



北人 北人印刷機械股份有限公司
BEIREN 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.

2010 Interim Report

| | | |
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IMPORTANT NOTICES

- (1) The board of directors, supervisory committee and the directors, supervisors and senior management of the Company warrant that this report does not contain any false information, misleading statements or material omission, and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents herein contained.
 - (2) All directors of the Company attended the board meeting.
 - (3) The Interim Financial Report has not been audited.
 - (4)

| | |
|---|---------------|
| Person in charge of the Company | Zhao Guorong |
| Name of Accounting Director | Zhang Peiwu |
| Name of Accounting Manager (Chief Accountant) | Duan Yuangang |
- Mr. Zhao Guorong, the Chairman, Mr. Zhang Peiwu, the General Manager, and Mr. Duan Yuangang, the Chief Accountant, have declared that they guarantee the truthfulness and completeness of the financial statements contained in this interim report.
- (5) None of our controlling shareholders and their associates has appropriated the Company's capital for non-operating purposes.
 - (6) The Company has not provided third-party guarantees in violation of stipulated procedures.

(I) Corporate Information

| | |
|-------------------------------------|--|
| Chinese name of the Company | 北人印刷機械股份有限公司 |
| Chinese abbreviation | 北人股份 |
| English name of the Company | Beiren Printing Machinery Holdings Limited |
| English abbreviation | BR |
| Legal representative of the Company | Zhao Guorong |

(II) Contact Persons and Contact Information

| | | |
|------------------------|--|--|
| Name | Secretary to the Board | Representative in charge of securities affairs |
| Correspondence address | Jiao Ruifang No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC | Lu Ruiping No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC |
| Telephone number | 010-67802565 | 010-67802565 |
| Facsimile number | 010-67802570 | 010-67802570 |
| Email address | beirengf@beirengf.com | beirengf@beirengf.com |

(III) Basic Information

| | |
|---------------------------------------|---|
| Registered address | No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC |
| Postal code of the registered address | 100176 |
| Office address | No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC |
| Postal code of the office address | 100176 |
| International internet website | http://www.beirengf.com |
| Email address | beirengf@beirengf.com |

(IV) Information Disclosure and Place for Inspection

| | |
|--|---|
| Newspapers designated for disclosure of the Company's information | Shanghai Securities News |
| Website designated by the China Securities Regulatory Commission for publishing the Interim Report | http://www.sse.com.cn ; http://www.hkexnews.hk |
| Place for inspecting the Company's Interim Report | Secretariat of the Board of Directors of Beiren Printing Machinery Holdings Limited |

(V) Information of the Company's Shares

| | | | |
|--|---|--------------------|-----------------------------------|
| Information of the Company's shares | | | |
| Type of shares | Place of listing of the shares | Stock abbreviation | Stock code |
| A Shares | Shanghai Stock Exchange (SSE) | *ST北人 | 600860 |
| H Shares | The Stock Exchange of Hong Kong Limited | 北人印刷 | 0187 |
| | | | Stock abbreviation before changes |

(VI) Other Basic Information of the Company

| | |
|---|--|
| Date of first business registration of the Company | 13 July 1993 |
| Place of first business registration of the Company | Chaoyang District, Beijing, the PRC |
| First change | |
| 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 license registration number | 110000005015956 |
| Tax registration number | Jing Zheng Shui Zi 110105101717457 |
| Organization Code | 10171745-7 |
| 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, China |
| Overseas auditors of the Company | SHINEWING (HK) CPA Limited |
| Address of overseas auditors of the Company | 43/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong |
| Domestic legal adviser of the Company | Kang Da Law Firm |
| Address of domestic legal adviser of the Company | No. 19, Jianguomenwai Dajie, Chaoyang District, Beijing, the PRC |
| Overseas legal adviser of the Company | Woo, Kwan, Lee & Lo |
| Address of overseas legal adviser of the Company | 28/F, Jardine House, Central, Hong Kong |
| Other basic information of the Company | Reception of shareholder enquiries: 9:00-11:00a.m. 2:00-4:00p.m. on 10th and 20th of each month (or on the following business day if it falls on a public holiday) (Closed on Saturday and Sunday) |

BASIC CORPORATE INFORMATION

(VII) Major financial data and indices

1. Major accounting data and financial indices

Unit: RMB

| | By the end of the reporting period | By the end of the reporting period last year | Increase(+)/decrease(-) (%) |
|---|---|--|-----------------------------|
| Total assets | 1,623,010,735.37 | 1,737,782,547.50 | -6.60 |
| Owner's interests (or shareholders' interests) | 709,256,246.82 | 722,862,519.49 | -1.88 |
| Net assets per share attributable to shareholders of listed company (RMB/share) | 1.68 | 1.71 | -1.75 |
| | For the reporting period (January – June) | For the same period last year | Increase(+)/decrease(-) (%) |
| Operating profit | -21,883,475.92 | -41,880,324.14 | N/A |
| Total profit | -14,538,850.61 | -37,636,119.87 | N/A |
| Net profit attributable to shareholders of listed company | -14,968,604.70 | -35,677,696.35 | N/A |
| Net profit attributable to shareholders of listed company after extraordinary items | -22,514,394.10 | -39,788,653.21 | N/A |
| Basic earnings per share (RMB) | -0.04 | -0.08 | N/A |
| Basic earnings per share after extraordinary items (RMB) | -0.05 | -0.09 | N/A |
| Diluted earnings per share (RMB) | -0.04 | -0.08 | N/A |
| Return on net assets on weighted average basis (%) | -2.09 | -4.06 | 1.97 |
| Net cash flow from operating activities | -24,588,414.42 | 41,559,690.16 | -159.16 |
| Net cash flow per share from operating activities (RMB) | -0.06 | 0.10 | -159.16 |

2. Extraordinary items and amounts

Unit: RMB

| Extraordinary items | Amount |
|---|---------------------|
| Profit/loss from disposal of non-current assets | -22,962.25 |
| Government subsidy accounted into profit and loss for the current period (except for those closely associated with the operations of the Company which were accounted for in fixed amount or volume in compliance with the requirement of the policies of the State and in accordance with uniform standard of the state) | 6,011,129.59 |
| Profit/loss from debt restructuring | 1,583,495.15 |
| Other net non-operating income/expenses save for the above | -227,037.18 |
| Gain/loss on transfer of long-term equity investments held | 310,801.51 |
| Effect on income tax | 0 |
| Effect on minority interests (after tax) | 109,637.42 |
| Total | 7,545,789.40 |

3. The difference between the net profit and net assets as shown in financial reports prepared in accordance with the HKFRS and the PRC GAAP

Unit: RMB'000

| | Net profit | | Net assets | |
|--|----------------|----------------|---------------------------------------|---|
| | Current year | Previous year | As at the end of the reporting period | As at the beginning of the reporting period |
| As reported under the Chinese Accounting Standards | -14,969 | -35,678 | 709,256 | 722,863 |
| Items and amounts adjusted in accordance with the IAS: | | | | |
| 1. Difference in valuation of assets contributed to the Company by Beiren Group Corporation | 0 | 0 | -60,198 | -60,198 |
| 2. Subsequent amortisation of difference in valuation of assets contributed to the Company by Beiren Group Corporation | 0 | 33 | 48,475 | 48,475 |
| 3. Difference in valuation of assets contributed to subsidiaries | 0 | 16 | -166 | -166 |
| 4. Difference in recognition of goodwill upon acquisition of a subsidiary | 0 | 0 | 4,479 | 4,479 |
| 5. Difference in amortisation of goodwill upon acquisition of a subsidiary | 0 | 0 | -4,479 | -4,479 |
| 6. Difference in recognition of deferred tax | 0 | 0 | 0 | 0 |
| 7. Difference in recognition of transfer of impairment of assets | 0 | 0 | 0 | 0 |
| 8. Others | 0 | 34 | -2,297 | -2,297 |
| As reported under the Hong Kong Financial Reporting Standards | -14,969 | -35,595 | 695,070 | 708,677 |

MOVEMENTS OF SHARE CAPITAL AND STATUS OF SHAREHOLDERS

(1) Changes in shareholding

Unit: share

| | Before the change | | Increase (+)/decrease (-) | | | | After the change | | |
|--|-------------------|----------------|---------------------------|-------------|-------------------------|--------|------------------|-------------|----------------|
| | Number | Percentage (%) | Issue of new shares | Bonus issue | Conversion from reserve | Others | Sub-total | Number | Percentage (%) |
| I. Shares subject to trading moratorium | | | | | | | | | |
| 1. State-owned shares | | | | | | | | | |
| 2. State-owned legal person shares | | | | | | | | | |
| 3. Other domestic shares | | | | | | | | | |
| Including: | | | | | | | | | |
| Domestic non-state-owned legal person shares | | | | | | | | | |
| Domestic public shares | | | | | | | | | |
| 4. Foreign shares | | | | | | | | | |
| Including: | | | | | | | | | |
| Overseas legal person shares | | | | | | | | | |
| Overseas public shares | | | | | | | | | |
| II. Circulating shares not subject to trading moratorium | | | | | | | | | |
| 1. Renminbi Ordinary shares | 322,000,000 | 76.3 | | | | | | 322,000,000 | 76.3 |
| 2. Foreign shares listed domestically | | | | | | | | | |
| 3. Foreign shares listed overseas | 100,000,000 | 23.7 | | | | | | 100,000,000 | 23.7 |
| 4. Others | | | | | | | | | |
| III. Total shares | 422,000,000 | 100 | | | | | | 422,000,000 | 100 |

1. About the approval of changes in shareholding

Under the Share Segregation Reform, the major shareholder of the Company, Beiren Group Corporation, has fulfilled all its undertakings. All the shares of the Company held by Beiren Group Corporation are circulating shares free from trading moratorium. As of the Reporting period, the Beiren Group Corporation holds 201.64 million shares of the Company, which are all circulating shares not subject to trading moratorium, representing 47.78 percent of the total share capital of the Company.

