation and Chairman of Supervisory Committee of Beiren Printing Machinery Holdings Ltd since 1998. He has over 20 years' experience in corporate management.

(13) **Xue Kexin**, Chinese nationality, aged 42, a Supervisor, a postgraduate and an economist. Mr. Xue was an Assistant to the Director of Production and Technical Safety Office of Beiren Printing Machinery Holdings Ltd; an Assistant to the Factory Manager of Multi-coloring Press Factory; and the Manager of Corporate Management and Operation Department. He is currently a Supervisor of Beiren Printing Machinery Holdings Ltd. He has been engaged in production and strategic management and financial analysis for a long period of time. He has rich corporate management experience and financial analysis capabilities.

(II) PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE LAST FIVE YEARS: *(Continued)*

(14) **Tian Furen**, Chinese nationality, aged 59, a Supervisor, a secondary technical graduate and a senior technician. Mr. Tian has been working in Beiren for over 30 years. He has been a model worker of the Company and has been a staff representative for a long period of time. He has rich experience in handling and maintaining welfare benefits of staff.

(15) **Jiao Ruifang**, Chinese nationality, aged 31, Secretary to the Board of Directors, a Bachelor in Economics graduated from Harbin University of Science and Technology, and a senior project manager. She was Head of corporate planning of Beijing Beizhong Steam Turbine Generator Company Limited; Consultative Manager and Project Manager of Beijing Jinhaitai Capital Market Research Centre (北京京海泰資本市場研究中心); and head of Strategic Planning and head of Asset Investment of Beijing Jingcheng Machinery Electric Holding Co., LTD. She is now secretary to the Board of Directors of Beiren Printing Machinery Holdings Ltd. She has work experience in large-scale industry enterprises and management consultant companies, and is familiar with formulation of corporate stratagy, management planning, foreign investment, internal asset reorganization.

(16) **Kong Dagang**, Chinese nationality, aged 49, Deputy General Manager, a senior engineer of professor grade. He graduated from Xi'an University of Technology (formally known as Shaanxi Engineering College (陝西機械學院)) with degrees of Bachelor of Printing Engineering and Master of Management. He was Vice Chief Engineer of Beiren Printing Machinery Holdings Ltd and Chief Engineer of No. 1 and 3 Printing Machine Factories. He is currently General Manager and Chief Engineer of Beijing Beirenfuji Printing Machinery Company Limited; CEO of Haimen Beirenfuji Printing Machinery Company Limited; and Deputy General Manager of Beiren Printing Machinery Holdings Ltd. He was elected by the China Association for Science and Technology in February 1986 to pursue the study of corporate management in Japan for a year, and has years of experience in product design and corporate management.

(17) **Liu Jing**, Chinese nationality, aged 52, Deputy General Manager, a university graduate in economic management, and an Engineer. He was a member of the League Committee; Deputy Head of Operation Services Department; Head of the Operation Sales Department; Deputy General Manager and General Manager of a sales company of the Company. He is currently Deputy General Manager of Beiren Printing Machinery Holdings Ltd. He has years of experience in the operation of sales.

(III) POSITIONS IN SHAREHOLDER ENTITIES

Name	Name of shareholder entity	Position(s)	Date of appointment	End of appoinement	Whether receiving an remuneration or allowance
Lu Chang'an	Beiren Group Corporation	Former General Manager	2000-3-21	2007-11-1	Yes
Deng Gang	Beiren Group Corporation	General Manager and Secretary to the Party Committee	2007-11-1		Yes
Yu Baogui	Beiren Group Corporation	Chairman of the Labour Union	2000-3-21		Yes
Xiao Maolin	Beiren Group Corporation	Secretary to the Disciplinary Committee and Deputy Secretary to the Party Committee	2000-3-21		Yes

(IV) POSITIONS IN OTHER ENTITIES

Name	Name of entity	Position(s)	Date of appointment	End of appoinement	Whether receiving an remuneration or allowance
Wang Guohua	Beijing Jingcheng Machinery Electric Holding Co., LTD.	Deputy General Manager	2006-8-16		Yes

(V) REMUNERATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Decision making process of remuneration of directors, supervisors and senior management: proposal is made by Remuneration and Monitoring Committee of the Board, considered and approved by the Board and reported to the general meeting through the Board for consideration and approval.

2. Basis for determination of remuneration for directors, supervisors and senior management: it is determined in accordance with the annual average salary of respective directors, supervisors and senior management, including the three levels of high, medium and low in the same industry, and the annual salary standard of the listed companies overseas, together with responsibilities, working hours, working missions and outstanding contributions of related persons of the Company.

3. Directors and supervisors whose remunerations were not paid by the Company

Name of director or supervisor whose remuneration was not paid by the Company	Whether remunerations were paid by shareholder entities or other related entities
Wang Guohua	Yes
Lu Chang'an	Yes
Yu Baogui	Yes
Deng Gang	Yes
Xiao Maolin	Yes

(VI) CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Reason of leaving
Zhang Peiwu	Director	New position
Jiao Ruifang	Secretary to the Board	New position
Kong Dagang	Deputy General Manager	New position
Liu Jing	Deputy General Manager	New position
Zhu Wu'an	Director	Resignation
Rong Peimin	Secretary to the Board	Resignation

During the reporting period, at the twelfth meeting of the Fifth Board of Directors, the proposals for appointing Ms. Jiao Ruifang as Secretary to the Board of the Company and Mr. Kong Dagang and Mr. Liu Jing as Deputy General Managers of the Company were considered and approved. Ms. Rong Peimin was retired and resigned as the Secretary to the Board of the Company. At the 2006 Annual General Meeting, the appointment of Mr. Zhang Peiwu as Director of the Company and the resignation of Mr. Zhu Wu'an as Director of the Company were considered and approved.

(VII) DETAILS OF THE STAFF

At the end of the reporting period, the Company had 2,563 staff and 2,359 retired staff who incurred expenses of the Company.

The structure of staff is as follows:

1. Professional

Professional type	Number of persons
Production staff	1,459
Sales staff	130
Technical staff	265
Financial staff	40
Management staff	283
Others	386

2. Educational Background

Education level	Number of persons
Master's degree	29
University graduates	758
Secondary technical graduates	234
Others	1,542

CORPORATE GOVERNANCE AND GOVERNANCE REPORT

(I) CORPORATE GOVERNANCE

1. During the reporting period, the Company had been constantly improving its corporate governance structure and standardizing its corporate operation practices in strict accordance with Company Law, Securities Law, and the Listing Rules on Shanghai Stock Exchange and on Hong Kong Exchanges and other laws and regulations. The Company has established and amended regulations including The Regulations on Information Disclosure of Listed Companies, Management Measures on Shares of the Company Held by Directors, Supervisors and Senior Management and Related Changes, Internal Control System, Management Measures on the Performance Assessment of Senior Management (《高級管理人員績效考核管理辦法》).

2. Pursuant to"Circular on the Issues concerning Developing the Special Activities for Strengthening the Corporate Governance of Listed Companies" (No.28 [2007], CSRC Company) (關於開展加強上市公司治理專項活動有關事項的通知) and "Circular on the Task concerning Better Carrying Out the Special Activities for Strengthening the Corporate Governance of Listed Companies"(No.29 [2007], CSRC Company) (《關於做好加強上市公司治理專項活動有關工作的通知》) issued by the China Securities Regulatory Commission (CSRC), and Notice of Beijing Securities Regulatory Commission Developing Supervision Activities including the Corporate Governance within Jurisdictions (No.18 [2007], BSRC Company) (《關於北京證監局開展轄區上市公司治理等監管工作的通知》) issued by Beijing Securities Regulatory Commission (BSRC), the Company launched a special activity to strengthen its corporate governance in April 2007.

   In this course, the Company has set up a project plan, established a Special Supervision Team, projected self-investigation, set up communication platforms, gathered opinion from the public, accepted on-spot investigation and rectified weaknesses, etc.

   Problems uncovered and rectified during the self-investigation include:

   (1) A senior management performance assessment system should be established

   The Company was restructured from a state-owned enterprise, and the highly overlappings between the Board and senior management members was the obstacle for effective assessments. As the Company continuously enhanced its corporate governance, the Board and senior management gradually separated from each other, also the Board has established the initial assessment for senior management, although the results of the assessment was too general to be confirmed. After the rectification, the Company has established Management Measures on the Performance Assessment of Senior Management, which was considered and passed on the fourteenth meeting of the Fifth Board of Directors and became effective subsequently.

   (2) A Subsidiary Control Model should be established and strengthened

   Businesses of certain existing subsidiaries of the Company are partly associated to the parent company while relatively independent. Neither has the Company control over their corporate strategy, investments, finance or key personnel, nor are there resources sharing and synergistic effects. During the rectification, the Company has appointed external consultant agency to carry out project consulting on the parent company's control over subsidiaries. Through the establishment of a parent-subsidiary management and control framework, the Company has reorganized their corporate strategy, human resources, finance, power, information and audit in detail. The Company has also restructured its its corporate rule and process system by the establishment of "Management Manual on Corporate Governance Implementation", "Management System for Dispatched Directors and Supervisors", "Strategic Management System", "Investment Management System", "Internal Audit System", "Management Manual for Subsidiaries" and "Budget Management System", all of which were considered and passed on the twenty-first meeting of the Fifth Board of Directors.

   Since the implementation of the special activity to strengthen corporate governance, the Company has discovered deficiencies in its governance with help from all walks of the society, and has actively taken improvement measures to complete corporate governance, strengthened standardized operation, and enhanced the consciousness of standardized operation among Directors, supervisors and management staff of the Company. The Company will keep a close eye on corporate governance, rectify and improve corporate governance continuously and efficiently, to maximise interests of the Company and its shareholders as a whole.

3. According to the requirements of "Appraisal Measures on SSE Corporate Governance Board" (《上證公司治理板塊評選辦法》) issued by Shanghai Stock Exchange (SSE) in October 2007, the Company claimed for the appraisal. After appraisals by the public and consultation institutions, the first election and the consideration of Consultative Experts Committee, the Company was finally named one of the 199 sample stocks of the "Governance Model of Listed Companies" among 255 candidate enterprises.

(II) SEPARATION BETWEEN THE COMPANY AND THE CONTROLLING SHAREHOLDER WITH RESPECT TO BUSINESS, PERSONNEL, ASSETS, ORGANISATION AND FINANCE

1. Business: The Company has complete business structure with capability of carrying out its business independently. The Company and controlling shareholder do not have businesses competing with each other. The controlling shareholder does not directly or indirectly interfere with the operation of the Company.

2. Personnel: The Company is independent of the controlling shareholder with respect to labour, personnel and salaries management. Senior management members including the general manager, deputy general managers and the secretary to the Board of Directors receive their remunerations in the Company.

3. Assets: the Company has independent and complete systems for production, supply and sales, and the ancillary facilities.

(II) SEPARATION BETWEEN THE COMPANY AND THE CONTROLLING SHAREHOLDER WITH RESPECT TO BUSINESS, PERSONNEL, ASSETS, ORGANISATION AND FINANCE *(Continued)*

4. Organisation: The Company has different production, distribution and office sites from that of the controlling shareholders. The Company has an independent management organization and a complete management and organization system entirely separated from the major shareholders.

5. Finance: The Company has established an independent finance department and an independent finance and accounting system. The Company has implemented a complete financial management system with a separate bank account.

(III) APPRAISAL AND MOTIVATION MECHANISM FOR SENIOR MANAGEMENT

During the reporting period, the Board of the Company signed the Performance Assessment Contract for Senior Management with the senior management members and would assess their performance semiannually. Remuneration and Monitoring Committee of the Board would propose the appraisal of the senior management members to the Board for approval in accordance with the completion of the performance contracts by the senior management members.

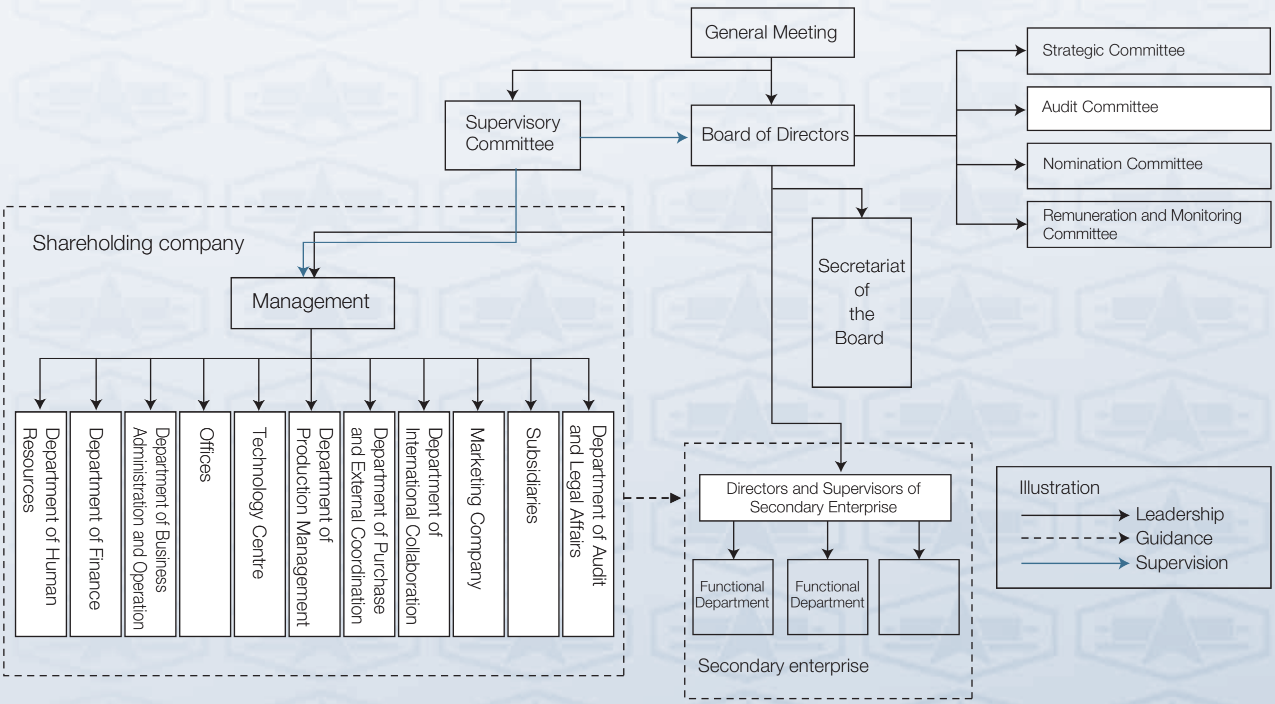
(IV) CORPORATE GOVERNANCE REPORT

The directors of the Company believe that corporate governance is crucial to the success of the Company; therefore, the Company adopts various measures to guarantee high-quality corporate governance.

The documents related to corporate governance of the Company include the Articles of Association, Rules of Procedure for the General Meeting, and Rules of Procedure for the Board of Directors and Rules of Procedure for the Supervisory Committee. To achieve highest level of corporate governance, the Board of Directors of the Company has set up four special committees, namely the Strategic Development Committee, the Audit Committee, the Remuneration and Monitoring Committee and the Nomination Committee.

During the reporting period, the Company was in compliance with all the provisions in the Code on Corporate Governance Practices (referred to the "Code" hereafter) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (referred to the "Listing Rules" hereafter).

The chart for corporate governance structure of the Company is as follows:



(IV) CORPORATE GOVERNANCE REPORT *(Continued)*

1. Directors and Composition of the Board of Directors

The Board of the Company consists of 11 directors, including 4 executive directors, 3 non-executive directors, and 4 independent non-executive directors accounting for more than one third of the total members of the Board. The directors in the Board of Directors are as follows:

Executive directors
Wang Guohua, Chairman of the Board
Zhang Peiwu, Executive director and general manager
Jiang Jianming, Executive director and chief accountant
Yang Zhendong, Executive director and chief engineer

Non-executive directors
Lu Chang'an, Vice Chairman of the Board
Yu Baogui, Non-executive director
Deng Gang, Non-executive director

Independent non-executive directors
Wu Wenxiang, Independent non-executive director
Wu Kongzuo, Independent non-executive director
Li Yijing, Independent non-executive director
Shi Tiantao, Independent non-executive director

The executive directors and non-executive directors of the Company have extensive experience in production, operation and management and make reasonable decisions in respect of the matters proposed by the Board. Among the 4 independent non-executive directors, one is a fellow member in printing industry, one is an accountant with multi years' experience in accounting, one is a professor and Doctors' Tutor in university with accomplishments in law, the other has the qualification of being Hong Kong lawyer and has extensive experience in law and corporate operation and management. Such independent non-executive directors have abilities of assessing internal control and reviewing financial report. The composition of the Board was in full compliance with the requirements of the relevant domestic and overseas laws and regulations and standardized documents.

During the reporting period, as is aware of the Board, there is no connection among the directors (including the Chairman and the General Manager) that is discloseable with respect to finance, business, relatives or other relevant matters.

The Company has strictly complied with relevant restriction stipulations for securities transactions by directors as set out by domestic and Hong Kong regulatory authorities and has all along been strict in discipline.

The Company has adopted the requirements in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. For the purpose of this report, the Company has enquired all the directors and all of them were confirmed to have complied with the requirements of the Model Code for Securities Transactions by Directors of Listed Issuers.

The Company has received the confirmation on independence submitted by the 4 independent non-executive directors pursuant to Rule 3.13 of the Listing Rules, and the Board of the Company thinks that the 4 independent non-executive directors are independent.

2. Meetings of the Board of Directors in 2007 and Attendance of Directors

The Board of Directors of the Company convened eleven meetings during the reporting period. Details are as follows:

Directors Name	Required attendance *(times)*	Attendance in person *(times)*	Attendance by proxy *(times)*	Absence *(times)*	Attendance rate *(%)*
Executive directors					
Wang Guohua	11	11	0	0	100
Zhang Peiwu	7	7	0	0	100
Yang Zhendong	11	11	0	0	100
Jiang Jianming	11	11	0	0	100
Non-executive directors					
Lu Chang'an	11	10	1	0	90.9
Yu Baogui	11	11	0	0	100
Deng Gang	11	10	1	0	90.9
Independent non-executive directors					
Wu Wenxiang	11	10	1	0	90.9
Wu Kongzuo	11	10	1	0	90.9
Li Yijing	11	11	0	0	100
Shi Tiantao	11	11	0	0	100

(IV) CORPORATE GOVERNANCE REPORT *(Continued)*

3. Chairman and General Manager

The Chairman and the General Manager of the Company are assumed by different persons, and their respective duties are divided clearly.

The Chairman, the legal representative of the Company, is elected by more than half of all directors of the Board. The Chairman is responsible for corporate planning and strategic decision-makings and chairing the Board, so as to ensure that the Board duly considers and approves all involved matters and the Board runs efficiently.

The Chairman is entitled to preside over the general meetings, to convene and chair the Board meetings, to check the implementation of resolutions of the Board, and to sign the securities issued by the Company and other important documents. As authorised by the Board, the Chairman can also chair the general meetings and provide guidance to the Company's important business activities during the adjournment of the Board meetings.

The General Manager is appointed by the Board and reports to the Board. The General Manager commands the management to take in charge of daily production, operation and management of the Company and implementation of all resolutions of the Board. As required by the Board or the Supervisory Committee, the General Manager will report to the Board or the Supervisory Committee the entering into and implementation of significant contracts, and the utilisation of funds and the profit and loss.

4. Executive Directors and Non-executive Directors

Like the other directors, the existing non-executive directors of the Company have the term of office of 3 years commencing from 14 July 2005 to 13 July 2008.

5. Performance of duties by independent non-executive directors

(1) Attendance of independent non-executive directors at the Board meetings is as follows:

Name of independent directors	Required attendance during the year *(times)*	Attendance in person *(times)*	Attendance by proxy *(times)*	Absence *(times)*	Notes
Wu Wenxiang	11	10	1	0	
Wu Kongzuo	11	10	1	0	
Li Yijing	11	11	0	0	
Shi Tiantao	11	11	0	0	

(2) Performance of duties by independent non-executive directors

Independent non-executive directors of the Company performed their duties in a prudent and responsible manner in accordance with relevant laws and regulations. They attended the Board meetings and the general meetings with their professional and constructive opinions for significant decisions of the Company. They gave their specific opinions regarding the Company's significant events. By doing such, the independent directors have played an active role for rational and objective decisions of the Board and regulate development of the Company, thus practically and effectively protecting the legal interests of the Company and its shareholders as a whole.

(3) Independent Non-executive Directors' Objection to the Relevant Matters of the Company

During the reporting period, independent non-executive directors of the Company did not object to the proposals put forward at the Company's Board meetings and other meetings during the year.

6. Power of the Board of Directors and senior management

(1) The Board of Directors exercised the power stipulated in laws and regulations and the Articles of Association as follows:

To convene general meetings and implement resolutions passed thereat;

To formulate the annual operating plan and material investment plan of the Company;

To determine the financial budget, profit distribution plan, basic management mechanism and material acquisition or disposal plan of the Company;

To appoint or dismiss the Company's general manager and to appoint or dismiss the Company's senior management members including the deputy general manager and the financial controller based on nominations by the general manager;

To propose to the general meeting to re-appoint or change the Company's accounting firms responsible for the audit work;

To consider the management's report;

To exercise the financing and borrowing rights of the Company and determine matters concerning the pledge, lease and transfer of the Company's material assets.

(IV) CORPORATE GOVERNANCE REPORT *(Continued)*

6. Power of the Board of Directors and senior management *(Continued)*

(2) Work of the committees under the Board of Directors

The Board has set up four special committees, i.e. Strategic Development Committee, Audit Committee, Remuneration and Monitoring Committee and Nomination Committee. Each committee has formulated its own implementation rules, which were approved by the Board.

Strategic Development Committee

The main duties of the Strategic Development Committee are to formulate strategic rules of the Company, to supervise the implementation of strategies and to timely adjust corporate strategies and the governance structure.

The Strategic Development Committee comprises five directors. During the reporting period, the Strategic Development Committee convened one meeting. The directors, supervisors and senior management of the Company were invited to the meeting to discuss the Company's Budget Report of 2007.

The members of the Strategic Development Committee and their attendance at the meeting are as follows:

Name	Description	Required attendance in 2007 *(times)*	Attendance *(times)*
Wang Guohua *(Chairman of the Board)*	Chairman of the Committee	1	1
Lu Chang'an *(Vice Chairman of the Board)*	Member of the Committee	1	1
Zhang Peiwu *(Executive director)*	Member of the Committee	1	1
Yang Zhendong *(Executive director)*	Member of the Committee	1	1
Wu Wenxiang *(Independent non-executive director)*	Member of the Committee	1	1

Audit Committee

The power of the Audit Committee was formulated in accordance with advice in Guide for Effective Operation by Audit Committee issued by Hong Kong Institute of Certified Public Accountants, Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules and Standard of Corporate Governance for PRC Listed Companies issued by CSRC. Its major duties are to review and examine the quality and procedure of the financial reporting of the Group, to review the completeness and effectiveness of the internal control system of the Company, to appoint independent auditors, coordinate their work and review the quality and efficiency of their work, and, lastly, to review all written reports by internal auditors and the management's feedback on such reports.

During the reporting period, the Audit Committee convened six meetings, details of which are as follows:

(1) Reviewed and passed the financial statements of 2006 and annual report and summary of 2006; (2) reviewed and passed the report for the first quarter of 2007; (3) reviewed and passed the interim report and summary for the first half of 2007; (4) reviewed and passed the proposal for change in accounting firm; (5) reviewed and passed the report for the third quarter of 2007; (6) the management reported to the independent non-executive directors and Audit Committee members the financial position and operating results for the year 2007, and the independent non-executive directors and Audit Committee reviewed the financial statements prepared by the Company and considered that the financial statements had reflected the financial position and operating results of the Company. Before released by the Company, the financial statement had been reviewed by the Audit Committee and was proposed to the Board to approve. In addition, it also carried out independent assessment on the effectiveness of the internal control system of the Company, and monitored and examined the internal audit of the Company, and provided the management with its professional opinion regarding improvement of the Company's internal control and corporate governance on a continuous basis. Opinions or warnings on relevant risks were also made to the management in connection with the Company's significant events. In accordance with the newly amended governance requirements by the Stock Exchange, the Audited Committee has submitted to the Board, after each meeting, the reports on major events under discussion, and has reported to the Board with respect to its performance and progress of work at least every six months.

(IV) CORPORATE GOVERNANCE REPORT *(Continued)*

6. Power of the Board of Directors and senior management *(Continued)*

(2) Work of the committees under the Board of Directors *(Continued)*

Audit Committee (Continued)

The members of the Audit Committee and their attendance at the meeting are as follows:

Name	Description	Required attendance in 2007 *(times)*	Attendance *(times)*
Li Yijing *(Independent non-executive director)*	Chairman of the Committee	6	6
Shi Tiantao *(Independent non-executive director)*	Member of the Committee	6	6
Jiang Jianming *(Executive director)*	Member of the Committee	6	6

Remuneration and Monitoring Committee

The major duties of the Remuneration and Monitoring Committee are to study and consider the Company's remuneration policy and incentive mechanism, and to formulate the appraisal standard for directors and senior management of the Company and to assess them.

The Remuneration and Monitoring Committee comprises three directors. During the reporting period, the Remuneration and Monitoring Committee convened two meetings, where (1) considered and passed the Management Measures on the Performance Assessment of Senior Management; (2) considered and passed the completion of the semiannual results by the senior management members, and proposed the result to the Board. The Remuneration and Monitoring Committee also guided and supervised the review and improvement of the remuneration system of the Company.

Details of the Company's remuneration policies, remuneration of directors, appraisal of the senior management and the incentive mechanism are set out in Part V of this annual report headed "Directors, Supervisors, Senior Management and Staff".

The members of the Remuneration and Monitoring Committee and their attendance at the meeting are as follows:

Name	Description	Required attendance in 2007 *(times)*	Attendance *(times)*
Wu Kongzuo *(Independent non-executive director)*	Chairman of the Committee	2	2
Li Yijing *(Independent non-executive director)*	Member of the Committee	2	2
Wang Guohua *(Chairman of the Board)*	Member of the Committee	2	2

Nomination Committee

The principal duties of the Nomination Committee are to work over and hence give its opinion on candidates and election standard and procedures for directors and the senior management.

The Nomination Committee comprises three directors. During the reporting period, the Nomination Committee convened one meeting, where considered and passed the resignation of Mr. Zhu Wu'an as Director of the Company and the nomination of Mr. Zhang Peiwu as the Company's Director candidate.

The nomination process, recommendation procedure and qualification and basic requirements for directors are set out in the Articles of Association and by-laws of the Company. During the reporting period, the Nomination Committee supervised and guided the proposal for change in Director and successfully completed its task.

The members of the Nomination Committee and their attendance at the meeting are as follows:

Name	Description	Required attendance in 2007 *(times)*	Attendance *(times)*
Wu Kongzuo *(Independent non-executive director)*	Chairman of the Committee	1	1
Shi Tiantao *(Independent non-executive director)*	Member of the Committee	1	1
Deng Gang *(Non-executive director)*	Member of the Committee	1	1

(IV) CORPORATE GOVERNANCE REPORT *(Continued)*

6. Power of the Board of Directors and senior management *(Continued)*

(3) The management of the Company undertakes the following duties as stipulated in the Articles of Association:

To arrange and implement the Company's operating plan and investment plan;

To propose the establishment for internal management institutions of the Company;

To propose the basic management mechanism for the Company;

To appoint or dismiss other management members whose appointment and dismissal are not subject to the Board of Directors;

To formulate basic rules for the Company.

7. Auditors' remuneration

During the reporting period, given that Deloitte Touche Tohmatsu CPA LTD. and Deloitte Touche Tohmatsu, Certified Public Accountants of Hong Kong were occupied by business, after negotiation among the parties, the Company no longer re-appointed Deloitte Touche Tohmatsu CPA LTD. and Deloitte Touche Tohmatsu, Certified Public Accountants of Hong Kong, as the domestic and overseas auditing institutions respectively of the Company for the year 2007.

In order not to affect the normal operation of auditing of the Company, the Directors of the Company resolve to appoint ShineWing Certified Public Accountants and SHINEWING (HK) CPA Limited as the domestic and overseas auditing institutions respectively of the Company for the year 2007.

On 5 December 2007, the Company convened the first Extraordinary General Meeting of 2007, on which considered and passed that (1) Deloitte Touche Tohmatsu Certified Public Accountants and Deloitte Touche Tohmatsu, Certified Public Accountants of Hong Kong ceased to be the domestic and overseas auditors of the Company respectively; and (2) the Company appointed ShineWing Certified Public Accountants and SHINEWING (HK) CPA Limited as its domestic and overseas auditors respectively for the year 2007, and authorized the Board to determine their remunerations.

During the reporting period, ShineWing Certified Public Accountants and SHINEWING (HK) CPA Limited reviewed the attached financial statements under the PRC accounting standards and the financial report prepared under the Hong Kong GAAP.

During the reporting period, the remunerations payable to domestic and overseas auditors are Rmb1,000,000 for ShineWing Certified Public Accountants and Rmb300,000 for SHINEWING (HK) CPA Limited, respectively. The audit fee includes all fees related to audit services provided to the Company by the auditors, including audit fee and review fee.

As at 31 December 2007, ShineWing Certified Public Accountants has provided audit services for the Company for 1 year, and SHINEWING (HK) CPA Limited has provided audit services for the Company for 1 year.

A proposal will put forward on whether to re-appoint ShineWing Certified Public Accountants and SHINEWING (HK) CPA Limited as the Company's auditors for the year 2008 at the 2007 Annual General Meeting.

8. Responsibility statement on financial statements by the Board of Directors

This statement is made for shareholders to differentiate the respective responsibilities of the directors and the auditors in connection with service reports, which should be read in conjunction with the Responsibility statement by auditors contained in the auditors' report set out in the financial statements.

The Board is of the opinion that as the Company's resources are sufficient for its operation in future, the financial statements have been prepared based on the going concern, that in preparation of such financial statements, applicable accounting policies were adopted and carried through with reasonable and prudent judgment and valuation, and that the preparation of the statements is in compliance with all accounting standards the Board considers applicable.

The directors are responsible to ensure that the accounts record prepared by the Company reasonably and accurately reflects the Company's financial position, and the financial statements are in compliance with relating accounting requirements in the PRC and Hong Kong.

9. Statement from the Company:

The shares of the Company held by public during the reporting period are sufficient.

(V) THE ESTABLISHMENT AND COMPLETENESS OF THE COMPANY'S INTERNAL CONTROL SYSTEM

1. Purpose and principles of the Company's internal control

(1) Purpose of the Company's internal control

To establish and perfect the internal organizational structure which is in line with modern management requirements, to formulate scientific decision making mechanism, implementation and monitor mechanism, so as to ensure the realization of the Company's operational management goals;

To establish an effective risk control system, strengthen risk management, so as to ensure the healthy operation of all business activities of the Company;

To avoid or lower risks, remove loopholes, eliminate latent dangers, prevent, discover and correct all errors and fraud in a timely manner, so as to protect the integrity of the Company's assets;

To regulate the Company's accounting behaviors, so as to ensure the accuracy and completeness of accounting information and enhance the quality of accounting information;

To ensure a thorough implementation of the relevant laws and regulations of the State and its regulatory system, as well as the Company's internal control system.

(2) Principles of the Company's internal control system

The internal control system must abide by the relevant laws and regulations of the State, the "Internal Accounting Control Criteria – Basic Criteria (for Trial Implementation)" (《內部會計控制規範－基本規範(試行)》) by the Ministry of Finance and the "Internal Control Guidelines for Listed Companies" by the Shanghai Stock Exchange, as well as the Company's actual situation;

The internal control system constrains all internal personnel of the Company. It must be observed and implemented by all employees. No department or individual should possess authority over internal control;

The internal control system must cover all internal economic businesses, all departments and all positions of the Company. By targeting on crucial control areas during the business process, its implementation should be applied to all aspects such as decision making, implementation, monitoring and feedback in a practical manner;

The internal control system should ensure a reasonable allocation and division of labor between the Company's organizations and positions (as well as duties and powers). It must separate incompatible duties to ensure a precise description of duties and powers between different organizations and positions, mutual checks and balances and mutual monitoring;

The formation of internal control system should follow the efficiency principle so as to achieve the best control effect at a reasonable control cost;

The internal control system should be adjusted and perfected on a continuous basis according to the changes of the external environment, adjustments to the Company's business functions and higher management requirements.

2. Internal control environment

(1) The Company's internal control structure

Corporate governance organizations

In strict accordance with the requirements of legal regulations such as the Company Law, the Company established and perfected governance organizations including the general meeting of shareholders, the Board of Directors and the Supervisory Committee, rules of procedures and decision making procedures. We also observed all duties stipulated in the Company Law and the Articles of Association. Major decision making issues such as the approval of the Company's operating policies and investment plans, election and replacement of directors and supervisors, and amendments to the Articles of Association etc, must be considered and approved by the general meeting of shareholders. The Board of Directors is responsible for implementing resolutions made by the general meeting, and it is accountable to the general meeting and shall report to it. Important decisions related to significant investment projects, acquisition and merger, acquiring important assets and signing important contracts and agreements will be made by the Board of Directors. The Chairman acts as the Company's legal representative. During the adjournment of the Board of Directors, the Chairman will be authorized by the Board of Directors to exercise part of its duties. The Supervisory Committee acts as the Company's monitoring organization that it is accountable to the general meeting and shall report to it. The principal duties of the Supervisory Committee are to monitor whether directors and senior management members have any behaviors violating legal regulations and harming the Company and its shareholders' interests while implementing company duties, as well as to inspect the Company's financial situation.

To regulate the relationship between controlling shareholders and the Company, there is a separation in organizations, staff, assets, finance and businesses between the controlling shareholders and the Company. Controlling shareholders are entitled only to the rights as fund providers in accordance with the requirements of legal regulations.

To establish the general manager responsibility system under the leadership of the Board of Directors, according to the regulations of the Articles of Association, the Company's senior management members, including general manager, deputy general manager, chief engineer, chief accountant and the secretary to the Board of Directors, shall be appointed and dismissed by the Board of Directors. Under the leadership of the general manager, who is in charge of the Company's management level, the deputy general manager and other senior management members shall be sharing other management work.

(V) THE ESTABLISHMENT AND COMPLETENESS OF THE COMPANY'S INTERNAL CONTROL SYSTEM *(Continued)*

2. Internal control environment *(Continued)*

(1) The Company's internal control structure *(Continued)*

The Company's organizational structure

The management framework system established by the Company includes the secretarial office and the office of the Board of Directors, Department of Human Resources, Department of Finance, Department of Business Administration and Operation, Department of Production Management, Department of Purchase and External Coordination, Department of International Collaboration, Department of Audit and Legal Affairs, Technology Support Centre, Marketing Company, as well as the first subsidiary, second subsidiary, third subsidiary and the web-fed offset press subsidiary. The precise description of duties of each department allows the formation of an internal control system that each department has its own duties while featuring mutual co-ordination, mutual checks and balances and close connection. This has been instrumental for the Company to organize production, enlarge scale, enhance quality, increase efficiency and ensure safety, etc.

Depending on different natures, management and control on subsidiary units have been divided by the Company into operation-oriented, strategy-oriented, resources-oriented and finance-oriented. The Company also compiled the "Management Manual for Subsidiaries" and strengthened subsidiaries' strategic management, R&D management, finance supervision, personnel management, information disclosure management, as well as management on the supervision of economic operation and the assessment of economic operation depending on the holding of equity and in accordance with "Company Law" and the Articles of Association.

(2) The Company's internal control system

In accordance with the requirements and regulations of relevant laws and regulations such as Company Law, Securities Law, Standards for Corporate Governance of Listed Companies, the Company compiled the Articles of Association, Rules of Procedure for the General Meeting, Rules of Procedure for the Board of Directors, Rules of Procedure for the Supervisory Committee, Regulations on Information Disclosure Management, Regulations on Relations with Investors, Provisional Regulations on Internal Audit, Detailed Rules for Work of the Secretary to the Board of Directors, etc. In accordance with relevant requirements, the Board of Directors set up four special committees, and each of them has formulated its own implementation rules, namely Detailed Implementation Rules for the Strategic Committee of the Board of Directors, Detailed Implementation Rules for the Nomination Committee of the Board of Directors, Detailed Implementation Rules for the Audit Committee of the Board of Directors, Detailed Implementation Rules for the Remuneration and Monitoring Committee of the Board of Directors. This ensures actions such as convening the Company's general meetings, meetings of the Board of Directors and the Supervisory Committee, as well as the making of significant decisions to be legal, legitimate, accurate and legal binding. The establishment of the Company's internal management and control system is based on the Company's basic control system, which covers the entire process of production and business operation including finance management, production management, materials procurement, product sales, external investment, and administrative management, etc, ensuring that every task has rules and regulations to follow and therefore, forming a regulated management system.

(3) Accounting system

The Company created an independent accounting organization. The establishment of fairly reasonable positions as well as duties and powers related to finance management, accounting and auditing, coupled with the assignment of relevant staff ensured the smoothness of finance work. There is a precise division of labor in the accounting organization and the position responsibilities system is in place. Every position is able to perform the checks and balances function, while the functions of approval, implementation and recording are separated.

The Company's finance and accounting system implemented both accounting rules for enterprises and the "Accounting Standards for Business Enterprises" set by the State, as well as relevant supplementary regulations related to finance and accounting. We established a specific finance management system for the Company, and clearly set up processing procedures for accounting certificates, account books and accounting reports. By far, the Company has developed and implemented the following finance and accounting systems: finance department duties, management measures on financial income and expenditure budgets, details of implementation for account auditing system, fixed assets management measures, cash management measures, assets impairment provision and writing off system, etc. These finance and accounting systems greatly ensured the work of regulating the Company's account auditing, strengthening account monitoring, securing the accuracy of finance and accounting data, preventing errors and removing loopholes. In accordance with the requirements of the Securities Regulatory Commission, an accurate and complete finance and accounting report of the listed company was provided in a timely manner, which gave an accurate, objective and equal reflection on the Company's financial position and business results, and provided relevant parties including shareholders, the general public and government departments with reliable and accurate accounting information on the Company, and truly fulfilled our social responsibilities and obligations.

(V) THE ESTABLISHMENT AND COMPLETENESS OF THE COMPANY'S INTERNAL CONTROL SYSTEM *(Continued)*

2. Internal control environment *(Continued)*

(4) Control Procedures

The Company implemented effective control procedures in regard to transaction authorization control, division of labor and responsibilities control, certificates and records control, access to assets and management of the use of records, as well as internal review control etc.

Control of transaction authorization

Depending on the amount and the nature of transactions, the Company adopted different transaction authorization methods in accordance with the Articles of Association and the provisions of all of the aforesaid management systems. In regard to claims of fees related to the sales business, procurement business and normal business that occurred on a frequent basis, as well as financing within the scope of authorization, an examination and approval system was taken place at all levels in each relevant unit and department. In regard to infrequent business transactions such as significant transactions including external investment, issue of shares, restructure of assets, transfer of equity, guarantee, connected transaction, etc, examination and approval was handled by the Board of Directors or the general meeting of shareholders depending on the transaction amount.

Control of division of labor

In order to prevent and uncover errors and fraud in a timely manner during the implementation of the assigned roles, the Company developed a series of detailed positions and division of labor system in each department and area that engaged in business activities: for example, cash handling to be separated from account auditing, staff who reviewed and approved any business transaction to be separated from staff who actually perform the task.

Control of certificates and records

In regard to the access and audit of external certificates, the Company established a rather perfect mutual auditing system based on each department and the role of each position, effectively preventing inferior certificates entering the enterprise. In regard to the compilation and audit of internal certificates, all certificates were signed or sealed, and general certificates were assigned a number in advance. Important certificates and important blank certificates were kept by specified staff in a safe manner that a log book was maintained. Upon the implementation of a transaction, the business staff instantly prepared a certificate record which would be reviewed by a specified staff, recorded into a corresponding account, and then submitted to the accounting and settlement department for registration and filing.

Control of access to assets and the use of records

The Company restricted unauthorized staff to gain direct access to property. Measures such as regular inventory check, property records, account auditing and property insurance were in place to ensure the integrity of all property. The Company has established a series of safekeeping systems for assets and accounting files, coupled with necessary equipments and specified staff basically ensured the safety and integrity of assets and records.

Control of internal review

The Company has established the Department of Auditing and Legal Affairs for execution of the internal auditing system to monitor the Company and controlling subsidiaries' quality of economic operations, economic efficiency, internal control system, expenses of all fees and assets protection as well as propose suggestions to improve business management and opinions for rectifying and handling violations.

3. Implementation of internal control system

(1) Basic control system

Corporate governance

In strict accordance with the Company Law, the Securities Law, Guidelines for Listed Companies' Articles of Association as well as relevant documents and requirements by the securities regulatory authority, the Company constantly perfected the legal person governance structure and amended the Articles of Association in a timely manner. We have developed and updated the Rules of Procedure for the General Meeting, Rules of Procedure for the Board of Directors, Rules of Procedure for the Supervisory Committee, Regulations on Information Disclosure Management, Investors Relationship Management System, Working System for Independent Directors, so that a relatively systematic framework of documents for governance was formulated and the Company's internal control system were perfected.