2. Other information deemed necessary by the Company or as required by the Securities Regulators

As announced by the Company on 7 January 2010, the Company received notification from its major shareholder, Beiren Group Corporation, that it has on 6 January 2010 and 7 January 2010 sold an aggregate of 21 million circulating shares of the Company not subject to trading moratorium, representing 4.98 percent of the total share capital of the Company, through the block trading system of the Shanghai Stock Exchange. After this reduction, Beiren Group Corporation still holds 201.64 million shares of the Company, which are all circulating shares not subject to trading moratorium, representing 47.78 percent of the total share capital of the Company. Beiren Group Corporation remains the major shareholder of the Company after the aforesaid reduction of shareholding.

(2) Status of shareholders and their shareholding

1. Number of shareholders and their shareholding

Unit: share

Total number of shareholders at the end of the reporting period 19,763 (including: 19,671 A share holders, 92 H share holders)

Particulars of top ten shareholders

| Name of shareholder | Nature of shareholder | Percentage in share capital (%) | Number of shares held | Increase/decrease during the reporting period | Number of share-holdings subject to trading moratorium | Number of shares pledged or frozen |
|---|--------------------------|---------------------------------|-----------------------|---|--|------------------------------------|
| Beiren Group Corporation | State-owned legal person | 47.78 | 201,640,000 | -21,000,000 | 0 | None |
| HKSCC NOMINEES LIMITED | Unknown | 23.28 | 98,241,199 | 86,000 | 0 | Unknown |
| China Construction bank – Fortis Haitong Style Rotation Equity Securities Investment Fund | Unknown | 0.84 | 8,536,373 | 8,536,373 | 0 | Unknown |
| Bank of China – Fortis Haitong Income Growth Securities Investment Fund | Unknown | 0.62 | 2,636,350 | 2,636,350 | 0 | Unknown |
| 葉麗君 | Unknown | 0.36 | 1,498,833 | 1,498,833 | 0 | Unknown |
| 王熾旭 | Unknown | 0.32 | 1,370,075 | 1,370,075 | 0 | Unknown |
| 陳漢傑 | Unknown | 0.24 | 1,030,000 | 1,030,000 | 0 | Unknown |
| 伍志強 | Unknown | 0.19 | 820,000 | 0 | 0 | Unknown |
| 張力 | Unknown | 0.18 | 750,100 | 750,100 | 0 | Unknown |
| 吉林武 | Unknown | 0.18 | 747,299 | 747,299 | 0 | Unknown |

MOVEMENTS OF SHARE CAPITAL AND STATUS OF SHAREHOLDERS

(2) Status of shareholders and their shareholding *(Continued)*

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

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

| Name of shareholder | Number of shares not subject to trading moratorium held | Class and amount of shares |
|---|---|--------------------------------|
| Beiren Group Corporation | 201,640,000 | Renminbi ordinary shares |
| HKSCC NOMINEES LIMITED | 98,241,199 | Foreign shares listed overseas |
| China Construction bank — Fortis Haitong Sytle Rotation Equity Securities Investment Fund | 8,536,373 | Renminbi ordinary shares |
| Bank of China — Fortis Haitong Income Growth Securities Investment Fund | 2,636,350 | Renminbi ordinary shares |
| 葉麗君 | 1,498,833 | Renminbi ordinary shares |
| 王熾旭 | 1,370,075 | Renminbi ordinary shares |
| 陳漢傑 | 1,030,000 | Renminbi ordinary shares |
| 伍志強 | 820,000 | Renminbi ordinary shares |
| 張力 | 750,100 | Renminbi ordinary shares |
| 吉林武 | 747,299 | Renminbi ordinary shares |

Explanation of the connected relationship or action in concert among the aforesaid shareholders

As of the reporting period, shares subject to trading moratorium held by the Company were all listed for circulation in the market. The Company is not aware of any connected relationship among the aforesaid 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) Beiren Group Corporation is the major shareholder of the Company, no share of which are being pledged or frozen.
- (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 individually held more than 5% of the total share capital of the Company.
- (3) Save as disclosed above, as at 30 June 2010, the directors were not aware of any person (not being a director, supervisor or chief executive of the Company) had 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.
- (4) There is no provision for pre-emptive rights under the laws of the PRC and the Articles of Association of the Company.
- (5) As at 30 June 2010, the Company did not issue any convertible securities, options, warrants or any other similar right.

2. 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.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) CHANGES IN SHAREHOLDING OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Unit: share

| Name | Position | Shareholding at the beginning of the year | Increase in the no. of shares held during the reporting period | Decrease in the no. of shares held during the reporting period | Shareholding at the end of the reporting period | Reason for the change |
|----------------|-------------------------------------|---|--|--|---|-----------------------|
| Zhao Guorong | Chairman | 0 | 0 | 0 | 0 | – |
| Bai Fan | Director | 0 | 0 | 0 | 0 | – |
| Zhang Peiwu | Director and General Manager | 0 | 0 | 0 | 0 | – |
| Yang Zhendong | Director and Deputy General Manager | 0 | 0 | 0 | 0 | – |
| Duan Yuangang | Director and Chief Accountant | 0 | 0 | 0 | 0 | – |
| Xu Wencai | Independent non-executive Director | 0 | 0 | 0 | 0 | – |
| Wang Hui | Independent non-executive Director | 0 | 0 | 0 | 0 | – |
| Xie Bingguang | Independent non-executive Director | 0 | 0 | 0 | 0 | – |
| Wang Deyu | Independent non-executive Director | 0 | 0 | 0 | 0 | – |
| Wang Liansheng | Chairman of Supervisory Committee | 0 | 0 | 0 | 0 | – |
| Guo Xuan | Supervisor | 0 | 0 | 0 | 0 | – |
| Shao Zhenjiang | Supervisor | 0 | 0 | 0 | 0 | – |
| Jiao Ruifang | Secretary to the Board | 0 | 0 | 0 | 0 | – |
| Kong Dagang | Deputy General Manager | 0 | 0 | 0 | 0 | – |
| Liu Jing | Deputy General Manager | 0 | 0 | 0 | 0 | – |

Notes:

- (1) Save as disclosed above, none of the directors, supervisors and senior management of the Company, as at 30 June 2010, 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 was required to be recorded in the register under section 352 of the SFO, nor which would have to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.
- (2) None of the 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 30 June 2010.
- (3) Save as those set out in the register required to be maintained by directors and supervisors under section 352 of the SFO, during the reporting period, the Company had not engaged in any arrangement which would enable the directors or supervisors of the Company or their respective associates 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 352 of the SFO.

(2) APPOINTMENT OR DISMISSAL OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at 2 June 2010, Mr. Pang Liandong has reached his retirement age and has therefore tendered his resignation to the board of directors to resign as director and chairman of the Company and his positions as chairman of the strategic committee and member of the remuneration and monitoring committee, director of Beiren Yixin (Beijing) Technology Development Company Limited, director of Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd., and director of Beijing Beiyong Casting Company Limited were also terminated. The board of directors fully respects the decision of Mr. Pang and accepts his resignation with effect from 2 June 2010. Mr. Pang Liandong is not a shareholder of the Company.

DIRECTORS' REPORT

(1) DISCUSSION AND ANALYSIS OF OVERALL OPERATION DURING THE REPORTING PERIOD

The macroeconomic performance has improved markedly during the reporting period, but given weak fundamentals, the development trend is difficult to predict. As the financial crisis continues to affect the global economy, the recovery of the market remains foggy. In the PRC, the government has implemented a credit policy that guarantees credit in some areas and limits in others, sustaining a stable growing economy, and therefore a favourable momentum for the development, consumption and exportation of fixed assets for the first half of the year. The printing machinery industry also sustained a stable growth in the first six months of the year, but due to the resources tax adjustment which has pushed up raw material prices, and outsourced price and labor cost which in turn resulted in an overall cost increment of the industry. On top of this, decrease in demand under the financial crisis and the under-utilisation of production capacity have all exposed the industry to intense competition.

In face of a challenging time, the Company has timely adjusted the scale of economy, transferred the non-core business and assets, and concentrated on the main stream of business. As of the end of the reporting period, the operating income prepared in accordance with the PRC Accounting Standards was RMB386,640,000, up by 0.84% as compared with the previous reporting period, and the net loss was RMB14,970,000, down by 58.04% as compared with the previous reporting period; while prepared in accordance with Hong Kong Financial Reporting Standards, the turnover was RMB377,540,000 and the net loss was RMB14,970,000.

(2) REVIEW OF MAJOR EVENTS DURING THE FIRST HALF OF 2010

- During the reporting period, the Company implemented the '12-5' strategic industry research based on the conclusion of the '11-5' strategy. The Company performed a complete analysis on the market environment both internationally and domestically by ways of research and interview to enhance the internal productivity and lay the foundation for the long term strategic development of the Company.
- The Company transferred its non-core business and assets to its major shareholder, Beiren Group Corporation, during the reporting period to focus on its core business and weathered through the crisis by adjusting the economies of scale and mobilising the inventories. The proposal has been approved at the general meeting held at the end of June.
- During the reporting period, the Company enhanced its services and refined its marketing areas into eleven districts to achieve an integrated management and accelerate market feedback and thereby provide better services to its customers.
- During the reporting period, the Company accelerated its pace of research and development. The newly released BEIRENJS1040 sheet-fed offset perfecter and N525 two-colour unit-type off-set printing press have commenced sales received high acclaims from the customers, and meanwhile the Company focused on the existing products improvement and R&D refinement.
- During the reporting period, the Company closely monitored the recovery of its trade receivables and formulated the Trade Receivables Settlement Method. Besides, the Company held meetings to analyze the trade receivables regularly to check the accounts and solve the remaining issues. The reduction of the remaining balance of the trade receivables to RMB15,650,100 during the reporting period proved the effects of the abovementioned policies.
- To facilitate the implementation of the internal control practices, in the process of internal control assessments during the reporting period, the Company located and resolved the arising problems promptly in order to control the effectiveness of the internal control of the Company. During the reporting period, the Company improved the internal control system.

(3) SCOPE AND STATUS OF PRINCIPAL OPERATIONS

1. Scope of principal operations:

Development, design, production 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; 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 (apart from those products restricted by the State from operating by enterprises and those from being imported and exported) for production of own enterprises 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. Principal operation by sector and product

Unit: RMB

| By product | Operating income | Operating cost | Operating profit margin (%) | Increase/decrease in operating income over last year (%) | Increase/decrease in operating cost over last year (%) | Increase/decrease in operating profit margin over last year (%) |
|-----------------------------|------------------|----------------|-----------------------------|--|--|---|
| Sales of set print machines | 212,289,914.26 | 176,646,446.78 | -4.12 | -8.29 | -13.44 | Increased by 8.67 percentage points |
| Sales of Intrusion printers | 139,237,198.64 | 106,208,776.04 | 1.60 | 15.28 | 3.50 | Increased by 8.21 percentage points |
| Sales of Form presses | 21,753,816.20 | 18,642,969.74 | 1.71 | 31.64 | 39.58 | Decreased by 1.74 percentage points |
| Total | 373,280,929.10 | 301,498,192.56 | -1.65 | 1.22 | -5.79 | Increased by 8.39 percentage points |

(3) **SCOPE AND STATUS OF PRINCIPAL OPERATIONS** (Continued)
3. Principal operation by geographical segment

Unit: RMB

| Region | Operating income | Increase/decrease in operating income over last year (%) |
|-------------|------------------|--|
| PRC | 361,154,526.25 | 3.72 |
| Outside PRC | 12,126,402.85 | -41.08 |

(4) **INVESTMENT**

1. Use of proceeds

The initial raised proceeds of the Company has been used up as at 31 December 1998. The second raised proceeds has also been used up as at 31 March 2003. No utilization of proceeds subsisted in this reporting period.

2. Projects financed by non-raised fund

No project financed by non-raised fund in this reporting period.

(5) **SEGMENT INFORMATION (PREPARED IN ACCORDANCE WITH THE HKFRS)**

The Group's operating segments, based on information reported to the chief operating decision maker for the purposes of resource allocation and performance assessment are as follows:

- Sales of offset press — Manufacturing and sales of presses for printing double-side color or monochrome books, periodicals and other printing materials
- Sales of gravure press — Manufacturing and sales of presses for printing packaging and folding cartons for food and beverage, cleaning supplies and health products
- Sales of business form machine — Manufacturing and sales of machines for printing and processing various forms of paper, such as invoices, bar codes, leaflets and lottery tickets
- Others — Sales of spare parts and provision of printing services

(1) **Segment revenues and results**
For the year ended 30 June 2010

| | Sales of offset press RMB'000 | Sales of gravure press RMB'000 | Sales of business form machine RMB'000 | Others RMB'000 | Eliminations RMB'000 | Total RMB'000 |
|--------------------------------|----------------------------------|-----------------------------------|---|-------------------|-------------------------|------------------|
| Turnover | | | | | | |
| External sales | 209,634 | 140,705 | 25,430 | 1,768 | — | 377,537 |
| Inter-segment sales | 2,334 | — | — | 100 | (2,434) | — |
| Total | 211,968 | 140,705 | 25,430 | 1,868 | (2,434) | 377,537 |
| Segment loss | (1,942) | (488) | (149) | (1,836) | — | (4,415) |
| Share of results of associates | | | | | | 211 |
| Unallocated corporate income | | | | | | 389 |
| Unallocated corporate expenses | | | | | | (1,393) |
| Finance costs | | | | | | (9,332) |
| Loss before taxation | | | | | | (14,540) |

Segment loss represents the loss from each segment without allocation of share of results of associates, interest income on bank deposits, gain on disposal of a subsidiary, central administration costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

DIRECTORS' REPORT

(5) SEGMENT INFORMATION (PREPARED IN ACCORDANCE WITH THE HKFRS) (Continued)
(2) The following is an analysis of the Group's assets and liabilities by reportable segments:

| | 30/6/2010 RMB'000 | 31/12/2009 RMB'000 |
|--------------------------------|----------------------|-----------------------|
| Sales of offset press | 1,073,847 | 1,144,165 |
| Sales of gravure press | 276,303 | 252,683 |
| Sales of business form machine | 46,725 | 47,011 |
| Others | 116,987 | 141,412 |
| Total segment assets | 1,513,862 | 1,585,271 |
| Unallocated corporate assets | 99,693 | 143,056 |
| Consolidated assets | 1,613,555 | 1,728,327 |

(6) TAXATION (PREPARED IN ACCORDANCE WITH THE HKFRS)

| Six months ended 30 June | |
|--------------------------|--------------------|
| 2010 | 2009 |
| RMB'000 | RMB'000 |
| (Unaudited) | (Unaudited) |

The taxation comprises:

| | | |
|----------------------------------|------------|------------|
| PRC Corporate Income Tax ("CIT") | 103 | 166 |
| Current period | 103 | 166 |

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Corporate Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council issued Implementation Regulation of the New Law. The New Law and Implementation Regulation changed the tax rate of the Company and certain of its PRC subsidiaries to 25% from 1 January 2008 onwards.

Starting from 1 January 2008, CIT of the Company is calculated at the rate of 25% (2009: 25%) of the estimated assessable profits for the period. In accordance with the relevant rules and regulations in the PRC, except for Shaanxi Beiren Printing Machinery Company Limited ("Shaanxi Beiren"), all other PRC subsidiaries are subject to CIT at a rate of 25% (2009: 25%).

According to document (Guoshuifa [2002] 47) and document (Caishuizi [2008] 21) "Notice of Application of Transitional Preferential Policy on Corporate Income Tax" issued by the State Administration of Taxation on 10 May 2002 and 4 February 2008 respectively, the applicable income tax rate of Shaanxi Beiren is 15% (2009: 15%).

According to document (Jingshuiwaipifu [2002] 1-11) issued by the foreign tax bureau of Beijing State Administration of Taxation, the applicable income tax rate of Beiren Fuji is 24% from 2001. In addition, according to document (Guoshuizhishuijianmianzi [2006] 2) issued by the tax bureau directly under Beijing State Administration of Taxation, Beiren Fuji is levied at half of the income tax from 2006 to 2008. Consequently the income tax of Beiren Fuji is charged at the rate of 12% on the estimated assessable profits for the year ended 31 December 2008. Starting from 1 January 2009, the applicable tax rate of Beiren Fuji is 25%.

No provision for Hong Kong profits tax has been made as there is no assessable profit for the subsidiaries operating in Hong Kong during the periods ended 30 June 2010 and 2009.

(7) LOSS FOR THE PERIOD (PREPARED IN ACCORDANCE WITH THE HKFRS)

| Six months ended 30 June | |
|--------------------------|--------------------|
| 2010 | 2009 |
| RMB'000 | RMB'000 |
| (Unaudited) | (Unaudited) |

Loss for the period has been arrived at after charging (crediting):

| | | |
|--|---------------|---------|
| Depreciation and amortisation | | |
| — Property, plant and equipment and investment properties | 19,744 | 22,858 |
| — Prepaid lease payments | 1,403 | 1,446 |
| — Other intangible assets | — | — |
| Total depreciation and amortisation | 21,147 | 24,304 |
| Share of taxation of associates (included in share of results of associates) | 2,074 | (5) |
| Cost of inventories recognised as an expense | 307,397 | 330,579 |
| Interest on bank and other borrowings | 9,332 | 9,384 |
| Loss (gain) on disposal of property, plant and equipment | 23 | 600 |
| Interest income on bank deposits | (389) | (137) |

(8) DIVIDEND (PREPARED IN ACCORDANCE WITH THE HKFRS)

No dividend was paid or proposed for the six months ended 30 June 2010 (six months ended 30 June 2009), nor has any dividend been proposed since the end of the reporting period.

(9) LOSS PER SHARE (PREPARED IN ACCORDANCE WITH THE HKFRS)

The calculation of basic loss per share attributable to the owners of the Company is based on the loss for the period attributable to owners of the Company of approximately RMB14,969,000 (2009: RMB35,595,000) and the weighted average number of 422,000,000 (2009: 422,000,000) ordinary shares in issue during the period.

As there were no dilutive potential shares during the two periods ended 30 June 2010 and 2009 and accordingly, the diluted loss per share is the same as basic loss per share.