Daily management

In strict accordance with the provisions of the Company Law and the Articles of Association, the Company's controlling shareholders exercised the rights and obligations as being fund providers. In areas such as business, staff, assets, organizations and finance, the Company and controlling shareholders have a complete "50/50" split that each possesses an independent and complete business and self operating capability. The Company's general meeting was convened in strict accordance with the procedures stipulated in the Articles of Association and relevant information was disclosed in a timely manner. The Company's Board of Directors and Supervisory Committee could operate independently and cast votes in an objective and fair manner so as to ensure the interests of all shareholders.

Human resources management

The Company principally relies on open recruitment. "Open, equality, competition and selecting the best" is the personnel system management that we insist to use while employing, training, appraising, awarding and disciplining staff. The Company will strive to establish a scientific incentives mechanism and constrains mechanism. Staff initiative will be fully encouraged through scientific human resources management so as to create an internal personnel mechanism featuring equal competition and reasonable mobility, while staff's talents to be fully taken into account while creating roles and duties. In turn, job efficiency will be greatly enhanced.

(V) THE ESTABLISHMENT AND COMPLETENESS OF THE COMPANY'S INTERNAL CONTROL SYSTEM *(Continued)*

3. Implementation of internal control system *(Continued)*

(2) Important management control methods

Production, operation and finance management

To maximize the Company's economic efficiency is the aim of production, operation and finance management. This mainly includes the analysis of the development of targeted profit and benchmarks, development and appraisal of annual production and operation plan, as well as daily management. We adopted the "five unification one centralization" management system, namely, unifying fund appropriation, bank loans, product sales, plans for order and procurement of major materials and signing of external economic contracts as well as centralizing funds.

Sales and marketing management

Through daily marketing activities, various mass media and market research, the sales department extensively collected demand and supply information of the domestic and international markets, got hold of and understood the sales price in both domestic and international markets, and developed practical and feasible pricing adjustment solutions according to the demand and supply relationship in different markets of the international and domestic arenas so as to guide the Company to adjust its production and operation plan in a timely manner.

Audit and management control methods of costs and fees

In accordance with the expense scope of costs and fees required by the State, the primary mission of the Company's audit and management of costs and fees is to audit and control the expense of costs and fees strictly, fully record and reflect the expense of costs and fees in a timely manner, project product costs and fees accurately during the production period, establish a sound costs and fees management responsibility system that involves all staff, strengthen the forecast of costs and fees, control during the process and analyze and review afterwards, reflect business results in an integrated manner, provide reliable data and information for operating decision making, constantly explore internal potential, save expenses, reduce costs and fees, and enhance economic efficiency.

Comprehensive budget management

The "budget management system" developed by the Company fully planned, projected, forecasted and described operational activities, investment activities, finance activities during the scheduled period. It also controlled, adjusted and evaluated the implementation processes and results. The entire budget of the enterprise comprised finance budget (including cash flow budget) and business budget, capital budget and financing budget, and is guided by the Company's annual operational goals, to ensure the realization of operational goals through effectively organizing and coordinating production and operating activities, as well as utilizing various resources.

(3) Assets management control system

The Company has developed the Fixed Assets Management System and Provisions Concerning Management of Cash, Bank Deposits, Credit Cards and the Seal of the Finance Committee, which control crucial aspects related to the checking and crediting, debiting, safekeeping and handling of cash capital, physical goods and assets, and conduct regular investigations on problems and potential losses in accounts receivable, external investment, fixed assets, construction in progress and intangible assets through measures such as division of labor, regular inventory check on physical goods, property records and account auditing. According to the requirements of the Provisions of Finance Management developed by the Company, assets impairment provision was reasonably made, and anticipated loss, grounds for amortization preparation and projects that required to be written off were submitted for approval in accordance with procedures and the examination and approval authority.

(4) Investment management, external guarantees and associated transactions

In the Articles of Association, Rules of Procedure for the General Meeting, Rules of Procedure for the Board of Directors and External Guarantees Management System, the Company regulated authorities related to external investment, acquisition and sales of assets, mortgage of assets, matters of external guarantees, commissioned financial management and associated transactions and established stringent examination and decision making procedures as well.

4. Self assessment on the effectiveness of the implementation of the Company's internal control system during the year

(1) Procedures and methods used by the Company for self evaluating the effectiveness of the implementation of internal control

Evaluation of the Supervisory Committee. The Supervisory Committee was able to truly fulfill its duties in accordance with the provisions of the Company Law and the Articles of Association as the Company's monitoring arm. It convened Supervisory Committee meetings on a regular basis, effectively monitored and assessed the Company's financial reports; senior management's violating behaviors and behaviors harming shareholders' interest, as well as the Company's internal control.

Evaluation of Internal Audit. The Company's internal audit staff independently exercised control over auditing and monitoring, audited and inspected relevant departments and relevant staff regarding to what extent financial and economic regulations were observed, as well as the implementation of the finance and accounting system. It also disciplined behaviors that violating the finance and accounting system, ensuring the finance and accounting system was observed effectively and implemented. The Company carried out regular or irregular inspections and assessments on the implementation of internal control system. Defects or unsatisfied implementation of internal control system would be held responsible by relevant levels and reported. The Company's Internal control system was strictly implemented by all levels of staff. For unsatisfied implementation of internal control or any problems found, staff had to explain to their supervisors and corresponding measures would be adopted.

(V) THE ESTABLISHMENT AND COMPLETENESS OF THE COMPANY'S INTERNAL CONTROL SYSTEM *(Continued)*

4. Self assessment on the effectiveness of the implementation of the Company's internal control system during the year *(Continued)*

(2) Effect of the implementation of control system

Through the development and effective implementation of internal control system, the Company's management level was further enhanced and the Company's integrated competitiveness was increased substantially, laying a solid foundation for the Company's long term development. In the opinion of the Company's management authority, the Company has, in accordance with the provisions of relevant laws, regulations and relevant departments, established and perfected complete and reasonable internal control which generally ensured the normal operation of the Company's production and operating activities, and reduced management risks to certain degree. Besides, the implementation of all relevant significant aspects related to the financial statement as at 31 December 2007 in accordance with the control system standard was deemed effective.

5. Relevant measures to perfect internal control system

The Company system assessed the external market environment, internal capabilities and potential risks, developed scientific strategies, analyzed and developed the Company's entire budget according to strategic goals, included the Company's businesses in the budget, and appraised operating results and efficiency of the Company's senior and middle managerial personnel according to strategies and budget. The Company assessed company strategies and risks associated with realizing strategic goals on a regular basis, as well as offered suggestions for improvement in a timely manner.

To carry through strategic requirements, the Company made adjustments to organizations and institutions. To ensure the Company's highly effective operation under the new management system and model, and to realize the transformation from functional management to workflow-oriented management, based on the division of new functions, the company's management system was established and perfected, and business workflow was streamlined. During the processes of actual business operation, corresponding control standards and control measures were further developed; the authority and role of positions were precisely defined. Thus, internal control measures were implemented truly and effectively.

To ensure the realization of the Company's strategic goals and risks in operating activities were prevented through the regulation of corporate governance and the management and control of subsidiaries, the Company hired external consulting organizations to advise on the corporate governance system and management and control between the parent company and subsidiaries in accordance with the requirements of "Internal Control System for Beiren Printing Machinery Holdings Limited". The streamlined system further perfected the corporate governance system and workflow, and identified the level of corporate governance and corresponding rights and responsibilities. Subsidiaries' management and control model, workflow and system platform were established as well.

In accordance with the relevant regulations of "Guidelines of Shanghai Stock Exchange for the Information Disclosure Management Bylaws of Listed Companies" (《上海證券交易所上市公司信息披露事務管理制度指引》), the Company amended "The Regulations on Information Disclosure of Listed Companies" and submitted it to the Board of Directors for review and approval. In regard to information disclosure of significant issues, the Company regulated and strictly followed the relevant reporting, distributing, auditing and disclosure procedures, ensuring the truth, accuracy, timeliness and completeness of the disclosed information.

In order to carry through the Company's various internal control system, establish an internal control management mechanism with long term effect, develop monitoring and examination methods for internal control as well as annual monitoring and examination plan for internal control, the Company has established the Department of Auditing and Legal affairs to assist the Board of Directors, Audit Committee and the management in inspecting and discovering defects and problems during the implementation of the internal control system; tracking down and discovering problems during the implementation of the record system; rectifying problems in a timely manner; constantly perfecting the appraisal and operating results and efficiency of internal control system; evaluating risks associated with the realization of strategic goals; offering improvement suggestions in a timely manner; and ensuring the Company's effective implementation of internal control system.

Due to the inherent limitations of internal control, the possibility of undiscovered misreports as a result of errors and fraud is unavoidable. Moreover, changes in situation may make internal control becoming improper, or reduce the degree of implementation of the control policy and procedures. Current internal control system will be improved, enhanced and perfected according to the changes in situation and problems discovered during implementation.

6. Relevant working plan for internal control in the coming year

In accordance with the requirements of legal regulations and the regulatory department, the corporate governance system will be perfected constantly.

Incorporate the requirements of corporate governance projects to perfect the duties of various departments of the Company and regulate the Company's management system and workflow.

Strengthen the management of 50/50 companies and subsidiaries, establish a unified account auditing division and develop a unified accounting policy.

Further enhance the Company's management report system and finalize the submission request of share holding subsidiaries' management reports.

(VI) THE BOARD OF DIRECTORS' SELF ASSESSMENT REPORT ON THE INTERNAL CONTROL OF THE COMPANY

During the year, the Board of Directors has formulated the "Internal Control System for Beiren Printing Machinery Holdings Limited" and the management members are required to implement internal control according to the requirements of the internal control system; meanwhile, the Board of Directors had conduct an overall review on the effectiveness of the Company's internal control system for the year ended 31 December 2007 through the use of strategic assessment system, internal control system and senior management appraisal system by the Audit Committee and the Secretariat of Audit Committee. The Board considers that, for the year ended and as at the reporting date, the Company has a complete internal control system in place, involving corporate governance, business operation, financial management and executive and personnel management, and has clearly stipulated the scope, content, procedure of internal control, which is adaptable to the the Company's management requirements and the need for development and the provision of a reasonable assurance for preparing the true and fair financial statement.

The purpose of establishing the internal control system is to manage probable risks. With the change in the external environment and the development of the Company's business operation, the Company will continue to improve its internal control system while review its operation effectiveness.

(VII) AUDITOR'S AUDITING OPINION ON THE BOARD'S SELF ASSESSMENT REPORT ON THE INTERNAL CONTROL OF THE COMPANY

Auditing Report on Internal Control

XYZH/2007A4015-9

To shareholders of Beiren Printing Machinery Holdings Limited,

We are entrusted to review the confirmation on the effectiveness of the corporate internal control as at 31 December 2007 in connection with the financial statment by the Board of Directors of Beiren Printing Machinery Holdings Limited (referred to as "the Company" hereafter). The management of the Company is responsible to set up and maintain complete and effective internal control, while our responsibility is to form an opinion on the effectiveness of the Company's internal control.

We conduct audit based on the Standards on Other Assurance Engagements for Certified Public Accountants of China No.3101(《中國註冊會計師其他鑒證業務準則第3101號》). In the course of auditing, we have performed to understand, test and assess the appropriateness of the design and the effectiveness of the execution of internal control as well as other procedures we considered to be necessary. We believe that our audit have provided a reasonable basis for expressing opinion.

The internal control is subject to inherent restriction, and there is the possibility of misreport not to be discovered due to errors or fraud. In addition, change in situations would lead to inappropriateness in internal control, or impair the control policies and procedure, leaving the forcast on the effectiveness of future internal control according to the results of the internal control assessment riskful.

We consider, as at 31 December 2007, the Company has maintained effective internal control in all major aspects related to the financial statement in accordance with the standards of "Internal Accounting Control Criteria – Basic Criteria (for Trial Implementation)" (《內部會計控制規範—基本規範(試行)》) issued by Ministry of Finance.

ShineWing Certified Public Accountants
Huang Ying, Ma Chuanjun
Chinese Certified Public Accountants
15 April 2008

INTRODUCTION TO THE ANNUAL GENERAL MEETING

(I) ANNUAL GENERAL MEETING

1. On 18 June 2007, the Company convened the 2006 Annual General Meeting, announcement of resolutions passed at which was published on Shanghai Securities News, Hong Kong Economic Times and The Standard on 19 June 2007.

   At the meeting, the following proposals were considered and approved by way of ordinary resolutions:

   (1) 2006 Board of Directors' Work Report of the Company;

   (2) 2006 Supervisory Committee's Work Report of the Company;

   (3) 2006 Annual Report and Summary of the Company;

   (4) 2006 Audited Financial Statements of the Company;

   (5) 2006 No Profit Distribution Plan of the Company;

   (6) Re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants and Deloitte Touche Tohmatsu, Certified Public Accountants of Hong Kong as the Company's domestic and overseas auditors respectively for the year 2007, and authorize the Board to determine their remunerations;

   (7) Proposal on resignation of Mr. Zhu Wu'an as Director of the Compnay and nomination of Mr. Zhang Peiwu as the Company's Director candidate.

   At the meeting, the following proposals were considered and approved by way of special resolutions:

   (8) Granting the Board of Directors general mandate to issue new H shares.

(II) EXTRAORDINARY GENERAL MEETING

1. The first Extraordinary General Meeting:

On 5 December 2007, the Company convened the first Extraordinary General Meeting of 2007 to resolve the announcement of the first Extraordinary General Meeting. The announcement of resolutions was published on Shanghai Securities News on 6 December 2007.

At the meeting, the proposal for change in auditors was considered and approved by way of show of hands:

(1) Deloitte Touche Tohmatsu Certified Public Accountants and Deloitte Touche Tohmatsu, Certified Public Accountants of Hong Kong ceased to be the domestic and overseas auditors of the Company respectively.

(2) ShineWing Certified Public Accountants and SHINEWING (HK) CPA Limited were appointed as the Company's domestic and overseas auditors for 2007 respectively, and authorize the Board to determine their remunerations.

CHAIRMAN'S STATEMENT

Mr. Wang Guohua, Chairman of the Board

(I) REVIEW

The year 2007 was a year of significance for the implementation of scientific development approach, the execution of the "11-5" strategic plan, and the reform of the Company's system, mechanism and operating pattern.

1. **Carrying through strategic tactics, actively implementing strategies and management**
During the reporting period, we carried through the strategy-oriented approach extensively, devised and completed strategies for all business functions, and established a guarantee system for the Company's "11-5" overall strategic operation. Scientific methods of strategic assessment were used to actively foster strategy implementation and adjustments.

2. **Carrying through "customer-oriented" business goal, establishing rapid market response mechanism**
During the reporting period, we reformed the Company's management system and reconstructed the business workflow. The business philosophy of all employees underwent a fundamental change. Subsidiaries were operating according to the management model of "profit-focused, market entering simulation", while the Company's management function was shifted towards customers. The establishment of a rapid market response mechanism effectively enhanced the quality of business operation and the market competitiveness of the Company.

3. **Actively launching comprehensive budget management, enhancing the Company's scientific management level**
During the reporting period, the Company carried through budget management actively and extensively, making it the true foundation for the Company's business operation and scientific management. Each budget unit at the base level strived to standardize and enhance the scientific level of budget preparation, review, implementation and adjustments. The creation of a link between budget target and salary ensured the Company's budget goals to be achieved at all levels.

4. **Standardizing the Company's governance system, strengthening the parent company's control over subsidiaries, enhancing overall business management level**
During the reporting period, we established an authorizing system by division for the Board of Directors, the management level and subsidiaries. We established a scientific decision making mechanism which clearly identifies the duties of all levels of the Company, allowing division of labour, co-ordination and an effective balance of power, laying a solid foundation for the prioritized allocation and co-ordination of company resources, as well as successful synergistic effect between the Company and subsidiaries. As named the sample stock of the "Governance Model of Listed Companies", the corporate image of the Company has been enhanced.

5. **Launching performance management, stringently implementing performance assessment**
During the reporting period, senior management staff of the Company has entered into a performance management target which has combined the implementation of corporate strategic goals and budget, and has put the assessment of performance into practice effectively, so as to encourage the senior management to create value for the Company. Meanwhile, we also established a performance assessment system for medium management staff, and transmitted our performance objective and duty from level to level, so as to ensure the achievement of the Company's strategic goals and measures.

(II) PROSPECT

1. Industry Overview

(1) On the macroeconomic front: the PRC has implemented a stable financial policy and tightened monetary policy. Spontaneous expansion in total social demand will slow down, and national economy will shift from a fast growing trend for the previous five years to more stable and slight easing. Moreover, the Company is facing enormous pressure in its development and operation due to raises in borrowing cost, Renminbi appreciation and cut of tax rebate as well as rising prices of raw materials.

(2) Overview of the press and printing machinery industry: China has substituted Germany and UK to become the third largest printing market of the world. With the forthcoming Beijing Olympics 2008 and Shanghai World Expo, huge market opportunities are generated for industries such as package printing, publication printing and commercial printing. However, with the further introduction of energy saving and pollution reduction policies, re-use of primary and secondary school textbooks across the State and paid usage of plastic shopping bags and the carrying out of Golden Card project to promote tax control by digital method instead of taxation, the press and printing machinery industry is slowing down notably while the market is becoming more competitive.

As the first listed company of the printing machinery industry of the PRC, Beiren remains the market leader of the industry. By way of creating products which can be used as the substitute of imported goods in the high-end market, structural reorganization, system transformation and expansion in the high-end market, we have been making every effort to realize our goal of becoming the most competitive integrated provider of printing facilities and sevices. In 2008, we will continue to explore the domestic and international market, strive to enhance our technical and quality level, and transform towards a good and fast development.

2. Corresponding measures and key work of the Company for 2008

(1) Strengthening the process management of the implementation of "11-5"strategy, ensuring strategic goals realized at a gradual pace

We will complete the Company's annual strategic assessment, implement functional strategies and review subsidiaries' competitive strategy based on the requirements of the strategic management system, to ensure the overall implementation of company strategies.

(2) Implementing corporate governance projects, perfecting the Company's internal control system

Based on the corporate governance and the management system of the parent company's control over subsidiaries approved by the Board of Directors, we will conduct promotion, provide training and carry out the policy in phases. Meanwhile, we will perfect the Company's internal control system, tidy up the workflow of key businesses, launch corporate governance and projects related to the parent company's control over subsidiaries at a gradual pace, aiming to achieve the standardized scientific management level and to realize the corporate synergistic effect.

(3) Innovating budget management, furthering performance management, deepening the reform of allocation system

In response to the pressure caused by increasing high operating costs, we will promulgate our policies and measures such as market forecast, salary incentives, the system of lowering inventory, the improved structure of capital use and the effort to lower costs, etc to staff of all levels. We hope to achieve the annual budget targets by realizing the transformation of mechanism.

(4) Accelerating the development of new products, cultivating new growth points for efficiency

Customers will become the Company's focal point and our market research and product development capability will be enhanced. To cater for customer demand, we will further streamline product lines, refine product structure, continuously improve products, increase customer satisfaction level, and cultivate new growth points for efficiency.

(5) Implementing key projects for technical reform, enhancing leading technical equipments at a steady pace

In 2008, the Company will carry out 37 technical reform projects, with an investment budget of Rmb28,349,000 such as finance the key projects including small scale processing center, the purchase of processing equipment, digital-controlled cam grinder and measuring and inspecting facilities, reform of production line assembling technique, so as to further enhance the technique, quality level and production efficiency of multi-color machinery products.

(6) Strengthening supply chain management, increasing the ability of integrated production and quality assurance

To further streamline production workflow and supply chain, establish strategic cooperative partnership relations with co-ordinating units, establish a steady and socialist production system suitable for future development by "maintaining advantages and adding strengths". To realize the effective allocation of production resources, strengthen quality control, accelerate technical reform and improve craftsmanship, further increase productivity and the quality level.

(7) Strengthening the Company's fundamental management establishment, cultivating the capability of corporate value chain

Through strengthening the weak aspects of the Company's fundamental management, to cultivate the business abilities of the corporate value chain (R&D, manufacturing and sales) as well as the supporting abilities of the supplementary chain (finance, human resources, information and culture) at a gradual pace, to increase the Company's operating quality and ensure the achievement of the "11-5" strategic goals.

(8) To continue with the establishment of corporate culture, construct a harmonious enterprise, improve corporate cohesion, and maintain a good and rapid development for the Company.

On behalf of the Board of Directors
Wang Guohua
Chairman

15 April 2008

MANAGEMENT DISCUSSION AND ANALYSIS

(I) THE COMPANY'S OPERATION DURING THE REPORTING PERIOD

1. Scope and status of principal businesses

(1) Scope of principal businesses during the reporting period

Development, design, production, sale of printing presses, pressing machines, packing machines, business forms printing presses, commercial revolving presses, commercial soft cover presses, intaglio presses, the parts and components for the aforesaid machines; technical consultancy, technical support; own export and export of member enterprises' self-produced products and technology; import of raw and auxiliary materials, instruments and meters, machines, parts and components and technology (except products restricted by the State from operating by enterprises and those restricted for import and export) for production of own enterprise and member enterprises; processing on customer-supplied materials and "processing raw materials on clients' demands, assembling parts for clients and processing according to clients' samples or compensation trade".

2. Explanations on the operation of principal businesses

In accordance with the PRC accounting standard, the Company recorded a principal operating income of Rmb1,071,509,800, representing an increase of 9.53% compared with the previous year during the reporting period. Net profit was Rmb9,373,700, representing an increase of 108.96% compared with the previous year. Profit per share was Rmb0.02. In accordance with the Hong Kong accounting standard, turnover amounted to Rmb1,052,869,000 representing a decrease of 8.98% from the previous year. Net profit amounted to Rmb5,287,000, representing a decrease of 104.39% over last year. Loss per share was Rmb0.012.

(II) THE COMPANY'S PRINCIPAL BUSINESSES AND THEIR OPERATING STATUS

1. Principal businesses by products

Unit: Rmb

Sector of Product	Operating income	Operating costs	Operating profit margin (%)	Increase/ decrease in operating income over last year (%)	Increase/ decrease in operating costs over last year (%)	Increase/ decrease in operating profit margin over last year (%)
Offset press series	777,599,387.29	610,222,548.61	1.01	16.51	14.05	Increased by 14.81 percentage points
Intrusion printers series	187,231,584.48	137,225,432.46	-0.74	3.79	-0.37	Decreased by 5.01 percentage points
Form presses series	42,620,013.72	33,383,842.07	1.13	-43.38	-42.99	Decreased by 1.30 percentage points
Printing Business	25,680,678.68	18,987,064.42	3.39	33.73	37.93	Increased by 6.21 percentage points
Total	1,033,131,664.17	799,818,887.56	0.76	9.64	7.34	Increased by 9.58 percentage points

2. Principal businesses by geographical locations

Unit: Rmb

Geographical location	Operating income	Increase/decrease in operating income compared over last year (%)
Domestic	977,599,321.99	9.95
Overseas	55,532,342.18	4.50
Total	1,033,131,664.17	9.64


Directors, Supervisors and Senior Management staff of the Company

The "11-5" Strategy Meeting of the Company

(II) THE COMPANY'S PRINCIPAL BUSINESSES AND THEIR OPERATING STATUS *(Continued)*

3. Operation and business performance of major holding subsidiaries

Unit: Rmb

Company name	Nature of business	Main product or service	Registered capital	Asset size	Net profit
Beijing Beiren Fuji Printing Machinery Limited	Manufacture of printing presses	Form presses	42,328,060.26	113,615,492.56	1,851,702.87
Haimen Beiren Fuji Printing Machinery Limited	Manufacture of printing presses	Quarto printing machine	51,000,000.00	65,040,104.48	59,241.42
Hebei Beiren Gei Zhi Ji Chong	Parts for printing presses	Paper-feeding machine	5,000,000.00	13,177,666.13	-2,168,416.26
Beijing Beiren Jingyan Printing Machinery Factory	Parts for printing presses	Paper-feeding machine	21,050,000.00	21,966,841.16	-314,102.29
Beijing Beiren Yuxin Offset Printing Limited	Printing	Printing and packaging	22,430,000.00	63,389,119.48	532,996.34
Shaanxi Beiren Printing Machinery Limited	Manufacture of printing presses	Intaglio presses	115,000,000.00	337,552,302.61	2,269,887.02
Sheenlite Limited			3.51	13,017,082.67	2,535,425.58

4. Information on major suppliers

Unit: Rmb0'000

Total procurement from the top five suppliers	6,141	Percentage accounting for total procurement	15.51%
Total sales from the top five customers	10,837	Percentage accounting for total sales	10.11%

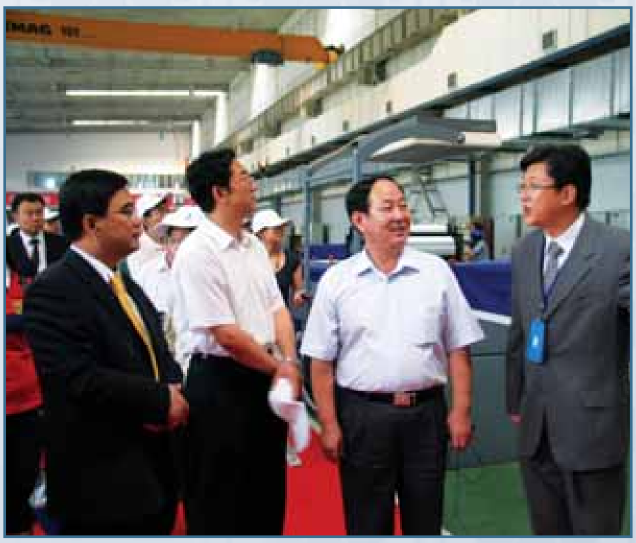
(III) THE COMPANY'S INVESTMENT

1. Use of fund raised

The Company's initial fund raised had been fully used as at 31 December 1998. Fund raised on the second time had also been fully used as at 31 March 2003. The use of fund has not been carried forward to the current reporting period.

2. Projects financed by non-raised fund

During the reporting period, the Company has no projects financed by non-raised fund.



On 11 June 2007, executives of Beijing SASAC and Jingcheng Holding Company as well as journalists took a site visit to the Company's Production Bases

Scene of Beiren Employees National Day Get-together held by the Company on 26 September 2007

(IV) REASONS AND IMPACTS OF CHANGES IN ACCOUNTING POLICIES AND ESTIMATION OR CORRECTIONS ON MAJOR ACCOUNTING ERRORS

The Company originally implemented the former corporate accounting standard and regulations announced before 2006. As of 1 January 2007, we applied the new corporate accounting standard and confirmed, assessed and reported the Company's trades and events in line with the requirements of the new standard. The Company dealt with the changes in accounting policies arising from applying the new corporate accounting standard for the first time with the following measures.

1. Major changes in accounting policies accounted by retrospective adjustment method

(1) According to the former accounting standard and regulation, any excess of the initial investment cost of long term equity investment over the share of equity interest in the invested unit to be accounted as the lender's balance in the account of long term equity investment and amortised equally in the profit and loss within a certain period. Any shortfall of the initial investment cost of long term equity investment over the share of equity interest in the invested unit to be accounted as the borrower's balance in the account of long term equity investment and amortised equally in the profit and loss within a certain period if the investment is acquired before the issuance of the "Questions and answers on implementing Accounting Regulations for Business Enterprises and related accounting standards (II)" (Cai Kuai [2003] No. 10)), or to be included in the capital reserves if the investment is acquired after the issuance of Cai Kuai [2003] No. 10.

In accordance with the new *Accounting Standards for Business Enterprises*, if the equity investment disparity generated from the long term equity investment due to business merger under common control was yet amortized on 1 January 2007, it should be fully written off. As at 31 December 2006, it was expected that Haimen Beiren would not be able to turn its loss into profit following a constant period of loss. Therefore, a full provision has been prepared for long term equity investment impairment on the unamortized amount of the borrower's balance in the account of long term equity investment. Such adjustment has no impact on the initial shareholders' equity interest, but the initial unallocated profit has been increased by Rmb191,214.44, the profit reserves has been decreased accordingly. As a result, the retrospectively adjusted profit for 2006 has been increased by Rmb 1,231,361.11.

(2) The Company's income tax was accounted by using payable taxation method, while under the new *Accounting Standards for Business Enterprises* the income tax to be accounted by using liabilities method through balance sheet. As at 1 January 2007, the temporary disparity between the book value of asset and liabilities and their tax basis should be used to recognize the deferred income tax asset or the deferred income tax liabilities in line with the relevant requirements. The disparity should also be used to adjust retained interest according to the influenced amount. Such adjustment has increased the initial unallocated profit by Rmb2,560,246.47, while the profit reserves, minority interest and net profit for 2006 have been increased by Rmb20,650.02, Rmb601,568.24 and Rmb698,217.62 respectively.

The Company's Performance Assessment Contract for Senior Management Signing Conference

On 5 December 2007, the first Extraordinary General Meeting of the Company was held at the Company's Conference Hall

(IV) REASONS AND IMPACTS OF CHANGES IN ACCOUNTING POLICIES AND ESTIMATION OR CORRECTIONS ON MAJOR ACCOUNTING ERRORS *(Continued)*

1. Major changes in accounting policies accounted by retrospective adjustment method *(Continued)*

(3) Dismissal benefits are compensations provided to employees whose employment contracts with the Company are terminated, including compensations paid to employees whose employment contracts are terminated prior to the expiry date by the Company with no regard to their own will. The Company also offers compensation to employees who accept voluntary dismissal prior to the expiry of their employment contracts. Besides, the Company implements an internal retirement scheme. According to the former accounting standards and regulations dismissal benefits are accounted as through profit and loss after actual payment, but according to the new *Accounting Standards for Business Enterprises*, dismissal benefits should be included in current profit and loss after meeting the requirements set out in Note 5 and Note 17(2). Such adjustment has lowered the initial unallocated profit by Rmb17,011,760.98 and net profit in 2006 has been reduced accordingly.

(4) According to the former accounting standards and regulations, the Company's long term equity investment in its subsidiaries was accounted as using equity interest method. According to the *Accounting Standards for Business Enterprises* and Explanation for the *Accounting Standards for Business Enterprises* NO.1, the Company's long term equity investment in its subsidiaries to be accounted by using cost method instead of equity interest method, and the financial report was adjusted with equity interest method during its preparation and consolidation. The retrospective adjustment of such change in accounting policies posed no impact on shareholders' equity interest. However, due to this change the parent company's initial unallocated profit, profit reserves and the parent company's net profit for 2006 have been increased by Rmb12,168,950.94,Rmb584,874.50 and Rmb5,872,949.04 respectively, while the capital reserves have been decreased by Rmb6,582,228.83 accordingly.

As to the above changes in accounting policies, the Company has made retrospective adjustment and restated the financial report in line with the *Accounting Standards for Business Enterprises NO.38, Initial Adoption of Accounting Standards for Business Enterprises* and related regulations. The impacts of the above changes in accounting policies on the consolidated equity interest of shareholders and equity interest of parent company's shareholders on 1 January 2006 and 31 December 2006 and net profit for 2006 are as follows:

(1) Impact on shareholders' consolidated equity interest as at 1 January 2006

Item	Unallocated profit	Profit reserves	Capital reserves	Minority interest	Total
(1) Reversal of amortisation of equity investment disparity arising from business merger under common control	-1,040,146.67	-191,214.44	0.00	0.00	-1,231,361.11
(2) Income tax	2,015,033.75	20,650.02	0.00	448,563.34	2,484,247.11
(3) Long term equity investment of the parent company accounted for using cost method instead of equity interest method	-584,874.50	584,874.50	0.00	0.00	0.00
(4) Changes in presentation of minority interest	0.00	0.00	0.00	46,231,826.25	46,231,826.25
Total	**390,012.58**	**414,310.08**	**0.00**	**46,680,389.59**	**47,484,712.25**

Signing ceremony of Qingdao Daily's order for the Company's BEIREN75A revolving presses on 8 April 2008

The Company was granted "Beijing Harmonious Labour Relations Organization" in 2007

(IV) REASONS AND IMPACTS OF CHANGES IN ACCOUNTING POLICIES AND ESTIMATION OR CORRECTIONS ON MAJOR ACCOUNTING ERRORS *(Continued)*

1. Major changes in accounting policies accounted by retrospective adjustment method *(Continued)*

(4) *(Continued)*

(2) Impact on 2006 consolidated net profit

Item	Amount
(1) Reversal of amortisation of equity investment disparity arising from business merger under common control	1,231,361.11
(2) Income tax	698,217.62
(3) Dismissal compensation which meets the estimated requirement for recognition as liabilities	-17,011,760.98
(4) Changes in presentation of minority interest	-1,587,125.55
Total	**-16,669,307.80**

(3) Impact on shareholders' consolidated equity interest as at 31 December 2006

Item	Unallocated profit	Profit reserves	Capital reserves	Minority interest	Total
(1) Reversal of amortisation of equity investment disparity arising from business merger under common control	191,214.44	-191,214.44	0.00	0.00	0.00
(2) Income tax	2,560,246.47	20,650.02	0.00	601,568.24	3,182,464.73
(3) Dismissal compensation which meets the estimated requirement for recognition as liabilities	-17,011,760.98	0.00	0.00	0.00	-17,011,760.98
(4) Changes in presentation of minority interest	0.00	0.00	0.00	45,887,106.31	45,887,106.31
(5) Long term equity investment of the parent company accounted for using cost method instead of equity interest method	-584,874.50	584,874.50	0.00	0.00	0.00
Total	**-14,845,174.57**	**414,310.08**	**0.00**	**46,488,674.55**	**32,057,810.06**

The Sheet-fed paper and web-fed paper presses series under the Company's "Beiren" brand have become celebrated products in Beijing

The Company was granted "Excellent Quality Control Enterprise of the State" in 2007

(IV) REASONS AND IMPACTS OF CHANGES IN ACCOUNTING POLICIES AND ESTIMATION OR CORRECTIONS ON MAJOR ACCOUNTING ERRORS *(Continued)*

1. Major changes in accounting policies accounted by retrospective adjustment method *(Continued)*

(4) *(Continued)*

(4) Impact on parent company shareholders' equity interest as at 1 January 2006

Item		Unallocated profit	Profit reserves	Capital reserves	Total
(1)	Reversal of amortisation of equity investment disparity arising from business merger under common control	-2,058,367.15	-191,214.44	0.00	-2,249,581.59
(2)	Long term equity investment accounted for using cost method instead of equity interest method	6,296,001.90	584,874.50	-4,576,836.98	2,304,039.42
(3)	Income tax	222,291.36	20,650.02	0.00	242,941.38
Total		**4,459,926.11**	**414,310.08**	**-4,576,836.98**	**297,399.21**

(5) Impact on parent company's 2006 net profit

Item		Amount
(1)	Reversal of equity investment disparity arising from business merger under common control	2,249,581.59
(2)	Dismissal compensation which meets the estimated requirement for recognition as liabilities	-17,011,760.98
(3)	Long term equity investment accounted for using cost method instead of equity interest method	5,872,949.04
Total		-8,889,230.35

The Company was granted "Customer Satisfactory Company"

The Company became one of Top 500 Machinery Companies of China

(IV) REASONS AND IMPACTS OF CHANGES IN ACCOUNTING POLICIES AND ESTIMATION OR CORRECTIONS ON MAJOR ACCOUNTING ERRORS *(Continued)*

1. Major changes in accounting policies accounted by retrospective adjustment method *(Continued)*

(4) *(Continued)*

(6) Impact on parent company shareholders' equity interest as at 31 December 2006

Item		Unallocated profit	Profit reserves	Capital reserves	Total
(1)	Reversal of amortisation of equity investment disparity arising from business merger under common control	191,214.44	-191,214.44	0.00	0.00
(2)	Dismissal compensation which meet the estimated requirement for recognition as liabilities	-17,011,760.98	0.00	0.00	-17,011,760.98
(3)	Long term equity investment accounted for using cost method instead of equity interest method	12,168,950.94	584,874.50	-6,582,228.83	6,171,596.61
(4)	Income tax	222,291.36	20,650.02	0.00	242,941.38
Total		**-4,429,304.24**	**414,310.08**	**-6,582,228.83**	**-10,597,222.99**

2. Major changes in accounting policies arising from adopting prospective application method

Apart from the major changes in accounting policies arising from adopting retrospective adjustment method, the Company also made the following major changes in accounting policies for its initial adoption of the new accounting standards and used the prospective application method for accounting work. Details of the prospective application method are as follows:

(1) Capitalization of loan expenses: According to the former accounting standards and regulations, the Company only capitalized the weighted average of accumulated asset expense of loans specifically for fixed assets with an interest rate equaled to its share in the weighted average interest rate of loans for specific purposes. After the adoption of the *Accounting Standards for Business Enterprises*, the Company capitalized loan expenses in line with the accounting policies as set out in Item 13 of Note 5.

(2) Capitalization of research and development expenses: According to the former accounting standards and regulations, the Company's research and development expenses were all accounted as charges and included in current profit and loss. After the implementation of the *Accounting Standards for Business Enterprises*, the Company could capitalize eligible development expenses by considering them as intangible assets in line with the accounting policies as set out in Item 15 of Note 5.

(3) Impairment of non-current assets: According to the former accounting standards and regulations, if the Company's confirmed impairment loss of non-current assets recovers in the accounting period followed, the loss will be reversed and included in the current profit and loss in line with the recovered amount which shall not exceed the amount of confirmed impairment loss. After the implementation of *Accounting Standards for Business Enterprises*, the Company provided impairment loss for non-current assets in line with the accounting policies as set out in Item 16 of Note 5. Once the impairment loss for non-current assets is recognized, the loss shall not be reversed in the accounting period followed unless the assets are disposed, sold or utilized as external investment.

(4) Employee benefits: According to the former accounting standards and regulations, the Company provided 14% of the total amount of salaries as employee benefits and accounted it in the current profit and loss. After the implementation of the *Accounting Standards for Business Enterprises*, the Company no longer provided 14% of the total amount of salaries as employee benefits but recognized employee salaries (employee benefits) payable in accordance with the practical situation and the employee benefits scheme, and accounted it in the current profit and loss. During the first accounting period after the first implementation day of new standards, the disparity between employee salaries (employee benefits) payable was recognized in accordance with the *Accounting Standards for Business Enterprises* and transferred employee salaries (employee benefits) was accounted in the current profit and loss.

(5) Asset-related government subsidy: According to the former accounting standards and regulations, the asset-related government subsidy the Company received would be accounted as specific accounts payable. When the relevant subsidy was transferred, the related specific accounts payable would be included in the capital reserves for the amount eligible as fixed investment or product and held by the Company, the specific accounts payable would be written off against the related asset accounts after getting approval for the subsidy not eligible as fixed investment and the subsidy eligible as fixed investment but would be handed in to the government as required. After the implementation of the *Accounting Standards for Business Enterprises*, the Company audits the asset-related government subsidy in line with the accounting policies set out in Item 21 of Note 5.

(V) ANALYSIS OF FINANCIAL STATUS AND BUSINESS PERFORMANCE DURING THE REPORTING PERIOD

1. Operating results (prepared under PRC accounting standards)

(1) In 2007, total profit of the Company increased by 109.94% as compared with the same period last year. Of which, total operating income increased by 9.53%, while total operating profit increased by 97.30% attributable to the decrease in the total operating cost by 0.7% as compared with last year.

(2) Decrease in total operating cost as compared with last year mainly dues to: operating cost increased by 8.38% as compared with the same period last year; business tax and surcharge increased by 10.07% over last year; sales expense increased by 3.36% and administrative expense decreased by 15.89% over last year, mainly attributable to the change in the audit criteria arising from the implementation of new standards; financial expense increased by 20.79% over last year, mainly attributable to interest rate of bank borrowings raised; impairment loss on assets decreased by 78.44% over last year; investment income decreased by 89.49% over last year, mainly attributable to operating loss incurred by the new subsidiary Mitsubishi Heavy Industry Beiren Company (三菱重工北人公司).

(3) Net non-operating income increased by 3,358.49% over last year, mainly attributable to the increase in government grants and gain on disposal of non-current assets.

2. Analysis of assets, liabilities and equity interests

Total assets value amounted to Rmb2,216,816,600 during the reporting period, increased by 3.79% as compared with the beginning of the year and remained unchanged basically over last year. Total liabilities amounted to Rmb1,010,130,500, increased by 7.63% as compared with the beginning of the year, of which, short-term loans increased by 4.3%, bills payable increased by 8.17%, receipts in advance increased by 33.99%, long-term loans increased by Rmb29,000,000. Total equity interest attributable to shareholders amounted to Rmb1,206,686,100, increased by 0.78% 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 finance sources. The Company has kept its finance 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	**2007**	2006
Assets-liabilities ratio	**45.57%**	43.94%
Quick ratio	**64.33%**	55.47%
Liquidity ratio	**134.31%**	132.58%

4. Bank loans

The Company implemented its annual capital budget plan with due diligence and arranged bank factoring of accounts receivable and bills discounting business 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 Rmb365,079,800 (including bank factoring of accounts receivable), increased by 4.3% as compared with the beginning of the year. Long-term loan increased by Rmb29,000,000, which was used to finance the technical reform program of the subsidiary Shaanxi Beiren.