(10) SHARE CAPITAL (PREPARED IN ACCORDANCE WITH THE HKFRS)

RMB'000

| | |
|--|--|
| Registered, issued and fully paid, at 1 January 2009, 31 December 2009 and 30 June 2010 | |
| 322,000,000 A shares of RMB1 each | 322,000 |
| 100,000,000 H shares of RMB1 each | 100,000 |
| | <hr style="border-top: 1px solid black;"/> |
| | 422,000 |

(11) CONTINGENT LIABILITIES

As at 30 June 2010, the Company did not have any material contingent liabilities.

(12) BUSINESS OUTLOOK FOR THE SECOND HALF OF 2010

In the second half of the year, the global economy was affected by the debt crisis in Europe as well as other uncertainties and unstable factors. The upward trend mainly backed by stimulus plans launched by different governments is coming to an end and the rate of growth is bound to further decrease. In face of these, the PRC economy will also experience slackened pace of growth, with accelerated economic restructuring and decreased rate of growth in fixed assets investment during the second half of the year. The Company foresees a corresponding decrease in the rate of growth for the printing machinery market. Responding to the above, the Company will adopt the following measures to proactively prepare for the market challenges ahead.

1. The Company will continue the "12-5" strategic planning, set out the visions and objectives for future development, analyse the strategy of different functions such as marketing, technology development, production management, financial management, human resources and corporate culture, with the aim to fully realise the "12-5" strategy in leading the direction of the Company.
2. The Company will implement the asset transfer project in accordance with the agreement. After the completion of the asset transfer, the Company will utilise the proceeds to repay bank loans, finance costs of relocation, technical innovation and as general working capital. These will enhance the structure of assets of the Company.
3. Advantaged resources will be centralized for the development of core product lines to speed up the launch on the market, improve the competitiveness of the core products and strengthen the R&D capability of environmental friendly and low-carbon high-end printing machineries.
4. The Company will strengthen the orientation and pertinence of its sales incentive policy, fully motivate the commitment and creativity of the sales staff, and promote the marketing concept of customer service in order to meet customers demand.
5. The Company will continue to reinforce the synergy with its suppliers, establish long term strategic partnership with them, step up the capacity analysis of the suppliers, adjust the production capacities of key components facing under-capacity, as well as suggest and implement solutions, in order to maintain its production progress.
6. With a view to reduce the cost pressure, the Company will strengthen the control over its operating costs and minimize any unnecessary expenditure. Parallel to these, the Company will hold a tight grip over its internal fundamental management and intensify the control and review for different costs.
7. The Company will consistently implement the spirit of the Guidelines for Enterprise Internal Control (Caikuai [2010]11) jointly issued by the five ministries including the Ministry of Finance and the China Securities Regulatory Commission, in order to ensure the implementation of its internal control requirements. On the other hand, the Company will reinforce the training for the internal control of its subsidiaries, in order to establish the internal control system of its subsidiaries.

SIGNIFICANT EVENTS

(1) CORPORATE GOVERNANCE

During the reporting period, under the requirements of regulatory authorities, the Company, after taking into consideration the Company's specific situation, has drafted several documents including the "Responsibility System for Major Errors in Information Disclosure in Annual Reports", the "Registration System of Internal Information Receivers" and the "Management System of External Information Users" to ensure the Company's compliance with laws and regulations.

During the reporting period, a clear hierarchy of authority and responsibility for the Company's general meeting, board of directors and the senior management that allowed each performs its own functions in a proper manner was established; the disclosure of company information was true, accurate, complete and in time; the specialized committees of the board of directors performed according to their own functions; the independent directors played important role in issues such as connected transaction and financial audit.

(2) IMPLEMENTATION OF PROFIT DISTRIBUTION PLAN DURING THE REPORTING PERIOD

There was no such condition during the reporting period.

(3) IMPLEMENTATION OF CASH DIVIDEND POLICY DURING THE REPORTING PERIOD

Due to the loss recorded during the reporting period, there was no profit distribution plan and no plan to convert surplus reserves into share capital in the first half of 2010.

(4) MATERIAL LITIGATION AND ARBITRATION

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

(5) MATTER RELATED TO BANKRUPTCY REORGANIZATION

During the reporting period, the Company did not have matter related bankruptcy reorganization.

(6) STATUS OF THE COMPANY'S HOLDING OF EQUITY INTERESTS IN OTHER LISTED COMPANIES AND EQUITY PARTICIPATION FINANCIAL CORPORATIONS

During the reporting period, the Company did not hold any equity interests in other listed companies and equity participation financial corporations.

(7) ASSETS TRANSACTIONS

1. Acquisition of assets

Unit: RMB

| Transaction parties or ultimate controlling party | Acquired assets | Date of acquisition | Selling Price of assets | Net profit contributed to the listed company from the date of acquisition to the end of the reporting period | Net profit contributed to the listed company from the beginning of the year to the end of the reporting period (Applied to business combinations under the same controlling party) | Is it a connected transaction (if yes, please state the pricing basis) | Pricing basis of assets acquired | Whether the property rights of the acquired assets were fully transferred | Whether the debts and liabilities were fully transferred | Proportion of the net profit contributed by the assets to the total profit (%) | Connection |
|---|--|---------------------|-------------------------|--|--|--|----------------------------------|---|--|--|-----------------------|
| Public shareholder Kong Dagang | 11.37% shareholding interest in Habei Beiren (a subsidiary of the Company) | 26 January 2010 | 143,400.00 | -248,602.96 | | Yes | the agreed price | Yes | Yes | 1.66 | Other related parties |

2. Disposal of assets

Unit: RMB

| Transaction parties | Disposed assets | Disposal date | Selling Price | Net profit contributed to the listed company by the disposed assets from the beginning of the year to the date of disposal of the assets | Profit or loss arising from disposal of the assets | Is it a connected transaction (if yes, please state the pricing basis) | Pricing basis of assets disposed | Whether the property rights of the assets were fully transferred | Whether the debts and liabilities were fully transferred | Proportion of the net profit contributed by the disposal of the assets to the total profit (%) | Connection |
|------------------------------|--|-----------------|---------------|--|--|--|----------------------------------|--|--|--|------------|
| Beijing Offset Point Factory | 68.66% equity interest of Beijing Beiren Yuxin Offset Printing Controlling Company Limited | 2 February 2010 | 350,000.00 | 0 | 310,801.51 | No | Market price | Yes | Yes | -2.14 | |

(8) MATERIAL CONNECTED TRANSACTIONS

1. Connected transactions related to daily operation

Unit: RMB

| Connected transaction parties | Connection | Type of connected transaction | Substances of connected transaction | Pricing basis of connected transaction | Price of connected transaction | Amount of connected transaction | Percentage of transaction price of transactions of the same type | Settlement of connected transaction | Market price | Reasons for the relatively great difference between transaction price and reference market price |
|---|----------------|---|-------------------------------------|--|--------------------------------|---------------------------------|--|-------------------------------------|--------------|--|
| Beiren Group Corporation | Parent company | Acceptance of patent and trademark licence rights | Trademark licence fee | Agreed price | | 1,915,642.71 | 100.00 | Currency-settled | | |
| Beijing Beijing Casting Company Limited | An associate | Purchase of goods | Purchase of goods | Agreed price | | 3,228,380.79 | 2.88 | Currency-settled | | |
| Beijing Monigral Automations Co., Ltd. | An associate | Purchase of goods | Purchase of goods | Agreed price | | 7,269,213.91 | 6.48 | Currency-settled | | |
| Beijing Beijing Casting Company Limited | An associate | Other inflow | Land and building leases | Agreed price | | 2,203,532.34 | 73.10 | Currency-settled | | |
| Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd. | An associate | Other inflow | Building leases | Agreed price | | 810,918.00 | 26.90 | Currency-settled | | |

2. Connected transactions arising from acquisition and disposal of assets

(1) Connected transactions arising from acquisition of assets

Unit: RMB

| Connected transaction parties | Connection | Type of connected transaction | Substances of connected transaction | Pricing basis of connected transaction | Book value of assets transferred | Valued amount of assets transferred | Transfer price | Value or valued amount or book value of connected transaction | Settlement of connected transaction | Gain on transfer of assets | Reasons for the relatively great difference between transfer price and book value or valued amount |
|--------------------------------|-------------------------|-------------------------------|-------------------------------------|--|----------------------------------|-------------------------------------|----------------|---|-------------------------------------|----------------------------|--|
| Public shareholder Kong Dagang | Other connected parties | Equity acquisition | Acquisition of minority interests | Agreed price | 1,611,650.13 | 2,538,511.68 | 143,400.00 | Negotiated and confirmed | Cash | 0 | |

(2) Connected transaction arising from disposal of assets

At the 2009 Annual General Meeting of the Company convened on 29 June 2010, eight connected transactions between the Company and Beiren Group Corporation, a major shareholder, were considered and approved. Up to the reporting period, the eight connected transactions were being conducted. The specific details are as follows:

- The transfer of the 100% equity interest in Beiren Yixin (Beijing) Technology Development Company Limited, a wholly-owned subsidiary of the Company, to Beiren Group Corporation and the entering into of an equity transfer agreement;
- The transfer of the property of the Company in Fatou, Beijing to Beiren Group Corporation and the entering into of an asset transfer agreement;
- The transfer of the facilities ancillary to the property of the Company in Fatou, Beijing to Beiren Group Corporation and the entering into of an asset transfer agreement;
- The payment of relocation compensation to Beijing Beiren Fuji Printing Machinery Company Limited, a controlling subsidiary of the Company, by Beiren Group Corporation and the entering into of a relocation compensation agreement;
- The transfer of the BEIREN200 quarto four-color lithographic printing machines patented technology of the Company to Beiren Group Corporation and the entering into of a patented technology transfer agreement;
- The transfer of the receivables ("Receivables") owing by Haimen Beiren Fuji Printing Machinery Company Limited to the Company to Beiren Group Corporation and the entering into of a receivables transfer agreement;
- The transfer of the inventory of the Company to Beiren Group Corporation and the entering into of an inventory transfer agreement;
- The transfer of 79.7% and 20.3% equity interest in Haimen Beiren Fuji Printing Machinery Company Limited, which is held by the Company and a subsidiary of the Company, Beijing Beiren Fuji Printing Machinery Company Limited respectively, to Beiren Group Corporation and the entering into of an equity transfer agreement and a supplemental agreement to the equity transfer agreement.