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 auditors, fees payable to Hong Kong Stock Exchange and for publication of information disclosure. The change in foreign exchange rates will not have material impact on the results of the Company.

(VI) 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 Rmb1,053,249,500, while cash outflow amounted to Rmb1,028,947,700. Net cash flow during the reporting period from operating activities amounted to Rmb24,301,800.

2. Cash flows from investment activities

Cash inflow from investment activities during the reporting period amounted to Rmb20,562,700, which was mainly attributable to the disposal of fixed assets and recovery of other long-term assets. Cash outflow to investment activities amounted to Rmb34,997,100, which was mainly used for purchase of fixed assets and capital expense on relocation and construction of subsidiaries. The above expenditures were mainly financed by the Company's internal resources. Net cash flow from investment activities for the reporting period amounted to Rmb-14,434,400.

(VI) PRINCIPAL SOURCES OF FUND AND ITS USE *(Continued)*

3. Cash flows from fund-raising activities

Cash inflow from fund-raising activities during the reporting period amounted to Rmb460,150,000, which was mainly derived from bank loans and bank factoring of accounts receivable. Cash outflow from fund-raising activities during the reporting period was mainly for repayment of bank loans and interest. Net cash flow from fund-raising activities for the reporting period amounted to Rmb13,079,400.

During the reporting period, cash and cash equivalents increased by Rmb22,549,700, improved significantly as compared with Rmb-24,757,900 of last year.

(VII) 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 Rmb1,206,686,100; of which, minority interests amounted to Rmb45,646,300; and total liabilities amounted to Rmb1,010,130,500. Total assets amounted to Rmb2,216,816,600. As at the end of the year, the Company's gearing ratio was 45.57%.

Capital structure by liquidity:

Total current liabilities	976,538,400	Accounting for 44.05% of the capital
Total equity interest	1,206,686,100	Accounting for 54.43% of the capital

of which: minorities interest amounted to Rmb45,646,300, accounting for 2.06% of the capital.

(VIII) CONTINGENT LIABILITY

As at the end of the reporting period, the Company did not have any significant contingent liability.

(IX) ANALYSIS OF THE REASONS FOR MAJOR CHANGES IN OVERALL FINANCIAL POSITION COMPARED WITH LAST YEAR (PREPARED ACCORDING TO PRC ACCOUNTING STANDARDS)

1. Cash and cash balances increased by 30.92% compared with the beginning of the year, mainly due to the increase in net cash flow from operating activities during the year.

2. Bills receivable increased by 210.81% compared with the beginning of the year, mainly due to the increase in operating income as more settlements of the Company were made in notes by customers.

3. Accounts receivable increased by 12.01% compared with the beginning of the year, mainly due to the increase in operating income during the year.

4. Prepayment increased by 175.31% compared with the beginning of the year, mainly due to the increase in purchase during the year.

5. Inventories decreased by 3.78% compared with the beginning of the year, mainly due to the disposal of inventories and obsolete goods.

6. Property held for investment increased by 80.82% compared with the beginning of the year, mainly due to the transfer of properties leasing to associates.

7. Long term equity investment decreased by 34.83% compared with the beginning of the year, mainly due to the ceasation of some subsidiaries and associates during the year.

8. Fixed assets increased by 1.57% compared with the beginning of the year.

9. Intangible assets increased by 12.2% compared with the beginning of the year, mainly due to the reclassification and transfer of land use right formerly accounted into "projects under construction" in 2006, as a result of the completion of relocation of the subsidiary Shaanxi Beiren.

10. Short-tem loans increased by 4.3% compared with the beginning of the year, mainly incurred by increase in bank loans resulting from growth in demand for working capital during the year.

11. Accounts payable increased by 8.17% compared with the beginning of the year, mainly due to the extension of repayment term in order to relieve the financing pressure of the Company.

12. Receipts in advance increased by 33.99% compared with the beginning of the year, principally resulting from the increase in receipts in advance for goods as a result of the increase in orders from customers at the end of the period.

13. Wages payable increased by 49.53% compared with the beginning of the year, primarily due to the increase in resignatory benefits.

14. Tax payable decreased by 71% compared with the beginning of the year, principally resulting from the decrease in outstanding amount of tax payable.

(IX) ANALYSIS OF THE REASONS FOR MAJOR CHANGES IN OVERALL FINANCIAL POSITION COMPARED WITH LAST YEAR (PREPARED ACCORDING TO PRC ACCOUNTING STANDARDS)

(Continued)

15. Long-term loan incurred were used to finance the technical reform program of Shaanxi Beiren during the year.

16. Estimated liabilities decreased by 98.48% compared with the beginning of the year, mainly due to transfer of employees' salary from recognized resignatory benefits of Shaanxi Beiren.

17. Undistributed profit increased by 110.5% compared with the beginning of the year, mainly due to profit earnings during the year.

18. Operating income increased by 9.53% over last year and operating cost increased by 8.38% over last year.The main reason was the establishment of the agent business of Diamond 1000B for Beijing Mitsubishi Heavy Industry Beiren Printing Machinery Company Limited (北京三菱重工北人印刷機械有限公司), an associate of the Group, during the year. As such, operating income increased by Rmb113,240,000 and operating cost increased by Rmb106,300,000, while consolidated gross profit margin remained largely unchanged.

19. Expenditure for the period decreased by 7.75% over last year, mainly due to the change in audit criteria arising from the implementation of new standards.

20. Impairment loss on assets decreased by 78.44% over last year, mainly due to the sufficient provision made for the estimated impairment incurred for 2006, and provision was made only to the impairment newly incurred for the year. During the year, the Company committed to enhance the collectibility of accounts receivable, with a focal settlement of the aged accounts in particular. As such, provision for bad and doubtful debts made under accounting age has decreased during the year.

21. Gain on investment decreased by 89.49% over last year, mainly due to the operating loss incurred by Mitsubishi Heavy Industry Beiren Company, which is still under construction now.

22. Net non-operating income increased by 3,358.49% over last year, mainly attributable to the increase in items such as government grants and gain on disposal of non-current assets.

BOARD OF DIRECTORS' REPORT

(I) THE BOARD'S DAILY WORK

1. Details of Meetings and Resolutions

(1) On 1 March 2007, the 12th meeting of the fifth Board was convened, at which, the 2007 Budget Report and some other proposals were considered and approved. The resolutions of the meeting were published on Shanghai Securities News, Hong Kong Economic Times and The Standard on 2 March 2007.

(2) On 20 March 2007, the 13th meeting of the fifth Board was convened, at which, the estimated loss of operating results and some other proposals were considered and approved. The resolutions of the meeting were published on Shanghai Securities News, Hong Kong Economic Times and The Standard on 21 March 2007.

(3) On 24 April 2007, the 14th meeting of the fifth Board was convened, at which, the 2006 Annual Report and its summary and some other proposals were considered and approved. The resolutions of the meeting were published on Shanghai Securities News, Hong Kong Economic Times and The Standard on 25 April 2007.

(4) On 26 April 2007, the 15th meeting of the fifth Board was convened, at which, the 2007 First Quarterly Report was considered and approved. The resolutions of the meeting were published on Shanghai Securities News, Hong Kong Economic Times and The Standard on 27 April 2007.

(5) On 25 June 2007, the 16th meeting of the fifth Board was convened, at which, the *Internal Investigation on Governance and Plan for Rectification Report of Beiren Printing Machinery Holdings Limited* and the *Internal Investigation Report of Beiren Printing Machinery Holdings Limited* and some other proposals were considered and approved. The resolutions of the meeting were published on Shanghai Securities News, Hong Kong Economic Times and The Standard on 26 June 2007.

(6) On 22 August 2007, the 17th meeting of the fifth Board was convened, at which, the 2007 Interim Report and its summary and some other proposals were considered and approved. The resolutions of the meeting were published on Shanghai Securities News, Hong Kong Economic Times and The Standard on 23 August 2007.

(7) On 19 September 2007, the 18th meeting of the fifth Board was convened, at which, the transfer of certain idle and damaged equipment was considered and approved. The Company was allowed to dispose such equipment at a fair market price and the relevant personnel of the management level were authorized to handle the relevant issues.

(8) On 10 October 2007, the 19th meeting of the fifth Board was convened, at which, the change of accounting firm was considered and approved. The resolutions of the meeting were published on Shanghai Securities News, Hong Kong Economic Times and The Standard on 11 October 2007.

(9) On 29 October 2007, the 20th meeting of the fifth Board was convened, at which, the 2007 Third Quarterly Report was considered and approved. The resolutions of the meeting were published on Shanghai Securities News, Hong Kong Economic Times and The Standard on 30 October 2007.

(10) On 5 December 2007, the 21st meeting of the fifth Board was convened, at which, corporate governance regulations and the parent company's control over its subsidiaries and some other proposals were considered and approved. The resolutions of the meeting were published on Shanghai Securities News, Hong Kong Economic Times and The Standard on 6 December 2007.

(11) On 26 December 2007, the first extraordinary meeting of the fifth Board was convened, at which, the *Rectification on Special Activities for Strengthening the Corporate Governance Report of Beiren Printing Machinery Holdings Limited* was considered and approved. The resolutions of the meeting were published on Shanghai Securities News, Hong Kong Economic Times and The Standard on 27 December 2007.

(II) IMPLEMENTATION OF RESOLUTIONS OF GENERAL MEETINGS BY THE BOARD OF DIRECTORS

During the reporting period, the Company held two shareholders' general meetings, including the 2006 Annual General Meeting and the First Extraordinary General Meeting 2007. The Board performed their duty in strict accordance with the Company's Articles of Association and relevant laws and regulations and implemented the resolutions of the shareholders' general meetings with due diligence.

(III) COMMUNICATION WITH ACCOUNTING FIRM CONCERNING THE 2007 ANNUAL REPORT

According to The Working System of Independent Non-executive Directors Related to Annual Reports issued by the China Securities Regulatory Commission, the requirements for establishing a workflow for the Audit Committee of the Board of Directors and further classifying the presentation of annual report in a comprehensive manner, the management of the Company reported the Company's financial condition and business performance 2007 to independent non-executive directors and the Audit Committee of the Board on 28 December 2007. The independent non-executive directors and the Audit Committee of the Board of Directors have reviewed the financial accounting statement prepared by the Company and considered that the statement reflecting the Company's financial condition and business performance. Members of the Audit Committee of the Board of Directors also communicated with ShineWing Certified Public Accountant on the audit of the Company's 2007 financial report and related issues. The Audit Committee of the Board stated that the auditor should carry out the auditing work in strict conformity with the Auditing Standards of the PRC Registered Accountants; the Audit Committee of the Board would supervise and review the progress of the financial report from time to time; the auditor should keep in pace with the Company's schedule in preparing the annual report and submit the auditing report in a timely manner.

(III) COMMUNICATION WITH ACCOUNTING FIRM CONCERNING THE 2007 ANNUAL REPORT *(Continued)*

On 21 February 2008, the Audit Committee of the Board communicated with ShineWing Certified Public Accountant on the audit of the Company's 2007 financial report and discussed a number of issues concerning the on-site audit process.

On 28 February 2008, the Audit Committee of the Board and independent non-executive directors further communicated with ShineWing Certified Public Accountant on the audit of the Company's 2007 financial report. The Audit Committee of the Board held the opinion that(1)ShineWing Certified Public Accountant scrupulously abided by the relevant laws and regulations and financial policies in their on-site auditing work, objectivity and fairly reflected the basic condition of the Company. The on-site audit process was reliable. (2) The Audit Committee agreed that ShineWing Certified Public Accountant should carry on with their auditing work as scheduled.

On 9 April 2008, the Audit Committee of the Board and independent non-executive directors reviewed the audit report submitted by ShineWing Certified Public Accountant. After the review, the Audit Committee of the Board held the opinion that: (1) The 2007 financial report audited by the ShineWing Certified Public Accountant was accurate and reliable. (2) The financial report fairly and accurately reflected the Company's business performance in 2007 and the preparation of the financial report was in compliance with the relevant laws and regulations and financial policies. (3) The Audit Committee of the Board agreed to submit the Company's 2007 Financial Report and 2007 Annual Report and their summaries to the Board of Directors for the directors' review. (4) Given the good performance of ShineWing Certified Public Accountant and SHINEWING (HK) CPA Limited in providing service for the Company's 2007 audit report, the Audit Committee of the Board decided to assign ShineWing Certified Public Accountant and SHINEWING (HK) CPA Limited as the auditing institutions in 2008 and submit this proposal to the Board of Directors for directors' review.

(IV) PROFIT DISTRIBUTION PLAN OR PLAN TO CONVERT SURPLUS RESERVES INTO SHARE CAPITAL

According to the PRC accounting standards, the Company realized a net profit of Rmb9,373,700 during the reporting period; the net undistributed profit was Rmb16,060,200 at the end of the year. According to international accounting standards, the Company realized a net profit of Rmb5,287,000 during the reporting period. The Company did not recommend to distribute profit or to transfer capital reserve to share capital for 2007 as the profit to be distributed to shareholders would be small.

(V) FIXED ASSETS

Movements in fixed assets for the year are set out in the accounts prepared according to the accounting principles recognized by Hong Kong ("HK GAAP"), as well as the notes to financial statements prepared according to the PRC accounting standards.

(VI) CONSTRUCTION IN PROGRESS

Particulars and movements in construction-in-progress for the year are set out in the accounts prepared according to HK GAAP and the notes to the financial statements prepared according to the PRC accounting standards.

(VII) INVESTMENTS IN SUBSIDIARIES

Particulars of subsidiaries are set out in the accounts prepared according to HK GAAP.

(VIII) ASSOCIATED COMPANIES' INTEREST

Particulars of associated companies are set out in the accounts prepared according to HK GAAP.

(IX) OTHER ASSETS

Particulars of other assets are set out in the accounts prepared according to HK GAAP.

(X) RESERVES

Movements in reserves for the year are set out in the accounts prepared according to HK GAAP and in the notes to the financial statements prepared according to the PRC accounting standards.

(XI) BANK LOAN

Bank loans as at 31 December 2007 are set out in notes to the financial statements prepared according to the PRC Accounting Standards.

(XII) THE COMPANY'S PENSION SCHEME

In accordance with the relevant regulations of the *State Council's Decisions Regarding Reform of Employee Retirement Insurance Scheme*, the Company is required to pay the Chinese government an amount equivalent to 20% of the total amount of salary as the basic contribution to the Employee Retirement Insurance Scheme. In 2007, a total of Rmb22,888,900 was contributed to the Employee Retirement Insurance Scheme. Apart from the said contribution, the Company has no other commitments or liabilities related to pensions.

(XIII) ASSOCIATED TRANSACTIONS

(1) Please refer to the notes to the accounts prepared according to HK GAAP and the notes to the financial statements prepared according to the PRC accounting standards for the particulars of associated transactions during the year.

(2) Each independent non-executive director confirmed that all the associated transactions were entered according to normal commercial terms were in line with the ordinary and usual course of business of the Company and its member companies. All the terms were either normal business terms or were not less favourable than the preferential treatments offered to the third parties, and were fair and reasonable as far as the Company's shareholders were concerned.

(XIV) 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 contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Company has not identified and appointed an appropriate candidate of qualified accountant being a fellow or associate member of the Hong Kong Institute of Certified Public Accountants as required by Rule 2.24 of the Listing Rules.

(XV) STAFF QUARTERS

The Company did not sell any public housing flats to staff at the end of 2007. In accordance with State policies, the Company contributed to the public housing fund on the basis of 12% of the average monthly salary of the existing employees for the previous year, which did not pose any significant impact on the Company's business performance. In accordance with the spirit of the "(2000) Jing Fang Gai Ban, Zi Document No. 080", *Notice in relation to issues of the Increase in Beijing's Public Housing Rentals and Allowances*, issued by the Housing Reform Office of Beijing Municipal Government, the Beijing Financial Bureau and the Commodity Price Bureau of Beijing, the Beijing State Land Resources Bureau, and the Housing Administration Bureau, as well as integrating with the Company's actual situation, the Company provided a housing allowance of Rmb70 to Rmb80 per month to its staff starting from 1 April 2000 onwards.

(XVI) EMPLOYEES' BASIC MEDICAL INSURANCE

Since October 2001, the Company has been implementing *Provisions regarding Basic Medical Insurance in Beijing*, and implementing employees' basic medical insurance system in accordance with the provisions. Medical expenses for former and retired employees are paid out of staff welfare funds and administrative expenses separately. After carrying out new provisions, the Company is required to pay basic medical insurance calculated as 9% of employees' total wages; large medical expenses mutual fund, calculating on the basis of 1% of employees' total wages, shall be paid out of the welfare fund; provision of supplementary medical insurance shall be prepared on the basis of 4% of employees' total wages for medical expenses in accordance with supplementary qualifications on reimbursement of medical insurance set out in *Provisions regarding Basic Medical Insurance in Beijing*. Employees' welfare fund is calculated in accordance with the actual status, but the total of which should not exceed 14% of total wages of existing employees.

(XVII) ANNUAL GENERAL MEETING

The Board of Directors proposed that the Annual General Meeting for 2007 to be held on 18 June 2008.

(XVIII) THE COMPANY DESIGNATED THE FOLLOWING NEWSPAPERS FOR DISCLOSURE OF INFORMATION FOR 2007: SHANGHAI SECURITIES NEWS, HONG KONG ECONOMIC TIMES AND THE STANDARD.

SUPERVISORY COMMITTEE'S REPORT

(I) WORK OF THE SUPERVISORY COMMITTEE IN 2007

The Supervisory Committee convened 4 meetings in total in 2007.

1. The first meeting of the Supervisory Committee was held at the Conference Hall of the Company on 24 April 2007, at which:

   The 2006 Work Report of the Supervisory Committee was considered and approved and submitted to 2006 Annual General Meeting for consideration;

   The 2006 Annual Report of the Company and its summary were considered and approved;

   The 2006 audited financial statements of the Company and the provision for impairment loss proposed by the Board were considered and approved;

   The 2006 No Profit Distribution Plan of the Company was considered and approved;

2. The 2nd meeting of the Supervisory Committee was held at the Conference Hall of the Company on 26 April 2007, at which:

   The 2007 First Quarterly Report of the Company was considered and approved.

3. The 3rd meeting of the Supervisory Committee was held at the Conference Hall of the Company on 22 August 2007, at which:

   The 2007 Interim Report and its summary of the Company were considered and approved;

   The Company's provision for impairment loss for semi-annual of 2007 were considered and approved;

4. The 4th meeting of the Supervisory Committee was held at the Conference Hall of the Company on 29 October 2007, at which:

   The 2007 Third Quarterly Report and its summary of the Company were considered and approved;

(II) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON OPERATING IN COMPLIANCE WITH LAWS BY THE COMPANY

The Supervisory Committee is of the view that, during the reporting period, the work of the Board of the Company strictly complied with the Company Law, Securities Law, the Listing Rules, Articles of Association of the Company and other relevant laws and regulations. The material decisions of the Company were scientific and reasonable and the procedures of decision were lawful and effective. Meanwhile, the Company has established and improved its internal management and control system. Directors and General Manager of the Company were able to carry out their duties earnestly, in strict compliance with the principle of honesty and in the best interests of the Company. There had been no violation of the laws, regulations, the Articles of Association of the Company or behavior in detrimental to the interests of the Company.

(III) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON REVIEW OF THE COMPANY'S FINANCIAL POSITION

The Supervisory Committee is of the opinion that the 2007 financial report objectively reflected the financial position and the operating results of the Company.The Supervisory Committee has diligently reviewed the Financial Statements and other accounting data of the Company and is of the view that the income and expenditure were clearly stated in the accounts of the Company, and that accounting and financial management had complied with the relevant requirements, and no problem was found. SHINEWING (HK) CPA Limited and ShineWing Certified Public Accountants have audited the Financial Report of the Company for 2007 in accordance with HK GAAP and PRC accounting standards and issued their respective auditors' report with unqualified opinion. The Supervisory Committee considers that the auditors' report truly reflects the financial status, operating results and cash flows of the Company and that the auditors' report is fair, objective, true and reliable.

(IV) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON USE OF THE LAST RAISED PROCEEDS BY THE COMPANY

The last proceeds of the Company were raised at the end of 2002 and used up as at 31 March 2003. The actual projects financed by the proceeds were consistent with the undertaken investment projects without change.

(V) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON ACQUISITION AND DISPOSAL OF ASSETS OF THE COMPANY

The Company had no material acquisition and disposal of assets during the reporting period.

(VI) OPINION OF THE SUPERVISORY COMMITTEE ON CONNECTED TRANSACTIONS OF THE COMPANY

The Company had no material connected transactions during the reporting period.

All members of the Supervisory Committee attended all the eleven Board of Directors' meetings and all general meetings in year of 2007. During the meetings, supervision were exercised over the procedures and validity of the resolutions of the Board and general meetings, and whether the resolutions of the Board and the general meetings complied with the laws, regulations of the PRC and the Company's Articles of Association and whether in the authoritied interests of shareholders of the Company. The Supervisory Committee considers that the Company's Board of Directors was strictly conscientious in carrying out their duties in accordance with the resolutions approved at the general meetings.

During the reporting period, there were no events conscerning negotiations with the Directors nor litigations against the Directors by supervisors on behalf of the Company.

Xiao Maolin
Chairman of the Supervisory Committee

15 April 2008

MAJOR EVENTS

(I) MATERIAL LITIGATION AND ARBITRATION

During the year, the Company was not engaged in any material litigation or arbitration.

(II) ACQUISITION AND DISPOSAL OF ASSETS AND MERGERS OF THE COMPANY DURING THE REPORTING PERIOD

During the year, the Company had no event concerning acquisition and disposal of assets and mergers.

(III) MATERIAL CONNECTED TRANSACTIONS OF THE COMPANY DURING THE REPORTING PERIOD

During the year, the Company had no material connected transactions.

1. Connected Transactions Related to Day-to-day Operation

(1) Major and connected transactions related to purchase of goods and receipt of labour service

Unit: Rmb

Connected parties	Connected transactions	Pricing basis of connected transactions	Price of connected transactions	Amount of connected transactions	Percentage of the same type transaction amount (%)	Settlement of connected transactions	Market price	Effect of connected transactions on the Company's profits
Beiren Group Corporation	Purchase of goods	The transaction prices are based on market price or negociation price		9,178,778.56	1.82			
Beijing Beiying Printing and Casting Company Limited	Purchase of goods	The transaction prices are based on market price or negociation price		24,681,803.27	4.89			
Beijing Monigraf Automatic Systems Company Limited	Purchase of goods	The transaction prices are based on market price or negociation price		7,507,565.99	1.49			
Beijing Mitsubishi Heavy Industry Beiren Printing Machinery Company Limited	Purchase of goods	The transaction prices are based on market price or negociation price		136,492,877.49	27.02			
Beiren Group Corporation	Land use fee paid			850,121.48				
Beiren Group Corporation	Trademark use fee paid			6,364,789.19				

(III) MATERIAL CONNECTED TRANSACTIONS OF THE COMPANY DURING THE REPORTING PERIOD *(Continued)*

1. Connected Transactions Related to Day-to-day Operation *(Continued)*

(2) Major and connected transactions related to sales of goods and provision of labour service

Unit: Rmb

Connected parties	Connected transactions	Pricing basis of connected transactions	Price of connected transactions	Amount of connected transactions	transaction amount (%)	Percentage of the same type Settlement of connected transactions	Market price	Effect of connected transactions on the Company's profits
Beiren Group Corporation	Sales of goods	The transaction prices are based on market price or negociation price		470,085.47	0.04			
Beijing Yan Long Import and Export Company	Sales of goods	The transction prices are based on market price or negociation price		2,666,666.67	0.25			
Beiren Group Corporation	Income from assets leases			2,630,000.00				
Beijing Beiying Printing and Casting Company Limited	Income from assets leases			4,407,064.68				
Beijing Monigraf Automatic Systems Company Limited	Income from assets leases			95,000.00				
Beijing Mitsubishi Heavy Industry Beiren Printing Machinery Company Limited	Income from assets leases			1,614,036.00				

2. Connected debts and liabilities

Unit: Rmb

Connected parties	Connection	Capital provided to connected parties Incurred amount	Balance	Capital provided to the Company by connected parties Incurred amount	Balance
Beiren Group Corporation	Parent company	0.00	0.00	7,500,000.00	0.00
Total	/	0.00	0.00	7,500,000.00	0.00

During the reporting period, no amount was provided by the listed Company to the controlling shareholders and its subsidiaries.

(IV) CUSTODY

During the year, the Company had no custody.

(V) CONTRACTING

During the year, the Company had no contracting.

(VI) LEASES

During the year, the Company had no leases.

(VII) GUARANTEES

Unit: Rmb0'000

External guarantees by the Company (excluding guarantees for the subsidiaries)						
Guaranteed parties	Incurred date (the signature date of the agreement)	Guaranteed amount	Type of guarantee	Term of guarantee	Completion or not	Guarantee for connected parties or not
Total amount of guarantee during the reporting period						
Total balance of guarantee at the end of the reporting period						
Guarantees for subsidiaries by the Company						
Total amount of guarantee for subsidiaries during the reporting period						1,750
Total balance of guarantee for subsidiaries at the end of the reporting period						1,750
Total amount of guarantee by the Company (including guarantee for subsidiaries)						
Total amount of guarantee						1,750
Percentage of total amount of guarantee over net assets of the Company						1.5%
Including:						
Amount of guarantees provided for shareholders, beneficial controllers and their connected parties						
The amount of debt guarantee provided, either directly or indirectly, for guaranteed parties whose gear ratio is larger than 70%						
Amount of total guarantee beyond 50% of net assets						
Total amount of the above three guarantees						1,750

The independent non-excutive directors of the Company are of the view that:

Save as the above guarantees, the Company had provided guarantee for neither shareholders, beneficial controllers or their connected parties, nor any guaranteed party whose gear ratio is larger than 70%, or any other connected party, non-legal person institutions or individual in which less than 50% of its equity is held by the Company.

Based on the independent opinion, the independent non-excutive directors are of the view that, during the reporting period, the decision-making procedures of the external guarantees by the Company were in compliance with the Company Law, the Listing Rules and the Articles of Association of the Company and had no detriment to the interests of shareholders.

(VIII) ASSET MANAGEMENT ON TRUST

During the year, the Company did not have asset management on trust.

(IX) OTHER MATERIAL CONTRACTS

During the year, the Company did not have any other material contracts.

(X) PERFORMANCE OF UNDERTAKINGS

The sole shareholder of non-circulating shares of the Company undertakes that, (1) it will not trade or transfer the non-circulating shares held by it within 12 months from the date of implementation of the Share Segregation Reform Proposal; (2) within 12 and 24 months, subsequent to the aforesaid period, the number of the originally non-circulating shares subsequently listed for trading on the stock exchange will not exceed 5 per cent and 10 per cent, respectively, of the total number of shares of the Company; (3) within the aforesaid period, the selling price of such shares subsequently listed on the stock exchange will not be lower than 110% (Rmb4.29 per share) of the weighted average price of the A-share in circulation of 30 trading days before the announcement of the Share Segregation Reform Proposal; and (4) any dividend payment, bonus issue and capital reserve fund conversion to share capital that constituted to the suspension of trading rights and dividend from the date of implementation of the Share Segregation Reform Proposal till the disposal of shares shall be subject to the suspension of the trading rights.

During the reporting period, the sole shareholder of non-circulating shares of the Company has strictly performed the undertakings it made in the course of the share segregation reform.

(XI) THE PUNISHMENTS AND RECTIFICATION OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS OF THE COMPANY AND *BENEFICIAL* CONTROLLERS

During the reporting period, none of the Company and its Directors, supervisors, senior management, shareholders of the company and beneficial controllers was subject to examinations, administrative punishments and public criticism by CSRC. Nor were they publicly reprimanded by the Stock Exchange.

(XII) DEPOSITS AND LOANS

The deposit of Rmb5 million placed with Ying Peng Cooperative Credit Union, Bai Yin, Gansu Province was not recovered and was in the process of liquidation by relevant authorities. The deposit represents approximately 0.4% of the Company's net assets and hence will cause no material effect to the Company's operations. The Company has made a provision for the loss amounting to Rmb5 million.

(XIII) LIQUIDATION OF SUBSIDIARIES AND ASSOCIATES DURING THE REPORTING PERIOD

During the reporting period, the Company has completed liquidation of its subsidiaries Beiren Tai He Printing and Casting Factory, Zhejiang Beiren Printing Machinery Sales Limited and Hubei Beiren Printing Machinery Sales Limited and of its associates Liaoning Beiren Printing Machinery Sales Limited as well as capital withdraws from Beijing Beiren Hengtong Printing Machinery Sales Limited.

(XIV) INCOME TAX

According to relevant regulations in the PRC, since the Company is a high and new technology enterprise, it is subject to enterprise income tax at a rate of 15% during the reporting period.

As stated in the Company's announcement on 5 July 2007, the favourable income tax policies was acquired through the issuance of H-share in 1993, and as such favourable policies has expired, the Company has been in contact with relevant authorities to negotiate on the matter. As certified by Beijing Municipal Science and Technology Commission and Beijing Economic Technological Development Area Science and Technology Board, the Company was a qualified high and new technology enterprise from 2004 up till 2007, and was granted the "High and New Technology Enterprise Approval Certificate" (Jing Ke Gao Zi No. 0711024A00725) by Beijing Municipal Science and Technology Commission on 22 October 2007 with a validity period of two years. Therefore, the Company continued to adopt an income tax rate of 15% during the reporting period, the same with that of last financial year.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax by Order No. 63 of the President of the PRC, which would become effective from 1 January 2008. As high and new technology enterprises in Beijing would be subject to redefinition in 2008, the enterprise income tax for the Company would be temporarily levied at the rate of 25%.

(XV) THE 2007 FINANCIAL REPORT HAS BEEN REVIEWED AND CONFIRMED BY THE AUDIT COMMITTEE UNDER THE BOARD OF DIRECTORS

(XVI) OTHER MAJOR EVENTS

The event concerning additional issue of H shares by the Company has not been completed in the reporting period and will not be lasted to the next reporting period.

(XVII) ACCESS TO DISCLOSEABLE INFORMATION

Events	Name and page of publication	Date of publishing	Websites and searth path
Announcement of resolution passed at the 12th meeting of the fifth board of directors	Shanghai Securities News (D9), Hong Kong Economic Times, The Standard	1 March 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Announcement of resolution passed at the 13th meeting of the fifth board of directors	Shanghai Securities News, Hong Kong Economic Times, The Standard	20 March 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Announcement on change of principal place of business in Hong Kong and clarification announcement on estimated results	Shanghai Securities News (D7), Hong Kong Economic Times, The Standard	21 March 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Estimated Loss in Results for the First Quarter of 2007	Shanghai Securities News (D5), Hong Kong Economic Times, The Standard	11 April 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
2006 Annual Report Summary, announcement for resolutions passed at the 14th meeting of the fifth board of directors, announcement of resolutions passed by the supervisory committee	Shanghai Securities News (D36), Hong Kong Economic Times, The Standard	25 April 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
2007 first quarterly report	Shanghai Securities News (D68), Hong Kong Economic Times, The Standard	27 April 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Notice of 2006 annual general meeting	Shanghai Securities News (A4), Hong Kong Economic Times, The Standard	30 April 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk

(XVII) ACCESS TO DISCLOSEABLE INFORMATION *(Continued)*

Events	Name and page of publication	Date of publishing	Websites and searth path
Announcement of listing of circulating shares subject to trading moratorium of the Company	Shanghai Securities News (D5), Hong Kong Economic Times, The Standard	30 May 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Announcment of Unusual Movement at A-Share Market	Shanghai Securities News (D3)	6 June 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Announcement of resolutions passed at the 2006 annual general meeting	Shanghai Securities News (D13), Hong Kong Economic Times, The Standard	19 June 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Clarification announcement supplement and amendment to 2006 annual report and 2007 first quarterly report	Shanghai Securities News (D5), Hong Kong Economic Times, The Standard	21 June 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Announcement of resolutions passed at the 16th meeting of the fifth board of directors	Shanghai Securities News (D21), Hong Kong Economic Times, The Standard	26 June 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Announcment of Unusual Movements at A-Share Market	Shanghai Securities News (A13)	2 July 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Announcment on adjustment of favourable income tax policies applicable to the company	Shanghai Securities News (D15), Hong Kong Economic Times, The Standard	6 July 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Announcment on establishment of the interaction platform of "Special Activities for Strengthening the Corporate Governance of Listed Companies"	Shanghai Securities News (D21), Hong Kong Economic Times, The Standard	31 July 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Announcement on Date of Board Meeting	Hong Kong Economic Times, The Standard	8 August 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk

(XVII) ACCESS TO DISCLOSEABLE INFORMATION *(Continued)*

Events	Name and page of publication	Date of publishing	Websites and searth path
Semi-annual report announcement	Shanghai Securities News (D13), Hong Kong Economic Times, The Standard	23 August 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Announcement of resolutions passed at the 19th meeting of the fifith board of directors	Shanghai Securities News (D15), Hong Kong Economic Times, The Standard	11 October 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Notice of 2007 first extraordinary general meeting	Shanghai Securities News (D39), Hong Kong Economic Times, The Standard	18 October 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
2007 third quarterly report	Shanghai Securities News (D21), Hong Kong Economic Times, The Standard	30 October 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Announcement of resolutions passed at the 2007 first extraordinary general meeting, announcement of resolutions passed at the 21st meeting of the fifth board of directors	Shanghai Securities News (D8), Hong Kong Economic Times, The Standard	6 December 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Announcement on resolution of Rectification on Special Activities for Strengthening the Corporate Governance Report passed at the first extraordinary general meeting of the fifth board of directors	Shanghai Securities News (D18)	27 December 2007	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk

INDEPENDENT AUDITORS' REPORT

信永中和
ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

TO THE SHAREHOLDERS OF BEIREN PRINTING MACHINERY HOLDINGS LIMITED
(A joint stock company with limited liability established in the People's Republic of China)

We have audited the consolidated financial statements of Beiren Printing Machinery Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 78, which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Tam Kwok Ming
Practising Certificate Number: P03289

Hong Kong
15 April 2008

CONSOLIDATED INCOME STATEMENT

(Prepared under Hong Kong Financial Reporting Standards)
For the year ended 31 December 2007

	NOTES	2007 RMB'000	2006 RMB'000
Turnover	6	**1,052,869**	966,077
Cost of sales		**(817,674)**	(812,694)
Gross profit		**235,195**	153,383
Other operating income	8	**22,453**	12,650
Selling and distribution expenses		**(72,345)**	(69,993)
Administrative expenses		**(153,505)**	(180,395)
Finance costs	9	**(19,151)**	(16,194)
Share of results of associates	21	**(6,490)**	(2,648)
Profit (loss) before taxation		**6,157**	(103,197)
Income tax expense	10	**(870)**	(17,346)
Profit (loss) for the year	11	**5,287**	(120,543)
Attributable to :			
Equity holders of the Company		**5,192**	(119,794)
Minority interests		**95**	(749)
		5,287	(120,543)
Earnings (loss) per share	15		
Basic		**RMB1.2 cents**	RMB(28.4) cents

CONSOLIDATED BALANCE SHEET

(Prepared under Hong Kong Financial Reporting Standards)
As at 31 December 2007

	NOTES	**2007 RMB'000**	2006 RMB'000
Non-current assets			
Property, plant and equipment	*16*	**636,272**	656,267
Investment properties	*17*	**76,701**	70,497
Prepaid lease payments – non-current portion	*18*	**146,187**	131,391
Goodwill	*19*	**3,135**	3,135
Other intangible assets	*20*	**283**	1,413
Interests in associates	*21*	**24,478**	32,090
Deferred tax assets	*22*	**4,590**	4,562
		891,646	899,355
Current assets			
Inventories	*23*	**683,335**	710,196
Trade and other receivables	*24*	**521,578**	416,812
Prepaid lease payments – current portion	*18*	**3,252**	2,884
Amounts due from minority shareholders of subsidiaries	*25*	**–**	10,492
Tax recoverable		**2,006**	–
Pledged bank deposits	*26*	**8,083**	6,702
Bank balances and cash	*26*	**100,381**	76,160
		1,318,635	1,223,246
Current liabilities			
Trade and bills payables	*27*	**388,268**	358,354
Other payables	*28*	**102,996**	109,858
Sales deposits received		**79,571**	57,894
Amount due to ultimate holding company	*29*	**12,366**	14,996
Tax liabilities		**–**	2,971
Borrowings – due within one year	*30*	**396,630**	383,574
		979,831	927,647
Net current assets		**338,804**	295,599
Total assets less current liabilities		**1,230,450**	1,194,954
Capital and reserves			
Share capital	*31*	**422,000**	422,000
Reserves	*32*	**726,748**	720,674
Equity attributable to equity holders of the Company		**1,148,748**	1,142,674
Minority interests		**50,375**	50,280
Total equity		**1,199,123**	1,192,954
Non-current liabilities			
Borrowings – due after one year	*30*	**27,000**	–
Deferred income	*33*	**4,327**	2,000
		31,327	2,000
		1,230,450	1,194,954

The consolidated financial statements on pages 52 to 78 were approved and authorised for issue by the Board of Directors on 15 April 2008 and are signed on its behalf by:

Director *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Prepared under Hong Kong Financial Reporting Standards)

For the year ended 31 December 2007

	Attributable to equity holders of the Company												
	Share capital RMB'000	**Share premium** RMB'000	**Exchange translation reserve** RMB'000	**Capital reserve** RMB'000	**Statutory surplus reserve** RMB'000	**Statutory public welfare reserve** RMB'000	**General reserve fund** RMB'000	**Enterprise expansion fund** RMB'000	**Discre-tionary surplus reserve** RMB'000	**Retained profits** RMB'000	**Sub-total** RMB'000	**Minority interests** RMB'000	**Total** RMB'000
At 1 January 2006	422,000	435,834	–	51,155	78,047	72,385	1,717	3,845	42,979	183,806	1,291,768	51,029	1,342,797
Share of capital reserve of an associate	–	–	–	151	–	–	–	–	–	–	151	–	151
Exchange difference arising on translation of foreign operations	–	–	89	–	–	–	–	–	–	–	89	–	89
Net income recognised directly in equity	–	–	89	151	–	–	–	–	–	–	240	–	240
Loss for the year	–	–	–	–	–	–	–	–	–	(119,794)	(119,794)	(749)	(120,543)
Total recognised income and expense for the year	–	–	89	151	–	–	–	–	–	(119,794)	(119,554)	(749)	(120,303)
Dividend paid	–	–	–	–	–	–	–	–	–	(29,540)	(29,540)	–	(29,540)
Transfer *(Note)*	–	–	–	–	72,385	(72,385)	–	–	–	–	–	–	–
At 31 December 2006 and 1 January 2007	422,000	435,834	89	51,306	150,432	–	1,717	3,845	42,979	34,472	1,142,674	50,280	1,192,954
Exchange difference arising on translation of foreign operations	–	–	882	–	–	–	–	–	–	–	882	–	882
Net income recognised directly in equity	–	–	882	–	–	–	–	–	–	–	882	–	882
Profit for the year	–	–	–	–	–	–	–	–	–	5,192	5,192	95	5,287
Total recognised income for the year	–	–	882	–	–	–	–	–	–	5,192	6,074	95	6,169
Appropriations	–	–	–	–	848	–	–	–	–	(848)	–	–	–
At 31 December 2007	422,000	435,834	971	51,306	151,280	–	1,717	3,845	42,979	38,816	1,148,748	50,375	1,199,123

Note: The Ministry of Finance (MOF) issued a notice which requires the balances of statutory public welfare fund as of 31 December 2005 to be managed and utilised as surplus reserve from 1 January 2006 onwards. Accordingly, the statutory public welfare fund was transferred to statutory surplus reserve.

CONSOLIDATED CASH FLOW STATEMENT

(Prepared under Hong Kong Financial Reporting Standards)
For the year ended 31 December 2007

	2007 RMB'000	2006 RMB'000
OPERATING ACTIVITIES		
Profit (loss) before taxation	**6,157**	(103,197)
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	**37,110**	46,509
Amortisation of prepaid lease payments	**3,252**	2,700
Amortisation of intangible assets	**1,130**	1,130
(Gain) loss from disposal of property, plant and equipment	**(947)**	1,050
Reversed of impairment property, plant and equipment	**(1,180)**	(3,500)
Impairment loss of goodwill	**–**	1,299
Allowance for trade and other receivables	**15,607**	21,700
Allowance for obsolete inventories	**65,676**	45,091
Loss from disposal of associates	**175**	–
Share of results of associates	**6,490**	2,648
Interest income	**(1,184)**	(1,037)
Government grants released to income	**(2,928)**	–
Finance costs	**19,151**	16,194
Operating cash flow before movements in working capital	**148,509**	30,587
Increase in inventories	**(38,815)**	(35,299)
Increase in trade and other receivables	**(137,946)**	(47,429)
Increase in trade and bills payables	**29,914**	55,359
(Decrease) increase in other payables	**(6,862)**	502
Increase in sales deposits received	**21,677**	21,083
Cash generated from operations	**16,477**	24,803
Income tax paid	**(5,875)**	(5,697)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**10,602**	19,106
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(59,483)**	(91,454)
Prepaid lease payment in relation to land use rights	**(18,416)**	(1,579)
Purchase of intangible asset	**–**	(977)
Decrease in amount due to ultimate holding company	**(2,630)**	(5,464)
(Increase) decrease in pledged bank deposits	**(1,381)**	2,074
Proceeds from disposal of property, plant and equipment	**38,381**	21,726
(Decrease) increase in amounts due from minority shareholders of subsidiaries	**10,492**	(458)
Interest received	**1,184**	1,037
Disposal of investment in an associate	**607**	(22,540)
Dividend received from an associate	**340**	–
NET CASH USED IN INVESTING ACTIVITIES	**(30,906)**	(97,635)
FINANCING ACTIVITIES		
New borrowings raised	**328,121**	451,511
Government grants received	**5,255**	2,000
Repayments of borrowings	**(270,492)**	(346,650)
Interest paid	**(19,151)**	(16,194)
Dividends paid	**–**	(29,540)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**43,733**	61,127
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**23,429**	(17,402)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**76,160**	93,696
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**792**	(134)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER representing, bank balances and cash	**100,381**	76,160

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Prepared under Hong Kong Financial Reporting Standards)
For the year ended 31 December 2007

1. GENERAL

Beiren Printing Machinery Holdings Limited (the "Company") was established in Beijing, the People's Republic of China (the "PRC") on 13 July 1993 as a joint stock limited company in accordance with the provisions set out in the Standard Opinion on Joint Stock Limited Companies issued as of 15 May 1992 by the State Commission for Restructuring the Economic System of the PRC. The Company is registered as an overseas company in Hong Kong under Part XI of the Hong Kong Companies Ordinance. The H Shares and A Shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Shanghai Stock Exchange of the PRC respectively.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the manufacture and sale of a variety of printing press and related spare parts and provision of printing services. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the Annual Report.

The ultimate holding company of the Company is Beiren Group Corporation ("BGC"), a State-owned enterprise established in the PRC.

The consolidated financial statements are presented in Renminbi (RMB), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, a number of new Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and interpretations (herein collectively referred to as "New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for accounting period beginning on 1 January 2007. The adoption of the New HKFRSs had no significant impact on how the results or the financial position of the Group for current and previous accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

Up to the date of issue of these consolidated financial statements, the HKICPA has also issued the following New HKFRSs which are not yet effective for the accounting year ended 31 December 2007 and which have not been adopted in these consolidated financial statements. The directors of the Company anticipate that the application of these New HKFRSs will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellation[1]
HKFRS 3 (Revised)	Business Combination[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Interpretation 11	HKFRS 2 – Group and Treasury Share Transactions[3]
HK(IFRIC)-Interpretation 12	Service Concession Arrangements[4]
HK(IFRIC)-Interpretation 13	Customer Loyalty Programmes[5]
HK(IFRIC)-Interpretation 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

1 Effective for annual periods beginning on or after 1 January 2009.
2 Effective for annual periods beginning on or after 1 July 2009.
3 Effective for annual periods beginning on or after 1 March 2007.
4 Effective for annual periods beginning on or after 1 January 2008.
5 Effective for annual periods beginning on or after 1 July 2008.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of subsidiary for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition.

For previously capitalised goodwill arising on acquisitions prior to 1 January 2005, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash-generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods. On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, interests in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

Service income is recognised when service is provided.

Compensation income for relocation is recognised as other operating income after netting off with the related expenses and losses incurred upon the relocation is completed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Operating lease rental income is recognised on a straight-line basis over the period of the relevant lease terms.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in production or for administrative purposes (other than construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

Construction in progress includes buildings and plant and machinery in the course of construction for production or for its own use purpose. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties over their estimated useful lives using the straight-line method.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other assets are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financials statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. RMB) at the rate of exchange prevailing at the balance sheet date, and their income and expense are translated at the average exchange rate for the year, unless exchange rate fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowing costs

Borrowing costs are recognised as an expense and included in finance costs in the consolidated income statement in the year in which they are incurred.

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets.

Retirement benefit costs

Payments to State-managed retirement benefit scheme are charged as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Research and development expenditures

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Impairment losses (other than goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets comprised loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of loans and receivables are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables including trade and other receivables, amounts due from minority shareholders of subsidieries, pledged bank deposits and bank balances are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For the Group's financial assets, objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified as other financial liabilities.

Other financial liabilities

Other financial liabilities including trade and bills payables, other payables and amount due to ultimate holding company and borrowings are subsequently measured at amortised cost, using the effective interest method. Interest expense is recognised on an effective interest basis.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that the directors have made in the process of applying the entity's accounting policies and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Recognition of deferred tax assets

As at 31 December 2007, a deferred tax asset of RMB4,590,000 has been recognised in the Group's consolidated balance sheet. The realisation of the deferred tax asset mainly depends on whether the actual future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a reversal of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which such a reversal takes place. Also, as at 31 December 2007, the Group has unrecognised deferred tax assets in respect of unused tax losses of approximately RMB27,200,000. In cases where the actual future profits generated are more than expected, deferred tax assets may arise, which would be recognised in the income statement for the period in which such condition exists.

Estimated useful lives of property, plant and equipment

Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Allowance for trade and other receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by a review of their current credit information. The Group continuously monitors collections and payments from its customers and maintain a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that it has identified.

Allowance for obsolete inventories

The management of the Group reviews an aging analysis at each balance sheet date, and makes impairment for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The management estimates the net realisable value for such raw materials, work-in-progress and finished goods based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes impairment for obsolete items.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and bills payables and other payables, borrowings. As at the balance sheet date, all of the Group's financial assets are classified as loans and receivables and all of the Group's financial liabilities are classified as other financial liabilities. The fair values of these Group's financial instruments at 31 December 2007 approximate to their corresponding carrying amounts. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group's fair value interest-rate risk mainly arises from bank borrowings as detailed in Note 30. Bank borrowings were issued at fixed rates exposing the Group to fair value interest-rate risk. The Group has no cash flow interest-rate risk as there are no borrowings which bear floating interest rates. The Group historically has not used any financial instruments to hedge potential fluctuations in interest rates as the term of borrowings is mainly within one year, the exposure of interest risk for fair value is limited.

Sensitivity analysis

At 31 December 2007, it is estimated that a general increase or decrease of one percentage in interest rates, with all other variables held constant, would decrease or increase the Group's profit for the year and retained profits by approximately RMB4,237,000 (2006: RMB3,836,000).

The above sensitivity analysis has been determined assuming that a change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The one percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis was performed on the same basis for 2006.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The bank balance and pledged bank deposits were deposited in bank with high crediting, thus the credit risk on bank balance and pledged bank deposits is limited.

The Group has no significant concentration of credit risk, with exposure spreading over a number of counterparties and customers.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings.

The following table details the contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay:

As at 31 December 2007

	Effective Interest rate	**Carrying amount RMB'000**	**Total contractual undiscounted cash flow RMB'000**	**Within one year or on demand RMB'000**	**One year to two years RMB'000**	**Two years to five years RMB'000**
Trade and bills payables	**–**	**388,268**	**388,268**	**388,268**	**–**	**–**
Other payables	**–**	**97,682**	**97,682**	**97,682**	**–**	**–**
Amount due to ultimate holding company	**–**	**12,366**	**12,366**	**12,366**	**–**	**–**
Borrowings	**6.510%**	**423,630**	**451,210**	**414,980**	**3,485**	**32,745**
	–	**921,946**	**949,526**	**913,296**	**3,485**	**32,745**

As at 31 December 2006

	Effective Interest rate	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within one year or on demand RMB'000	One year to two years RMB'000	Two years to five years RMB'000
Trade and bills payables	–	358,354	358,354	358,354	–	–
Other payables	–	109,858	109,858	109,858	–	–
Amount due to ultimate holding company	–	14,996	14,996	14,996	–	–
Borrowings	8.363%	383,574	415,652	415,652	–	–
	–	866,782	898,860	898,860	–	–

Fair value of financial assets and financial liabilities

The directors consider the fair values of trade and other receivables; amounts due from minority shareholders of subsidiaries; pledged bank deposits; bank balances and cash; trade and bills payables; other payables; amount due to ultimate holding company; borrowings reported in the consolidated balance sheet approximate their carrying amounts due to their immediate or similar term maturities.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the borrowings and equity balance.

The capital structure of the Group consists of borrowings disclosed in Note 30, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital disclosed in Note 31, reserves and retained profits as disclosed in consolidated statement of change in equity. The directors of the Company review the capital structure by considering the cost of capital and the risks associates with each class of capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as raising of new borrowings or repayment of existing borrowings. The Group's approach to capital management remains unchanged throughout the year.

6. TURNOVER

Turnover represents the net amount received and receivable for printing presses and spare parts sold by the Group to outside customers, and provision of printing services and is analysed as follows:

	2007 RMB'000	2006 RMB'000
Sales of printing presses	**1,007,554**	932,672
Sales of spare parts	**25,668**	19,277
Provision of printing services	**25,681**	19,203
Total sales	**1,058,903**	971,152
Less: Sales tax and other surcharges	**(6,034)**	(5,075)
	1,052,869	966,077

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group's revenue and results are substantially derived from the manufacture and sale of printing presses in the PRC. Moreover, as substantially all of the Group's assets and liabilities are located in the PRC, no segment analysis of financial information is presented.

8. OTHER OPERATING INCOME

	2007 RMB'000	2006 RMB'000
Gross rental income from investment properties	**9,579**	6,294
Gain from disposal of property, plant and equipment	**947**	–
Reversal of impairment of property, plant and equipment	**1,180**	3,500
Government grants *(note 33)*	**2,928**	–
Interest income on bank deposits	**1,184**	1,037
Technical service income	**60**	126
Compensation for relocation received	**1,970**	624
Others	**4,605**	1,069
	22,453	12,650

9. FINANCE COSTS

	2007 RMB'000	2006 RMB'000
Interest on bank borrowings wholly repayable within five years	**19,151**	16,194

10. INCOME TAX EXPENSE

	2007 RMB'000	2006 RMB'000
The charge comprises:		
PRC income tax for current year	**898**	2,224
Deferred tax (credit) charge *(Note 22)*	**(28)**	15,122
	870	17,346

The PRC income tax of the Company and one of its subsidiaries, Shanxi Beiren Printing Machinery Company Limited, is calculated at the rate of 15% (2006: 15%) of the estimated assessable profit for the year. In accordance with the relevant rules and regulations in PRC, all other PRC subsidiaries are subject to PRC income tax levied at a rate of 33% (2006: 33%), except for Beijing Beiren Fuji Printing Machinery Company Limited which is taxed at 12% (2006: 12%). One of the Company's subsidiaries, Sheenlite Limited is a company incorporated in Hong Kong and is subject to Hong Kong Profits Tax at 17.5% (2006: 17.5%).

According to document (Caishuizi [1997] 38) issued by the State Administration of Taxation on 10 March 1997, the applicable income tax rate of the Company is 15% (2006: 15%).

According to document (Guoshuifa [2002] 47) issued by the State Administration of Taxation on 10 May 2002, the applicable income tax rate of the Company's subsidiary, Shanxi Beiren Printing Machinery Company Limited is 15% (2006: 15%).

10. INCOME TAX EXPENSE *(Continued)*

According to document (Jingguoshuiwaipifu [2002] 1-11) issued by the foreign tax bureau of Beijing State Administration of Taxation, the applicable income tax rate of the Company's subsidiary, Beijing Beiren Fuji Printing Machinery Company Limited is 24% from 2001. Also according to document (Guoshuizhishuijianmianzi [2006] 2) issued by the tax bureau directly under Beijing State Administration of Taxation, Beijing Beiren Fuji Printing Machinery Company Limited is levied at half of the income tax from 2006 to 2008. Consequently the income tax of Beijing Beiren Fuji Printing Machinery Company Limited is charged at the rate of 12% of the estimated assessable profit for the year (2006: 12%).

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law ("the New Corporate Income Tax Law") was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. The tax rate of certain subsidiaries will change from 33% to 25 % from 1 January 2008. The Company and certain subsidiaries which are enjoying the tax holiday will continue until expiry while the preferential tax rates disclosed above will continue after the New Corporate Income Tax Law.

The tax charge for the year can be reconciled to the profit (loss) before taxation per the consolidated income statement as follows:

	2007 **RMB'000**	2006 RMB'000
Profit (loss) before taxation	**6,157**	(103,197)
Tax at the domestic income tax rate of 15%	**923**	(15,480)
Tax effect of items not deductible for tax purposes	**3,060**	1,450
Tax effect of items not taxable for tax purpose	**(4,542)**	–
Tax effect of tax losses/deductible temporary differences not recognised	**713**	14,322
Tax effect of share of results of associates	**974**	397
Tax effect of reversal of deferred tax assets	**–**	17,253
Effect of different tax rates of subsidiaries	**(258)**	(596)
Tax charge for the year	**870**	17,346

11. PROFIT (LOSS) FOR THE YEAR

	2007 **RMB'000**	2006 RMB'000
Profit (loss) for the year has been arrived at after charging:		
Depreciation and amortisation		
– Property, plant and equipment and investment properties	**37,110**	46,509
– Prepaid lease payments	**3,252**	2,700
– Intangible assets	**1,130**	1,130
Total depreciation and amortisation	**41,492**	50,339
Amortisation of income tax expenses for associates	**–**	558
Staff costs including directors' emoluments	**221,659**	199,708
Loss from disposal of associates	**175**	–
Allowance for trade and other receivables	**15,607**	21,700
Allowance for obsolete inventories	**65,676**	45,091
Research and development expenses	**18,040**	9,571
Auditors' remuneration	**1,646**	2,212
Impairment loss of goodwill	**–**	1,299
Loss from disposal of property, plant and equipment	**–**	1,050
Net foreign exchange losses	**1,674**	783
Cost of inventories recognised as an expense	**751,998**	767,603

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

	2007 **RMB'000**	2006 RMB'000
Directors and supervisors		
Fee	**545**	748
Salaries and other benefits	**1,138**	666
Retirement benefits scheme contributions	**37**	36
	1,720	1,450

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(Continued)*

The emoluments of directors and supervisors during the year are analysed as follows:

	2007			
	Fee RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors:				
Zhang Pei-Wu (appointed on 18 June 2007)	**125**	**386**	**8**	**519**
Yu Bao-Gui	**30**	**–**	**–**	**30**
Yang Zhen-Dong	**90**	**293**	**8**	**391**
Jiang Jian-Ming	**90**	**293**	**8**	**391**
Wang Guo-Hua	**–**	**–**	**–**	**–**
Zhu Wu-An (resigned on 18 June 2007)	**–**	**–**	**–**	**–**
Deng Gang	**–**	**–**	**–**	**–**
Lu Chang -An	**–**	**–**	**–**	**–**
Independent non-executive directors:				
Wu Wen-Xiang	**30**	**–**	**–**	**30**
Hu Kunag-Zuo	**50**	**–**	**–**	**50**
Shi Tian-Tao	**30**	**–**	**–**	**30**
Li Yi-Jing	**30**	**–**	**–**	**30**
Supervisors:				
Xiao Mao-Lin	**30**	**–**	**–**	**30**
Xue Ke-Xin	**30**	**92**	**8**	**130**
Tian Fu-Ren	**10**	**74**	**5**	**89**
	545	**1,138**	**37**	**1,720**

	2006			
	Fee RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors:				
Wang Guo-Hua	110	145	6	261
Zhu Wu-An (resigned on 18 June 2007)	170	80	3	253
Jiang Jian-Ming	80	167	8	255
Yang Zhen-Dong	80	167	8	255
Yu Bao-Gui	40	–	–	40
Deng Gang	40	–	–	40
Lu Chang-An	–	–	–	–
Independent non-executive directors:				
Li Yi-Jing	30	–	–	30
Shi Tian-Tao	30	–	–	30
Wu Wen-Xiang	30	–	–	30
Hu Kuang-Zuo	50	–	–	50
Supervisors:				
Xiao Mao-Lin	40	–	–	40
Xue Ke-Xin	40	67	7	114
Tian Fu-Ren	8	40	4	52
	748	666	36	1,450

No emoluments were paid by the Group to the directors and supervisors as a discretionary bonus or as inducements to join or upon joining the Group or as a compensation for loss of office for the year (2006: Nil). No director or supervisor waived any emoluments during the year (2006: Nil).

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, all five (2006: four) were directors of the Company whose emoluments are included in Note 12 above. The emolument of the remaining one individuals for the year ended 31 December 2006 were as follows:

	2007 **RMB'000**	2006 RMB'000
Salaries and other benefits	–	176
Contributions to retirement plan	–	8
	–	184

14. DIVIDEND

As approved by 2005 annual general meeting, a dividend of RMB0.07 per share, totalling approximately RMB29,540,000 were approved. Such dividend were fully paid to the shareholders of the Company during the year ended 31 December 2006.

No dividend was proposed by the directors for the two years ended 31 December 2007.

15. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share attributable to the equity holders of the Company is based on the profit for the year attributable to equity holders of the Company of RMB5,192,000 (2006: loss of RMB119,794,000) and on the number of shares of 422,000,000 shares (2006: 422,000,000 shares) in issue during the year.

No diluted earnings (loss) per share is presented as the Company did not have any potential shares outstanding for the two years ended 31 December 2007.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings in PRC RMB'000	Leasehold property in Hong Kong RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2006	463,694	16,515	432,346	59,542	15,841	39,186	1,027,124
Exchange realignments	–	(572)	–	–	–	–	(572)
Additions	19	–	1,147	896	1,970	87,422	91,454
Transfer	31,473	–	17,159	19,691	–	(84,452)	(16,129)
Disposals	(52,931)	–	(37,883)	(410)	(1,549)	–	(92,773)
At 31 December 2006	442,255	15,943	412,769	79,719	16,262	42,156	1,009,104
Exchange realignments	–	(248)	–	–	–	–	(248)
Additions	5,053	–	25,040	4,070	851	24,469	59,483
Transfer	27,681	–	19,228	–	–	(55,260)	(8,351)
Disposals	(3,704)	(10,178)	(14,291)	(14,535)	(1,265)	(1,166)	(45,139)
At 31 December 2007	471,285	5,517	442,746	69,254	15,848	10,199	1,014,849
DEPRECIATION AND IMPAIRMENT							
At 1 January 2006	77,072	10,002	234,312	50,296	8,282	1,166	381,130
Exchange realignments	–	(123)	–	–	–	–	(123)
Charge for the year	12,873	309	22,291	7,199	2,339	–	45,011
Transfer	(258)	–	–	–	–	–	(258)
Impairment loss reversed	–	(3,500)	–	–	–	–	(3,500)
Eliminated on disposals	(34,546)	–	(33,288)	(403)	(1,186)	–	(69,423)
At 31 December 2006	55,141	6,688	223,315	57,092	9,435	1,166	352,837
Exchange realignments	–	(90)	–	–	–	–	(90)
Charge for the year	11,317	120	19,218	3,429	1,320	–	35,404
Transfer	(441)	–	–	–	–	–	(441)
Impairment loss reversed	–	(1,180)	–	–	–	–	(1,180)
Eliminated on disposals	–	(3,808)	(1,272)	(662)	(1,045)	(1,166)	(7,953)
At 31 December 2007	66,017	1,730	241,261	59,859	9,710	–	378,577
NET CARRYING VALUES							
At 31 December 2007	405,268	3,787	201,485	9,395	6,138	10,199	636,272
At 31 December 2006	387,114	9,255	189,454	22,627	6,827	40,990	656,267

The leasehold property in Hong Kong comprises of leasehold land and building elements, which cannot be allocated between leasehold land and buildings elements reliably. The lease of leasehold land in Hong Kong is medium term lease. With reference to recent market price of similar properties, the directors consider that the carrying amount of the leasehold property in Hong Kong is not less than its respective recoverable amount as at 31 December 2007, accordingly, a reversal of impairment loss of approximately RMB1,180,000 has been taken to the consolidated income statement for the year ended 31 December 2007 (2006: RMB3,500,000).

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	2.425%
Leasehold land and buildings	Over the shorter of the term of the leases or 50 years
Plant and machinery	6.929% to 12.125%
Motor vehicles	12.125%
Furniture, fixtures and office equipment	12.125%

At 31 December 2007, the Group has pledged buildings in PRC and plant and machinery with carrying value of approximately RMB10,396,000 (2006: RMB10,239,000) and RMB31,954,000 (2006: RMB12,304,000) respectively to secure general banking facilities granted to the Group.

17. INVESTMENT PROPERTIES

	2007 RMB'000	2006 RMB'000
COST		
At 1 January	**73,485**	57,356
Transfer from property, plant and equipment *(Note 16)*	**8,351**	16,129
At 31 December	**81,836**	73,485
DEPRECIATION		
At 1 January	**2,988**	1,232
Provided for the year	**1,706**	1,498
Transfer from property, plant and equipment *(Note 16)*	**441**	258
At 31 December	**5,135**	2,988
NET CARRYING VALUES		
At 31 December	**76,701**	70,497

The investment properties are depreciated on a straight-line basis over the period of the shorter of the term of the leases or 40 years per annum.

Since the comparable market transactions are infrequent and the alternative reliable estimates of property is not reliably determinable on a continuing basis.

The Group rents out its investment properties in the PRC of RMB76,701,000 (2006: RMB70,497,000) under operating lease during the year. The investment properties of the Group are situated in the PRC and held under medium lease term.

18. PREPAID LEASE PAYMENTS

	2007 RMB'000	2006 RMB'000
COST		
At 1 January	**141,171**	130,379
Additions	**18,416**	10,792
At 31 December	**159,587**	141,171
ACCUMULATED AMORTISATION		
At 1 January	**6,896**	4,196
Provided for the year	**3,252**	2,700
At 31 December	**10,148**	6,896
NET CARRYING VALUES		
At 31 December	**149,439**	134,275

The Group's land use rights in relation to the prepaid lease payments are under medium-term leases in the PRC, and analysed for reporting purposes as:

	2007 RMB'000	2006 RMB'000
Current assets	**3,252**	2,884
Non-current assets	**146,187**	131,391
	149,439	134,275

The Group has pledged the land use rights with aggregate carrying value of the related prepaid lease payments of approximately RMB22,351,000 (2006: RMB22,171,000) to secure general banking facilities granted to the Group.

19. GOODWILL

	2007 RMB'000	2006 RMB'000
COST		
At 1 January and 31 December	**4,434**	4,434
IMPAIRMENT		
At 1 January	**1,299**	–
Impairment loss recognised	**–**	1,299
At 31 December	**1,299**	1,299
NET CARRYING VALUES		
At 31 December	**3,135**	3,135

Goodwill has been allocated to two subsidiaries of the manufacture and sales of printing presses segment, Shanxi Beiren Printing Machinery Company Limited and Haimen Beiren Printing Machinery Company Limited, being the cash generating unit for impairment testing of goodwill. During the financial year ended 31 December 2006, the Group assessed the recoverable amount of goodwill and determined that goodwill associated with Haimen Beiren Printing Machinery Company Limited was fully impaired.

The recoverable amount is determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rate and growth rate. The Group prepared cash flow forecasts derived from the financial budgets and cash flows for the year ended 31 December 2008 based on discount rate of 6%, cash flows projections are based on the same expected gross margins during the budget period. The management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of goodwill to exceed its recoverable amount.

20. OTHER INTANGIBLE ASSETS

	2007 RMB'000	2006 RMB'000
COST		
At 1 January	**8,499**	7,522
Additions	**–**	977
At 31 December	**8,499**	8,499
ACCUMULATED AMORTISATION		
At 1 January	**7,086**	5,956
Provided for the year	**1,130**	1,130
At 31 December	**8,216**	7,086
NET CARRYING VALUES		
At 31 December	**283**	1,413

The intangible assets represent technical know-how which are amortised over the estimated useful lives of the respective technical know-how, ranged from 5 to 8 years, on a straight line basis.

21. INTERESTS IN ASSOCIATES

	2007 RMB'000	2006 RMB'000
Cost of investments, unlisted investments	**27,351**	28,594
Share of post-acquisition profits less losses, net of dividends received	**(3,024)**	3,345
Share of capital reserve	**151**	151
	24,478	32,090

21. INTERESTS IN ASSOCIATES *(Continued)*

At 31 December 2007, the Group had interests in the following associates:

Name of associate	Form of business structure	Place of establishment and operation	Percentage of registered capital held by the Group	Principal activity
Beijing Monigraf Automations Co. Ltd. ("Beijing Monigraf")	Sino-foreign equity joint venture enterprise	PRC	49%	Sale of automations of printing presses
Beijing Beiying Casting Company Limited ("Beijing Beiying")	Limited liability company	PRC	20%	Manufacture and sale of spare parts and casting parts
Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd. ("Mitsubishi Beiren")	Sino-foreign equity joint venture enterprise	PRC	49%	Manufacture and sale of printing presses

Mitsubishi Beiren was established in Beijing by Mitsubishi Heavy Industries Ltd. and the Company on 25 May 2006. Mitsubishi Beiren principally engages in manufacture and sale of printing presses. The registered capital of Mitsubishi Beiren is RMB46,000,000. The Company contributed RMB22,540,000, representing 49% of the registered capital.

The summarised financial information in respect of the Group's associates is set out below:

	2007 RMB'000	2006 RMB'000
Total assets	**190,091**	165,188
Total liabilities	**(129,781)**	(88,246)
Net assets	**60,310**	76,942
Group's share of net assets of associates	**24,478**	32,090
Revenue	**256,618**	163,160
Loss for the year	**(12,126)**	(1,678)
Group's share of results of associates for the year	**(6,490)**	(2,648)

22. DEFERRED TAX ASSETS

The following are the major deferred tax (assets) liabilities recognised by the Group, and the movements thereof during the current and prior years:

	Allowance for trade and other receivables RMB'000	Allowance for obsolete inventories RMB'000	Impairment losses in respect of plant and equipment RMB'000	Fair value adjustment of property, plant and equipment RMB'000	Tax losses RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2006	(10,768)	(7,557)	(2,939)	1,460	–	120	(19,684)
Charge (credit) to income for the year	8,265	5,378	2,939	(1,460)	–	–	15,122
At 31 December 2006	(2,503)	(2,179)	–	–	–	120	(4,562)
(Credit) charge to income for the year	(154)	36	124	–	–	(34)	(28)
At 31 December 2007	(2,657)	(2,143)	124	–	–	86	(4,590)

For the purposes of balance sheet presentation, certain deferred tax assets and liabilities have been offset and a deferred tax asset of approximately RMB4,590,000 (2006: RMB4,562,000) is presented in the consolidated balance sheet.

22. DEFERRED TAXATION *(Continued)*

At the balance sheet date, the Group has unused tax losses of approximately RMB27,200,000 (2006: RMB22,448,000) available to offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. All unrecognised tax losses will expire before 2012 and an analysis of their expiry dates are as follows:

	2007 RMB'000	2006 RMB'000
Unrecognised tax losses expiring in:		
2007	**–**	480
2008	**2,591**	2,591
2009	**794**	794
2010	**2,022**	2,022
2011	**16,561**	16,561
2012	**5,232**	–
	27,200	22,448

23. INVENTORIES

	2007 RMB'000	2006 RMB'000
Raw materials	**107,944**	86,954
Work in progress	**390,993**	362,133
Finished goods	**184,398**	261,109
	683,335	710,196

24. TRADE AND OTHER RECEIVABLES

	2007 RMB'000	2006 RMB'000
Trade receivables	**416,517**	369,858
Bills receivables	**36,936**	11,884
	453,453	381,742
Prepayments and deposits	**32,342**	11,748
Other receivables	**35,783**	23,322
Total trade and other receivables	**521,578**	416,812

Included in trade receivables, amount of approximately RMB61,680,000 (2006: RMB50,884,000) was factored to banks with recourse as at 31 December 2007.

Included in trade receivables are amounts of approximately RMB3,157,000 (2006: Nil) and RMB1,186,000 (2006: 30,954,000) which are denominated in Euro and United States dollar.

Included in bills receivables, amount of approximately RMB1,100,000 (2006: RMB3,990,000) was discounted to banks with recourse to secure short-term bank borrowings as at 31 December 2007.

The customers are normally required to pay in advance as deposits. The Group allows an average credit period of 90 to 360 days to its trade customers with the retention payment paid one year after sale. The following is an aged analysis of trade and bills receivables at the balance sheet date:

	2007 RMB'000	2006 RMB'000
Within 1 year	**391,183**	304,614
1 - 2 years	**44,629**	68,478
2 - 3 years	**16,331**	7,131
Over 3 years	**1,310**	1,519
	453,453	381,742

Trade receivable that were neither past due nor impaires ralated to a wide range of customer for whom there was no recent history of default.

24. TRADE AND OTHER RECEIVABLES *(Continued)*

Allowances in respect of trade and bills receivables and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the allowances is written off against trade receivables balance directly. The movement in the allowances of trade and bills receivables and other receivables is as follows:

	2007 RMB'000	2006 RMB'000
Balance at 1 January	**71,966**	50,266
Recognised in consolidated income statement	**15,607**	21,700
Balance at 31 December	**87,573**	71,966

At each of the balance sheet date, the Group's trade and bills receivables and other receivables were individually determined to be impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. The Group does not hold any collateral over these balances.

The ageing analysis of trade receivables and other receivables that are past due but not impaired is as follows:

	2007 RMB'000	2006 RMB'000
Within 1 year past due	**56,303**	97,825
Over 1 year but within 2 years past due	**16,331**	7,131
Over 2 years past due	**1,310**	1,519
	73,944	106,475

Based on past experience, receivables that were past due but not impaired were related to a number of individual customers that have a good track record with the Group. The management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not held any collateral over these balances.

25. AMOUNTS DUE FROM MINORITY SHAREHOLDERS OF SUBSIDIARIES

Amounts due from minority shareholders of subsidiaries were unsecured, interest free and repayable on demand.

26. PLEDGED BANK DEPOSITS AND BANK BALANCES

Pledged bank deposits represent short-term deposits pledged for bills payables. The terms of the pledged bank deposits are all within six months. All of the pledged bank deposits carries fixed rate interest ranged from 1.8% to 2.25% per year.

Bank balances carry interest at market rate which is 2.52% for both years.

27. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables at the balance sheet date:

	2007 RMB'000	2006 RMB'000
Within 1 year	**385,563**	327,541
1 - 2 years	**719**	27,549
2 - 3 years	**1,353**	470
Over 3 years	**633**	2,794
	388,268	358,354

28. OTHER PAYABLES

	2007 RMB'000	2006 RMB'000
Staff welfare accruals	**29,997**	11,874
Other payables	**65,566**	87,064
Other tax and levies payable	**7,433**	10,920
	102,996	109,858

29. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

Amount due to ultimate holding company is unsecured, interest free and repayable on demand.

30. BORROWINGS

	2007 RMB'000	2006 RMB'000
The borrowings comprises:		
Bank loans	**394,080**	354,024
Other loans	**29,550**	29,550
	423,630	383,574
Secured	**117,330**	97,024
Unsecured	**306,300**	286,550
	423,630	383,574
The borrowings will be payable:		
On demand or within one year	**396,630**	383,574
More than one year, but not exceeding two years	**2,000**	–
More than two years, but not exceeding five years	**25,000**	–
	423,630	383,574
Less: Amounts due within one year and shown under current liabilities	**(396,630)**	(383,574)
	27,000	–

Secured bank loans totalling RMB117,330,000 (2006: RMB97,024,000) are secured by the Group's properties, plant and equipment and land use rights and trade and bills receivables.

Unsecured borrowings as at 31 December 2007 include bank loans of Nil (2006: RMB25,000,000) which are guaranteed by BGC, the Company's ultimate holding company, and bank loans of approximately RMB51,750,000 (2006: RMB27,000,000) which is guaranteed by third parties at the balance sheet date.

In addition, included in the unsecured borrowings as at 31 December 2007 are bank loans of RMB225,000,000 (2006: RMB205,000,000) which bear fixed rate interest ranged from 5.51% to 7.29%.

Other loans at 31 December 2007 of RMB29,550,000 (2006: RMB29,550,000) represent non-interest bearing loan payable to Beijing Offset Point Factory, a minority shareholder of a subsidiary. The amount is unsecured and repayable on demand.

All of the above borrowings bear fixed rate interest ranged from 5.022% to 8.363% per annum.

31. SHARE CAPITAL

	RMB'000
Registered, issued and fully paid, at 1 January 2006, 31 December 2006 and 31 December 2007	
322,000,000 A shares of RMB 1 each	322,000
100,000,000 H shares of RBM 1 each	100,000
	422,000

There was no change in share capital in both years.

32. RESERVES

(a) Share premium represents the excess of proceeds received on issue of shares over the par value of registered share capital net of share issuing expenses.

(b) According to relevant laws and regulations of the PRC, a company incorporated as a domestic enterprise is required to make an appropriation at the rate of 10 per cent of the profit after taxation of the company, prepared in accordance with PRC accounting standards, to the statutory surplus reserve account until the accumulated balance has reached 50 per cent of the registered capital of the company.

32. RESERVES *(Continued)*

(c) According to the PRC relevant laws and regulations, a company incorporated as a domestic enterprise is required to make an appropriation at the rate of 5 to 10 per cent of the profit after taxation of the company, prepared in accordance with PRC accounting standards, to the statutory public welfare fund account ("PWF"). The PWF will be utilised on capital expenditures for employees' collective welfare, and unutilised PWF must be kept in cash.

The Ministry of Finance issued a notice which requires the balance of statutory public welfare fund as of 31 December 2005 to be managed and utilised as surplus reserve from 1 January 2006 onwards. Accordingly, the unutilised PWF was transferred to statutory surplus reserve in 2006.

(d) In accordance with a subsidiary's Articles of Association, the subsidiary incorporated as a domestic enterprise may appropriate funds to the discretionary surplus reserve after it discharges its obligations on the statutory reserves.

(e) General reserve fund and enterprise expansion fund were set aside by a subsidiary incorporated as a foreign invested enterprise in the PRC in accordance with PRC relevant laws and regulations.

33. DEFERRED INCOME

During the year ended 31 December 2006, the Group received the government grants of RMB2,000,000 related to the acquisition of plant and equipment, which were recognised as deferred income and will be released to income over the useful lives of the assets. At as 31 December 2006, the relevant assets were transferred from the construction in progress to the plant and machinery. During the year ended 31 December 2007, government grants released to consolidated income statement as income amounted to approximately RMB958,000 (2006: Nil).

During the year ended 31 December 2007, the Group received another government grants of RMB5,255,000 related to the acquisition of plant and equipment, which were recognised as deferred income and will be released to income over the useful lives of the assets. At as 31 December 2007, the relevant assets were transferred from the construction in progress to the plant and machinery. During the year ended 31 December 2007, government grants released to consolidated income statement as income amounted to approximately RMB1,970,000.

34. MAJOR NON-CASH TRANSACTION

In 2007, according to the term in the factoring agreements, certain trade receivables which were factored to banks with recourse of RMB 17,573,400 (2006: RMB48,240,000) were settled by the debtors with the banks directly.

35. OPERATING LEASES

The Group as lessor

Rental income earned during the year was RMB9,579,000 (2006: RMB6,294,000) and the direct operating expense in relation to investment properties is immaterial. All properties held have committed tenants for next 1 to 8 years. The investment properties are expected to generate rental yields of 3.2% (2006: 9.4%) on an ongoing basis.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease receipts:

	2007 RMB'000	2006 RMB'000
Within one year	**2,476**	6,651
In the second to fifth years inclusive	**6,627**	8,150
Over five years	**3,228**	6,399
	12,331	21,200

The Group as lessee

Minimum lease payments paid under operating lease in respect of property, plant and equipment during the year were RMB2,455,000 (2006: RMB2,276,000).

As at 31 December 2007, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented office, warehouse and factory facilities which fall due as follows:

	2007 RMB'000	2006 RMB'000
Within one year	**1,843**	1,206
In the second to fifth year inclusive	**585**	755
Over five years	**877**	503
	3,305	2,464

Operating leases are negotiated for an average term of 2-5 years and rentals are fixed for an average of 2 years.

36. CAPITAL COMMITMENTS

	2007 RMB'000	2006 RMB'000
Contracted but not provided for the purchase of property, plant and equipment	**–**	7,812

37. PLEDGE OF ASSETS

At the balance sheet date, the Group pledged the following assets to secure its borrowings and banking facilities.

	2007 RMB'000	2006 RMB'000
Buildings	**10,396**	10,239
Plant and equipment	**31,954**	12,304
Prepaid lease payments	**22,351**	22,171
Trade receivables	**61,680**	50,884
Pledge bank deposits	**8,083**	6,702
Bills receivables	**1,100**	3,990
	135,564	106,290

38. RETIREMENT PLAN

According to the relevant laws and regulations of the PRC, the Group has to pay a sum equal to 20% (2006: 20%) of the basic wages and salaries to the government of the PRC, being the Group's contribution in respect of the statutory retirement fund in satisfaction of the Group's obligations to the PRC employees retirement benefits. Total expenses for the year ended 31 December 2007 amounted to RMB24,416,000 (2006: RMB22,010,000).

Also, the Group has implemented a retirement plan for those employees who retired before their statutory retirement age. At 31 December 2007, the amount of the relevant obligation of the Group is RMB17,234,000 (2006: RMB17,012,000) and is included in other payables at the balance sheet date.

39. RELATED PARTIES DISCLOSURE

Material balances with related party at the balance sheet date

	2007 RMB'000	2006 RMB'000
Amounts due from associates	**–**	29,905
Amounts due to associates	**49,484**	20,755
Amount due to ultimate holding company	**1,750**	4,667

The above balances with related parties are all of trading nature, which are including in trade and other receivables and trade and bills payables at the balance sheet date.

39. RELATED PARTIES DISCLOSURE *(Continued)*

Apart from the balances with related parties disclosed in the consolidated balance sheet and Notes 29 and 30, the Group also entered into the following transactions with its related parties:

	2007 RMB'000	2006 RMB'000
Sales of printing presses to		
– Beijing Yan Long Import and Export Co. Ltd. ("Beijing Yan Long") (a subsidiary of BGC)	**2,667**	1,164
– Beijing Beiren Hengtong (an associate)	**–**	18,385
– Liaoning Beiren (an associate)	**–**	4,778
– BGC (ultimate holding company)	**470**	11,821
Sales of materials to		
– Mitsubishi Beiren (an associate)	**–**	421
Purchase of printing presses from		
– BGC (ultimate holding company)	**9,179**	11,663
– Mitsubishi Beiren (an associate)	**136,493**	8,605
Purchase of material from		
– BGC (ultimate holding company)	**–**	4,940
– Beijing Beiying (an associate)	**24,682**	32,085
– Beiren Monigraf (an associate)	**7,508**	14,223
Tradmark fee paid to		
– BGC (ultimate holding company)	**6,365**	6,441
Payment of rental fee to		
– BGC (ultimate holding company)	**850**	850
Rental income received from		
– Beiren Monigraf (an associate)	**95**	100
– Beijing Beiying (an associate)	**4,407**	4,152
– Mitsubishi Beiren (an associate)	**1,614**	830
– BGC (ultimate holding company)	**2,630**	–
Sales commission paid to		
– Beijing Beiren Hengtong (an associate)	**–**	597
– Liaoning Beiren (an associate)	**–**	524

At 31 December 2007, BGC provided corporate guarantee to a bank for the short term bank loans of Nil (2006:RMB25,000,000) granted to the Company.

Transactions/balances with other State-controlled Enterprises in the PRC

The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "State-controlled Enterprises"). In addition, the Group itself is a part of BGC, which is controlled by the PRC government. Apart from the transactions with BGC and its subsidiaries disclosed in Stated-controlled Enterprise above, the Group also conducts businesses with other State-controlled Enterprises. The directors of the Company consider that transactions with other State-controlled Enterprises are activities in the ordinary course of business, and that dealings of the Group have not been significantly controlled or owned by the PRC government. The directors consider those state-controlled Enterprises are independent third parties so far as the Group's business transactions with them are concerned. The Group has also established pricing policies for products and such pricing policies do not depend on whether or not the customers are State-controlled Enterprises. Having due regard to the substance of the relationships and in view of the nature of these transactions, the directors of the Company are of the opinion that disclosure would not be meaningful.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2007 RMB'000	2006 RMB'000
Short-term benefits	**2,436**	1,590
Post-employment benefits	**62**	44
	2,498	1,634

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

40. PARTICULARS OF SUBSIDIARIES

Name of subsidiaries	Form of business nature	Place of establishment/ incorporation and principal place of operation	Percentage of registered/ issued share capital held by the Company Directly	Indirectly	Registered/issued share capital	Principal activities
Beijnig Beiren Fuji Printing Machinery Company Limited	Sino-foreign equity joint venture enterprise	PRC	70%	–	USD5,100,000	Manufacture of form printing presses
Beijing Beiren Jing Yan Printing Machinery Factory	Limited liabilities company	PRC	99.76%	–	RMB21,050,000	Manufacture of accessories for printing presses
Beijing Beiren Yuxin Offset Printing Limited	Limited liability company	PRC	68.66%	–	RMB22,430,000	Provision of magazine and book printing support
Hebei Beiren Gei Zhi Ji Factory	Limited liability company	PRC	50.68%	–	RMB5,000,000	Manufacture of paper feeder machines
Haimen Beiren Printing Machinery Company Limited	Limited liability company	PRC	68.33%	14.21%	RMB40,000,000	Manufacture of printing presses
Shanxi Beiren Printing Machinery Company Limited	Limited liability company	PRC	86.24%	–	RMB115,000,000	Sale of printing machines and accessories for printing presses
Sheenlite Limited	Limited liability company	Hong Kong	100%	–	HKD3	Provision of Hong Kong representative office and asset custodial service to the Group

None of the subsidiaries had issued any debt securities outstanding at the end of the year or at any time during the year.