Among the above connected transactions, (1) and (8) are subject to approval of the State-owned Assets Supervision and Administration Commission of Beijing Municipal Government. Upon completion of the transactions, income after tax is expected to be RMB170,740,000.

SIGNIFICANT EVENTS

(8) MATERIAL CONNECTED TRANSACTIONS (Continued)

3. Connected debts and liabilities

Unit: RMB'0,000

| Name of connected party | Connection | Capital provided to connected parties | | Capital provided to the listed company by connected parties | |
|--|-------------------------|---------------------------------------|---------|---|---|
| | | Incurred amount | Balance | Incurred amount | Balance |
| Beiren Group Corporation | Controlling shareholder | - | - | 180.18 | 1,544.32 |
| Amount provided by the Company to the controlling shareholder and its subsidiaries during the reporting period (RMB) | | | | | 0 |
| Balance of capital provided by the Company to the controlling shareholder and its subsidiaries (RMB) | | | | | 0 |
| Connected debts and liabilities attributable to | | | | | Amount payable to Beiren Group Corporation arising from the acquisition of the No. 4 Factory (the current rolling paper subsidiary) in 2000 |

(9) Material Contracts and their Implementation

1. Custody, contracting and lease contributed profit over 10% (including 10%) of the total profit of the Company for the reporting period

1. CUSTODY

During the reporting period, the Company had no custody.

2. CONTRACTING

During the reporting period, the Company had no contracting.

3. LEASES

Unit: RMB

| Name of lessor | Name of lessee | Particulars of acquired assets | Amount related to leased assets | Commencing date of lease | Expiry date of lease | Rental income | Basis of determination of rental income | Effect of rental income on the Company | Is it a connected transaction | Connection |
|----------------|--|--------------------------------|---------------------------------|--------------------------|----------------------|---------------|---|--|-------------------------------|--------------|
| The Company | Beijing Beijing Casting Company Limited | Land and buildings | 63,671,782.43 | 1/1/2010 | 2010-12-31 | 2,203,532.34 | Agreed price | Income of the current period | Yes | An associate |
| The Company | Beijing Mitsubishi Heavy Industries Buildings Beiren Printing Machinery Co., Ltd | Buildings | 7,121,190.80 | 1/7/2007 | 2015-6-30 | 810,918.00 | Agreed price | Income of the current period | Yes | An associate |

2. GUARANTEE

Unit: RMB'0,000

Guarantee provided to external parties by the Company (not including guarantee provided to the controlling subsidiaries of the Company)

Total amount of guarantee provided during the reporting period

Total amount of outstanding guarantee provided as at the end of the reporting period

Guarantee provided to the subsidiaries of the Company

Total amount of guarantee provided to the controlling subsidiaries during the reporting period

1,000

Total amount of outstanding guarantee provided to the controlling subsidiaries as at the end of the reporting period

1,000

Total amount of guarantee granted by the Company (including guarantee provided to the controlling subsidiaries of the Company)

Total amount of guarantee

1,000

Percentage of the total amount of guarantee to the net assets of the Company

1.41%

Of which:

Amount of guarantee provided to the shareholders, beneficial controller and their connected parties

Amount of guarantee provided directly or indirectly to borrowers with gear ratio of over 70%

Total amount of guarantee exceeding 50% of net assets

Total amount of the above three guarantees

3. ASSET MANAGEMENT ON TRUST

During the reporting period, the Company had no asset management on trust.

4. Other material contract

During the reporting period, the Company had no other material contract.

(10) PERFORMANCE OF UNDERTAKINGS

Undertakings by the Company or shareholders holding over 5% equity interests during the reporting period or subsisted up to the reporting period: No

- (1) Up to the date of disclosure of the interim report, whether there was uncompleted undertaking related to results: No
- (2) Up to the date of disclosure of the interim report, whether there was uncompleted undertaking related to asset injection and asset integration: No

(11) APPOINTMENT OR DISMISSAL OF ACCOUNTANTS

Whether to appoint another accounting firm:

No

Name of domestic accounting firm
Name of overseas accounting firm

Current appointment
ShineWing Certified Public Accountants
SHINEWING (HK) CPA Limited

(12) THE PUNISHMENT AND RECTIFICATION OF THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS OF THE COMPANY AND BENEFICIAL CONTROLLER

During the reporting period, the Company and its Directors, supervisors, senior management, shareholders of the Company and beneficial controller were not subject to any investigation, administration punishments and criticisms by the CSRC or public reprimand by any stock exchange.

(13) EXPLANATIONS FOR OTHER SIGNIFICANT EVENTS

1. The applicable enterprise income tax rate for the Company for the reporting period is 25%.
2. During the reporting period, the Company received government grants amounting to RMB6,011,100.
3. The unaudited 2010 Interim Report of the Company has been reviewed by the audit committee under the Board of Directors of the Company.
4. During the reporting period, the Company was in compliance with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
5. During the reporting period, the Company has adopted a set of standard code of conduct regarding securities transactions by directors and supervisors on terms no less exacting than the standards set out in the Model Code contained in Appendix 10 to the Listing Rules. Having made specific enquiry to all directors and supervisors, the Company confirmed that each of the directors and supervisors has complied with the required standards regarding securities transactions by directors as set out in the Model Code during the six months ended 30 June 2010.
6. During the reporting period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.
7. During the reporting period, Beijing Beiren Yuxin Offset Printing Co., Ltd. was disposed and excluded from the scope of consolidation.

SIGNIFICANT EVENTS

(14) ACCESS TO DISCLOSEABLE INFORMATION

| Events | Name and page of the publication | Date of publication | Websites and path of publication |
|--|------------------------------------|---------------------|--|
| Announcement on reduction of shareholding by major shareholder | Shanghai Securities News page B24 | 8 January 2010 | Website of Shanghai Stock Exchange http://www.sse.com.cn HKExnews website of Hong Kong Stock Exchange http://www.hkexnews.hk |
| Announcement on estimated loss for 2009 | Shanghai Securities News page B1 | 27 January 2010 | As above |
| Announcement of resolutions passed at the 18th meeting of the Sixth Board of Directors | Shanghai Securities News page B46 | 19 March 2010 | As above |
| Announcement of resolutions passed at the 10th meeting of the Sixth Supervisory Committee | Shanghai Securities News page B46 | 19 March 2010 | As above |
| Announcement on implementation of delisting risk warning | Shanghai Securities News page B46 | 19 March 2010 | As above |
| Announcement on connected transaction | Shanghai Securities News page B46 | 19 March 2010 | As above |
| 2009 Annual Report summary | Shanghai Securities News page B46 | 19 March 2010 | As above |
| Announcement on unusual trading volume movement | Shanghai Securities News page B67 | 13 April 2010 | As above |
| 2010 First Quarterly Report | Shanghai Securities News page B83 | 28 April 2010 | As above |
| Announcement of resolutions passed at the 19th meeting of the Sixth Board of Directors | Shanghai Securities News page B83 | 28 April 2010 | As above |
| Announcement on continuing connected transaction | Shanghai Securities News page B83 | 28 April 2010 | As above |
| Supplemental announcement of 2009 Annual Report | Shanghai Securities News page B108 | 29 April 2010 | As above |
| Announcement of resolutions passed at the 21st meeting of the Sixth Board of Directors and notice of 2009 Annual General Meeting | Shanghai Securities News page B34 | 14 May 2010 | As above |
| Announcement on suspension of trading in A shares | Shanghai Securities News page 23 | 31 May 2010 | As above |
| Fourth extraordinary meeting of the Sixth Board of Directors | Shanghai Securities News page A11 | 3 June 2010 | As above |
| Announcement on connected transactions in relation to disposal of assets | Shanghai Securities News page A11 | 3 June 2010 | As above |
| Announcement on progress of connected transactions in relation to disposal of assets | Shanghai Securities News page B30 | 10 June 2010 | As above |
| Supplemental notice of 2009 Annual General Meeting | Shanghai Securities News page 16 | 12 June 2010 | As above |
| Announcement of resolutions passed at the 2009 Annual General Meeting | Shanghai Securities News page B34 | 30 June 2010 | As above |

Financial Statements (Unaudited)

The Consolidated Balance Sheet

Beiren Printing Machinery Holdings Limited

Unit: RMB

| Assets | Appendix | Consolidated Amount | |
|--|----------|-------------------------|-------------------------|
| | | June 30th, 2010 | December 31st, 2009 |
| Current Assets: | | | |
| Cash | VII. 1 | 75,853,802.19 | 119,427,989.19 |
| Tradable Financial Assets | | | |
| Notes Receivable | VII. 2 | 33,293,326.61 | 16,707,773.38 |
| Accountants Receivable | VII. 3 | 230,737,953.90 | 255,167,926.90 |
| Advances to Suppliers | VII. 4 | 19,461,732.59 | 18,600,020.19 |
| Interests Receivable | | — | — |
| Dividends Receivables | | — | — |
| Other Accounts Receivable | VII. 5 | 23,519,716.05 | 30,339,203.74 |
| Inventory | VII. 6 | 464,099,967.24 | 489,304,032.64 |
| Non-current Assets Maturing within One Year | | — | — |
| Other Current Assets | | — | — |
| Total Current Assets | | 846,966,498.58 | 929,546,946.04 |
| Non-current Assets | | | |
| Financial Assets Available for Sale | | | |
| Holding to Maturity Investment | | | |
| Long-term Accounts Receivable | | | |
| Long-term Equity Investment | VII. 7 | 15,311,791.55 | 15,100,595.32 |
| Investments Property | VII. 8 | 14,694,403.48 | 15,047,905.79 |
| Fixed Assets | VII. 9 | 595,752,548.32 | 626,730,021.57 |
| Construction in Progress | VII. 10 | 4,935,880.72 | 4,279,083.99 |
| Project Materials | | — | — |
| Disposal of Fixed Assets | | — | — |
| Intangible Assets | VII. 11 | 125,212,244.86 | 126,907,626.93 |
| Goodwill | | — | — |
| Long-term Prepayments | VII. 12 | 11,897,291.10 | 11,930,291.10 |
| Deferred Income Tax Assets | VII. 13 | 8,240,076.76 | 8,240,076.76 |
| Other Non-current Assets | | — | — |
| Total Non-current Assets | | 776,044,236.79 | 808,235,601.46 |
| Total Assets | | 1,623,010,735.37 | 1,737,782,547.50 |
| Current Liabilities: | | | |
| Short-term Loan | VII. 15 | 327,950,000.00 | 314,850,000.00 |
| Tradeable Financial Liabilities | | | |
| Notes Payable | VII. 16 | 2,550,000.00 | 13,900,000.00 |
| Accounts Payable | VII. 17 | 329,567,114.93 | 379,540,583.68 |
| Advances from Customers | VII. 18 | 93,615,771.22 | 94,623,242.70 |
| Employee Benefit Payable | VII. 19 | 50,144,303.95 | 59,655,647.63 |
| Taxes Payable | VII. 20 | 9,315,357.48 | 15,398,299.09 |
| Interests Payable | | 664,487.50 | 1,096,962.50 |
| Dividends Payable | | — | — |
| Other Payables | VII. 21 | 49,178,053.64 | 48,538,528.19 |
| Non-current Liabilities Maturing Within One Year | VII. 22 | — | 29,550,000.00 |
| Other Current Liabilities | VII. 23 | 1,349,395.00 | 1,149,600.00 |
| Total Current Liabilities | | 864,334,483.72 | 958,302,863.79 |
| Non-Current Liabilities | | | |
| Long-term Loan | VII. 24 | 18,000,000.00 | 24,000,000.00 |
| Bonds Payable | | — | — |
| Long-term Accounts Payable | | | |
| Special Payable | VII. 25 | 9,100,538.23 | 9,100,538.23 |
| Estimated liabilities | VII. 26 | 266,891.98 | 266,891.98 |
| Accrued Liabilities | | — | — |
| Deferred Income Tax Liabilities | | — | — |
| Other Non-current Liabilities | VII. 27 | 2,803,300.68 | 2,803,300.68 |
| Total Non-current Liabilities | | 30,170,730.89 | 36,170,730.89 |
| Total Liabilities | | 894,505,214.61 | 994,473,594.68 |
| Shareholder's Equity | | | |
| Share Capital | VII. 28 | 422,000,000.00 | 422,000,000.00 |
| Capital Reserves | VII. 29 | 524,382,603.09 | 523,020,271.06 |
| Less: Treasury Stock | | — | — |
| Surplus Reserves | | | |
| General Risk Reserves | VII. 30 | 43,172,707.88 | 43,172,707.88 |
| Undistributed Profit | VII. 31 | (280,299,064.15) | (265,330,459.45) |
| Converted Difference in Foreign Currency Statements | | — | — |
| Total Shareholder's Equity Attributed to the Parent | | 709,256,246.82 | 722,862,519.49 |
| Minority Shareholder's Equity | VII. 32 | 19,249,273.94 | 20,446,433.33 |
| Total Shareholder's Equity | | 728,505,520.76 | 743,308,952.82 |
| Total Liabilities and Shareholder's Equity | | 1,623,010,735.37 | 1,737,782,547.50 |

Financial Statements (Unaudited)

The Balance Sheet of the Parent

Beiren Printing Machinery Holdings Limited

Unit: RMB

| Assets | Appendix | June 30th, 2010 | January 1st, 2010 |
|---|----------|-------------------------|-------------------------|
| Current Assets: | | | |
| Cash | | 50,382,832.16 | 86,568,028.75 |
| Tradable Financial Assets | | — | — |
| Notes Receivable | | 29,893,326.61 | 12,097,000.00 |
| Accounts Receivable | XV. 1 | 192,660,789.87 | 207,351,175.53 |
| Advances to Suppliers | | 5,235,145.65 | 4,489,060.17 |
| Interests Receivable | | — | — |
| Dividends Receivable | | — | — |
| Other Accounts Receivable | XV. 2 | 13,503,466.09 | 7,287,587.74 |
| Inventory | | 314,632,090.21 | 328,286,547.25 |
| Non-current Assets Maturing Within One Year | | — | — |
| Other Current Assets | | — | — |
| Total Current Assets | | 606,307,650.59 | 646,079,399.44 |
| Non-current Assets | | | |
| Financial Assets Available for Sale | | — | — |
| Holding to Maturity Investment | | — | — |
| Long-term Accounts Receivable | | — | — |
| Long-term Equity Investment | XV. 3 | 222,482,890.81 | 216,161,294.58 |
| Investment Property | | 14,694,403.48 | 15,047,905.79 |
| Fixed Assets | | 459,911,693.87 | 474,875,268.15 |
| Construction in Progress | | 1,693,612.43 | 1,697,564.49 |
| Project Materials | | — | — |
| Disposal of Fixed Assets | | — | — |
| Intangible Asset | | 87,787,603.51 | 101,841,698.56 |
| Goodwill | | — | — |
| Long-term Prepayments | | 11,897,291.10 | 11,930,291.10 |
| Deferred Income Tax Assets | | — | — |
| Other Non-current Assets | | — | — |
| Total Non-current Assets | | 798,467,495.20 | 821,554,022.67 |
| Total Assets | | 1,404,775,145.79 | 1,467,633,422.11 |
| Liabilities and Shareholder's Equity | | | |
| Current Liabilities: | | | |
| Short-term Loan | | 245,000,000.00 | 230,000,000.00 |
| Tradable Financial Liabilities | | — | — |
| Notes Payable | | — | — |
| Accounts Payable | | 231,207,629.99 | 267,557,367.34 |
| Advances from Customers | | 16,828,512.14 | 27,758,177.71 |
| Employee Benefit Payable | | 27,711,749.01 | 34,496,556.25 |
| Taxes Payable | | 6,752,771.19 | 7,666,507.28 |
| Interests Payable | | 664,487.50 | 1,096,962.50 |
| Dividends Payable | | — | — |
| Other Payables | | 65,205,691.78 | 62,037,936.32 |
| Non-current Liabilities Maturing Within One Year | | — | — |
| Other Current Liabilities | | 1,349,395.00 | 650,000.00 |
| Total Current Liabilities | | 594,720,236.61 | 631,463,507.40 |
| Non-current Liabilities | | | |
| Long-term Loan | | — | — |
| Bonds Payable | | — | — |
| Long-term Accounts Payable | | — | — |
| Special Payable | | 9,100,538.23 | 9,100,538.23 |
| Estimated Liabilities | | 266,891.98 | 266,891.98 |
| Deferred Income Tax Liabilities | | — | — |
| Other Non-current Liabilities | | 1,970,448.01 | 1,970,448.01 |
| Total Non-current Liabilities | | 11,337,878.22 | 11,337,878.22 |
| Total Liabilities | | 606,058,114.83 | 642,801,385.62 |
| 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 | | — | — |
| Special Reserve | | — | — |
| Surplus Reserves | | 38,071,282.24 | 38,071,282.24 |
| General Risk Reserves | | — | — |
| Undistributed Profit | | -178,810,513.99 | -152,695,508.46 |
| Total Shareholder's Equity | | 798,717,030.96 | 824,832,036.49 |
| Total Liabilities and Shareholder's Equity | | 1,404,775,145.79 | 1,467,633,422.11 |

Financial Statements (Unaudited)