INDEPENDENT AUDITORS' REPORT

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ShineWing

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ShineWing
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To the Board of Directors of Beiren Printing Machinery Holdings Limited:

We have audited the accompanying financial statements of Beiren Printing Machinery Holdings Limited ("the Company") and the consolidated statements of the Company Group, which comprise the balance sheet of both the Company and consolidated Group as at 31 December 2007, and the income statement, cash flow statement, the statement of changes in owner's equity, of both the Company and consolidated Group, for the year then ended 31 December 2007, and also the notes to the financial statements.

THE RESPONSIBILITIES OF MANAGEMENT TO FINANCIAL STATEMENT

The Company's management is responsible for the preparation of these financial statements in accordance with the Accounting Standards for Business Enterprises and the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the People's Republic of China. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

THE RESPONSIBILITY OF ACCOUNTANTS

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China's Auditing Standards for the Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements comply with the requirements of the Accounting Standards for Business Enterprises and the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and present fairly, in all material respects, the financial position of the Company as at 31 December 2007, and the results of operations and cash flows of the Company for the year then ended 31 December 2007.

ShineWing Certified Public Accountants

Huang Ying
Ma Chuanjun

China Beijing
15 April 2008

THE CONSOLIDATED BALANCE SHEET

(Prepared under PRC accounting standards)
As at 31 December 2007

Unit: RMB

		Consolidated Amount	
Assets	*Appendix*	**31 December 2007**	31 December 2006
Current Assets:			
Cash	*VIII. 1*	**108,403,575.44**	82,804,512.27
Financial Assets Held for Trading			
Notes Receivable	*VIII. 2*	**36,936,053.79**	11,883,778.28
Accounts Receivable	*VIII. 3*	**416,639,166.10**	371,979,824.71
Prepayments	*VIII. 4*	**32,341,619.65**	11,747,539.66
Interests Receivable			
Dividends Receivable			
Other Accounts Receivable	*VIII. 5*	**33,920,379.26**	31,873,472.40
Inventory	*VIII. 6*	**683,335,578.50**	710,196,289.75
Non-current Assets Maturing Within One Year			
Other Current Assets			543,627.86
Total Current Assets		**1,311,576,372.74**	1,221,029,044.93
Non-current Assets			
Available For Sale Financial Assets			
Held-to-Maturity Investment			
Long-term Accounts Receivalbe			
Long-term Equity Investment	*VIII. 7*	**24,191,198.13**	37,117,379.14
Investment Property	*VIII. 8*	**16,996,936.80**	9,400,086.58
Fixed Assets	*VIII. 9*	**704,278,788.60**	693,359,570.82
Construction In Progress	*VIII. 10*	**11,363,808.87**	40,989,014.69
Project Materials			
Liquidation Of Fixed Assets			
Biological Asset			
Oil and Gas Assets			
Intangible Assets	*VIII. 11*	**133,379,306.24**	118,878,513.14
Development Expenditure			
Goodwill			
Long-term Prepaid Expense	*VIII. 12*	**12,062,291.10**	12,140,006.10
Deferred Income Tax Assets	*VIII. 13*	**2,967,876.81**	2,939,523.35
Other Non-current Assets			
Total Non-current Assets		**905,240,206.55**	914,824,093.82
Total Assets		**2,216,816,579.29**	2,135,853,138.75

The Consolidated Balance Sheet

(Prepared under PRC accounting standards)
As at 31 December 2007

Unit: RMB

Liabilities and Shareholder's Equity	*Appendix*	Consolidated Amount 31 December 2007	31 December 2006
Current Liabilities:			
Short-term Loan	*VIII. 14*	**365,079,750.00**	350,023,825.01
Financial Assets Held for Trading			
Notes Payable	*VIII. 15*	**43,674,009.30**	39,819,924.47
Accounts Payable	*VIII. 16*	**345,116,144.28**	319,056,119.55
Advances From Customers	*VIII. 17*	**77,570,563.28**	57,893,822.26
Employee Benefit Payable	*VIII. 18*	**53,824,488.63**	35,995,770.06
Taxes Payable and Other Statutory Payables	*VIII. 19*	**3,457,259.94**	11,921,370.66
Interests Payable			
Dividends Payable			
Other Payables	*VIII. 20*	**56,569,045.82**	71,984,149.18
Non-current Liabilities Maturing Within One Year	*VIII. 21*	**29,550,000.00**	34,138,227.70
Other Current Liabilities		**1,697,174.93**	150,000.00
Total Current Liabilities		**976,538,436.18**	920,983,208.89
Non-Current Liabilities			
Long-term Loan	*VIII. 22*	**29,000,000.00**	
Debentures Payable			
Long-term Accounts Payable			
Special Payable			
Estimated liabilities	*VIII. 23*	**266,891.98**	17,501,489.65
Accrued Liabilities			
Deferred Income Tax Liabilities			
Other Non-current Liabilities		**4,325,145.86**	
Total Non-current Liabilities		**33,592,037.84**	17,501,489.65
Total Liabilities		**1,012,130,474.02**	938,484,698.54
Shareholder's Equity			
Share Capital	*VIII. 24*	**422,000,000.00**	422,000,000.00
Capital Reserves	*VIII. 25*	**523,020,271.06**	523,020,271.06
Less: Treasury Stock			
Surplus Reserves	*VIII. 26*	**198,928,288.88**	198,080,525.01
Undistributed Profit	*VIII. 27*	**16,060,153.67**	7,629,418.67
Currency Translation Differences		**1,031,112.23**	149,550.92
Total Equity Attributable to Equity Holders of the Parent		**1,161,039,825.84**	1,150,879,765.66
Minority Interest	*VIII. 28*	**45,646,279.43**	46,488,674.55
Total Shareholder's Equity		**1,206,686,105.27**	1,197,368,440.21
Total Liabilities and Shareholder's Equity		**2,216,816,579.29**	2,135,853,138.75

The attatched appendix is part of the financial statements.

Wang Guohua	**Zhang Peiwu**	**Jiang Jianming**
Legal Person	*Accounting Director*	*Accounting Manager*

THE BALANCE SHEET OF THE PARENT

(Prepared under PRC accounting standards)
As at 31 December 2007

Unit: RMB

		Consolidated Amount	
Assets	*Appendix*	**31 December 2007**	31 December 2006
Current Assets:			
Cash		**76,686,356.44**	42,636,228.02
Financial Assets Held for Trading			
Notes Receivable		**26,497,521.72**	4,709,178.28
Accounts Receivable	*IX. 1*	**351,006,504.84**	293,864,795.17
Prepayments		**23,202,943.68**	5,336,035.44
Interests Receivable			
Dividends Receivable			
Other Accounts Receivable	*IX. 2*	**22,104,134.29**	21,380,953.57
Inventory		**454,309,722.76**	522,708,543.24
Non-current Assets Maturing Within One Year			
Other Current Assets			4,239.96
Total Current Assets		**953,807,183.73**	890,639,973.68
Non-current Assets			
Available For Sale Financial Assets			
Held-to-Maturity Investment			
Long-term Accounts Receivalbe			
Long-term Investments	*IX. 3*	**226,785,897.39**	238,488,843.87
Investment Property		**16,996,936.80**	9,400,086.58
Fixed Assets		**533,297,825.16**	549,122,483.97
Construction In Progress		**3,060,762.30**	4,888,832.46
Project Materials			
Liquidation Of Fixed Assets			
Biological Asset			
Oil and Gas Assets			
Intangible Assets		**106,837,801.21**	109,506,816.37
Development Expenditure			
Goodwill			
Long-term Prepaid Expense		**12,062,291.10**	12,128,291.10
Deferred Income Tax Assets			
Other Non-current Assets			
Total Non-current Assets		**899,041,513.96**	923,535,354.35
Total Assets		**1,852,848,697.69**	1,814,175,328.03

The Balance Sheet of the Parent

(Prepared under PRC accounting standards)
As at 31 December 2007

Unit: RMB

Liabilities and Shareholder's Equity	*Appendix*	Consolidated Amount 31 December 2007	31 December 2006
Current Liabilities:			
Short-term Loan		**285,579,750.00**	255,883,825.01
Financial Liabilities Held for Trading			
Notes Payable		**24,674,009.30**	31,519,924.47
Accounts Payable		**239,238,492.05**	236,544,971.23
Advances From Customers		**37,956,490.37**	29,984,028.07
Employee Benefit Payable		**29,981,327.84**	24,608,987.40
Taxes Payable and Other Statutory Payables		**(1,042,929.85)**	566,027.99
Interests Payable			
Dividends Payable			
Other Payables		**66,660,372.80**	61,143,499.78
Non-current Liabilities Maturing Within One Year			
Other Current Liabilities		**1,350,000.00**	
Total Current Liabilities		**684,397,512.51**	640,251,263.95
Non-Current Liabilities			
Long-term Loan			
Debentures Payable			
Long-term Accounts Payable			
Special Payable			
Estimated liabilities		**266,891.98**	17,501,489.65
Accrued Liabilities			
Deferred Income Tax Liabilities			
Other Non-current Liabilities		**3,284,080.03**	
Total Non-current Liabilities		**3,550,972.01**	17,501,489.65
Total Liabilities		**689,948,484.52**	657,752,753.60
Shareholder's Equity			
Share Capital		**422,000,000.00**	422,000,000.00
Capital Reserves		**517,456,262.71**	517,456,262.71
Less: Treasury Stock			
Surplus Reserves		**193,826,863.24**	192,979,099.37
Undistributed Profit		**31,617,087.22**	23,987,212.35
Total Shareholder's Equity		**1,164,900,213.17**	1,156,422,574.43
Total Liabilities and Shareholder's Equity		**1,852,848,697.69**	1,814,175,328.03

The attatched appendix is part of the financial statements.

Wang Guohua	**Zhang Peiwu**	**Jiang Jianming**
Legal Person	*Accounting Director*	*Accounting Manager*

THE CONSOLIDATED INCOME STATEMENT

(Prepared under PRC accounting standards)
For the year ended 31 December 2007

Unit: RMB

Items			Appendix	Consolidated Amount 31 December 2007	31 December 2006
1.	**Total Operating Income**			**1,071,509,754.56**	978,316,596.33
	Operating Income		*VIII. 29*	**1,071,509,754.56**	978,316,596.33
	Interest Income				
	Charges and Commission Income				
2.	**Total Operating Cost**			**1,074,298,336.82**	1,089,340,027.46
	Less:	Operating Expense	VIII. 29	824,776,838.85	768,617,823.84
		Inerest Expense			
		Charges and Commission Expense			
		Tax and Surcharge on Principle Operations	VIII. 30	6,034,057.44	5,482,251.51
		Sales Expense	VIII. 31	72,344,987.87	69,992,645.68
		Administrition Expense	VIII. 32	130,373,727.76	155,012,138.17
		Financing Expense	VIII. 33	20,460,960.39	16,939,519.24
		Assets Impairment Losses	VIII. 34	15,224,952.80	70,613,353.13
	Add:	Gains arising from Changes on Fair Values (loss marked "( )")			
		Income from Investment (loss marked "( )")	VIII. 35	(5,082,811.71)	(2,682,295.89)
	Including:	Share of Profit of JV and Associates		(6,489,946.09)	(2,647,656.16)
3.	**Operating Profit (loss marked "( )")**			**(2,788,582.26)**	(103,415,026.42)
	Add:	Non-operating Income	VIII. 36	**14,035,051.21**	3,575,168.69
	Less:	Non-operating Expense	VIII. 37	**1,003,432.79**	3,198,368.34
	Including:	Disposal Loss of Non-current Assets		**321,466.32**	576,335.10
4.	**Total Profit (loss marked "( )")**			**10,243,036.16**	(103,038,226.07)
	Less:	Income Tax Expense	VIII. 38	**869,366.64**	1,525,877.58
5.	**Net Profit**			**9,373,669.52**	(104,564,103.65)
	Including:	Net Profit Attributed to the Parent's Shareholders		**9,278,498.87**	(103,129,983.00)
	Minority Shareholder's Equity			**95,170.65**	(1,434,120.65)
6.	**Earnings Per Share:**				
	(1) Basic Earnings Per Share			**0.02**	(0.24)
	(2) Earnings Per Diluted Share			**0.02**	(0.24)

The attatched appendix is part of the financial statements.

Wang Guohua	**Zhang Peiwu**	**Jiang Jianming**
Legal Person	*Accounting Director*	*Accounting Manager*

THE INCOME STATEMENT OF THE PARENT

(Prepared under PRC accounting standards)
For the year ended 31 December 2007

Unit: RMB

Items		Appendix	Consolidated Amount 31 December 2007	31 December 2006
1.	**Total Operating Income**	*IX. 4*	**788,589,184.17**	669,470,339.90
	Less: Operating Expense	*IX. 4*	**622,975,048.95**	541,514,022.61
	Charges and Commission Expense		**5,265,383.21**	4,487,474.07
	Tax and Surcharge on Principle Operations		**43,123,932.82**	40,341,849.77
	Sales Expense		**88,228,679.02**	109,094,905.97
	Financing Expense		**13,730,581.83**	11,183,364.96
	Assets Impairment Losses		**7,459,568.93**	64,284,536.77
	Add: Gains arising from Changes on Fair Values (loss marked "( )")			
	Income from Investment (loss marked "( )")	*IX. 5*	**(2,762,159.04)**	(2,780,530.74)
	Including: Share of Profit of JV and Associates		**(6,489,946.09)**	(2,647,656.16)
2.	**Operating Profit (loss marked "( )")**		**5,043,830.37**	(96,607,940.28)
	Add: Non-operating Income		**3,906,616.95**	535,811.26
	Less: Non-operating Expense		**472,808.58**	1,712,934.05
	Including: Disposal Loss of Non-current Assets		**54,999.27**	690,347.78
3.	**Total Profit (loss marked "( )")**		**8,477,638.74**	(97,785,063.07)
	Less: Income Tax Expense			
4.	**Net Profit**		**8,477,638.74**	(97,785,063.07)
5.	**Earnings Per Share:**			
	(1) Basic Earnings Per Share			
	(2) Earnings Per Diluted Share			

The attatched appendix is part of the financial statements.

Wang Guohua
Legal Person

Zhang Peiwu
Accounting Director

Jiang Jianming
Accounting Manager

THE CONSOLIDATED CASH FLOW STATEMENT

(Prepared under PRC accounting standards)
For the year ended 31 December 2007

Unit: RMB

Items	Appendix	Year 2007	Year 2006
1. Cash Flow From Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		**1,039,470,109.06**	1,139,295,683.30
Refunds of taxes		**623,599.37**	385,000.00
Other Cash receipets in operating activities	VIII. 39	**13,155,795.67**	38,151,511.80
Subtotal Cash Inflows From Operating Activities		**1,053,249,504.10**	1,177,832,195.10
Cash payments for goods and services acquired		**672,754,522.66**	791,324,550.00
Cash payments to and on behalf of employees		**204,814,703.83**	175,109,848.22
Payments of taxes and levy		**76,513,704.40**	78,200,098.57
Other cash payments from Operating Activities	VIII. 39	**74,864,779.54**	97,876,237.20
Subtotal Cash Flow out From Operating Activities		**1,028,947,710.43**	1,142,510,733.99
Net Cash Flow From Operating Activities		**24,301,793.67**	35,321,461.11
2. Cash Flow From Investing Activities:			
Cash receipts from return of investments			
Cash receipts from return on investments		**56,961.13**	1,000.00
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		**20,445,998.24**	3,341,237.39
Net cash receipts from disposal of subsidiaries and other businesses		**59,717.82**	
Other cash receipts in investing activities	VIII. 39		1,060,572.74
Total Cash Flow in From Investing Activities		**20,562,677.19**	4,402,810.13
Cash payments to acquired fixed assets, intangible assets and other long-term assets		**34,997,119.22**	94,246,034.54
Cash payments to acquired investments			
Net cash payment to acquired subsidiaries and other businiess units			22,540,000.00
Other cash payments in investing activities			
Total Cash Flow out From Investing Activities		**34,997,119.22**	116,786,034.54
Net Cash Flow From Investing Activities		**(14,434,442.03)**	(112,383,224.41)
3. Cash Flow From Financing Activities:			
Cash received from capital injection			
Including: cash received from investments by minority shareholders by subsidiaries			
Cash receipts from borrowings		**460,150,000.00**	451,510,800.00
Other cash receipts in financing activities	VIII. 39		
Total Cash Flow in From Financing Activities		**460,150,000.00**	451,510,800.00
Cash repayments of amount borrowed		**418,175,825.01**	346,650,000.00
Cash payments for distribution of dividends, profits or interest expenses		**18,892,858.01**	45,734,141.55
Including: subsidary's payment for minority shareholders' interest and profit			
Other cash payments in financing activities	VIII. 39	**10,001,952.12**	6,701,674.54
Subtotal Cash Flow out From financing Activities		**447,070,635.14**	399,085,816.09
Net Cash Flow From Financing Activities		**13,079,364.86**	52,424,983.91
4. Effect of exchange rate change on cash and cash equivalent		**(397,010.91)**	(121,078.21)
5. Net Increased Cash and Cash Equivalent		**22,549,705.59**	(24,757,857.60)
Add: the Beginning Balance of Cash and Cash Equivalent	VIII. 39	**76,102,837.73**	100,860,695.33
6. The Ending Balance of Cash and Cash Equivalent	VIII. 39	**98,652,543.32**	76,102,837.73

The attatched appendix is part of the financial statements.

Wang Guohua	**Zhang Peiwu**	**Jiang Jianming**
Legal Person	*Accounting Director*	*Accounting Manager*

THE CASH FLOW STATEMENT OF THE PARENT

(Prepared under PRC accounting standards)
For the year ended 31 December 2007

Unit: RMB

Items	*Appendix*	**Year 2007**	Year 2006
1. Cash Flow From Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		**678,390,004.57**	749,180,368.63
Refunds of taxes		**565,299.37**	
Other Cash receipets in operating activities		**10,920,155.22**	7,734,570.38
Subtotal Cash Inflows From Operating Activities		**689,875,459.16**	756,914,939.01
Cash payments for goods and services acquired		**409,491,901.44**	532,546,764.22
Cash payments to and on behalf of employees		**144,330,572.72**	113,345,981.48
Payments of taxes and levy		**57,320,697.92**	56,045,124.04
Other cash payments from Operating Activities		**60,044,923.85**	66,054,705.94
Subtotal Cash Flow out From Operating Activities		**671,188,095.93**	767,992,575.68
Net Cash Flow From Operating Activities		**18,687,363.23**	(11,077,636.67)
2. Cash Flow From Investing Activities:			
Cash receipts from return of investments			
Cash receipts from return on investments		**56,961.13**	
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		**1,714,290.00**	348,598.00
Net cash receipts from diposal of subsidiaries and other businesses		**59,717.82**	
Other cash receipts in investing activities			
Total Cash Flow in From Investing Activities		**1,830,968.95**	348,598.00
Cash payments to acquired fixed assets, intangible assets and other long-term assets		**7,095,905.04**	28,781,377.75
Cash payments to acquired investments			
Net cash payment to acquired subsidiaries and other busiiness units			22,540,000.00
Other cash payments in investing activities			
Total Cash Flow out From Investing Activities		**7,095,905.04**	51,321,377.75
Net Cash Flow From Investing Activities		**(5,264,936.09)**	(50,972,779.75)
3. Cash Flow From Financing Activities:			
Cash received from capital injection			
Cash receipts from borrowings		**304,435,000.00**	351,370,800.00
Other cash receipts in financing activities			
Total Cash Flow in From Financing Activities		**304,435,000.00**	351,370,800.00
Cash repayments of amount borrowed		**271,690,825.01**	250,000,000.00
Cash payments for distribution of dividends, profits or interest expenses		**12,461,640.10**	40,235,269.19
Including: subsidary's payment for minority shareholders' interest and profit		**284,152,465.11**	290,235,269.19
Other cash payments in financing activities		**20,282,534.89**	61,135,530.81
Subtotal Cash Flow out From financing Activities		**(154,833.61)**	
Net Cash Flow From Financing Activities		**33,550,128.42**	(914,885.61)
4. Effect of exchange rate change on cash and cash equivalent		**42,636,228.02**	43,551,113.63

The Cash Flow Statement of the Parent

(Prepared under PRC accounting standards)

For the year ended 31 December 2007

Unit: RMB

Items		*Appendix*	**Year 2007**	Year 2006
5.	**Net Increased Cash and Cash Equivalent**		**76,186,356.44**	42,636,228.02

The attatched appendix is part of the financial statements.

Wang Guohua	**Zhang Peiwu**	**Jiang Jianming**
Legal Person	*Accounting Director*	*Accounting Manager*

CONSOLIDATED STATEMENT OF MOVEMENT ON SHAREHOLDER'S EQUITY

(Prepared under PRC accounting standards)

For the year ended 31 December 2007

Unit: RMB

	Year 2007								
Items	Share Capital	Capital Reserves	Less: Treasury Stock	Surplus Reserves	Business Risk Reserve	Undistributed Profit	Others	Minority Interest	Total Shareholder's Equity
1. The ending balance for last year	422,000,000.00	523,020,271.06		197,666,214.93		22,474,593.24	149,550.92		1,165,310,630.15
Add: Changes in Accounting Policies				414,310.08		(14,845,174.57)		46,488,674.55	32,057,810.06
Corrections for previous errors									
2. The beginning balance of this year	422,000,000.00	523,020,271.06		198,080,525.01		7,629,418.67	149,550.92	46,488,674.55	1,197,368,440.21
3. Increase and decrease for this year (decreasement represents as "( )")				847,763.87		8,430,735.00	881,561.31	(842,395.12)	9,317,665.06
(1) Net profit						9,278,498.87		95,170.65	9,373,669.52
(2) Gains and losses recognized directly in equity							881,561.31		881,561.31
I. Fair value changes of available-for-sale financial assets									
II. Changes arising from changes in the equity to investee using equity method									
III. Income tax effect arising from gain and loss recognized directly in equity									
IV. Others							881,561.31		881,561.31
Subtotal of (1) and (2)						9,278,498.87	881,561.31	95,170.65	10,255,230.83
(3) Sahreholders Investing and Reducing Capital								(937,565.77)	(937,565.77)
I. Shareholders investing capital									
II. Shares payment in shareholder's equity									
III. Others								(937,565.77)	(937,565.77)
(4) Profit Distribution				847,763.87		(847,763.87)			
I. Provision of Surplus Reserve				847,763.87		(847,763.87)			
II. Distribution for Shareholders									
III. Provision for Business Risk									
IV. Others									
(5) Shareholder's Equity Internal transfer									
I. Capital Reserve transfer to Capital (or Share Capital)									
II. Surplus Reserve transfer to Capital (or Share Capital)									
III. Surplus Reserve used for make up loss									
V. Others									
4. The ending balance for this year	422,000,000.00	523,020,271.06		198,928,288.88		16,060,153.67	1,031,112.23	45,646,279.43	1,206,686,105.27

The attatched appendix is part of the financial statements.

Wang Guohua	**Zhang Peiwu**	**Jiang Jianming**
Legal Person	*Accounting Director*	*Accounting Manager*

Consolidated Statement of Movement on Shareholder's Equity

(Prepared under PRC accounting standards)
For the year ended 31 December 2007

Unit: RMB

Items	Share Capital	Capital Reserves	Less: Treasury Stock	Surplus Reserves	Year 2006 Business Risk Reserve	Undistributed Profit	Others	Minority Interest	Total Shareholder's Equity
1. The ending balance for last year	422,000,000.00	520,864,095.43		197,666,214.93		139,909,389.09	60,333.38		1,280,500,032.83
Add: Changes in Accounting Policies				414,310.08		390,012.58		46,680,389.59	47,484,712.25
Corrections for previous errors									
2. The beginning balance of this year	422,000,000.00	520,864,095.43		198,080,525.01		140,299,401.67	60,333.38	46,680,389.59	1,327,984,745.08
3. Increase and decrease for this year (decreasement represents as "( )")		2,156,175.63				(132,669,983.00)	89,217.54	(191,715.04)	(130,616,304.87)
(1) Net profit						(103,129,983.00)		(1,434,120.65)	(104,564,103.65)
(2) Gains and losses recognized directly in equity		2,156,175.63					89,217.54	1,242,405.61	3,487,798.78
I. Fair value changes of available-for-sale financial assets									
II. Changes arising from changes in the equity of invested using equity method		2,156,175.63						424,208.16	2,580,383.79
III. Income tax effect arising from gain and loss recognized directly in equity									
IV. Others							89,217.54	818,197.45	907,414.99
Subtotal of (1) and (2)		2,156,175.63				(103,129,983.00)	89,217.54	(191,715.04)	(101,076,304.87)
(3) Sahreholders Investing and Reducing Capital									
I. Shareholders investing capital									
II. Shares payment in shareholder's equity									
III. Others									
(4) Profit Distribution						(29,540,000.00)			(29,540,000.00)
I. Provision of Surplus Reserve									
II. Distribution for Shareholders						(29,540,000.00)			(29,540,000.00)
III. Provision for Business Risk									
IV. Others									
(5) Shareholder's Equity Internal transfer									
I. Capital Reserve transfer to Capital (or Share Capital)									
II. Surplus Reserve transfer to Capital (or Share Capital)									
III. Surplus Reserve used for make up loss									
IV. Others									
4. The ending balance for this year	422,000,000.00	523,020,271.06		198,080,525.01		7,629,418.67	149,550.92	46,488,674.55	1,197,368,440.21

The attatched appendix is part of the financial statements.

Wang Guohua	**Zhang Peiwu**	**Jiang Jianming**
Legal Person	*Accounting Director*	*Accounting Manager*

STATEMENT OF MOVEMENT ON EQUITY OF THE PARENT

(Prepared under PRC accounting standards)

For the year ended 31 December 2007

Unit: RMB

			Year 2007			
Items	**Share Capital**	**Capital Reserves**	**Less: Treasury Stock**	**Surplus Reserves**	**Undistributed Profit**	**Total Shareholder's Equity**
1. The ending balance for last year	422,000,000.00	524,038,491.54		192,564,789.29	28,416,516.59	1,167,019,797.42
Add: Changes in Accounting Policies		(6,582,228.83)		414,310.08	(4,429,304.24)	(10,597,222.99)
Corrections for previous errors						
2. The beginning balance of this year	422,000,000.00	517,456,262.71		192,979,099.37	23,987,212.35	1,156,422,574.43
3. Increase and decrease for this year						
(decreasement represents as "( )")				847,763.87	7,629,874.87	8,477,638.74
(1) Net profit					8,477,638.74	8,477,638.74
(2) Gains and losses recognized directly in equity						
I. Fair value changes of available-for-sale financial assets						
II. Changes arising from changes in the equity of invested using equity method						
III. Income tax effect arising from gain and loss recognized directly in equity						
IV. Others						
Subtotal of (1) and (2)					8,477,638.74	8,477,638.74
(3) Sahreholders Investing and Reducing Capital						
I. Shareholders investing capital						
II. Shares payment in shareholder's equity						
III. Others						
(4) Profit Distribution				847,763.87	(847,763.87)	
I. Provision of Surplus Reserve				847,763.87	(847,763.87)	
II. Distribution for Shareholders						
III. Provision for Business Risk						
IV. Others						
(5) Shareholder's Equity Internal transfer						
I. Capital Reserve transfer to Capital (or Share Capital)						
II. Surplus Reserve transfer to Capital (or Share Capital)						
III. Surplus Reserve used make up loss						
IV. Others						
4. The ending balance for this year	422,000,000.00	517,456,262.71		193,826,863.24	31,617,087.22	1,164,900,213.17

The attatched appendix is part of the financial statements.

Wang Guohua	**Zhang Peiwu**	**Jiang Jianming**
Legal Person	*Accounting Director*	*Accounting Manager*

Statement of Movement on Equity of the Parent

(Prepared under PRC accounting standards)

For the year ended 31 December 2007

Unit: RMB

Items	Share Capital	Capital Reserves	Year 2006 Less: Treasury Stock	Surplus Reserves	Undistributed Profit	Total Shareholder's Equity
1. The ending balance for last year	422,000,000.00	521,882,315.91		192,564,789.29	146,852,349.31	1,283,299,454.51
Add: Changes in Accounting Policies		(4,576,836.98)		414,310.08	4,459,926.11	297,399.21
Corrections for previous errors						
2. The beginning balance of this year	422,000,000.00	517,305,478.93		192,979,099.37	151,312,275.42	1,283,596,853.72
3. Increase and decrease for this year (decreasement represents as "( )")		150,783.78			(127,325,063.07)	(127,174,279.29)
(1) Net profit					(97,785,063.07)	(97,785,063.07)
(2) Gains and losses recognized directly in equity		150,783.78				150,783.78
I. Fair value changes of available-for-sale financial assets						
II. Changes arising from changes in the equity of invested using equity method		150,783.78				150,783.78
III. Income tax effect arising from gain and loss recognized directly in equity						
IV. Others						
Subtotal of (1) and (2)		150,783.78			(97,785,063.07)	(97,634,279.29)
(3) Sahreholders Investing and Reducing Capital						
I. Shareholders investing capital						
II. Shares payment in shareholder's equity						
III. Others						
(4) Profit Distribution					(29,540,000.00)	(29,540,000.00)
I. Provision of Surplus Reserve						
II. Distribution for Shareholders					(29,540,000.00)	(29,540,000.00)
III. Provision for Business Risk						
IV. Others						
(5) Shareholder's Equity Internal transfer						
I. Capital Reserve transfer to Capital (or Share Capital)						
II. Surplus Reserve transfer to Capital (or Share Capital)						
III. Surplus Reserve used make up loss						
IV. Others						
4. The ending balance for this year	422,000,000.00	517,456,262.71		192,979,099.37	23,987,212.35	1,156,422,574.43

The attatched appendix is part of the financial statements.

Wang Guohua
Legal Person

Zhang Peiwu
Accounting Director

Jiang Jianming
Accounting Manager

NOTES TO THE FINANCIAL STATEMENTS

(Prepared under PRC accounting standards)
For the year ended 31 December 2007

I. GENERAL

The Company is a joint stock company established by Beiren Group Corporation as the sole promoter. On 13 July 1993, the Company incorporated in the Administration Bureau of Industry and Commerce. The Company was approved to become a joint stock limited company established by public offer of shares domestically and in Hong Kong on 16 July 1993 with regard to the approval document Ti Gai Sheng (1993) No. 118 from the State Commission for Restructuring Economic System. Pursuant to the approval of the China Securities Regulatory Commission ("CSRC") of the State Council and other relevant authorities, the Company issued H Shares in Hong Kong in 1993 and A Shares in Shanghai in 1994. The H Shares were listed on The Stock Exchange of Hong Kong Limited in 1993 and the A Shares were listed on the Shanghai Stock Exchange in 1994.

Upon the approval of General Shareholders' Meeting on 16 May 2001 and 11 June 2002, and the approval of document Zheng Jian Fa Xing Zi [2002] No. 133 issued by China Securities Regulatory Commission ("CSRC") in 2002, the Company issued 22,000,000 additional A Shares which were listed on the Shanghai Stock Exchange from 26 December 2002 to 7 January 2003. The state value of each share is 1 Yuan in Renminbi.

After the issuance of additional A shares, the Company has 422,000,000 shares outstanding, among which 250,000,000 shares are held by Chinese juridical person, 72,000,000 shares are held by Chinese public, 100,000,000 shares are held by foreign public; the state value of each share is 1 yuan in Renminbi.

The only non-circulating shares shareholder gave 27,360,000 shares to the circulating shares shareholders as the consideration for the circulating right for non-circulating shares, i.e., 3.8 shares for 10 circulating A shares, which was approved by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality in 2006, and the registration date related to the share segregation reform was on 29 March 2006. After the share segregation reform, as to 31 December 2007, 222,640,000 shares are held by Chinese juridical person, about 52.76% of the total shares outstanding. Among the 222,640,000 shares, 201,540,000 shares can be traded with restriction, 99,360,000 shares can be traded without restriction and are held by Chinese public, about 23.54% of the total shares outstanding; 100,000,000 shares can be traded without restriction and are held by foreign public, about 23.70% of total shares outstanding.

The scope of operation include development, design, manufacturing and sales of printing presses, pressing machines, packing machines, business forms printing presses, commercial revolving presses, commercial soft cover presses, intaglio presses, the parts and components for the aforesaid machines; technical consultancy, and technical support.

The board of directors exists to take charge of major decisions and daily operation management.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENT

The financial statements are prepared based going concem basis.

The financial statements comply with the requirements of the Accounting Standards for Business Enterprises and the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the People's Republic of China before 2006. From 1 January 2007, the Accounting Standards for Business Enterprises issued in 2006 is applied by the Company. The financial statements for 2007 are the first set of statements for the Company to adopt new version of the Accounting Standards for Business Enterprises.

When preparing financial statements for 2007, accounting results for 2006 have been adjusted in according to requirements from the Accounting Standards No.38, the Accounting Standards' interpretation No.1 and Solutions to Questions regarding Disclosures by Public Companies No.7.

III. ANNOUNCEMENT

The financial statements prepared by the Company are subject to requirements from the Accounting Standards and fairly present the Company's financial position, operation results, cash flow and other related information.

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND CORRECTIONS

1. Impact of changes in significant accounting policies and accounting estimates

The Company used to meet requirements of the Accounting Standards issued before 2006. From 1 January 2007, the Company is subject to the new Accounting Standards in terms of recognition, measurement and report content. For the changes of accounting policy due to the application of the new standards, the Company adopts the following methods to make accounting treatments.

- **Retrospective method for changes in significant accounting policies**

  (1) According to the old standards, in the event the equity method is adopted for long term equity investment, the difference of initial investment cost over the share of equity interest in the investee is recorded as the debit balance in the account of long term equity investment and is amortized and included in operation results. If the initial investment cost is lower than the share of equity interest in the investee, the difference is recorded as the credit balance in the account of long term equity investment and is amortized and included in operating results. After the standards 2003, No. 10, it is included in capital fund.

  According to the new standards, on 1 January 2007, long-term equity investment belonging to consolidation of groups under the control of the same company, the part unamortized will be written off. As of 31 December 2006, Haimen Beiren Fuji Printing Machinery Holding Limited had incurred loss for years and it expected it would be hard to gain profits in the future. As a result, it made preparation for write down. This adjustment had no effect on the shareholders' equity at the beginning of the year but increase retained earning by 191,214.44 yuan in RMB, decreased capital fund correspondingly, and increase net earning for 2006 by 1,231,361.11 yuan in RMB retroactively.

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND CORRECTIONS *(Continued)*

1. Impact of changes in significant accounting policies and accounting estimates *(Continued)*

- **Retroactive method for changes in significant accounting policies** *(Continued)*

(2) The income tax is calculated using tax payable method. According to the new standards, income tax should be calculated using balance sheet liability method. On 1 January 2007, the temporary difference between the book value of assets and liabilities and their value for tax base should be recognized as deferred tax assets or liabilities. This adjustment increased retained earning at the beginning of the year by 2,560,246.47 yuan in RMB, increased surplus reserve by 20,650.02 yuan in RMB, minority shareholder's equity by 601,568.24 yuan in RMB and increased the net earning for 2006 by 698,217.62 yuan in RMB.

(3) Termination are offered to compensate for the releasing an employee from employment contract, including the compensation when the employee doesn't want to leave before the contract matures; the Company encourages employees to accept compensation given before contract matures, as well early retirement plans. Based on the old standards, this compensation should be included in operating results. Based on the new standards, this compensation can be included when requirements under notes 5.17(2) are met. This adjustment decreased the retained earning at the beginning of the year by 17,011,760.98 yuan in RMB and decreased the net earning for 2006 correspondingly.

(4) Based on old standards, equity method should be used for long-term equity investment in subsidiaries. According to the standards and its explanation No. 1, cost method should be used instead and adjustments should be made when the financial statements were compiled. The retroactive treatment will not have effect on shareholder's equity. However, it increased retained earning at the beginning of the year by 12,168,950.94 Yuan in RMB, increased surplus reserve by 584,874.50 Yuan in RMB, decreased capital reserve by 6,582,228.83 Yuan in RMB, and increased the parent company's net earning for 2006 by 5,872,949.04 yuan in RMB.

For changes in accounting policies discussed above, the Company follows the standards No.38 and other related requirements and makes adjustments and representation to the financial statements. The impact of the changes in accounting standards discussed above in the period from 1 January 2006 to 31 December 2006 is listed as follow:

(5) Impact on consolidated shareholders' equity on 1 January 2006:

Project	Retained Earnings	Capital Reserve	Capital Surplus	Minority Interest	Total
(1) recover of amortization for difference resulted from equity investment in consolidation of groups under same control of a company	(1,040,146.67)	(191,214.44)	0.00	0.00	(1,231,361.11)
(2) income tax	2,015,033.75	20,650.02	0.00	448,563.34	2,484,247.11
(3) use cost method for long-term equity investment by parent company	(584,874.50)	(584,874.50)	0.00	0.00	0.00
(4) changes to presentation of minority equity	0.00	0.00	0.00	46,231,826.25	46,231,826.25
Total	**390,012.58**	**414,310.08**	**0.00**	**46,680,389.59**	**47,484,712.25**

(6) Impact on net earning for 2006

Project	Amount
(1) recover of amortization for difference resulted from equity investment in consolidation of groups under same control of a company	1,231,361.11
(2) income tax	698,217.62
(3) refuse compensation meeting requirements for anticipated liabilities	(17,011,760.98)
(4) changes to presentation of minority shareholders' equity	(1,587,125.55)
Total	**(16,669,307.80)**

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND CORRECTIONS *(Continued)*

1. Impact of changes in significant accounting policies and accounting estimates *(Continued)*

• **Retroactive method for changes in significant accounting policies** *(Continued)*

(7) Impact on consolidated shareholders' equity on 31 December 2006

Project	Retained Earnings	Capital Reserve	Capital Surplus	Minority Equity	Total
(1) recover of amortization for difference resulted from equity investment in consolidation of groups under same control of a company	191,214.44	(191,214.44)	0.00	0.00	0.00
(2) income tax	2,560,246.47	20,650.02	0.00	601,568.24	3,182,464.73
(3) refuse compensation meeting requirements for anticipated liabilities	(17,011,760.98)	0.00	0.00	0.00	(17,011,760.98)
(4) changes to presentation of minority shareholders	0.00	0.00	0.00	45,887,106.31	45,887,106.31
(5) use cost method for long-term equity investment by parent company	(584,874.50)	584,874.50	0.00	0.00	0.00
Total	**(14,845,174.57)**	**414,310.08**	**0.00**	**46,488,674.55**	**32,057,810.06**

(8) Impact on parent company's shareholders' equity on 1 January 2006

Project	Retained Earnings	Capital Reserve	Capital Surplus	Total
(1) recover of amortization for difference resulted from equity investment in consolidation of groups under same control of a company	(2,058,367.15)	(191,214.44)	0.00	(2,249,581.59)
(2) use cost method for long-term equity investment	6,296,001.90	584,874.50	(4,576,836.98)	2,304,039.42
(3) income tax	222,291.36	20,650.02	0.00	242,941.38
Total	**4,459,926.11**	**414,310.08**	**(4,576,836.98)**	**297,399.21**

(9) Impact on parent company's net earnings for 2006

Project	Amount
(1) recover of amortization for difference resulted from equity investment in consolidation of groups under same control of a company	2,249,581.59
(2) refuse compensation meeting requirements for anticipated liabilities	(17,011,760.98)
(3) use cost method for long-term equity investment	5,872,949.04
Total	**(8,889,230.35)**

(10) Impact on parent company's shareholders' equity on 31 December 2006

Project	Retained Earnings	Capital Reserve	Capital Surplus	Total
(1) recover of amortization for difference resulted from equity investment in consolidation of groups under same control of a company	191,214.44	(191,214.44)	0.00	0.00
(2) refuse compensation meeting requirements for anticipated liabilities	(17,011,760.98)	0.00	0.00	(17,011,760.98)
(3) use cost method for long-term equity investment	12,168,950.94	584,874.50	(6,582,228.83)	6,171,596.61
(4) income tax	222,291.36	20,650.02	0.00	242,941.38
Total	**(4,429,304.24)**	**414,310.08**	**(6,582,228.83)**	**(10,597,222.99)**

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND CORRECTIONS *(Continued)*

2. Retrospective method for changes in significant accounting policies

Besides retroactive method described above, the Company also applies future oriented method for certain changes in accounting policies in accordance with the new standards. It includes:

(1) Capitalize expense with regard to debt or loan: based on old standards, the Company only capitalize the interest which is calculated based on the weighted average values of borrowing and interest rates related to fixed assets purchases. Under the new standards, the Company capitalizes related expenses by following the rules described in notes 5 and 13.

(2) Capitalize R&D expenses: based on old standards, the Company includes all the R&D expense in operating results. Under the new standard, the Company recognize it as intangible assets when it meets the requirements set out in notes 5 and 15.

(3) The write down of non-current assets: based on old standards, if the recognized write down of non-current assets is recovered in following accounting periods, the recovered amount, limited to the value of write down recognized, can be eliminated and is included in operating results. Under new standards, the Company can not recover the write down recognized unless the asset was disposed of, sold, invested, etc.

(4) Employee benefits: based on old standards, the Company records benefits payable at 14% of salary and includes it in operating results. Under new standards, the Company records benefits payable based on reality and employee compensation plan and includes it in operating results. In the first accounting period after the effective day, the difference between recognized benefits payable and that previously recognized is included in operating results.

(5) Government subsidy related to assets: based on old standards, the Company records the government subsidy related to assets as payables. Then for the fixed assets or products reserved for the Company, it records the payables to capital fund; for those not reserved for the Company, it offset the payables with related accounts. Under the new standards, the Company records the government subsidy based on rules described in notes 5.21.

3. Correction and impact of major accounting mistakes

Not applicable.

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

1. Accounting period

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

2. Reporting currency

The Company uses RMB as its reporting currency.

3. Basis of accounting and measurement

The Company uses the accrual method as its basis of accounting. Assets, except for financial assets are recorded at their historical cost.

4. Cash equivalents

Cash equivalents are short-term (normally matured within 3 months), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5. Foreign currencies

(1) Trade in foreign currencies

Transactions denominated in foreign currencies are translated into RMB at the exchange rates issued by the People's Bank of China on the date when the transactions took place. At the balance sheet date, cash and cash equivalents in foreign currencies are translated into RMB at the exchange rates issued by the People's Bank of China at the balance sheet date. Exchange differences arising, except for loan made to purchase or manufacture those assets that are capitalized later are included in the operating results. Exchange differences arising during the pre-operating period should be accrued as the long-term prepaid expenses. The expenses related to fixed assets are treated according to the principle of capitalization of expense. For non-monetary accounts measure in fair market value and foreign currencies, exchange rates on the dates when the fair market value is recognized are applied and exchange differences arising are included in the operating results. For non-monetary accounts measured in historical cost and foreign currencies, exchange rates on the dates when the cost is recognized are applied and the value in RMB is not changed.

(2) Translation of financial statements in foreign currencies

For balance sheet of foreign operations, assets and liabilities are translated at the exchange rate on the balance sheet date. For shareholders' equity, except for retained earnings, they are translated at the exchange rate when the transaction takes place. For the income statement of foreign operations, revenue and expense are translated at the exchange rate when the transaction takes place. The difference resulting from the translation of foreign financial statements is presented separately under shareholders' equity. For investment in foreign operations, any difference resulted is presented separately under shareholders' equity when preparing consolidated financial statements. When disposing of foreign operation, the difference resulting from financial statements translation should be included in operating results at certain percentage.

V. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. Foreign currencies *(Continued)*

(2) Translation of financial statements in foreign currencie *(Continued)*

Cash flows in foreign currencies and in foreign operations use the exchange rate when transactions take place. Impact of changes in exchange rates is presented separately in the cash flow statement.

6. Financial assets

(1) Classification of financial assets: based on investment purpose and economic substance, the Company classifies its financial assets as held-for-sale financial assets, held-to-mature financial investments, receivables and available-for-sale financial investments.

(1) Held-for-sale financial assets: they will be sold in short term and measure at fair market value. Changes in the value are included in operating results. They are listed in balance sheet as held-for-trade financial investments.

(2) Held-to-mature financial investments: they are mature on specific date, will be received in fixed amounts, and the management has clear purpose and capability to hold until mature.

(3) Receivables: they are non-derivative financial assets with amounts to be received fixed or secured. They include notes receivable, accounts receivable, interest receivable and other receivables.

For the accounts receivable and bills receivable with the right of recourse transferred and discounted to the financial institution by the Company, it will be regarded as short-term loan with pledged on accounts receivable and bills receivable, due to the risks and rewards of the discounted bills or accounts receivable is not transferred.

(4) Available-for-sale financial investments: they include non-derivative financial assets that are initially designated as available-for-sale financial investments and other financial assets without clear classification.

(2) Recognition and measurement of financial assets

Financial asset are initially recognized at fair value. For financial assets that is measured at fair market value and whose change in value is included in operating results, the expense related to the transaction is included in operating results. Transaction expense related to other financial assets is recognized as initial cost. When a contract regarding to the receipt of cash flows on the financial assets terminates or the risk and benefits relating to the financial asset's ownership is transferred, stop recognize this financial asset.

For financial assets that is measured at fair market value and whose change in value in included in operating results and the available-for-sale financial investments, there are measured at fair market value. Receivables and held-to-mature financial investments are subject to effective interest method and are presented at net value.

For financial assets that is measured at fair market value and whose change in value in included in operating results and the available-for-sale financial investments, there are measured at fair market value. The interest or dividends received is reported as investment gains. When disposed, the difference between fair value and initial cost is recorded as investment loss, and adjust fair value change gain or loss.

For available-for-sales, its change in value is recorded as shareholders' equity. The interest and cash dividends are recorded as investment gain. When disposed, the difference between the amount received and the book value is recorded as shareholders' equity.

(3) Write down of financial assets

The Company checks the book value of financial assets on the balance sheet date.

And if there is a possibility of write down, the write down is prepared. If the fair market value of available-for-sale investments decreases a lot, the accumulated loss is recorded as writ down. For the impairment loss recognized on the investment of sellable liability assets, the impairment loss should be reversed, and the reversal amount should be accounted into the periodical gains or losses, if the conditions relevant to the impairment loss changes so that lead to the fair value arose after the recognition. For the impairment loss recognized on the investment of sellable equity assets, the impairment loss should be reversed, and the reversal amount should be accounted into the periodical owner's equity, if the conditions relevant to the impairment loss changes so that lead to the fair value arose after the recognition. The impairment loss is forbidden to be reversed if the fair value of the asset can't be measured reliable in the active market.

7. Allowance for doubtful accounts for accounts receivable

The receivables with a value over 5,000,000 Yuan in RMB are thought as material. When evidence exists to show uncollectible, allowance is made separately for that specific account.

For material accounts, based on past experience and current condition, the Company makes allowance for doubtful accounts for the current accounting year.

V. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. Inventory

(1) Classification: inventory is classified as goods in transit, raw material, work-in-process, finished goods, low-value material, self-made half finished goods, and consignment goods, etc.

(2) Pricing: perpetual method is applied; for goods purchased and stored, they are measured at real cost; for material used, they are measured at weighted average cost.

(3) Low-value material and wrapping material is measured at expense, and recorded in cost of goods manufactured.

(4) Rules regarding year end measurement and write down: the lower of cost and market method is applied. Based on physical count, for goods damaged, old or whose selling price will be lower than the cost, anticipate the value collectible and make write down.

(5) Net realizable value (NRV): for finished goods, work-in-process and material for sale, their NRV is estimated by deducting the selling expense and taxes from its expected selling price. For materials held for manufacture, their NRV is estimated by deducting manufacturing cost, selling expense and taxes from its estimated selling price. For goods to execute contracts, their NRV is based on the contract price. When the Company stores inventories more than those in sales contracts, the exceeding part's NRV is based on prevailing selling price.

9. Long-term equity investment

Initial measurement of long-term equity investment

For long-term equity investment that is subject to consolidation of groups under common control, its value is measured at the share of book value of the consolidation on the consolidation date. If consolidated groups are not under common control, its value is measure at the proceeds paid or liabilities issued.

Except those described above, for the long-term equity investment that is acquired by cash, its value is the price paid. It includes related expense, taxes and other necessary expenditure. If acquired by issuing shares, its value is the fair market value of shares issued. If there is a contract, its value is the contract price. If obtained through debt reconstruction and no cash is involved, its value is based on related accounting requirements.

Subsequent measurement of long-term equity investment

Cost method is applied and equity method is used when making adjustments to compile consolidated financial statements. For long-term equity investment without control, common control or significant influence and there is no quote in the market and the fair market value is hard to measure, cost method is used. For long-term equity investment without control, common control or significant influence but there are quotes in the market and the fair market value can be measured, they are recorded as available-for-sale financial assets.

10. Investment in real estate

(1) Classification: it includes the land use right that is leased to other parties, the land use right that is going to be sold after its values increases and buildings that are leased to other parties.

(2) Measurement: cost paid is used when recorded in book. It includes purchase price, taxes and related expense. For self-instructed investment in real estate, the cost includes costs occurred to get the real estate available for intended use.

Based on its useful life and remaining value, the investment is amortized. The expected useful life, remaining value and accumulation rate is listed as follow:

Classification	Useful life (year)	Remaining value	Amortization rate *(%)*
Land use right	50		1.940
Building	40	3%	2.425

(3) Transfer and disposal

When the investment is changed for self-use, from the date of transfer, it is recorded as fixed assets or intangible assets. When self-use real estate is changed for rent or expected to gain profit as its value increases, fro the date of transfer, it is recorded as investment. In the transfer, the cost is the book value before transfer.

When disposed of, or the real estate is not expected to earn gains from, terminate the investment. When they are sold, transferred, scrapped or damaged, the book value and taxes should be deducted form the receipt from disposal, and the amount is included in operating results.

V. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. Fixed assets

Recognition standard: they must meet the following requirements, including that they are tangible assets and are held to serve manufacture, provide services or serve operating management, the useful life exceeds 1 year, and the unit value exceeds 2000 Yuan in RMB.

Classification: building, machinery, transportation equipment, office equipment and others.

Measurement: the acquired price is recorded as historical value. It includes purchase price, taxes, like value added tax and import tax, and any expenses to get the asset to achieve intended use. For self-constructed asset, its costs include costs occurred to get the asset available for intended use. For those invested by investors, its cost is based on the investment contract. For those classified as capital lease, its cost is the lower of its fair market value on the first date of lease and the lowest lease payment.

Amortization method: straight-line method is applied and the amortization rate is 3%, listed as follow:

Classification	Useful life (year)	Amortization rate *(%)*
Building	40	2.425
Machinery	8-14	12.125-6.929
Transportation equipment	8	12.125
Office equipment and others	8	12.125

Treatment for subsequent expense: subsequent expense includes repair, renovation, etc. When the future benefit is expected and the cost can be measured reasonably, the expense is recorded as fixed assets. For parts replaced, terminate the recognition. All the subsequent expenses are included in operating results.

At the end of each year, the Company reviews the expected useful life, remaining values and amortization methods for fixed assets. When necessary, accounting treatment is made for changes in accounting estimates.

When fixed assets are disposed of, or not expected to produce revenue, terminate the recognition. The difference between the benefit received from disposal and the sum of book value and taxes is included in operating results.

12. Construction in process

(1) Measurement: cost is that occurred actually. It includes raw material, labor cost, constructing expense, etc. The cost of outsourced construction includes the price paid. For construction to install equipments, the cost includes the cost of the equipment, installing expense, test expense, etc. Cost of construction in process also includes capitalized interest expense and exchange gain or loss.

(2) Requirements and time for transfer: when the status is considered as achieving the intended use, the Company transfers the construction in process to fixed assets, based on budget, pricing or actual cost occurred and starts to amortize. After finish the paper work, make adjustments for difference in the historical value of the fixed assets.

13. Borrowing expense

(1) Requirement for recognition: borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. All other borrowing costs are recognised as an expense in the period in which they are incurred. Assets eligible for capitalization are those when it takes more than 1 year to get it ready for intended use.

(2) Capitalization period: Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. If the assets are terminated for unusual reasons and the termination continuingly exceed 3 months, terminate the capitalization. When the asset is ready for intended use, terminate the capitalization of borrowing expense.

(3) Calculation: when the loan is arisen specific for purchasing or constructing the assets which meet the capitalization criterion, the capitalized interests on the loan will be the difference the actual interests occurred on the loan in the period deducting the interests earned on deposit and the income on the temporary investment. For the common loan arisen for purchasing or constructing the asset which meet the capitalization criterion, the capitalized loan interests will be calculated as the weighted average interest rate on the common loan times the weighted average of accumulated asset expenditures over the asset expenditure in the specific loan.

V. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. Intangible assets

(1) Measurement: intangible assets include land use rights and non-patent skills. For intangible assets purchased, the cost is the price paid and other related expense. For those invested by investors, the cost is based on the investment contract. In case the contract price is not fair, the cost is based on the fair market value.

(2) Amortization: for the land use right, straight-line method is used from the date it is transferred. For non-patent skills and other intangible assets, the least of the expected useful life, the useful life decided by the contract and by law is used to amortize. The amortization is recorded in corresponding asset cost and included in operating results.

(3) At the end of each year, review the useful life and method used. When necessary, make adjustments. In each year, review those with uncertain useful life. For those with limited useful life, amortize within its useful life.

15. R&D expense

An internally-generated intangible asset arising from development expenditure is classified as research phase expenditure and development phase expenditure.

For internally-generated intangible assets, the expenditure in research phase is included in operating results. For expenditure in development phase, if it meets the following requirements, it is recorded as intangible asset.

(1) it is feasible for sale or technical use;

(2) the intend to sell or use exist;

(3) the market exists for the asset or products made by the assets;

(4) adequate technology, financial resources and other resources exist to support the completion, use of sale of the asset;

(5) The expenditure in the stage of research and development of the intangible asset can be measured reliable. If the above requirements are not satisfied, the expenditure is included in operating results. The expenditure recognized in previous accounting period can not be recorded as asset. Capitalized expenditure in development is listed on the balance sheet as development expenditure and when the project achieves its intended use, it is transferred as intangible assets.

16. Write down of non-financial assets

At balance sheet date, the Company reviews long-term equity investment, fixed assets, construction in process and intangible assets with certain useful life of subsidiaries and joined venture. When the following events exist, write down may be needed and impairment test is conducted. For goodwill and intangible assets with uncertain useful life, impairment test is conducted at the end of each year.

After the impairment test, if the book value exceeds amounts receivable, the difference is recorded as write down. Once write down is recognized, it can not be recovered in future accounting periods.

The events are listed as follow:

(1) Fair market value decreases a lot, and the decrease is more than expected;

(2) The economy, technology, or other circumstances change a lot and have negative impact on the Company;

(3) Interest rate or other market return rate increases, which has impact on present value of the asset of the Company, and the amounts receivable decreases a lot;

(4) Evidence exists to support the asset is old or damaged substantially;

(5) The asset is idle, terminated or on plan of early disposal;

(6) Internal report of the Company indicates that the economic benefits from the asset are lower than expected, like the net cash flow or future benefit;

(7) Other events that indicate write down is necessary.

17. Employee compensation

(1) Employee compensation

It includes salary, bonus, subsidy, welfare, social insurance, housing fund, union fee, education fees and other expenditures related.

In the period an employee provides service, the Company recognize the compensation as liability, and record it as cost or expense based on the nature of the service. The compensation offered related to termination of contracts is included in operating results.

V. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

17. Employee compensation *(Continued)*

(2) Compensation on Dismission

The Compensation on Dismission refers to the compensation on the cancellation of the contract with the employee, including the compensation on the company exercises the dismission before the maturity of the contract without depending on the employee's willing, compensation on that the company encourage the employee to accept the dismission voluntarily before the maturity of the contract, and the compensation on the company's internal retirement programme.

(3) The recognition principle on the Compensation

1) The Company has already made the dismission plan or proposal, and is executed.

2) The company is not able to cancel the dismission plan or proposal on its single side.

(4) The measurement on the Dismission Compensation

1) For the dismission plan without depending on the willing of employee, the provision should be made on the quantity of the employees and the corresponding compensation.

2) The dismission accepted voluntarily, first estimate the quantity of the employees who will accept the dismission, and then, make the provision in the quantity of the employees and the corresponding compensation.

(5) Recognition criterion on Dismission Compensation

1) For the dismission which is exercised in different stages/periods or voluntary dismission proposal, when the stage's dismission plan reach the criterion of recognition, the stage's estimate liability arisen should be recognized, and recognized in the expense as well.

2) For the internal dismission plan up to the regulation, in accordance with the relevant rules of internal dismission, the estimated liability should be recognized as well into expense, for the period from the date that employee stop offering service till the normal stated retirement date.

18. The Estimated Liability

(1) The recognition principle: When the external warranty, outstanding litigation and claims, warranty on quality of goods, dismission plan, loss-making contact, reorganization liability, liability on disposal of fixed asset and other relevant contingent events, meet the following criterions. The recognition will be made by the Company:

1) The current obligation of the company

2) It is possible to lead the outflow of economic benefits by exercising the obligation

3) The obligation can be measured reliable.

(2) The measure for the estimated liability: the initial recognition amount for the estimated liability should be the best estimating amount on exercising the current obligation, with taking the relevant risk, contingent events and the time value into account. The affection of the time value of money is important; the best estimating amount should be the present value of the relevant future cash flow. The review should be made on the book value of the estimated liability on the balance sheet date. To make the necessary adjustments to reflect the best estimating amount.

19. The Recognition Method

The operating revenue of the company mainly includes the sales revenue and the remise right of assets revenue. The revenue should be recognized in the following condition: the relevant economic benefits will flow into the company and the relevant revenue can be measured reliable or meet the criterion stated below.

(1) Sale Revenue

The sales revenue should be recognized when it meets the following criterions: the risks and rewards of the product is transferred to the purchaser, the amount of the sales can be measured reliable, the relevant future economic benefits will flow into the enterprise, and the occurred or arising expenses can be measured reliable.

(2) Remise Right of Asset Revenue

The relevant economic benefits will flow into the company and the relevant revenue can be measured reliable or meet the criterion stated below.

1) The interest income will be in accordance with the interest rate of the Company's funds be used for the certain time and amount.

2) Revenue on lease will be recognized on straight-line in the lease term.

V. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

20. Lease

The lease of the Company is operating lease.

The lease revenue will be recognized on the straight-line in the lease term.

21. Government Grant

The government grant will be recognized when it meet the accompanied conditions. The grants of monetary asset, recognition amount will be the amount received; the appropriation grants made timely will recognized on amount payable. Government grants of non-monetary asset shall be measured in fair value; if the fair value can't measured reliable, it is measured on the nominal value.

The assets grants shall be recognized as deferred income, allocated evenly during its useful life, and account the gain or loss in the period. The revenue grants is for offsetting the future certain expense or loss, shall be recognized as the deferred income in the period when the corresponding expense is recognized, for the compensation on the Company's expense or loss shall be accounted into gain or loss of the period.

22. The Deferred Tax Asset and the Deferred Tax Liability

The deferred tax asset and liability shall be recognized at the difference amount (temporary difference) between the taxable base and its book value. For the deductible tax against the taxable amount of the following years, shall be treated as the temporary difference and recognized as the deferred tax asset accordingly. On the balance sheet date, the deferred tax asset and liability shall be measured at the interest rate applied in the period of estimated recovering the asset or settling the liability.

The Company takes the up-limit by the possible deductible temporary difference which is against the taxable base, to recognize the deferred tax asset on the deductible temporary difference. For the deferred tax asset recognized already, with estimating that there will not be sufficient taxable amount to set off the deductible deferred tax asset, the book value of the deferred tax asset should be decreased. When the sufficient taxable amount is available, the decreased amount on the deferred tax asset shall be reversed.

23. Accounting for the Income Tax

The Company adopts balance sheet method for accounting for the Company's income tax. The taxable expense shall include the income tax and the deferred income tax for the period. The income tax and the deferred income tax which are relevant with the transactions or events accounted directly into the owner's equity will be entered into owner's equity as well. Except for the amount adjusting the goodwill with the amount of deferred tax asset arising from consolidation, all the other deferred income tax and deferred tax expense/income for the period shall be accounted into the gain or loss statement.

The income tax expense refers to the tax amount should submit to the Taxation Authority, which is calculate in accordance with the taxation rules for the relevant transactions and events. The deferred tax refers to the difference between the deserved amount and the initial recognized amount at the end of the period, which includes the deferred tax asset and liability accounted under the balance sheet method.

24. Method on Consolidation of the Financial Statements

(1) Principle for consolidation scope: Contains subsidiaries with practical control and entities with special purposes for consolidated financial statements purpose.

(2) Accounting methods for consolidated financial statements: According to Corporation Accounting Standards No.33 – Consolidated financial statements and relevant requirements. All material inter-transactions within consolidation scope are offset for consolidated financial statements purpose. Subsidiaries' equity not held by parent company lists separately as minority interest under Item Equity in consolidated financial statements.

When accounting policies or accounting periods of subsidiaries and The Company differ in preparing consolidated financial statements, those of the Company take priority, any adjustments made if necessary.

For subsidiaries acquired due to consolidation of entities with different controllers, adjustments made in a realizable fair value basis of assets acquired on acquisition date when preparing consolidated financial statements. For subsidiaries acquired due to consolidation of entities with the same controller, deal with as those subsidiaries exist from the beginning of the year in which consolidation made, from then the assets, liability, operating performance and cash flow taken into account of book value in preparing consolidated financial statements.

VI. PRINCIPAL TAXATION

Main tax items and tax rates are as following:

1. Corporation Tax

The Company had qualification of High-technology Company from year 2004 to year 2007 and gained Certificate of High-technology Company (JingkeGaoZi No. 0711024A00725) from Beijing Science and Technology Committee on 22 October 2007, valid for two years. The income tax is calculated at 15%.

Tax rates for subsidiaries are as following:

Company	Tax Rate
Shanxi Beiren Printing Machinery Limited	15%
Beijing Beiren Fuji Printing Machinery Limited	12%
Haimen Beiren Printing Machinery Company Limited	33%
Hebei Beiren Gei Zhi Ji Chong	33%
Beijing Beiren Yuxin Offset Printing Limited	33%
Beijing Beiren Jinyan Printing Machinery Factory	33%
Sheenlite Limited	17.5%

2. VAT

The Company's income of commodity sales, processing and making repairs and supplying replacements is accounted for VAT. VAT of 17% applies for domestic sales.

VAT Input for raw material purchase could offset VAT Output, tax rate of 17% applies. Tax repayment could be claimed for VAT Input of exportation.

VAT payable is VAT Output less VAT Input.

3. Operating Tax

Tax rate of 5% is for taxable income.

4. City Construction Tax and Added-on Education Tax

Tax basis are VAT payable and Operating Tax payable respectively, tax rates of 5%-7% and 3% applies respectively for City Construction Tax and Add-on Education Tax.

5. Capital Gain Tax for Real Estate

Tax basis are 70%-80% of original value of real estate and rents of real estate respectively, tax rates of 1.2% and 12% applies respectively.

VII. CONSOLIDATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. Major subsidiaries

Unit: 0'000

Company	Registration Location	Nature	Registered Capital	Operating Scope	Investment Amount	Shareholding (%)	Voting Right (%)	Consolidated for the period
Shanxi Beiren Printing Machinery Limited	Weinan City, Shanxi Province	Limited Liability company	11,500	Manufacture sale and maintain printing machines, packing machines, engineering machines and electrical equipments and relevant fittings, manufacture and sale typesetting machines and printing machines	9,918.00	86.24	86.24	Yes
Beijing Beiren Fuji Printing Machinery Limited	Chaoyang District, Beijing City	Sino-Foreign Equity Joint Venture Enterprise	USD 510	Manufacture printing machines, sale self-manufactured products	2,963.27	70.00	70.00	Yes
Haimen Beiren Printing Machinery Company Limited	Haimen City, Jiangsu Province	Limited Liability company	5,100	Manufacture printing machines and relevant fittings	3,484.80	68.33	68.33	Yes
Hebei Beiren Gei Zhi Ji Chong	Shijiazhuang City, Hebei Province	Limited Liability company	500	Process and sale paper providers and relevant fittings	253.40	50.68	50.68	Yes
Beijing Beiren Jinyan Printing Machinery Factory	Yanqing Country, Beijing City	Joint stock company	2,105	Manufacture printing machines and relevant components, provide relevant technical consulting services	2,100.00	99.76	99.76	Yes
Sheenlite Limited	HongKong	Limited Liability company	HKD 3	Act as HK Office of The Company And keep The Company's properties	3.51	100.00	100.00	Yes
Beijing Beiren Yuxin Offset Printing Limited	Dongcheng District, Beijing City	Limited Liability company	2,243	Book printing, binding, typesetting and plate making	1,540.00	68.66	68.66	Yes

Notes:

(1) Shaanxi Beiren Printing Machinery Holdings Limited (hereafter "Shaanxi Beiren"), the original name was Shaanxi Printing Machinery Plant, was founded in 1967 by Lanzhou Pertroleum and Chemical Machinery Plant, Luoyang Mining Machinery Plant, Taiyuan Heavy Machinery Plant. Shaanxi Beiren was subject to the No. 1 Machinery Plant, and changed to be subject to the Machinery Bureau of Shaanxi, since November 1997, it was transferred to Huanghe Engineering Machinery Corporation (hereafter, "Shanxi Huanggong"), and the name was changed into Shaanxi Huanggong Printing Machinery Ltd.Co.

In December 2000, Shaanxi Huanggong Printing Machinery Ltd. perform Debt to Equity, the debts holding by Huarong Asset Management Company of China were converted into equity. After the conversion, Shaanxi Huanggong was held 69.56% by Shaanxi Huanggong, and 30.44% by Huarong Asset Management Company of China. The corporation Operating License No. 6100001010030 was issued on 18 December 2006 by the Administration Bureau of Industry and Commerce, the legal representative of the company is: Guohua Wang, address of the company: West part of Gaoxin Street, city of Weinan.

On 28 December 2001, with being approved by Economy and Trade Committee, the part of State-owned assets is transferred under the company through debts acceptance. In January 2002, with being approved by the Administration Bureau of Industry and Commerce, the company's name was modified as Shaanxi Beiren, registered capital is 100 million RMB invested by the Company and Huarong Asset Management Company of China, including invested by the Company RMB84.18 millions represented as 84.18% of registered capital, Huarong Asset Management Company of China invested RMB15.82 millions and represented as 15.82% of the registered capital.

In April 2004, the Company made the further capital investment to Shaanxi Beiren RMB15 millions. Including: accumulated investments by the company RMB99.18 millions, represented as 86.24% of the registered capital; accumulated investments made by Huarong Asset Management Company of China 15.82 millions, represented as 13.76% of the registered capital. On 18 December 2006, the corporation Operating License No. 6100001010030 was issued by the Administration Bureau of Industry and Commerce of Shannxi. Legal representative is: Guohua Wang, address: West of Dongfeng Street, Gaoxin district, City of Weinan.

VII. CONSOLIDATION AND CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

1. Major subsidiaries *(Continued)*

Notes: (Continued)

(2) Beiing Beiren Fuji Printing Machinery Ltd. (hereafter "Beijing Beiren Fuji") was the joint venture company by the Company and Fuji Machinery Industry Ltd. of Japan, with the registered capital 2 million US dollars. The Company holds 70% with the investment of cash, and Fuji Japan holds 30% with 15% investment in patent technology and 15% investment in cash. In 1998, the capital of Beijing Beiren Fuji was increased to 5.1 millions US dollars. The capital was increased at the original capital holding proportion, and no changes in the proportion after the capital increase. The legal representative is: Peiwu Zhang, address: Fatou Chaoyang District, Beijing.

(3) Haimen Beiren Fuji Printing Machinery Ltd.(hereafter "Haimen Beiren Fuji") was founded in February 1996, operating duration is 20 years, the original registered capital is RMB29 millions, the Company and Nantong Printing Machinery Plant respectively invested RMB14.848 millions (represented as 51.2% of registered capital) and RMB14.152 millions (represented as 48.8% of the registered capital). With the bankrupt of Nantong Printing Machinery Plant, the government of Haimen issued the document Haizhengfa No.73 (1999) in June 1999, share of Nantong Printing Machinery Plant transferred to Haimen Printing Machinery Plant. The share holding right was transferred a few times there after. In September 2003, 73.8% of the share was transferred to Beijing Fuji, and 20% of the share was transferred to Mr. Dagang Kong.

On 18 April 2004, with the agreement of General Meeting of shareholders, the Company and Beijing Beiren made the increase in capital RMB11 millions. In October 2005, the Company made further additional investment RMB11 millions. On 27 December 2006, Haimen Beiren Fuji got the Corporation Operating License No. 3206841100017, the registered capital of the company is RMB51 millions, including the investment of the Company RMB34.848 millions, represented as 68.33% of the registered capital; Beijing Beiren Fuji invested RMB10.352 millions, represented as 20.3% of the registered capital. Mr. Dagang Kong invested RMB5.80 millions, represented as 11.37% of the registered capital. The legal representative is: Peiwu Zhang, address: Sanhe Economy Zone, Haimen.

(4) Hebei Beiren Paper Supplying Machinery Ltd. (hereafter, Hebei Beiren) with the prior name of Hebei Beiren Paper Supplying Machinery Plant, was founded with the issued document by government of Shi Jia Zhuang, "the Letter about Founding Hebei Beiren Paper Supplying Machinery Plant by Hebei Upholster Printing Machinery Ltd. and Beiren Printing Machinery Ltd.". Hebei Beiren was founded with the investment by the Company and Hebei Upholster Printing Machinery Ltd. in March 1995, Corporation Operating License No. 1301001000869, registered capital RMB4.8026 millions, including the investment of Hebei Upholster Printing Machinery Ltd. RMB2.3685 millions, represented as 49.23% of the registered capital; the investment of the Company is RMB2.4341 millions, represented as 50.68% of the registered capital. In 2003, Hebei Beiren transferred RMB197,400 from Undistributed Profit to form the Ltd., after that, the registered capital of Hebei Beiren is RMB5 millions, including the investment of RMB2.466 millions by Hebei Upholster Printing Machinery Ltd. and RMB2.534 millions investment by the Company. The proportion of investment keep the same with before. The legal representative is: Zhendong Yang, address: No.88 Huitong Road, Shi Jia Zhuang.

(5) Beijing Beiren Jingyan Printing Machinery Plant (hereafter, Beijing Jingyan) was founded in 1996 by the Company and North Printing Machinery Plant of Chaoyang Beijing, the initial registered capital was RMB4.05 millions, including the investment by the Company RMB4 millions, represented as 98.76% of the registered capital; the investment by North Printing Machinery Plant of Chaoyang Beijing was RMB50 thousands, represented as 1.24% of the registered capital. On 30 December 2003, the Company made increase in the capital RMB17 millions, after that, the registered capital is RMB21.05 millions, including the investment of the Company RMB21 millions, represented as 99.76% of the registered capital; the investment 50 thousands by North Printing Machinery Plant of Chaoyang Beijing, represented as 0.24% of the registered capital. Corporation Operating License is No.1102291965246, legal representative: Zhendong Yang, address: Village Wangquan, Town Yanqing, Country Yanqing, Beijing.

(6) Chenguang Ltd. (hereafter Hongkong Chenguang) is the registered oversea company of the Company in accordance with No.11 in the Corporation Act of Hongkong. The registered address is 6/F, Block A, Mansion Gaofeng, No.5 Road Fuyin, Hongkong. The scope of the business is supplying the office assets and the relevant management severice.

(7) Eijing Beiren Yuxin Offset Printing Ltd. (hereafter, Beiren Yuxin) was founded in December 2001 by the Company and Beijing Offset Printing Ltd. together with other 27 natural persons, with registered capital RMB22.43 millions, the investment of the company is RMB15.4 millions, represented as 68.66% of the registered capital; the investment by the Beijing Offset Printing Ltd. is RMB4.281132 millions, represented as 19.8% of the registered capital; the investment by the 27 natural persons is RMB2.748868 millions, represented as 12.26% of the registered capital. In December 2001, we got the Corporation Operating License No. 1101011348089, legal representative is: Jing Liu, address: No.77, Meishu Guan Hou Jie, Dongcheng District, Beijing.

2. The changes in scope of the consolidation

There are two companies less included in the consolidation scope than the last year, because the subsidiaries were liquidated. These two subsidiaries were Hubei Beiren Printing Machinery Sales Ltd. and Zhejiang Beiren Printing Machinery Sales Ltd. For Hubei Beiren Printing Machinery Sales Ltd., there Liquidation Report, Wupeng Shen Zi No.277 (2006), was issued by Tianpeng Certified Public Accountants in the city of Wu Han. For Zhejiang Beiren Printing Machinery Sales Ltd., there Liquidation Report on written-off the taxation register number, Zherui Shui Zi No.208(2007), was issued by Tian Rui Taxation Affairs Firm in Zhejiang province. In current period, the balance sheets of the above companies are not included in the consolidation, only the income statements of 2007 are involved in the scope of consolidation.

Except for the matters mentioned above, the other consolidations are the same with the last year.

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Monetary fund

	2007.12.31			2006.12.31		
Item	**Original currency**	**Exchange rate**	**RMB**	Original currency	Exchange rate	RMB
Cash	**56,345.34**		**56,345.34**			60,759.78
USD	**0.00**	**0.00**	**0.00**	385.00	7.8087	3,006.35
JPY	**0.00**	**0.00**	**0.00**	129.06	0.0656	8.47
SKW	**0.00**	**0.00**	**0.00**	54,000.00	0.0083	448.20
Bank			**98,596,197.98**			76,042,077.95
USD	**411,156.66**	**7.3046**	**3,003,641.75**	217,441.94	7.8087	1,697,938.91
HKD	**8,067,558.73**	**0.9364**	**7,554,462.00**	75,116.26	1.0047	75,469.31
EURO	**0.00**		**0.00**	486.92	10.2664	4,998.92
JPY	**0.00**		**0.00**	737,445.99	0.06563	48,398.58
Other monetary funds	**9,751,032.12**		**9,751,032.12**	6,701,674.54		6,701,674.54
Total			**108,403,575.44**			82,804,512.27

Other monetary funds include RMB8,083,015.16 of pledged bank deposits, RMB1,033,016.96 of letter of credit deposit and RMB635,000.00 of loan deposit as at 31 December 2007.

2. Bills Receivable

(1) Types

Type	Closing Balance	Opening Balance
Bank acceptance notes	36,936,053.79	11,883,778.28

(2) Save for RMB1,100,000.00 in bills receivable was pledged to secure the bank borrowings, as at the end of the year, the remaining bills receivable have not been pledged and mortgaged.

(3) Bills receivable back-writed but not due as at the end of year.

Type	Due period		Amount
Bank acceptance notes	2 January 2008	1 December 2008	93,270,603.54

(4) Closing balance increases 210.81% on opening balance, as a result of the increase of operating income and of more adoption of notes for payment by client.

3. Accounts receivable

(1) Risk classification for accounts receivable

	Closing Balance			Opening Balance		
Item	**Amount**	**Proportion %**	**Provision for bad debts**	**Amount**	**Proportion %**	**Provision for bad debts**
Accounts receivable material in amounts	107,120,737.88	22.01	18,513,819.12	76,020,160.63	17.56	11,780,700.00
Accounts receivable non-material in amounts, but with credit risk	0.00	0.00	0.00	0.00	0.00	0.00
Other accounts receivable non-material in amounts	377,629,739.15	77.99	49,597,491.81	356,823,073.74	82.44	49,082,709.66
Total	**484,750,477.03**	**100.00**	**68,111,310.93**	**432,843,234.37**	**100.00**	**60,863,409.66**

By testing, there is no impairment for material accounts receivable.

For classifying policy of accounts receivable, see Notes 5(7).

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. Accounts receivable *(Continued)*

(2) Aging analysis for accounts receivable

Item	Closing Balance Amount	Proportion %	Provision for bad debts	Opening Balance Amount	Proportion %	Provision for bad debts
Within 1 year	354,370,260.80	73.10	0.00	289,414,925.57	66.86	0.00
1 year – 2 years	56,303,375.42	11.61	11,674,425.68	88,992,825.45	20.56	17,915,536.71
2 years – 3 years	36,865,826.78	7.61	20,536,321.90	22,688,759.91	5.24	12,742,046.29
Over 3 years	37,211,014.03	7.68	35,900,563.35	31,746,723.44	7.34	30,205,826.66
Total	**484,750,477.03**	**100.00**	**68,111,310.93**	**432,843,234.37**	**100.00**	**60,863,409.66**

(3) The Company set off accounts receivable of RMB181,000.00 of Fujian Printing Material Company, for the Company entered into an agreement for unsettled amounts with client, and the Company made a decision of giving up this item. According to the agreement with Zhejiang Dadongnan Packaging Ltd., the Company agreed to give up the receivable amounted to RMB10,000.00, and the receivable was written off in 2007 by the Company.

(4) During the year, the Company entered into a number of transactions on factoring of accounts receivable to obtain monetary fund for sale of printing machinery with Shanghai Pudong Development Bank, Beijing Branch. The balance of factoring of accounts receivable was included in short term loans (see Note 14(3)), according to the notice of circulation of the Provisional Requirement on Accounting Treatment for Credit Receivable Financing Activities entered into between Enterprises and Banks or Financial Institutions (Cai Kuai [2003]No.14). As at 31 December 2007, the balance of factoring of accounts receivable was RMB101,279,187.32. The Company did not account provisions for bad debts for those accounts receivable were not due as at 31 December 2007.

(5) The details of the balance of the accounts receivable due from shareholders who hold 5% or more of the Company's shares are as follows:

Company name	Closing balance	Opening balance
Beiren Group Corporation	1,460,000.00	910,000.00

(6) Top five of accounts receivable of RMB57,156,901.38, take percentage of 11.79% of total accounts receivable.

(7) Accounts receivable of related parties of RMB1,678,000.00, take percentage of 0.35% of total accounts receivable.

(8) Accounts receivable contains following balances in foreign currencies:

Foreign currency	Closing balance Foreign currency	Exchange rate	RMB	Opening balance Foreign currency	Exchange rate	RMB
USD	162,454.12	7.3046	1,186,662.37	3,964,123.56	7.8087	30,954,651.64
EURO	296,000.00	10.6669	3,157,402.40	0.00		0.00
Total			**4,344,064.77**			**30,954,651.64**

(9) Closing balance increases 12.01% on opening balance, as a result of the increase of operating income this year.

4. Prepayment

Item	Closing balance Amounts	Proportion %	Opening balance Amounts	Proportion %
Within 1 year	30,600,473.49	94.62	11,396,891.42	97.02
1 year - 2 years	1,416,457.09	4.38	333,839.68	2.84
2 years - 3 years	324,689.07	1.00	10,168.36	0.09
Over 3 years	0.00	0.00	6,640.20	0.05
Total	**32,341,619.65**	**100.00**	**11,747,539.66**	**100.00**

(1) Items over 1year are as a result of uncompleted projects or being not accounted by the other side.

(2) Closing balance increases 175.31% on opening balance, as a result of the increase of purchase this year and some goods received but not paid.

(3) There are no prepayments due from shareholders who hold 5% or more of the Company's shares of voting right.

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. Other receivables

(1) Risk classification for other receivables

Item	Closing balance Amount	Closing balance Proportion %	Closing balance Provision for bad debts	Opening balance Amount	Opening balance Proportion %	Opening balance Provision for bad debts
Other receivables material in amounts	32,971,535.04	61.76	14,088,241.00	32,281,694.00	65.41	15,885,710.00
Other receivables non-material in amounts, but with credit risk	0.00	0.00	0.00	0.00	0.00	0.00
Other receivables non-material in amounts	20,411,091.89	38.24	5,374,006.67	17,068,491.64	34.59	1,591,003.24
Total	**53,382,626.93**	**100.00**	**19,462,247.67**	**49,350,185.64**	**100.00**	**17,476,713.24**

(2) Aging analysis for other receivables

Item	Closing balance Amount	Closing balance Proportion %	Closing balance Provision for bad debts	Opening balance Amount	Opening balance Proportion %	Opening balance Provision for bad debts
Within 1 year	25,544,234.37	47.85	1,769,000.00	21,232,266.41	43.02	0.00
1 year – 2 years	1,556,323.30	2.92	214,966.08	2,115,963.93	4.29	116,647.29
2 years – 3 years	1,848,593.57	3.46	93,323.53	3,932,380.20	7.97	71,173.00
Over 3 years	24,433,475.69	45.77	17,384,958.06	22,069,575.10	44.72	17,288,892.95
Total	**53,382,626.93**	**100.00**	**19,462,247.67**	**49,350,185.64**	**100.00**	**17,476,713.24**

(3) Other receivables of RMB1,797,469.00 of Southeast Asia with full amount bad debts provision were received this period, therefore those provision were reversed in this period.