The Consolidated Income Statement

Beiren Printing Machinery Holdings Limited

Unit: RMB

| Items | Appendix | Consolidated Amount | |
|---|----------|-----------------------|-----------------------|
| | | Jan-Jun, 2010 | Jan-Jun, 2010 |
| 1. Total Operating Income | | 386,643,784.74 | 383,409,839.94 |
| Operating Income | VII. 33 | <u>386,643,784.74</u> | <u>383,409,839.94</u> |
| 2. Total Operating Cost | | 409,049,258.40 | 425,538,551.25 |
| Operating Cost | VII. 33 | 311,843,927.95 | 332,331,652.34 |
| Tax and Additional Expense | VII. 34 | 2,875,173.70 | 2,915,111.67 |
| Sales Expense | | 28,253,311.50 | 24,128,444.42 |
| Administration Expenses | | 47,836,460.29 | 49,372,063.92 |
| Financing Expense | VII. 35 | 9,320,554.51 | 9,513,837.69 |
| Assets impairment Losses | VII. 36 | 8,919,830.45 | 7,277,441.21 |
| Add: Income of Fair Value Change (loss marked "-") | | | |
| Investment Income (loss marked "-") | VII. 37 | 521,997.74 | 248,387.17 |
| Thereinto: Investment Income to Subsidiaries and Joint Venture | | 211,196.23 | 248,387.17 |
| Exchange Gain and Loss (loss marked "-") | | - | - |
| 3. Operating Profit (loss marked "-") | | -21,883,475.92 | -41,880,324.14 |
| Add: Non-operating Income | VII. 38 | 7,692,537.65 | 5,035,683.35 |
| Less: Non-operating Expense | VII. 39 | 347,912.34 | 791,479.08 |
| Thereinto: Disposal Loss of Non-current Assets | | 105,576.78 | 616,954.93 |
| 4. Total Profit (loss marked "-") | | -14,538,850.61 | -37,636,119.87 |
| Less: Income Tax Expenses | VII. 40 | 102,651.31 | 165,759.86 |
| 5. Net Profit (loss marked "-") | | -14,641,501.92 | -37,801,879.73 |
| Thereinto: Net Profit Attributed to the Parent's Shareholders | | -14,968,604.70 | -35,677,696.35 |
| Minority Shareholder's Equity | | 327,102.78 | -2,124,183.38 |
| 6. Earnings Per Share: | | - | - |
| (1) Basic Earnings Per Shares | | -0.04 | -0.08 |
| (2) Earnings Per Diluted Share | | -0.04 | -0.08 |
| 7. Other Comprehensive Income | | - | - |
| 8. Total Comprehensive Income | | -14,641,501.92 | -37,801,879.73 |
| Total Comprehensive Income Attributed to the Parent's Shareholder | | -14,968,604.70 | -35,677,696.35 |
| Total Comprehensive Income Attributed to the Minority Shareholder | | 327,102.78 | -2,124,183.38 |

Legal Persons: Zhao Guorong

Accounting Directors: Zhang Peiwu

Accounting Manager: Duan Yuangang

Financial Statements (Unaudited)

The Income Statement of the Parent

Beiren Printing Machinery Holdings Limited

Unit: RMB

| Items | Appendix | Jan-Jun, 2010 | Jan-Jun, 2009 |
|--|----------|-----------------------|----------------|
| 1. Total Operating Income | | 210,459,270.59 | 221,674,291.94 |
| Less: Operating Cost | XV.4 | 174,859,726.95 | 195,100,720.13 |
| Tax and Additional Expense | XV.4 | 2,068,758.06 | 2,097,140.55 |
| Sales Expense | | 11,844,903.83 | 11,633,605.34 |
| Administration Expense | | 28,093,384.73 | 27,064,020.55 |
| Financial Expense | | 6,082,461.44 | 6,179,853.91 |
| Assets Impairment Losses | | 8,419,440.45 | 7,277,441.21 |
| Add: Income of Fair Value Change (loss marked "-") | | — | — |
| Investment Income (loss marked "-") | XV.5 | -14,838,803.77 | 248,387.17 |
| Thereinto: Investment Income to Subsidiaries and Joint Venture | | 211,196.23 | 248,387.17 |
| 2. Operating Profit (loss marked "-") | | -35,748,208.64 | -27,430,102.68 |
| Add: Non-operating Income | | 9,729,632.82 | 4,175,617.73 |
| Less: Non-operating Expense | | 96,429.71 | 383,714.80 |
| Thereinto: Disposal Loss of Non-current Assets | | 96,429.71 | 324,673.83 |
| 3. Total Profit (loss marked "-") | | -26,115,005.53 | -23,638,199.75 |
| Less: Income Tax Expense | | — | — |
| 4. Net Profit | | -26,115,005.53 | -23,638,199.75 |

Legal Persons: Zhao Guorong

Accounting Directors: Zhang Peiwu

Accounting Manager: Duan Yuangang

Financial Statements (Unaudited)

The Consolidated Cash Flow Statement

Beiren Printing Machinery Holdings Limited

Unit: RMB

| Items | Appendix | Jan-Jun, 2010 | Jan-Jun, 2009 |
|---|----------|-----------------------|-----------------------|
| 1. Cash Flow From Operating Activities: | | | |
| Cash receipts from the sale of goods and the rendering of services | | 327,419,071.50 | 375,446,665.69 |
| Receipts of taxes and levy refunds | | 165,759.86 | 1,022,126.55 |
| Other Cash receipts in operating activities | VII. 45 | 21,431,293.06 | 7,624,732.72 |
| Subtotal Cash Flow-in From Operating Activities | | 349,016,124.42 | 384,093,524.96 |
| Cash payments for goods and services acquired | | 218,692,243.43 | 204,465,366.09 |
| Cash payments to and on behalf of employees | | 93,744,735.49 | 92,935,062.86 |
| Payments of taxes and levy | | 38,301,733.59 | 25,468,346.69 |
| Other cash payments from Operating Activities | VII. 45 | 22,865,826.33 | 19,665,059.16 |
| Subtotal Cash Flow-out From Operating Activities | | 373,604,538.84 | 342,533,834.80 |
| Net Cash Flow From Operating Activities | | -24,588,414.42 | 41,559,690.16 |
| 2. Cash Flow From Investing Activities: | | | |
| Cash receipts from return of investments | | 350,000.00 | — |
| Cash receipts from investment income | | — | — |
| Net cash receipts from the sale of fixed assets, intangible assets and other long-term assets | | 70,199.99 | 2,839.42 |
| Net cash receipts from disposal of subsidiaries and other business units | VII. 45 | — | — |
| Other cash receipts in investing activities | | — | — |
| Total Cash Flow-in From Investing Activities | | 420,199.99 | 2,839.42 |
| Cash payments to acquired fixed assets, intangible assets and other long-term assets | | 1,290,207.43 | 1,413,587.18 |
| Cash payments to acquired investments | | — | — |
| Other cash payments in investing activities | | 305,333.49 | — |
| Total Cash Flow-out From Investing Activities | | 1,595,540.92 | 1,413,587.18 |
| Net Cash Flow From Investing Activities | | -1,175,340.93 | -1,410,747.76 |
| 3. Cash Flow From Financing Activities | | | |
| Cash proceeds from absorbing investment | | — | 202,450,000.00 |
| Thereinto: cash receipts from absorbing minority shareholders' investment by subsidiary | | — | 8,280,000.00 |
| Cash receipts from borrowings | | 198,500,000.00 | — |
| Other cash receipts in financing activities | | — | — |
| Total Cash Flow-in From Financing Activities | | 198,500,000.00 | 210,730,000.00 |
| Cash repayments of amount borrowed | | 199,300,000.00 | 215,349,250.00 |
| Cash payments for distribution of dividends, profits or interest expenses | | 9,913,785.38 | 10,476,900.01 |
| Thereinto: subsidiary's payment for minority shareholders; interest and profit | | — | — |
| Other cash payments in financing activities | VII. 45 | 282,557.46 | 8,767,158.55 |
| Subtotal Cash Flow-out From financing Activities | | 209,496,342.84 | 234,593,308.56 |
| Net Cash Flow from Financing Activities | | -10,996,342.84 | -23,863,308.56 |
| 4. Effect of Exchange Rate Change on Cash and Cash Equivalent | | -3,464.10 | -7,242.43 |
| 5. Net Increased Cash and Cash Equivalent | VII. 45 | -36,763,562.29 | 16,278,391.41 |
| Add: the Beginning Balance of Cash and Cash Equivalent | VII. 45 | 111,849,650.31 | 66,503,510.00 |
| 6. The Ending Balance of Cash and Cash Equivalent | VII. 5 | 75,086,088.02 | 82,781,901.41 |

Legal Persons: Zhao Guorong

Accounting Directors: Zhang Peiwu

Accounting Manager: Duan Yuangang

Financial Statements (Unaudited)