(4) Part of largest other receivables are as follows:

Company	*Note*	Amounts	Nature	Proportion %
Offset Printing Limited	*1*	12,555,294.04	Trade funds	23.52
Southeast Asia	*2*	9,088,241.00	Investment	17.02
Xian Office of Huarong Assets Management Company	*3*	6,328,000.00	Repayment for investment	11.85
Ying Peng Cooperative Credit Union, Bai Yin, Gansu Province	*4*	5,000,000.00	Bank deposit	9.37

Notes:

1. Item of Offset Printing Limited is trade funds between The Company's subsidiary Beiren Yuxin and its minority shareholder Beijing Offset Printing Limited.

2. Item of Southeast Asia is investment in south-east Asia in previous periods, were accounted in full amount bad debts provision for its collecting difficulty.

3. Item of Xian Office of Huarong Assets Management Company is share redemption funds, according to the article of Shaanxi Beiren Printing Machinery Limited, Xian Office of Huarong Assets Management Company acquired shares in a debt-share transfer way, share disposal could be in forms of transfer, replacement or redemption. Share redemption should be completed before year 2007 with the same annual share redemption. Xian Office of Huarong Assets Management Company acquired shares of RMB15,820,000.00 in a debt-share transfer way with a five-year redemption period. Xian Office of Huarong Assets Management Company redeemed RMB6,328,000.00 for year 2003 and 2004. Xian Office of Huarong Assets Management Company did not act as regulations of share disposal, for there were no relevant resolutions of the board of directors.

4. Item of Ying Peng Cooperative Credit Union is bank deposit with full amount bad debts provision, for relevant parties are in the process of liquidation. It is due to the credit union still has some receivables can not collected.

(5) There are no prepayments due from shareholders who hold 5% or more of the Company's shares of voting right.

(6) Top five of other receivables amounts to RMB34,740,535.04, being 65.08% of the total amount of other receivables.

(7) Accounts receivable of related parties of RMB1,048,200.00, take percentage of 1.96% of total accounts receivable.

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. Other receivables *(Continued)*

(8) Other receivables contains following balances in foreign currencies:

	Closing balance			Opening balance		
Forign currency	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange rate	RMB
HKD	17,881,905.93	0.9364	16,744,616.71	19,166,662.03	1.0047	19,256,745.34
Total	**17,881,905.93**		**16,744,616.71**	**19,166,662.03**		**19,256,745.34**

6. Inventories and provision for diminution in value of inventories

(1) Categories of inventories

Item	Closing balance	Opening balance
Materials in-the-way	135,000.00	0.00
Raw materials	109,665,760.40	88,617,219.64
Work in progress	399,918,879.85	377,493,460.41
Storage goods	217,199,286.48	314,911,847.91
Low value consumables	1,895,912.53	301,397.72
Semi-finished goods	17,824,229.81	23,154,641.98
Materials processed on behalf of others	2,372,878.39	0.00
Total	**749,011,947.46**	**804,478,567.66**

(2) Provision for diminution in value of inventories

Item	Opening balance	Provision	Transfer	Closing balance
Raw materials	1,964,204.79	0.00	107,308.82	1,856,895.97
Work in progress	38,334,031.09	3,445,766.27	12,657,196.97	29,122,600.39
Storage goods	53,984,042.03	1,834,272.08	21,121,441.51	34,696,872.60
Total	**94,282,277.91**	**5,280,038.35**	**33,885,947.30**	**65,676,368.96**

For the year 2005, domestic demand of printing machine decreased and the Company could not forecast correctly. Therefore the products were far more than the demand for the years 2005 & 2006 and a situation of overstock resulted in. The Company paid more attention on R&D and manufactured new products in order to enhance market development, but the result were not satisfactory. Before 2005, market demand was great. The speed of the Company's production was too fast, and some goods were not of satisfactory quality and were rejected by client. Overstock was resulted therefrom. At the end of 2006, The Company accounted provision for diminution in value of inventories of RMB53,063,300.00.

In 2007, the Company promoted the disposal on excessive inventory, RMB69.1068 millions were disposed in total. The reversal on the provision of impairment on inventory was RMB32.3434 millions. The disposal gain was RMB440,800.

At the end of 2007, The Company tested on diminution in value of non-disposed overstock, and accounted provision for diminution in value of inventories of RMB5,280,000.00.

For provision policy, see Notes 5(8).

(3) Closing balance of inventory's original value decreased 6.89% compared with opening balance. Closing balance of inventory's net book value decreased 3.78% compared with opening balance. These are due to the disposal of overstock this year, details of which are as follows:

1) Closing balance of raw material's original value increased RMB21,050,000.00, comparing to the opening balance, as a result of the increase of raw material's price and the increase of procurement of raw material this year and the restraint of raw material consumption resulted.

2) Closing balance of work in progress's original value increased RMB22,430,000.00, compared with the opening balance. It was mainly due to the relocation of Shaanxi Beiren. Because of the relocation, it took time to make the machinery available for use, the commissioning of the new and old machinery took relatively long time, and the working hours were not sufficient in the workshop, so that the accessories couldn't be finished on time. In addition, Shaanxi Beiren Printing Machinery Limited procured more orders of 2008 at the end of 2007 and that the structure of products are more satisfactory, with more large-scale advanced equipments, and hence of greater value. In order to shorten the term for additional works and to ensure the production could be completed, the company had started pre-process work and purchases well in advance in relation to all purpose components, parts with longer process time, components and accessories.

3) Closing balance of storage goods' original value decreased RMB97,710,000.00 compared with opening balance, as a result of the disposal of overstock and storage goods, wherein overstock amounted to RMB50,800,000.00 and storage goods amounts to RMB46,910,000.00.

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. Long-term equity investments

(1) Long-term equity investments

Item	Closing balance	Opening balance
Accounted in cost method	50,000.00	50,000.00
Accounted in equity method	24,191,198.13	37,117,379.14
Total	**24,241,198.13**	**37,167,379.14**
Less: provision for diminution of long-term equity investments	50,000.00	50,000.00
Net book value	**24,191,198.13**	**37,117,379.14**

(2) Accounted in cost and equity method

Company	Shareholding %	Original amounts	Opening balance	Increase	Decrease	Closing balance	Cash dividends for the year
In cost method							
Ying Shen Associated Company Limited		50,000.00	50,000.00	0.00	0.00	50,000.00	0.00
Sub-total		50,000.00	50,000.00	0.00	0.00	50,000.00	0.00
In equity method							
Beiren Tai He	62.50	2,500,000.00	5,313,234.53	0.00	5,313,234.53	0.00	0.00
Liaoning Beiren Printing Machinery Operation and Sale Company Limited	49	343,000.00	192,715.04	0.00	192,715.04	0.00	0.00
Beijing Beiren Hengtong Printing Machinery Operation and Sale Company Limited	49	900,000.00	589,485.35	0.00	589,485.35	0.00	0.00
Beijing Monigraf Automatic Systems Company Limited	49	3,675,000.00	7,901,363.60	691,971.11	0.00	8,593,334.71	0.00
Beijing Beiying Moulding Company Limited	20	1,136,000.00	4,170,136.91	1,025,118.59	340,800.00	4,854,455.50	340,800.00
Mitsubishi Beiren	49	22,540,000.00	18,950,443.71	(8,207,035.79)	0.00	10,743,407.92	0.00
Sub-total		31,094,000.00	37,117,379.14	(6,489,946.09)	6,436,234.92	24,191,198.13	340,800.00
Total		**31,144,000.00**	**37,167,379.14**	**(6,489,946.09)**	**6,436,234.92**	**24,241,198.13**	**340,800.00**

The Company completed the liquidation of Beiren Tai He, and Beijing ZhengHengDongYa CPA issued liquidation report (ZhengHengDongYa Zhuan Shen Zi 2007 No.0275) on 12 June 2007.

The Company completed the liquidation of an associate company, Liaoning Beiren Printing Machinery Operation and Sale Company Limited, and Liaoning HuaLian CPA issued liquidation report (HuaHuiSuo Shen Zi 2007 No.058) on 2 June 2007.

The Company withdrawed capital from Beijing Beiren Hengtong Printing Machinery Operation and Sale Company Limited.

(3) Provision for diminution of long-term equity investments

Company	Opening balance	Increase	Decrease	Closing balance
Ying Shen Associated Company Limit	50,000.00	0.00	0.00	50,000.00

The Company's subsidiary Shaanxi Beiren Printing Machinery Limited invested RMB50,000.00 into Ying Shen Associated Company Limit, and had no controlling or significant influence forwards the company. The investment were accounted in full amount bad debts provision,.

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. Long-term equity investments *(Continued)*

(4) Associates

Company	Registered Location	Nature of Business	Share holding	Voting Right	Total Net Assets	Total Operating Income	Net Profit
Beijing Monigraf Automatic Systems Company Limited	Beijing City	Develop, manufacture and sale automations of printing machines, provide relevant installation, repairments and consulting services	49%	49%	17,537,417.77	15,644,565.47	1,410,310.77
Beijing Beiying Moulding Company Limited	Beijing City	Manufacture and sale parts, manufacture castings and models, develop and transfer technology, provide consulting services	20%	20%	24,272,277.48	111,341,341.40	5,377,633.23
Mitsubishi Beiren	Beijing City	Manufacture and sale printing machines, provide relevant consulting services	49%	49%	18,500,286.99	129,632,358.17	(18,914,087.92)
Total					**60,309,982.24**	**256,618,265.04**	**(12,126,143.92)**

(5) Closing balance decreased 34.83% of opening balance, as a result of the closing of some associates.

8. Investment properties

(1) Accounted in cost methods

Item	Opening balance	Increase	Decrease	Closing balance
Original cost	15,060,011.90	8,351,200.80	0.00	23,411,212.70
Buildings	15,060,011.90	8,351,200.80	0.00	23,411,212.70
Accumulated depreciation	5,659,925.32	754,350.58	0.00	6,414,275.90
Buildings	5,659,925.32	754,350.58	0.00	6,414,275.90
Accumulated impairment provision	0.00	0.00	0.00	0.00
Buildings	0.00	0.00	0.00	0.00
Book value	9,400,086.58	7,596,850.22	0.00	16,996,936.80
Buildings	9,400,086.58	7,596,850.22	0.00	16,996,936.80

(2) In this year, the workshop is accounted into investment real estate, which was rented to Beijing Mitsubishi Machinery before. The original transferred value was RMB8,351,200.80, the accumulated amortization amount is RMB441,875.63, the net value is RMB7,909,325.17, this leaded to an increase of 80.82% in the ending net value than the beginning net value.

9. Non-current assets

(1) Non-current assets list

Item	Buildings	Machinery	Motor vehicle	Furniture fixture and equipment	Others	Total
Original cost						
Opening balance	564,656,409.73	509,894,356.15	20,384,844.49	71,136,401.45	4,312,235.58	1,170,384,247.40
Increase	32,734,475.03	44,174,633.00	851,189.00	2,761,671.55	1,402,123.75	81,924,092.33
Transferred from construction in progress	36,032,830.44	19,134,398.83	0.00	0.00	93,665.02	55,260,894.29
Decrease	15,296,471.15	14,291,492.08	1,264,899.83	14,534,717.39	0.00	45,387,580.45
Closing balance	582,094,413.61	539,777,497.07	19,971,133.66	59,363,355.61	5,714,359.33	1,206,920,759.28

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. Non-current assets *(Continued)*

(1) Non-current assets list *(Continued)*

Item	Buildings	Machinery	Motor vehicle	Furniture fixture and equipment	Others	Total
Accumulated depreciation						
Opening balance	78,129,689.89	320,177,802.47	11,071,369.02	41,564,576.53	1,362,044.09	452,305,482.00
Increase	11,437,635.32	29,162,018.48	1,320,294.50	3,335,659.30	92,909.99	45,348,517.59
Decrease	3,808,422.47	10,464,376.28	946,267.63	661,944.24	0.00	15,881,010.62
Closing balance	85,758,902.74	338,875,444.67	11,445,395.89	44,238,291.59	1,454,954.08	481,772,988.97
Impairment provision						
Opening balance	3,000,000.00	21,505,623.58	213,571.00	0.00	0.00	24,719,194.58
Increase	0.00	520,478.75	0.00	0.00	0.00	520,478.75
Reversal	0.00	0.00	0.00	0.00	0.00	0.00
Other deduction	3,000,000.00	1,272,120.62	98,571.00	0.00	0.00	4,370,691.62
Closing balance	0.00	20,753,981.71	115,000.00	0.00	0.00	20,868,981.71
Net book value						
Opening balances	483,526,719.84	168,210,930.10	9,099,904.47	29,571,824.92	2,950,191.49	693,359,570.82
Closing balance	496,335,510.87	180,148,070.69	8,410,737.77	15,125,064.02	4,259,405.25	704,278,788.60

(2) There are no unused non-current assets this year.

(3) The subsidiary Shanxi Beiren Printing Machinery Limited had no land certificate for the land use right with net book value of RMB717,118.00, for it was granted by government in system reformation.

(4) Some of buildings and machinery with original cost of RMB78,857,633.58 and net book value of RMB42,349,731.50 were pledged to bank for short-term loans.

(5) At the end of 2007, The Company accounted diminution in value of non-current assets of RMB520,478.75 in a future recoverable value basis, upon the impairment test. The Company disposed some non-current assets with original value of RMB45,387,580.45 and accounted impairment provision of RMB4,370,691.62 and net book value of RMB25,135,878.21, which resulted in a disposal profit of RMB3,946,866.34.

10. Construction in progress

(1) Construction in progress list

Name	Budget	Opening Balance	Increase	Transferred Into Non-Current Assets	Other Deductions	Closing Balance	Source of Funds	Progress of Work
Land use right		17,958,654.14	0.00	0.00	17,958,654.14	0.00	Self-owned	
Construction	170,692,071.00	8,695,911.05	31,396,208.13	36,032,830.44	3,480,361.50	578,927.24	Borrowings self-owned	81%
Equipments in installation	63,360,950.00	14,118,203.37	15,786,482.50	19,134,398.83	1,493,043.14	9,277,243.90	Self-owned	86%
Others		1,382,073.95	219,228.80	93,665.02	0.00	1,507,637.73	Self-owned	
Total	**234,053,021.00**	**42,154,842.51**	**47,401,919.43**	**55,260,894.29**	**22,932,058.78**	**11,363,808.87**		
including: capitalised borrowing expenses			1,257,109.20			1,257,109.20		

Capitalisation rate is 4.33% for this year.

(2) Impairment provision

Item	Opening balance	Increase	Decrease	Closing balance
Equipments in installation	1,165,827.82	0.00	1,165,827.82	0.00
Total	**1,165,827.82**	**0.00**	**1,165,827.82**	**0.00**

The Company made the disposal on the construction programmes of colophony sands which were terminated for a long time and full-provision made.

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. Intangible assets

(1) Intangible assets

Item	Land use right	non-patent technology	Software	Total
Original cost				
Opening balance	128,668,895.77	3,676,709.59	720,747.00	133,066,352.36
Addition	18,417,148.00	0.00	0.00	18,417,148.00
Deduction	0.00	0.00	0.00	0.00
Closing Balance	**147,086,043.77**	**3,676,709.59**	**720,747.00**	**151,483,500.36**
Accumulated Amortisation				
Opening Balance	11,903,624.59	2,005,795.63	278,419.00	14,187,839.22
Amortisation	3,252,464.14	564,302.76	99,588.00	3,916,354.90
Deduction	0.00	0.00	0.00	0.00
Closing Balance	**15,156,088.73**	**2,570,098.39**	**378,007.00**	**18,104,194.12**
Book Value				
Opening Balance	116,765,271.18	1,670,913.96	442,328.00	118,878,513.14
Closing Balance	**131,929,955.04**	**1,106,611.20**	**342,740.00**	**133,379,306.24**

Some of land use right with original cost of RMB23,382,148.00 and net book value of RMB22,350,532.84 were pledged to bank for short-term loans.

(2) As at 31 December 2007, the Company has not obtained land use rights certificates for 92.126 acreages of land acquired by it and located in Da Xing District in Beijing.

(3) Closing balance increased 12.20% compared with opening balance, as a result of the completion of relocation of Shanxi Beiren Printing Machinery Limited, where its land use right transferred into intangible assets.

12. Long-term Accrued Expenses

Items	31 December 2007	31 December 2006
Land developing expense	**12,062,291.10**	**12,128,291.10**
Telephone installation fee	**0.00**	**11,715.00**
Subtotal	**12,062,291.10**	**12,140,006.10**

The land developing expense is accrued when the Company reorganized into the stock company. The expense was invested and as valued by Beiren.

13. Deferred Tax Asset

(1) Deferred tax asset

Item	Closing balance	Opening balance
Deferred tax asset for temporary difference items	2,967,876.81	2,939,523.35

(2) Temporary difference items

Temporary difference items	Closing balance	Opening balance
Provision for bad debts	9,122,729.81	8,073,387.68
Provision for diminution in value of inventories	11,706,846.44	12,116,714.78
Impairment provision of long-term equity investment	50,000.00	50,000.00
Impairment provision of construction in progress	0.00	1,165,827.82
Accumulated depreciation of non-current assets	10,482.05	0.00
Impairment of non-current assets	635,478.75	213,571.00
Deferred expenses	280,000.00	0.00
Total	21,805,537.05	21,619,501.28
Tax rates	15%, 12%	15%, 12%
Deferred tax debit	**2,967,876.81**	**2,939,523.35**

Notes to the Financial Statements
(Prepared under PRC accounting standards)
For the year ended 31 December 2007

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. Short-Term Loans

Type	Closing balance	Opening balance
Credit bank loans	225,000,000.00	205,000,000.00
Mortgaged bank loans	55,650,000.00	42,150,000.00
Guaranteed bank loans	22,750,000.00	48,000,000.00
Pledged bank loans	61,679,750.00	54,873,825.01
Total	**365,079,750.00**	**350,023,825.01**

Note: Pledged loans were the bills receivable and accounts receivable with recourse transferred/discounted by the Company to financing institutions. As at 31.12.2007, the outstanding short term pledged bank loans under the said contracts on factoring of accounts receivable amounted to RMB60,579,750.00. The subsidiary Shaanxi Beiren Printing Machinery Limited discounted outstanding bills receivable of RMB1,100,000.00 resulting in outstanding pledged bank loans.

15. Bills Payable

Type of Loan	31.12.2007	31.12.2006
Bills Payable	**43,674,009.30**	39,819,924.47

16. Accounts Payable

(1) As at 31.12.2007, the accounts payable was RMB345,116,144.28 (RMB319,056,119.55 as at 31.12.2006). The closing balance was increased by 8.17% compared with the opening balance, mainly due to extension of payment term so as to relieve the pressure for capital.

(2) Accounts payable to shareholders who hold 5% or more of the share capital of the Company:

Name of the company	31.12.2007	31.12.2006
Beiren Group Corporation	**3,210,025.91**	5,564,997.38

(3) At the end of the reporting period, the accounts payable to Renxing research institute was RMB1,052,142.40. This amount was for the cooperation with Renxing research institute to manufacture coinage machine in which Renxing research institute provided the patent technology. This item was stopped and the account payables which were the fees of using the patent negotiated at that time were not close up yet.

17. Advance Receipts Including:

The balance of advance receipts was RMB77,570,563.28 on 31 December 2007 (with the balance of RMB57,893,822.26 on 31 December 2006). The end balance was 33.99% more than the last period; it is mainly because the Company will make adjustments on the product price in 2008. Most clients signed the contract at the end of 2007 and made the advance payment.

In the current period, there is no due amount arouse from any shareholder with over 5% (incl. 5%) voting right or any other relevant parties.

The balance of the advanced payment in foreign currency:

	31 December 2007			31 December 2006		
Foreign Currency	Original currency	Convert rate	RMB	Original currency	Convert rate	RMB
USD	669,693.57	7.3046	4,891,843.65	462,991.87	7.8087	3,615,364.62
Total	669,693.57		4,891,843.65	462,991.87		3,615,364.62

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. Payroll

Item	31 December 2006	Increase	Decrease	31 December 2007
Salary (includes bonus, allowance and subsidy)	138,407.23	122,077,970.60	122,096,377.83	**120,000.00**
Employees welfares' fee	5,250,212.75	9,672,200.51	14,922,413.26	**0.00**
Social insurance fee	10,333,915.21	45,823,762.15	41,804,001.75	**14,353,675.61**
Includes:				
1. medicial insurance fee	5,889,672.22	16,113,773.48	14,509,935.14	**7,493,510.56**
2. basic endowment insurance fee	3,749,850.68	25,524,186.36	22,888,939.93	**6,385,097.11**
3. unemploymnet insurance fee	457,102.03	2,298,377.09	2,450,968.94	**304,510.18**
4. hurt insurance fee	151,569.74	1,128,441.50	1,185,100.20	**94,911.04**
5. bearing insurance fee	85,720.54	758,983.72	769,057.54	**75,646.72**
Housing fund	1,311,286.85	9,758,911.98	9,947,278.38	**1,122,920.45**
Labour union fee and employee education fee	1,950,187.04	4,156,026.37	3,507,759.51	**2,598,453.90**
Non currency welfare	0.00	12,504,483.50	12,504,483.50	**0.00**
Retirement compensation	17,011,760.98	27,332,899.34	9,061,309.20	**35,283,351.12**
Others	0.00	5,791,814.36	5,445,726.81	**346,087.55**
Total	35,995,770.06	237,118,068.81	219,289,350.24	**53,824,488.63**

19. Tax Payable

Tax category	Tax rate	31 December 2007	31 December 2006
Value added tax	17%	**2,946,268.86**	8,645,220.46
Sales tax	5%	**213,176.17**	164,856.21
City maintenance and constructed tax	7%	**420,411.03**	292,716.66
Corporation income tax	33%,15%	**(2,006,342.96)**	737,632.72
Individual tax		**1,295,156.80**	717,086.99
House property tax		**21,628.08**	277,173.48
Ground used tax		**123,430.00**	793,897.65
Stamp tax		**49,335.04**	50,268.88
Education annex	4%	**122,027.94**	102,205.33
Water conservancy fund		**272,168.98**	137,134.31
Others		**0.00**	3,177.97
Total		**3,457,259.94**	11,921,370.66

20. Other Payables

(1) As at 31 December 2007, the amount of other payables was RMB56,569,045.82 (at 31 December 2006 was RMB71,984,149.18).

(2) Other payables from shareholders who hold 5% or more of the company's share at the year end are as follow:

Items	31 December 2007	31 December 2006
Beiren Group Corporation	**12,366,324.25**	14,996,324.25

(3) **Large amount other payables**

Items	*Note*	Amount	Aging	Quality or content
Beiren Group Corporation	*1*	12,366,324.25	More than 3 years	Purchase price
Beijing Beiying Found Ltd.	*2*	9,330,922.61	Less than 1 year	Remise price

Notes:

1. The payable to Beiren Group Corporation is the purchase money of No. 4 print machine factory which belongs to Beiren Group Corporation.

2. The payable to Beijing Beiying Found Ltd. (Beiying Zhuzao) is the public land remise fund of affiliated company. As of 31 December 2007, the Company didn't get the land usufruct of the plant in Daxing, Beijing, which is 92.126 units of area.

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

21. Un-Current Liabilities Within One Year

Item	31 December 2007	Prompt
Long term accounts payable	**29,550,000.00**	28 April 2004
Total	**29,550,000.00**	

When the subsidiary company Beijing Beiren Yuxin offset point Ltd. was set up, the minority shareholder Beijing offset point factory invested some of its asset into the Company as long term investment in December 2002, which included long term loan for RMB18,450,000.00, short term loan for RMB11,100,000.00. Beijing Beiren Yuxin offset point Ltd. and Beijing offset point factory came to an agreement in 2002, wherein the Beijing offset point factory should pay the capital and interest to the bank, and Beiren Yuxin offset point Ltd. should repay this money to Beijing offset point factory in the future years.

22. Long-Term Loan

(1) show for different currency:

Currency	31 December 2007	31 December 2006
RMB	**29,000,000.00**	0.00

(2) show for loan condition:

Loan category	31 December 2007	31 December 2006
Pledge loan	**29,000,000.00**	0.00

(3) show for loan units:

Loan units	31 December 2007	31 December 2006
China agriculture bank Weinan branch	**29,000,000.00**	0.00

The increased long term loan is the loan of fixed asset from the subsidiary company of Shanxi Beiren. The use of this loan is the skill development of top grade packaging print machine. The Shanxi Xinda realty Ltd. provides the sponsion, the loan period is 5 years, and the year rate is 7.776% , and the maturities are:

unit: RMB0'000

Provide		Maturity	
Date	Amount	Date	Amount
23 January 2007	2,900.00	23 January 2008	200.00
		23 January 2009	300.00
		23 January 2010	600.00
		23 January 2011	900.00
		23 January 2012	900.00

23. Debt In Advance

Item	31 December 2006	Increase	Carry forward	31 December 2007	Reason
Employee housing fee	17,501,489.65	0.00	17,234,597.67	**266,891.98**	housing fee

This debt in advance happened in 2002 when the Company purchased Sanxi Beiren. The Shanxi Beiren Company transferred the salary and public insurance of this year's inside retiring employees from debt in advance into employee payroll.

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

24. Share Capital

Par value for each share is 1 RMB

Shareholder's Name/Regimentation	31 December 2007	31 December 2006
Stock With Limited		
National Corporation Holder	**201,540,000.00**	222,640,000.00
Subtotal	**201,540,000.00**	222,640,000.00
Stock Without Limited		
Ordinary Stock *(RMB)*	**120,460,000.00**	99,360,000.00
Foreign Investment Stock	**100,000,000.00**	100,000,000.00
Subtotal	**220,460,000.00**	199,360,000.00
Total	**422,000,000.00**	422,000,000.00

As at 31 December 2007, the amounts of the IPO stocks are 21,100,000.00 shares.

Time for dealing in the market:

Time	Shares of Dealing in the Market Stocks	Balance of Limit Stocks	Balance of Un-Limit Stocks
31 March 2008	21,100,000.00	180,440,000.00	241,560,000.00
31 March 2009	180,440,000.00	0.00	422,000,000.00

25. Capital Reserve

Item	31 December 2006	Increase	Decrease	31 December 2007
Capitalization overflowing	517,305,478.93	0.00	0.00	**517,305,478.93**
Other capital fund	5,714,792.13	0.00	0.00	**5,714,792.13**
Total	523,020,271.06	**0.00**	**0.00**	**523,020,271.06**

26. Surplus Reserve

Item	31 December 2006	Increase	Decrease	31 December 2007
Surplus fund in legal	198,080,525.01	847,763.87	0.00	**198,928,288.88**

According to PRC Company Law and the discision of the directorate and the consititution of the Company, the Company takes 10% of the net profit as legal surplus fund per year. The Company took RMB847,763.87 surplus fund in 2007 as 10% of the net profit.

27. Undistributed Profits

(1) Proportion of profits distribution

Item	Distribution base	2007	2006
Carry surplus fund	Net profit	**10%**	10%

(2) Profits distribution list

Item	2007	2006
Undistributed Profits At The Year Begining	**22,474,593.24**	139,909,389.09
add: adjustment of undistributed profits at the year beginning (note)	**(14,845,174.57)**	390,012.58
Add: net profit this year	**9,278,498.87**	(103,129,983.00)
Less: surplus fund	**847,763.87**	0.00
Distribution of ordinary share's dividend	**0.00**	29,540,000.00
Undistributed Profits In The Year End	**16,060,153.67**	7,629,418.67
Including: Planed Cash Dividend	**0.00**	0.00

Note: The adjustment of undistributed profits at the year beginning is the accounting policy changing adjustment, please refer to note 4.

The end balance of undistributed profit of 2007 is 110.50% more than the end balance of 2006. The reason is due to the benefit of this year.

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

28. Right of Minority Shareholders

Name of Subsidiary	Proportion of Minority Share	31 December 2007	31 December 2006
Haimen Beiren Fushi print machinery Limited	17.46%	**2,613,193.99**	2,606,458.24
Beijing Beiren Fushi print machinery Limited	30.00%	**16,683,101.42**	16,127,590.56
Heibei Beiren giving paper machinery Limited	49.32%	**948,327.24**	2,017,790.14
Beijing Beiren Jingyan print machinery factory	0.24%	**40,380.30**	41,134.15
Beijing Beiren Yuxin offset machinery Limited	31.34%	**7,972,355.60**	7,805,314.55
Shanxi Beiren print machinery Limited	13.76%	**17,388,920.88**	17,076,584.43
Zhejiang Beiren print machinery Limited	45.00%	**0.00**	546,470.70
Hubei Beiren print machinery Limited	49.00%	**0.00**	267,331.78
Total		**45,646,279.43**	46,488,674.55

29. Operation Revenue and Operation Costs

(1) operation revenue

Items	2007	2006
Main operation revenue	**1,058,902,169.40**	961,584,242.44
Other operation revenue	**12,607,585.16**	16,732,353.89
Total	**1,071,509,754.56**	978,316,596.33
Sales of top 5 clients	**108,370,000.00**	100,153,400.00
Proportion	**10.11%**	10.24%

(2) Operation costs

Items	2007	2006
Main operation costs	**817,674,429.24**	750,278,249.85
Other operation costs	**7,102,409.61**	10,731,169.28
Total	**824,776,838.85**	761,009,419.13

(3) Main operation revenue and cost-sort as different products and operation

Items	2007	2006
Main operation revenue		
Including: Sales of hectograph machine	**771,356,375.96**	656,256,466.47
Sales of intaglio printing machine	**143,553,696.40**	142,441,132.80
Sales of form maching	**37,111,135.05**	71,267,897.41
Sales of prepared product	**24,677,867.59**	17,253,541.76
Print operation	**25,680,678.68**	19,203,453.70
Others	**990,073.54**	2,023,175.63
Sales of export print machine	**55,532,342.18**	53,138,574.67
Total	**1,058,902,169.40**	961,584,242.44
Main operation costs		
Including: Sales of hectograph machin	**606,642,213.66**	518,596,630.37
Sales of intaglio printing machine	**107,409,840.45**	111,042,614.58
Sales of form maching	**28,900,690.10**	54,596,640.54
Sales of prepared product	**16,905,137.37**	11,559,116.80
Print operation	**18,987,064.42**	13,765,346.30
Others	**851,404.31**	1,219,548.03
Sales of export print machine	**37,978,078.93**	39,498,353.23
Total	**817,674,429.24**	750,278,249.85
Main operation gross profit		
Including: Sales of hectograph maching	**164,714,162.30**	137,659,836.10
Sales of intaglio printing machine	**36,143,855.95**	31,398,518.22
Sales of form maching	**8,210,444.95**	16,671,256.87
Sales of prepared product	**7,772,730.22**	5,694,424.96
Print operation	**6,693,614.26**	5,438,107.40
Others	**138,669.23**	803,627.60
Sales of export print machine	**17,554,263.25**	13,640,221.44
Total	**241,227,740.16**	211,305,992.59

There is 9.53% increased of operation revenue in this year than in last year and there is 8.38% increase in operating cost, the gross profit is 23% in this year and the gross profit was 22% in last year. The main reason is that there is an increase of diamond 1000B operation from Sanlingzhonggong Beiren print machine Ltd., which is the substitute affiliated company of the Company. The increase operation revenue is RMB113,240,000, the operation cost is RMB106,300,000, the integration gross profit has not changed a lot.

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

30. Operating Tax and Surcharge

Items	Base	Tax rate	2007	2006
Business tax	Transfer tax		**529,443.73**	326,814.92
City construction tax	Transfer tax	5%, 7%	**3,810,652.00**	3,583,768.22
Education surcharge	Transfer tax	3%, 4%	**1,693,961.71**	1,571,668.37
Public accumulation fund	Transfer tax	2%	**0.00**	0.00
District education fee	Sales revenue	1%	**0.00**	0.00
Total			**6,034,057.44**	5,482,251.51

31. Sales Expenses

Items	2007	2006
Employee salary	**16,806,184.02**	9,584,973.28
Exhibit fee	**4,764,205.55**	8,966,003.28
Advertising fee	**2,148,848.70**	1,764,557.48
Bad fare	**481,600.00**	539,933.33
Meeting and evection fee	**4,160,609.77**	5,872,770.42
Entertainment fee	**635,071.08**	31,790.60
Print fee	**114,968.10**	199,475.81
Transportation fee	**8,530,875.96**	6,901,230.40
Repair fee	**227,359.15**	114,006.74
Training fee	**332,178.45**	346,120.38
Invite public bidding fee	**263,550.00**	108,067.00
Debugging fee	**9,321,872.35**	10,372,148.16
Commision fee	**8,389,344.49**	5,515,639.21
Dell deduction	**5,774,518.06**	7,593,276.01
Three including fee	**5,727,026.71**	5,323,561.26
House rent fee	**1,152,961.19**	773,400.00
Communication fee	**220,995.76**	242,739.97
Office fee	**116,107.59**	99,221.64
Others	**3,176,710.94**	5,643,730.71
Total	**72,344,987.87**	69,992,645.68

32. General and Administrative Expenses

Items	2007	2006
Employee salary	**50,123,857.93**	75,278,385.85
Print fee	**107,585.56**	36,305.31
Office expenses	**1,450,010.73**	1,513,441.11
Meeting and evection fee	**450,633.84**	591,572.70
Bad fare	**1,707,823.36**	2,883,838.67
Traffic fee	**574,417.50**	81,672.90
Transportation fee	**1,551,397.74**	320,656.18
Water and electricity fee	**2,222,816.84**	1,135,964.57
Depreciation fee	**10,830,105.67**	13,734,847.34
Insurance fee	**938,998.22**	1,188,481.60
Repair fee	**1,275,441.46**	653,551.47
Materiel expense	**661,989.16**	655,344.50
Amortize of immateriality asset	**3,353,118.94**	2,621,179.21
Entertain fee	**2,068,794.20**	2,645,252.33
Directorate fee	**499,158.05**	1,087,884.04
Agency fee	**6,243,180.12**	4,731,000.96
Other tax fee	**6,150,361.88**	6,113,263.85
Discover expense	**18,040,282.45**	16,112,812.15
Retiree fee	**4,414,837.46**	3,919,929.94
House administration fee	**1,157,063.33**	351,639.42
Communication fee	**235,501.19**	194,741.51
Rent fee	**678,560.94**	479,033.89
Damage of stock	**0.00**	2,766,758.27
Warm and refrigeration fee	**2,077,350.82**	744,011.92
Brand using fee	**6,364,789.19**	6,440,767.26
Three inclusion fee	**3,926,823.61**	3,287,205.50
Others	**3,268,827.57**	5,442,595.72
Total	**130,373,727.76**	155,012,138.17

There is 15.89% decrease compared with last year. The main reason is that the Company has changed the accounting method and puts the labour insurance and fund in to production cost, manufacture expenses, general expenses and operating expense.

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

33. Financial Expenses

Item	2007	2006
Interest payout	**19,150,769.50**	16,194,141.55
Less: Interest income	**1,184,420.59**	1,036,195.57
Add: exchange loss	**1,674,391.09**	782,571.54
Add: other payout	**820,220.39**	999,001.72
Total	**20,460,960.39**	16,939,519.24

There is 20.79% increase in this year than in last year. The main reason is that the total amount of loan is increase in this year, and the bank rate of loan in increase.

34. Loss of Capital Devalue

Item	2007	2006
Bad debt loss	**9,424,435.70**	21,959,159.48
Stock cheapened loss	**5,280,038.35**	53,063,263.76
Fixed asset devalue loss	**520,478.75**	(4,409,070.11)
Total	**15,224,952.80**	70,613,353.13

35. Investment Revenue

Origin of Investment Revenue	2007	2006
Adjusted amount of add or loss investor's owner rights and interest	**(6,489,946.09)**	(2,685,628.99)
Share right alienation revenue	**1,407,134.38**	3,333.10
Total	**(5,082,811.71)**	(2,682,295.89)

The Company completed the liquidation of the subsidiary companies namely Beijing Beiren Taihe print machinery foundry factory, Zhenjiang Beiren print machinery sales Limited and Hubei Beiren print machinery sales Limited. The Company completed the liquidation of the affiliated company Liaoning Beiren print machinery sales Limited, and the affirmed net revenue is RMB1,623,087.57.

The Company took away from the affiliated company which is Beijing Beiren Hengtong print machinery sales Limited, and the net loss is RMB215,953.19.

There is an 89.49% decrease of investment revenue in this year than in last year. The main reason is the increase of loss from the affiliated company, Sanlingzhonggong Benren Corporation.

36. Non-Operating Income

Item	2007	2006
Non-currency capital disposal	**4,268,332.66**	1,615,398.06
Government subsidy	**2,944,934.17**	0.00
Other	**6,821,784.38**	1,959,770.63
Total	**14,035,051.21**	3,575,168.69

The government subsidies in this year are show below:

Item		Amount	Company
1.	Finance subsidy of topgrade gravur's exploitation fund	580,000.00	Shanxi Beiren print machinery Limited
2.	Outside trade development item fund	120,000.00	Shanxi Beiren print machinery Limited
3.	Automatization high speed multicolour soft packing print machine development fund	600,000.00	Shanxi Beiren print machinery Limited
4.	Ddevelopment of top grade soft print item subsidy	958,934.17	Shanxi Beiren print machinery Limited
5.	AZJ80820A machine unit top grade print machine item fund	500,000.00	Shanxi Beiren print machinery Limited
6.	Top grade gravure machine development item fund	186,000.00	Shanxi Beiren print machinery Limited

Other items include deferred income for remove compensation RMB1,970,000, the penalty for breach of contract by the subsidiary Beijing Beiren Fuji Printing Machinery Limited of RMB2,590,000 and the tax refund RMB1,040,000 for miss charging of remove compensation tax for Haimen Beiren Fuji Printing Machinery Limited.

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

37. Non-Operating Cost

Item	2007	2006
Non-currency capital disposal loss	**321,466.32**	576,335.10
Common weal contribute cost	**50,000.00**	0.00
Special loss	**13,604.15**	925,554.04
Other	**618,362.32**	1,696,479.20
Total	**1,003,432.79**	3,198,368.34

38. Income Tax

Item	2007	2006
Income tax for current year	**897,720.10**	2,224,095.20
Deferred tax charge	**(28,353.46)**	(698,217.62)
Total	**869,366.64**	1,525,877.58

39. Cash Flow

(1) cash and cash equivalents includes:

Item	2007	2006
Cash	**98,652,543.32**	76,102,837.73
Including: Cash on hand	**56,345.34**	60,759.78
Cash in bank	**98,596,197.98**	76,042,077.95
Cash equivalents	**0.00**	0.00
Cash and cash equivalents at the year end	**98,652,543.32**	76,102,837.73
Including: Restricted cash and cash equivalent for parent Company or subsidiary inside the group Company	**0.00**	0.00

(2) Received/paid cash for other activities about other management/investment/financial funding

1) *Cash received related to operation activity*

Item	2007	2006
Moving expiation income	**1,004,075.55**	29,000,000.00
Rent income	**1,783,386.00**	1,546,347.53
Interest income	**1,184,420.59**	1,036,195.57
Finance item fund received	**4,334,000.00**	2,000,000.00
Deposit	**2,413,360.00**	3,608,725.05
Employee loan received	**1,048,000.00**	0.00
Others	**2,436,553.53**	960,243.65
Total	**13,155,795.67**	38,151,511.80

2) *Cash payment related to operation activity*

Item	2007	2006
Brand using fee	**6,364,789.19**	6,440,767.26
Agency fee	**6,243,180.12**	4,731,000.96
Install and debug fee	**8,768,463.73**	10,372,148.16
Product three including fee	**9,050,378.18**	8,610,766.76
Land using fee	**2,729,668.66**	1,336,643.84
Advertising and exhibit fee	**6,913,054.25**	10,730,560.76
Carriage	**6,833,660.13**	7,221,886.58
Travelling fee	**164,517.50**	101,127.90
Office fee, meeting fee and travelling fee	**6,018,115.29**	10,861,622.90
Water and electricity fee	**995,936.81**	1,135,964.57
Entertain fee	**2,068,794.20**	2,645,252.33
Commission	**8,389,344.49**	6,264,639.21
Sell fee	**5,774,518.06**	7,593,276.01
Other	**10,324,876.99**	19,830,579.96
Total	**74,864,779.54**	97,876,237.20

Notes to the Financial Statements
(Prepared under PRC accounting standards)
For the year ended 31 December 2007

VIII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

39. Cash Flow *(Continued)*

(2) Received/paid cash for other activities about other management/investment/financial funding *(Continued)*

3) *Cash received related to other investment activity*

Item	2007	2006
Combination area changed increase	**0.00**	1,060,572.74

4) *Cash payment related to other investment activity*

Item	2007	2006
Commercial bank financing fee	**250,920.00**	0.00
Caution money	**9,751,032.12**	6,701,674.54
Total	**10,001,952.12**	6,701,674.54

(3) Supplement information of combination cash flow

Item	2007	2006
1. Changed of net profit into cash flow of investment activity:		
Net profit	**9,373,669.52**	(104,564,103.65)
Add: Provide of capital devalue	**15,224,952.80**	63,004,948.42
Depreciation of fixed asset	**45,348,517.59**	48,670,435.42
Amortize of immateriality asset	**3,916,354.90**	1,858,264.61
Amortize of long term prepaid expenses	**77,715.00**	78,780.00
Loss of fixed asset,immateriality asset and other long term capital's disposal ("( )"if revenue)	**(4,033,932.67)**	2,242,823.83
Loss of fixed asset reject ("( )"if revenue)	**87,066.33**	0.00
Evenhanded value changed gain or loss ("( )"if revenue)	**0.00**	0.00
Financial expenses ("( )"if revenue)	**19,150,769.50**	16,194,141.55
Loss of investment ("( )"if revenue)	**5,082,811.71**	1,575,961.29
Decrease of differed tax ("( )"if increase)	**(28,353.46)**	(698,217.62)
Debt increase of differed tax ("( )"if decrease)	**0.00**	0.00
Decrease of stock ("( )"if increase)	**55,466,620.20**	(35,297,589.25)
Decrease of account receivable ("( )"if increase)	**(104,352,215.04)**	(26,291,499.86)
Increase of account receivable ("( )"if decrease)	**(21,012,182.71)**	61,036,537.93
Other	**0.00**	0.00
Net cash flow from operation activity	**24,301,793.67**	35,321,461.11
2. Non-cash important investment and financing activity:		
Liability into capital	**0.00**	0.00
Transform debenture within one year	**0.00**	0.00
Financing rent fixed asset	**0.00**	0.00
3. Change of cash and cash equivalent:		
Cash amount in the end of the year	**98,652,543.32**	76,102,837.73
Less: Cash amount in the beginning of the year	**76,102,837.73**	100,860,695.33
Add: cash equivalent in the end of the year	**0.00**	0.00
Less: cash equivalent in the beginning of the year	**0.00**	0.00
Increase amount of cash and cash equivalent	**22,549,705.59**	(24,757,857.60)

(4) Information about disposal of subsidiary and other operation unit

Item	2007
Information about disposal of subsidiary and other operation unit	
1. Price of disposal of subsidiary and other operation unit	**0.00**
2. Cash and cash equivalent of disposal subsidiary and other operation unit	**59,717.82**
Minus: Cash and cash equivalent belong to subsidiary and other operation unit	**0.00**
3. Net cash from the disposal of subsidiary and other operation unit	**59,717.82**
4. Net capital from the disposal of subsidiary	**17,404,097.50**
Current asset	**24,976,997.47**
Un-current asset	**129,707.64**
Current liabilities	**7,702,607.61**
Un-current liabilities	**0.00**

IX. MAIN ITEM NOTES ABOUT PARENT COMPANY'S FINANCIAL REPORT

1. Accounts receivable

(1) Risk of accounts receivable

Item	31 December 2007 Amount	Proportion %	Provide of bad debt	31 December 2006 Amount	Proportion %	Provide of bad debt
Single item account receivable with large amount	**99,940,737.88**	**24.58**	**18,513,819.11**	76,020,160.63	22.28	11,780,700.00
Single item account receivable with un-large amount but has big risk after risk character combination	**0.00**	**0.00**	**0.00**	0.00	0.00	0.00
Other single item account receivable with un-large amount	**304,681,031.34**	**75.30**	**35,101,445.27**	265,251,339.78	77.72	35,626,005.24
Total	**404,621,769.22**	**100.00**	**53,615,264.38**	341,271,500.41	100.00	47,406,705.24

There is no devaluation for grand amount of accounts receivable during the test.

(2) The terms of accounts receivable

Items	31 December 2007 Amount	Ratio %	Provision of bad debt	31 December 2006 Amount	Ratio %	Provision of bad debt
Within 1year	**313,255,935.86**	**77.42**	**0.00**	233,823,231.51	68.51	0.00
1-2years	**35,841,016.97**	**8.86**	**10,479,305.09**	68,565,764.59	20.09	15,946,765.85
2-3years	**30,738,488.18**	**7.60**	**18,349,631.08**	18,556,412.30	5.44	11,133,847.38
More than 3 years	**24,786,328.21**	**6.12**	**24,786,328.21**	20,326,092.01	5.96	20,326,092.01
Total	**404,621,769.22**	**100.00**	**53,615,264.38**	341,271,500.41	100.00	47,406,705.24

(3) Provision of bad debt refer to Notes 5.7

(4) The Company cancelled the account receivable of web machine for RMB181,000.00 from Fjian print material company this year. Because there is an agreement about this fund, the Company decided to cancel this account receivable.

(5) The accounts receivable from shareholders who hold 5% or more of the company's share are as follow:

Name of company	31 December 2007	31 December 2006
Beiren Group Company	**1,460,000.00**	910,000.00

(6) The Company and Shanghai Pudong development bank Beijing branch subscribed some operation about printing machine selling for getting currency capital. According to "Temporarily Regulation of Financing Accounting Between Corporation and Bank or other Finance Institution", (accounting No.14, 2003),the company puts the accounts receivable into short term loan. As of 31 December 2007, the accounts receivable of management operation is RMB101,279,187.32. As this accounts receivable is in the account period, there is no taken of bad debt.

(7) The sum of top 5 of the balance is RMB57,156,901.38, which is 14.13% of the total amount.

(8) Balance for realted party is RMB20,144,383.66, which is 4.98% of the total amount.

(9) The accounts receivable including:

Foreign currency	31 December 2007 Original currency	Rate	*RMB*	31 December 2006 Original currency	Rate	RMB
USD	**162,454.12**	**7.3046**	**1,186,662.37**	3,964,123.56	7.8087	30,954,651.64
Euro	**296,000.00**	**10.6669**	**3,157,402.40**	0.00		0.00
Total			**4,344,064.77**			30,954,651.64

IX. MAIN ITEM NOTES ABOUT PARENT COMPANY'S FINANCIAL REPORT *(Continued)*

2. Other Account Receivable

(1) Risk regimentation of other account receivable

Items	31 December 2007 Amount	Ratio %	Provision of bad debt	31 December 2006 Amount	Ratio %	Provision of bad debt
Single item account receivable with large amount	**30,832,857.71**	**75.88**	**17,088,241.00**	35,052,372.03	85.65	18,885,710.00
Single item account receivable with un-large amount but has big risk after risk character combination	**0.00**	**0.00**	**0.00**	0.00	0.00	0.00
Other single item account receivable with un-large amount	**9,801,217.84**	**24.12**	**1,441,700.26**	5,872,988.37	14.35	658,696.83
Total	**40,634,075.55**	**100.00**	**18,529,941.26**	40,925,360.40	100.00	19,544,406.83

(2) Term of other account receivable

Items	31 December 2007 Amount	Ratio %	Provision of bad debt	31 December 2006 Amount	Ratio %	Provision of bad debt
Less than 1 year	**6,389,887.46**	**15.72**	**1,769,000.00**	3,608,302.34	8.82	0.00
1-2 years	**362,184.87**	**0.89**	**0.00**	1,727,856.57	4.22	0.00
2-3 years	**1,721,445.04**	**4.24**	**0.00**	645,323.62	1.58	0.00
More than 3 years	**32,160,558.18**	**79.15**	**16,760,941.26**	34,943,877.87	85.38	19,544,406.83
Total	**40,634,075.55**	**100.00**	**18,529,941.26**	40,925,360.40	100.00	19,544,406.83

(3) The large other account receivables are:

Name	Amount	Quality	Proportion of total amount
Chenguang Ltd.	16,744,616.71	House fund	41.21%
Southeast Asia	9,088,241.00	Investment	22.37%
Baiyin Yinpeng city credit	5,000,000.00	Saving	12.30%

(4) There is no shareholder for more than 5% shares of the Company in the balance.

(5) The sum of top 5 of the balance is RMB33,948,584.13, which is 83.55% of the total amount.

(6) Balance for related party is RMB16,731,285.37, which is 41.18% of the total amount.

(7) Other accounts receivable including:

Foreign currency	31 December 2007 Original currency	Rate	*RMB*	31 December 2006 Original currency	Rate	RMB
HKD	**17,881,905.93**	**0.9364**	**16,744,616.71**	19,166,662.03	1.0047	19,256,745.34
Total	**17,881,905.93**		**16,744,616.71**	19,166,662.03		19,256,745.34

3. Long Term Stock Rights Investment

(1) Long term stock rights investment

Item	31 December 2007	31 December 2006
Calculated long term stock rights investment according to cost method	**202,594,699.26**	206,684,699.26
Calculated long term stock rights investment according to rights and interests method	**24,191,198.13**	31,804,144.61
Sum of long term stock rights investment	**226,785,897.39**	238,488,843.87
Less: provide of devaluation for long term stock rights investment	**0.00**	0.00
Net value of long term stock rights investment	**226,785,897.39**	238,488,843.87

IX. MAIN ITEM NOTES ABOUT PARENT COMPANY'S FINANCIAL REPORT *(Continued)*

3. Long Term Stock Rights Investment *(Continued)*

(2) In terms of the Cost method and Owner's Equity method

Name of invested companies	Percentage of share holding	Registered share capital	Balance at the beginning of the year	Increasing amount during this year	Decrasing amount during this year	Balance at the end of the year	Dividends of the year
Cost Method							
Beijing Beiren Taihe Printing Machinery Factory	62.50	2,500,000.00	2,500,000.00	0.00	2,500,000.00	0.00	0.00
Haimen Beiren Fuji Printing Machinery Limited	68.33	34,848,000.00	34,848,000.00	0.00	0.00	34,848,000.00	0.00
Beijing Beiren Fuji Printing Machinery Limited	70.00	29,632,699.26	29,632,699.26	0.00	0.00	29,632,699.26	0.00
Hebei Beiren Gei Zhi Ji Co. Ltd.	50.68	2,534,000.00	2,534,000.00	0.00	0.00	2,534,000.00	0.00
Beijing Beiren Jingyan Printing Machinery Factory	99.76	21,000,000.00	21,000,000.00	0.00	0.00	21,000,000.00	0.00
Beijing Beiren Yuxin Offset Co. Ltd.	68.66	15,400,000.00	15,400,000.00	0.00	0.00	15,400,000.00	0.00
Shanxi Beiren Printing Machinery Co. Ltd.	86.24	99,180,000.00	99,180,000.00	0.00	0.00	99,180,000.00	0.00
Zhejiang Beiren Printing Sales Limited	55.00	825,000.00	825,000.00	0.00	825,000.00	0.00	0.00
Hubei Beiren Printing Sales Limited	51.00	765,000.00	765,000.00	0.00	765,000.00	0.00	0.00
Chenguang Limited	100.00	3.51	0.00	0.00	0.00	0.00	0.00
Total		206,684,702.77	206,684,699.26	0.00	4,090,000.00	202,594,699.26	0.00
Owner's equity accounting							
Liaoning Beiren Printing Machinery Sales Co. Ltd.	49	343,000.00	192,715.04	0.00	192,715.04	0.00	0.00
Beijing Beiren Hangtong Printing Machinery Sales Limited	49	900,000.00	589,485.35	0.00	589,485.35	0.00	0.00
Beijing Monigraf Automatic Control System Limited	49	3,675,000.00	7,901,363.60	691,971.11	0.00	8,593,334.71	0.00
Beijing Beiying Casting Co. Ltd.	20	1,136,000.00	4,170,136.91	1,025,118.59	340,800.00	4,854,455.50	340,800.00
Beijing Mitsubishi Beiren Printing Machinery Limited	49	22,540,000.00	18,950,443.71	(8,207,035.79)	0.00	10,743,407.92	0.00
Total		28,594,000.00	31,804,144.61	(6,489,946.09)	1,123,000.39	24,191,198.13	340,800.00
Total		**235,278,702.77**	**238,488,843.87**	**(6,489,946.09)**	**5,213,000.39**	**226,785,897.39**	**340,800.00**

(3) Associated Corporation

Name of invested companies	Place of register	Nature of business	Pencentage share holding of the company	Percentage of voting rights amonung received investment companies	Total net assets at ending period	Total operating income in current period	Net income in current period
Associated Corparation							
Beijing Monigraf Automatic Control System Limited	Beijing	The Research and development, design, manufacture, sale of the control system of printing ink within the printer, the sale of the printing facilities and printing material, and in connection with its own products' illustration, adjustment, maintenance, technology advisory and training.	49%	49%	17,537,417.77	15,644,565.47	1,410,310.77
Beijing Beiying Casting Co. Ltd.	Beijing	Processing and sale of standard and non-standard components, manufacture of casting, processing of model, technology development, transferring, advisory, service.	20%	20%	24,272,277.48	111,341,341.40	5,377,633.23
Beijing Mitsubishi Beiren Printing Machinery Limited	Beijing	Manufcture and sale of printing machinery, related technology advisory and service.	49%	49%	18,500,286.99	129,632,358.17	(18,914,087.92)
Total					**60,309,982.24**	**256,618,265.04**	**(12,126,143.92)**

IX. MAIN ITEM NOTES ABOUT PARENT COMPANY'S FINANCIAL REPORT *(Continued)*

4. Operating Income and Cost

(1) Opearting Income

Project	2007	2006
Income from main business	**774,418,272.45**	654,646,901.38
Income from other business	**14,170,911.72**	14,823,438.52
Total	**788,589,184.17**	669,470,339.90
Total sale profits of top 5 clients	**101,708,535.04**	100,153,400.00
Total Percentage (%)	**12.90%**	14.96%

(2) Cost of operation

Project	2007	2006
Income from main business	**616,098,744.00**	524,224,747.93
Income from other business	**6,876,304.95**	9,680,869.97
Total	**622,975,048.95**	533,905,617.90

(3) Income from main business categorized as to products and services

Project	2007	2006
Income from main business		
In which: Sale of the offset printing machinery	**753,144,515.92**	637,590,071.97
Sales of spare parts	**14,577,244.34**	4,345,984.95
Sales of printing machine	**6,243,011.33**	11,180,620.75
Others	**453,500.86**	1,530,223.71
Total	**774,418,272.45**	654,646,901.38
Cost of main business		
In which: Sale of the offset printing machine	**596,876,149.73**	510,690,159.93
Sales of spare parts	**14,946,230.97**	3,695,717.73
Sales of printing machine	**3,580,334.95**	8,845,771.83
Others	**696,028.35**	993,098.44
Total	**616,098,744.00**	524,224,747.93
Gross profit of main business		
In which: Sale of the offset printing machine	**156,268,366.19**	126,899,912.04
Sales of spare parts	**(368,986.63)**	650,267.22
Sales of printing machine	**2,662,676.38**	2,334,848.92
Others	**(242,527.49)**	537,125.27
Total	**158,319,528.45**	130,422,153.45

5. Profits From Investment

Sources of profits from investment	2007	2006
Adjusted net change amount in the equity of the invested companies at the end of the year	**(6,489,946.09)**	(2,647,656.16)
Profits from transferred stock market investment	**3,727,787.05**	(132,874.58)
Total	**(2,762,159.04)**	(2,780,530.74)

The Company has completed the liquidation of our subsidiaries, including Beijing Beiren Taihe Printing Machinery Factory, Zhejiang Beiren Printing Sales Limited, Hubei Beiren Printing sale Limited and has also finished the liquidation of our related company Liaoning Beiren Printing Machinery Sales Co. Ltd.. The Company accounted the net profit of liquidation is 3,943,740.24 yuan.

The Company has withdrawn the capital from our associated company Beijing Beiren Taihe Printing Machinery Factory and the net loss of the withdrawal is 215,953.19 yuan.

X. SEGMENT REPORT

90% of the Company profits and benefits came from domestic manufacture and sales of the printing machinery. Therefore, the management considered it is not necessary to prepare segment report.

XI. DEBT RECONSTRUCTION

The Company had no debt reconstruction as at the date of 31 December 2007.

XII. EXCHANGE OF NON-CURRENCY ASSETS

The Company had no exchange of non-curruency assets as at the date of 31 December 2007.

XIII. PAYMENT OF SHARES

The Company had no payment of shares as at the date of 31 December 2007

XIV. LEASE

1. Net amount of operational leasing out assets

Project	31 December 2007	31 December 2006
Land	**17,786,136.54**	18,148,822.06
Houses and Building	**79,954,470.69**	74,014,624.27
Machine and facility	**2,935,213.35**	3,273,582.99
Transportation facility	**50,115.54**	50,115.54
Total	**100,725,936.12**	95,487,144.86

XV. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS

1. Relationship of Related Parties

Controlled subsidiaries (appendix 7 – mergence of corporations and consolidation of financial statements)

(1) Other related parties with control relationship

Name of related parties	Code of the Organization	Place of register	Main business	Relationship with our company	Ownership	Legal representative
Beiren Cor. Group	10110132	4# Guangqu Venue Chaoyang District Beijing	Sales and manufacture of printing machinery, packaging machinery, series products of machine tool and components, technology development, technology advisory etc.	Holding company	whole people owned	Deng gang
Beijing Jingcheng Machinery Electronic Holding Co.Ltd.	633686217	59# Zhong Venue Dongsanhuan Chaoyang District Beijing	Operation and management of authorized State capital: property right (stock right) operation; collecting and investing money from foreign countries.	Ultimate holding company	Unique State-owned	Li jisheng

(2) The registered capital shares and change of other related parties with control relationship (RMB0,000)

Related parties	2006	Increase	Decrease	2007
Beiren Cor. Co.	20,026.60	0.00	0.00	**20,026.60**
Beijing Jingcheng Machinery Electronic Holding Co.Ltd.	135,901.50	0.00	0.00	**135,901.50**

(3) The holding percentage of other related parties with control relationship (RMB0,000)

Related parties	Cash of Share holding Year 2007	Cash of Share holding Year 2006	Percentage of Share holding Year 2007	Percentage of Share holding Year 2006
Beiren Corp. Co.	**20,026.60**	20,026.60	**52.76%**	52.76%

(4) The nature of related parties with no control relationship

Related parties	Relationship	Content of transactions
Beijing Beiying Casting Co. Ltd.	Associated firm	Purchasing and leasing
Beijing Monigraf Automatic Control System Limited	Associated firm	Purchasing and leasing
Beijing Mitsubishi Beiren Printing Machinery Limited	Associated firm	Purchasing and leasing
Beijing Yan Long Import and Export Company	Subcompany of Parent company	Production sale

XV. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS *(Continued)*

2. Related Parties Transactions

(1) Pricing policy

The price of products sold to and bought from related parties should be determined as to the market price or negotiating price.

(2) Purchase of materials

Related parties	2007 Amount	2007 Percentage	2006 Amount	2006 Percentage
Beijing Beiying Casting Co. Ltd.	**24,681,803.27**	**4.89%**	32,085,029.69	8.98%
Beijing Monigraf Automatic Control System Limited	**7,507,565.99**	**1.49%**	14,222,598.20	3.98%
Beijing Mitsubishi Beiren Printing Machinery Limited	**136,492,877.49**	**27.02%**	8,604,837.93	2.41%
Beiren Cor. Co.	**9,178,778.56**	**1.82%**	16,603,560.29	4.65%

(3) Sales of products

Related parties	2007 Amount	2007 Percentage	2006 Amount	2006 Percentage
Beiren Cor. Co.	**470,085.47**	**0.04%**	11,821,381.10	1.23%
Beijing Yan Long Import and Export Company	**2,666,666.67**	**0.25%**	0.00	0.00%

(4) Fund intercourse between related parties

1) *Fund intercourse for the Year 2007*

Related parties	Providing fund to RP Amount	Providing fund to RP Balance	Receiving fund from RP Amount	Receiving fund from RP Balance
Beiren Cor. Co.	0.00	0.00	7,500,000.00	0.00

2) *Fund intercourse for the Year 2006*

Related parties	Providing fund to RP Cumulative	Providing fund to RP Balance	Receiving fund from RP Cumulative	Receiving fund from RP Balance
Beiren Cor. Co.	0.00	0.00	0.00	0.00

(5) Accepting and providing guarantees

Other than the acceptance of guarantee from Shanxi Xinda Real Estate Developmnet Limited to obtain long-term debt, the company had no other acceptance and providing of guarantees as at 31 December 2007.

(6) Other transactions

Related parties	2007	2006	Content of transactions
Beiren Cor. Co.	**850,121.48**	850,121.48	Expense of land use
Beiren Cor. Co.	**6,364,789.19**	6,440,767.26	Expense of brand use
Beiren Cor. Co.	**2,630,000.00**	0.00	Income from leasing assets
Beijing Beiying Casting Co. Ltd.	**4,407,064.68**	4,151,681.39	Income from leasing assets
Beijing Monigraf Automatic Control System Limited	**95,000.00**	100,000.00	Income from leasing assets
Beijing Mitsubishi Beiren Printing Machinery Limited	**1,614,036.00**	829,988.00	Income from leasing assets

XV. RELATED PARTIES RELATIONSHIP AND TRANSACTIONS *(Continued)*

3. Balance of Related Parties Transactions

Related parties	Accounts	31 December 2007	31 December 2006
Beiren Cor. Co.	Accounts receivables	**1,460,000.00**	910,000.00
Beiren Cor. Co.	Accounts payables	**3,210,025.91**	5,564,997.38
Beiren Cor. Co.	Other accounts payables	**12,366,324.25**	14,996,324.25
Beijing Yan Long Import and Export Company	Accounts receivables	**218,000.00**	0.00
Beijing Yan Long Import and Export Company	Accounts payables	**12,240.00**	12,240.00
Beijing Beiying Casting Co. Ltd.	Other accounts receivables	**853,200.00**	0.00
Beijing Beiying Casting Co. Ltd.	Accounts payables	**2,417,388.93**	8,287,916.52
Beijing Monigraf Automatic Control System Limited	Other accounts receivables	**195,000.00**	100,000.00
Beijing Monigraf Automatic Control System Limited	Accured payment	**848,600.00**	26,000.00
Beijing Monigraf Automatic Control System Limited	Accounts payables	**0.00**	2,656,512.04
Beijing Mitsubishi Beiren Printing Machinery Limited	Accounts payables	**47,066,415.40**	9,577,437.51
Beijing Mitsubishi Beiren Printing Machinery Limited	Other accounts payables	**365,023.00**	365,023.00

4. Remuneration of Key Management Staff

Items	2007	2006
Remuneration of key management staff	**2,397,987.76**	1,633,645.00

XVI. CONTINGENCIES

The company had no material provisions as on 31 December 2007.

XVII. COMMITMENTS

1. Signed and conducting or preparing to be engaged lease contracts and financial impact

On 31 December 2007, the company made commitments of the amount of the non-revocable operating lease as to renting the land of Beiren Group Corporation, Lvying Finished Goods Warehouse and Shanhai and Shenzhen Branches:

Unit: RMB'000

Period	Operating Lease
T+1 years	1,843.32
T+2 years	292.32
T+3 years	292.32
After T+3 years	876.96
Total	**3,304.92**

2. As at the end of 2007, there was no other undertaking except the above.

XVIII. EVENTS AFTER BALANCE SHEET DATE

The Law of the People's Republic of China on Enterprise Income Tax (the "New Income Tax Law") was promulgated by Order No. 63 of the President of the People's Republic of China on 16 March 2007 and will be effective from 1 January 2008. In 2008, there will be a new recognition of advanced technology in Beijing and the tax rate for the company will be 25%. According to Guofa (2007) No.39 "Notices about the preferential enterprise income tax treatment" issued by the State Council on 26.12.2007 and Caishui (2008) NO.21 "Notices about the related questions for carrying out the preferential enterprise income tax treatment issued by the State Council" which was issued by Treasury and Tax Department, the tax rate for the subsidiary Shaanxi Beiren Printing Machinery Company Limited will continuously be 15% for the preferential income tax treatment for Development of the West Regions in 2008. Beijing Beiren Fuji Printing Machinery Limited is subject to the applicable enterprise income tax rate (25%) with a reduction of 50%. Other subsidiaries applied the tax rate of 25%.

XIX. DISCONTINUED OPERATION

During this period, there was no discontinued operation subsidiary or divisive segments.

XX. OTHER SIGNIFICANT EVENTS

As at the end of 2007, there was no significant event that needs to be disclosed by the company.

Notes to the Financial Statements
(Prepared under PRC accounting standards)
For the year ended 31 December 2007

XXI. SUPPLEMENTARY INFORMATION

1. Reconciliation of the net assets and net profit (RMB'000)

Items	Net assets 2007	Net assets 2006	Net profit 2007	Net profit 2006
As reported under the international accounting standards	**1,199,123**	1,192,954	**5,287**	(120,543)
1. Difference in valuation of net assets contributed to the Company by Beiren Group Corporation	**60,198**	60,198	**0.00**	0.00
2. Subsequent amortization on net assets contributed by Beiren Group Corporation	**(48,343)**	(48,277)	**(66)**	(66)
3. Difference in valuation of assets contribution to subsidiaries	**228**	259	**(31)**	(31)
4. Difference in recognition of good will upon acquisition of subsidiaries	**(4,479)**	(4,479)	**0.00**	0.00
5. Difference in impairment of good will upon acquisition of subsidiaries	**1,344**	1,344	**0.00**	0.00
6. Difference in recognition of deferred tax	**(1,622)**	(1,622)		14,422
7. Difference in recognition of reserve impiarment of property in HK	**1,730**		**1,730**	
8. Others	**(1,493)**	(3,009)	**2,454**	1,654
Prepared under Accounting Standards for Business Enterprises	**1,206,686**	1,197,368	**9,374**	(104,564)

Notes:

During the year, the impact of differences between the Accounting Standard for Business Enterprises and International Accounting Standards on the net profits of the Company was RMB4,087,000; the difference was mainly due to the following:

(1) Adjustment on net assets contributed by Beiren Group Corporation
In accordance with HK GAAP, the land contributed by Beiren Group Corporation into the Company was accounted for as capital reserve. In accordance with Accounting Standard for Business Enterprises, the amount was recorded as the increase in long term deferred expenses. Accordingly, the related amortization charge of approximately RMB6,600 for the year was written back in the accounts by the Company.

(2) Difference in valuation of capital contribution to subsidiaries.
In accordance with HK GAAP, the intangible assets invested by the Company into the subsidiaries with original cost of RMB4,624,000 were written off in relevant years. In accordance with Accounting Standard for Business Enterprises, the intangible assets were stated as assets of the Group. Accordingly, the related amount of amortization of RMB3,100 for the year was written back in the accounts by the Company.

2. Statement of non-operating income statement

Items	2007	2006
Profit from disposal of long-term equity	**3,946,866.34**	1,039,062.96
Government subsidy which are included into profit and loss account for the current period	**2,944,934.17**	0.00
Net profit or loss of subsidiaries under one control from the beginning of the financial year to the acquisition day	**0.00**	0.00
Non-operating profit (loss)	**6,139,817.91**	(662,262.61)
Welfare payable written back	**5,250,212.75**	0.00
Profit before tax	**18,281,831.17**	376,800.35
Income tax expense	**1,393,369.14**	229,617.96
Net profit after extraordinary items	**16,888,462.03**	147,182.39
Equity attributable to equity holders of the Company	**14,620,987.90**	(23,981.99)

XXI. SUPPLEMENTARY INFORMATION *(Continued)*

3. Reconciliation of the net assets and net profit (RMB'000)

Returns on net assets and earnings per share

In accordance with《Rule NO.9 for disclosing the information of companies which can issue securities publicly – calculation and disclosure of returns on net assets and earnings per share》issued by CSRC, the Returns on net assets and earnings per share on fully diluted basis and weighted average basis of the company are as follow:

2007

Profit for the reporting period	Returns on net assets *(%)* Full diluted	Returns on net assets *(%)* Weighted average	Earnings per share *(RMB/share)* Basic EPS	Earnings per share *(RMB/share)* Diluted EPS
Net profit for equity holders of the Company	**0.80%**	**0.80%**	**0.02**	**0.02**
Net profit for equity holders of the Company after extraordinary items	**(0.46%)**	**(0.46%)**	**(0.01)**	**(0.01)**

2006

Profit for the reporting period	Returns on net assets *(%)* Fully diluted	Returns on net assets *(%)* Weighted average	Earnings per share *(RMB/share)* Basic EPS	Earnings per share *(RMB/share)* Diluted EPS
Net profit for equity holders of the Company	(8.96%)	(8.39%)	(0.24)	(0.24)
Net profit for equity holders of the Company after extraordinary items	(8.96%)	(8.38%)	(0.24)	(0.24)

The calculating procedure of the returns on net assets

Items	Number	2007	2006
Net profit for equity holders of the Company	1	**9,278,498.87**	(103,129,983.00)
Net profit of extraordinary items for equity holders of the company	2	**14,620,987.90**	(23,981.99)
Net profit for equity holders of the Company after extraordinary items	3=1-2	**(5,342,489.03)**	(103,106,001.01)
Net asset for equity holders of the Company at the end of the period	4	**1,161,039,825.84**	1,150,879,765.66
Returns on net assets on fully diluted basis (I)	5=1÷4	**0.80%**	(8.96%)
Returns on net assets on fully diluted basis (I)	6=3÷4	**(0.46%)**	(8.96%)
Net asset for equity holders of the Company at the beginning of the period	7	**1,150,879,765.66**	1,281,304,355.49
Net asset for equity holders of the Company increased by issuing new share and shares converted from debentures	8		
Number of months from next month to the end of the reporting period – the increase of net assets for equity holders of the Company	9		
Net asset for equity holders of the Company decreased by buyback or cash dividends	10		
Number of months from next month to the end of the reporting period – the decrease of net assets for equity holders of the Company	11		
Number of Months in the reporting period	12	**12.00**	12.00
Net asset for equity holders of the Company on weighted average basis	13=7+1÷② +8 x 9÷12 -10 x 11÷12	**1,155,519,015.10**	1,229,739,363.99
Returns on net assets on weighted average basis (I)	14=1÷13	**0.80%**	(8.39%)
Returns on net assets on weighted average basis (II)	15=3÷13	**(0.46%)**	(8.38%)

XXI. SUPPLEMENTARY INFORMATION *(Continued)*

3. Reconciliation of the net assets and net profit (RMB'000) *(Continued)*

The calculating procedure of basic EPS and diluted EPS

Items	Number	2007	2006
Net profit for equity holders of the Company	1	**9,278,498.87**	(103,129,983.00)
Net profit of extraordinary items for equity holders of the company	2	**14,620,987.90**	(23,981.99)
Net profit for equity holders of the Company after extraordinary items	3=1-2	**(5,342,489.03)**	(103,106,001.01)
Total number of shares at the beginning of the period	4	**422,000,000.00**	422,000,000.00
Number of shares increased by converting surplus reserve into share capital (II)	5		
Number of shares increased by issuing new shares or shares converted from debentures (II)	6		
Share increase (II) number of months from next month to the end of the reporting period	7		
Number of shares decreased by buyback or shrinking	8		
Share decrease number of months from next month to the end of the reporting period	9		
Number of Months in the reporting period	10	**12.00**	12.00
Ordinary shares on weighted average basis	11=4+5+6x7 ÷10-8x9÷10	**422,000,000.00**	422,000,000.00
Basic earning per share (I)	12=1÷11	**0.02**	(0.24)
Basic earning per share (II)	13=3÷11	**(0.01)**	(0.24)
Dividends of diluted convertible ordinary shares as expense	14		
Conversion expense	15		
Income tax	16		
Number of shares increased by options or warrants	17		
Diluted earning per share (I)	18=1+(14-15)x (1-16)÷(11+17)	**0.02**	(0.24)
Diluted earning per share (II)	19=3+(14-15)x (1-16)÷(11+17)	**(0.01)**	(0.24)

4. Analysis of Provision for Diminution in Value

Items	31 December 2006	Provision for this period	Decrease in the year		31 December 2007
			Reversal	Others	
Provision for bad debts	78,340,122.90	9,424,435.70	0.00	191,000.00	**87,573,558.60**
Provision for diminution in value of inventories	94,282,277.91	5,280,038.35	0.00	33,885,947.30	**65,676,368.96**
Provision for diminution in value of financial assets available for sale	0.00	0.00	0.00	0.00	**0.00**
Provision for diminution in value of hold for maturity investments	0.00	0.00	0.00	0.00	**0.00**
Provision for diminution in value of long term investments	50,000.00	0.00	0.00	0.00	**50,000.00**
Provision for diminution in value of Property held for investment	0.00	0.00	0.00	0.00	**0.00**
Provision for diminution in value of fixed assets	24,719,194.58	520,478.75	0.00	4,370,691.62	**20,868,981.71**
Provision for diminution in value of construction	0.00	0.00	0.00	0.00	**0.00**
Provision for diminution in value of construction in progress	1,165,827.82	0.00	0.00	1,165,827.82	**0.00**
Provision for diminution in value of productive life-form assets	0.00	0.00	0.00	0.00	**0.00**
Provision for diminution in value of gas and oil	0.00	0.00	0.00	0.00	**0.00**
Provision for diminution in value of intangible assets	0.00	0.00	0.00	0.00	**0.00**
Provision for impairment of goodwill	0.00	0.00	0.00	0.00	**0.00**
Others	0.00	0.00	0.00	0.00	**0.00**
Total	198,557,423.21	15,224,952.80	0.00	39,613,466.74	**174,168,909.27**

XXI. SUPPLEMENTARY INFORMATION *(Continued)*

5. Consolidated income statement for reference

Preparing consolidated income statement for reference as if the company was fully under the direction of Accounting Standards for Business Enterprises:

Items		2006
Revenue		978,316,596.33
Minus:	Operating costs	768,617,823.84
	Sales tax and add-ons	5,482,251.51
	Distribution expenses	69,992,645.68
	Administrative expenses	149,761,925.42
	Finance costs	16,939,519.24
	Depreciation expense	63,004,948.42
Plus:	Fair value adjustment	0.00
	Investment income	(2,682,295.89)
Loss for the year		(98,164,813.67)
Plus:	Other revenues	3,575,168.69
Minus:	Other expenses	3,198,368.34
Total loss		**(97,788,013.32)**
Minus:	Income tax	1,525,877.58
Net loss		**(99,313,890.90)**

Difference between the net profit(loss) of consolidated income statement for reference and the original consolidated income statement:

Items	2006
Net profit(loss) of the original consolidated income statement	**(104,564,103.65)**
Adjustment:	
Management fees for charging off Accrued Salary payable and employee welfare	5,250,212.75
Net profit(loss) of the consolidated income statement for reference	**(99,313,890.90)**

6. Reconciliation Statement on Difference in Shareholders' Interests under the New and Old Accounting Standards

No.	Items	2007	2006	Difference	Note
	Shareholders' Interests as at 31 December 2006	**1,165,310,630.15**	1,165,310,630.15	0.00	
1	Differences of long term equity investment				
	Differences of equity investment from one control consolidation				
2	Property held for investment measured in fair value mode				
3	Accumulated depreciation for provision of disposal expense				
4	Compensation for dismissal qualified to be recognized as accrued liabilities	**(17,011,760.98)**	(17,011,760.98)	0.00	
5	Payments by share capital				
6	Reorganize obligation qualified to be recognized as accrued liabilities				
7	Enterprises consolidation				
	Goodwill under one control consolidation				
	Provision for amortization of goodwill				
8	Financial assets and financial assets available for sale which measured by fair value and the variation were reckon in the current profit and loss				
9	Financial liabilities which measured by fair value and the variation were reckon in the current profit and loss				
10	Interest raised from financial instruments separating				
11	Derivative financial instruments				
12	Income tax	**2,580,896.49**	2,201,343.25	379,553.24	*note1*
13	Minority interest	**46,488,674.55**	49,649,992.06	(3,161,317.51)	*note2*
	Shareholders' Equity on **1.1.2007**	**1,197,368,440.21**	1,200,150,204.48	(2,781,764.27)	

XXI. SUPPLEMENTARY INFORMATION *(Continued)*

6. Reconciliation Statement on Difference in Shareholders' Interests under the New and Old Accounting Standards *(Continued)*

Note1: the number in 2006 only referred to the current assets on balance sheet and the temporary difference of tax base of Shaanxi Beiren Printing Machinery Company Limited and Beijing Beiren Fuji Printing Machinery Limited, while in 2007 the deferred tax raised by temporary difference of non-current assets was also considered. The deferred income tax assets were recognized as RMB2,776,288.28 in 2006, which increased the consolidated owner's equity by RMB2,776,288.28 on 1 January 2007, including retained profit for RMB2,201,343.25 and minority interests for RMB574,945.03. In 2007, the deferred income tax assets were recognized as RMB2,939,523.35. After reducing against the deferred tax liabilities for RMB242,941.38, the consolidated owner's equity was increased by RMB3,182,464.73 on 1 January 2007, which included retained profit for RMB2,580,896.49 and minority interests for RMB601,568.24. Therefore, the retained profit in 2007 is RMB379,553.2 more than 2006 and the minority interest in 2007 is RMB26,623.21 more than 2006.

Note2: In 2006, the subsidiary Beijing Beiren Tai He Casting Factory which is in liquidation was included in the scope of consolidation in the reconciliation, resulting in an increase of RMB3,187,940.72 for minority interests. Because the company was closed in 2007, it was not included in the 2006 consolidated account. Thus the minority interest in 2007 annual report is RMB3,187,940.72 less than that in 2006 annual report.

In conclusion, the effect on minority interests is RMB3,161,317.51.

XXII. APPROVAL OF FINANCIAL STATEMENTS

The Company's financial statements were approved by the Board of the Company on 15 April 2008.

FIVE YEARS' FINANCIAL SUMMARY

The audited consolidated operating results and the audited balance sheet of the Company for each of the five years ended 31 December 2007 were summarised as follows:

OPERATING RESULTS

(Prepared under Hong Kong Financial Reporting Standards)

	2007 ***Rmb'000***	2006 *Rmb'000*	2005 *Rmb'000*	2004 *Rmb'000*	2003 *Rmb'000* Restated
Turnover	**1,052,869**	966,077	994,192	1,153,555	1,015,382
Profit before tax	**6,157**	(103,197)	77,092	122,711	107,257
Income tax expenses	**(870)**	(17,346)	(15,507)	(20,688)	(13,795)
Net profit for the year	**5,287**	(120,543)	61,585	102,023	93,462
Attributable to:					
Equity holders of the parent company	**5,192**	(119,794)	57,553	101,201	96,148
Minority interests	**95**	(749)	4,032	822	(2,686)
	5,287	(120,543)	61,585	102,023	93,462

BALANCE SHEET

(Prepared under Hong Kong Financial Reporting Standards)

	2007 ***Rmb'000***	2006 *Rmb'000*	2005 *Rmb'000*	2004 *Rmb'000*	2003 *Rmb'000* Restated
Assets					
Current assets	**1,318,635**	1,223,246	1,274,155	1,153,173	986,908
Non-current assets	**891,646**	899,355	863,921	873,060	898,635
Total assets	**2,210,281**	2,122,601	2,138,076	2,026,233	1,885,543
Liabilities					
Current liabilities	**979,831**	927,647	791,279	688,310	607,453
Non-current liabilities	**31,327**	2,000	4,000	24,250	32,070
Total liabilities	**1,011,158**	929,647	795,279	712,560	639,523
Equity	**1,199,123**	1,192,954	1,342,797	1,313,673	1,246,020
Attributable to:					
Equity holders of the parent company	**1,148,748**	1,142,674	1,291,768	1,267,975	1,200,534
Minority interests	**50,375**	50,280	51,029	45,698	45,486
	1,199,123	1,192,954	1,342,797	1,313,673	1,246,020

DOCUMENTS AVAILABLE FOR INSPECTION

1. Original copy of the annual report, which has been signed by the Chairman.
2. Original copy of the auditors' report signed and chopped by the certified public accountant and under the seal of the accountant firm.
3. The original copies of all documents and announcements of the Company publicly disclosed during the reporting period in Shanghai Securities News, Hong Kong Economic Times and The Standard.
4. The Articles of Association of the Company

5 The above documents are available for inspection at Secretary's Office of the Board of Directors of the Company, whose address is No.6 Rong Chang Kong Street, Beijing Economic and Technological Development Zone, Bejing, the PRC

Chairman: **Wang Guohua**
Beiren Printing Machinery Holdings Limited
15 April 2008

CONFIRMATION ON THE 2007 ANNUAL REPORT OF THE COMPANY AND ITS SUMMERY BY DIRECTORS AND SENIOR MANAGEMENT OF BEIREN PRINTING MACHINERY HOLDINGS LIMITED

We warrant the truthfulness, completeness and accuracy of the contents in the 2007 Annual Report and its summary and that there are no false representations or misleading statements contained in or material omissions from them. We collectively and individually accept responsibility for the truthfulness, accuracy and completeness of the contents contained therein.

Signature of directors and senior management:

姓名	職務	簽名	姓名	職務	簽名
王國華	董事長		武文祥	獨立非執行董事	
陸長安	副董事長		胡匡佐	獨立非執行董事	
張培武	董事、總經理		李一經	獨立非執行董事	
于寶貴	董事		施天濤	獨立非執行董事	
姜建明	董事、總會計師		焦瑞芳	董事會秘書	
楊振東	董事、總工程師		孔達鋼	副總經理	
鄧剛	董事		劉靜	副總經理	

Beiren Printing Machinery Holdings Limited
15 April 2008