The Cash Flow Statement of the Parent

Beiren Printing Machinery Holdings Limited

Unit: RMB

| Items | Appendix | Jan-Jun, 2010 | Jan-Jun, 2009 |
|---|----------|-----------------------|-----------------------|
| 1. Cash Flow From Operating Activities: | | | |
| Cash receipts from the sale of goods and the rendering of services | | 159,798,959.76 | 206,203,204.92 |
| Receipts of taxes and levy refunds | | — | — |
| Other Cash receipts in operating activities | | 11,029,981.12 | 4,957,518.07 |
| Subtotal Cash Flow-in From Operating Activities | | 170,828,940.88 | 211,160,722.99 |
| Cash payments for goods and services acquired | | 112,866,332.33 | 98,652,550.39 |
| Cash payments to and on behalf of employees | | 56,799,401.61 | 61,673,104.97 |
| Payments of taxes and levy | | 22,215,253.64 | 14,532,740.21 |
| Other cash payments from Operating Activities | | 18,045,651.21 | 9,950,206.84 |
| Subtotal Cash Flow-out From Operating Activities | | 209,926,638.79 | 184,808,602.41 |
| Net Cash Flow From Operating Activities | | -39,097,697.91 | 26,352,120.58 |
| 2. Cash Flow From Investing Activities: | | | |
| Cash receipts from return of investments | | 350,000.00 | — |
| Cash receipts from investment income | | — | — |
| Net cash receipts from the sale of fixed assets, intangible assets and other long-term assets | | 45,200.00 | 8,300.00 |
| Net cash receipts from disposal of subsidiaries and other business units | | — | — |
| Other cash receipts in investing activities | | — | — |
| Total Cash Flow-in From Investing Activities | | 395,200.00 | 8,300.00 |
| Cash payments to acquired fixed assets, intangible assets and other long-term assets | | 33,927.00 | 345,808.00 |
| Cash payments to acquired investments | | 5,710,237.50 | — |
| Net cash payment to acquired subsidiaries and other business units | | — | — |
| Other cash payments in investing activities | | — | — |
| Total Cash Flow-out From Investing Activities | | 5,744,164.50 | 345,808.00 |
| Net Cash Flow From Investing Activities | | -5,348,964.50 | -337,508.00 |
| 3. Cash Flow From Financing Activities: | | | |
| Cash proceeds from absorbing investment | | — | — |
| Cash receipts from borrowings | | 180,000,000.00 | 165,000,000.00 |
| Other cash receipts in financing activities | | — | 5,332,000.00 |
| Total Cash Flow-in From Financing Activities | | 180,000,000.00 | 170,332,000.00 |
| Cash repayments of amount borrowed | | 165,000,000.00 | 166,799,250.00 |
| Cash payments for distribution of dividends, profits or interest expenses | | 6,734,477.40 | 6,747,965.00 |
| Other cash payments in financing activities | | — | 2,232,000.00 |
| Subtotal Cash Flow-out From financing Activities | | 171,734,477.40 | 175,779,215.00 |
| Net Cash Flow From Financing Activities | | 8,265,522.60 | 5,447,215.00 |
| 4. Effect of exchange rate change on cash and cash equivalent | | -4,056.78 | -2,545.81 |
| 5. Net Increased Cash and Cash Equivalent | XV.6 | -36,185,196.59 | 20,564,851.77 |
| Add: the Beginning Balance of Cash and Cash Equivalent | XV.6 | 86,568,028.75 | 47,941,532.77 |
| 6. The Ending Balance of Cash and Cash Equivalent | XV.6 | 50,382,832.16 | 68,506,384.54 |

Legal Persons: Zhao Guorong

Accounting Directors: Zhang Peiwu

Accounting Manager: Duan Yuangang

Financial Statements (Unaudited)

Consolidated Statement of Movement on Equity Jan-Jun, 2010

Beiren Printing Machinery Holdings Limited

Unit: RMB

| Items | Amount for the Current Period | | | | | | | | Minority Shareholder's Equity | Total Shareholder's Equity |
|--|-------------------------------|------------------|----------------------|-----------------|------------------|-----------------------|----------------------|--------|-------------------------------|----------------------------|
| | Capital Share | Capital Reserves | Less: Treasury Stock | Special Reserve | Surplus Reserves | Business Risk Reserve | Undistributed Profit | Others | | |
| 1. The ending balance for last year | 422,000,000.00 | 523,020,271.06 | - | - | 43,172,707.88 | - | -265,330,459.45 | - | 20,446,433.33 | 743,308,952.82 |
| Add: Changes in Accounting Policies | | | | | | | | | | - |
| Corrections for previous errors | | | | | | | | | | - |
| Others | | | | | | | | | | - |
| 2. The beginning balance of this year | 422,000,000.00 | 523,020,271.06 | - | - | 43,172,707.88 | - | -265,330,459.45 | - | 20,446,433.33 | 743,308,952.82 |
| 3. Increase and decrease for this year (decrease represents as "-") | | | | | | | | | | |
| (1) Net profit | | | | | | | -14,968,604.70 | | -1,197,159.39 | -14,803,432.06 |
| (2) Other Comprehensive Income | | 1,362,332.03 | | | | | -14,968,604.70 | | 327,102.78 | -14,641,501.92 |
| Subtotal of (1) and (2) | | | | | | | -14,968,604.70 | | 327,102.78 | -14,641,501.92 |
| (3) Shareholders investing and Reducing Capital | | 1,362,332.03 | | | | | | | -1,524,262.17 | -161,930.14 |
| I. Shareholders investing capital | | | | | | | | | | |
| II. Shares payment in shareholder's equity | | | | | | | | | | |
| III. Others | | 1,362,332.03 | | | | | | | -1,524,262.17 | -161,930.14 |
| (4) Profit Distribution | | | | | | | | | | |
| I. Provision of Surplus Reserve | | | | | | | | | | |
| II. Provision for Business Risk | | | | | | | | | | |
| III. Distribution for Shareholders | | | | | | | | | | |
| IV. Other | | | | | | | | | | |
| (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 transfer to Capital (or Share Capital) | | | | | | | | | | |
| IV. Other | | | | | | | | | | |
| (6) Special Reserve | | | | | | | | | | |
| I. Amount Provided for the Current Period | | | | | | | | | | |
| II. Amount Expended for the Current Period | | | | | | | | | | |
| 4. The ending balance for this year | 422,000,000.00 | 524,382,603.09 | - | - | 43,172,707.88 | - | -280,299,064.15 | - | 19,249,273.94 | 728,505,620.76 |

Legal Persons: Zhao Guorong

Accounting Directors: Zhang Peiwu

Accounting Manager: Duan Yuangang

Financial Statements (Unaudited)

Consolidated Statement of Movement on Equity Jan-Dec, 2010

Beiren Printing Machinery Holdings Limited

Unit: RMB

| Items | Amount for the period of the last period | | | | | | | | Minority Shareholder's Equity | Total Shareholder's Equity |
|--|---|------------------|----------------------|-----------------|------------------|-----------------------|----------------------|--------|-------------------------------|----------------------------|
| | Attributable to equity interest of the parent company shareholder | | | | | | | Others | | |
| | Capital Share | Capital Reserves | Less: Treasury Stock | Special Reserve | Surplus Reserves | Business Risk Reserve | Undistributed Profit | | | |
| 1. The ending balance last year | 422,000,000.00 | 523,020,271.06 | - | - | 198,928,288.88 | - | -247,081,457.60 | - | 25,959,478.21 | 922,826,580.55 |
| Add: Changes in Accounting Policies | | | | | | | | | | - |
| Corrections for previous errors | | | | | | | | | | - |
| Others | | | | | | | | | | - |
| 2. The beginning balance of this year | 422,000,000.00 | 523,020,271.06 | - | - | 198,928,288.88 | - | -247,081,457.60 | - | 25,959,478.21 | 922,826,580.55 |
| 3. Increase and decrease for this year (decrease represents as "-") | | | | | | | | | | |
| (1) Net profit | | | | | -155,755,581.00 | | 120,077,884.65 | | -2,124,183.38 | -37,801,879.73 |
| (2) Other Comprehensive Income | | | | | | | -35,677,696.35 | | -2,124,183.38 | -37,801,879.73 |
| Subtotal of (1) and (2) | | | | | | | -35,677,696.35 | | -2,124,183.38 | -37,801,879.73 |
| (3) Shareholders Investing and Reducing Capital | | | | | | | | | | |
| I. Shareholders investing capital | | | | | | | | | | |
| II. Shares payment in shareholder's equity | | | | | | | | | | |
| III. Others | | | | | | | | | | |
| (4) Profit Distribution | | | | | | | | | | |
| I. Provision of Surplus Reserve | | | | | | | | | | |
| II. Provision for Business Risk | | | | | | | | | | |
| III. Distribution for Shareholders | | | | | | | | | | |
| IV. Others | | | | | | | | | | |
| (5) Shareholder's Equity Internal transfer | | | | | | | | | | |
| I. Capital Reserve transfer to Capital (or Share Capital) | | | | | -155,755,581.00 | | 155,755,581.00 | | | |
| II. Surplus Reserve transfer to Capital (or Share Capital) | | | | | | | | | | |
| III. Surplus Reserve offset losses | | | | | -155,755,581.00 | | 155,755,581.00 | | | |
| IV. Others | | | | | | | | | | |
| (6) Special Reserve | | | | | | | | | | |
| I. Amount Provided for the Current Period | | | | | | | | | | |
| II. Amount Expanded for the Current Period | | | | | | | | | | |
| 4. The ending balance for this year | 422,000,000.00 | 523,020,271.06 | - | - | 43,172,707.88 | - | -127,003,572.95 | - | 23,835,294.83 | 885,024,700.82 |

Legal Persons: Zhao Guorong

Accounting Directors: Zhang Peiwu

Accounting Manager: Duan Yuangang

Statement of Movement on Equity of the Parent January-June

Beiren Printing Machinery Holdings Limited

Unit: RMB

| Items | Amount for the Current Period | | | | | | | Total Shareholder's Equity |
|--|-------------------------------|-----------------------|----------------------|-----------------|----------------------|-----------------------|------------------------|----------------------------|
| | Capital Share | Capital Reserves | Less: Treasury Stock | Special Reserve | Surplus Reserves | Business Risk Reserve | Undistributed Profit | |
| 1. The ending balance for last year | 422,000,000.00 | 517,456,262.71 | — | — | 38,071,282.24 | — | -152,695,508.46 | 824,832,036.49 |
| Add: Changes in Accounting Policies | | | | | | | | — |
| Corrections for previous errors | | | | | | | | — |
| Others | | | | | | | | — |
| 2. The beginning balance of this year | 422,000,000.00 | 517,456,262.71 | — | — | 38,071,282.24 | — | -152,695,508.46 | 824,832,036.49 |
| 3. Increase and decrease for this year (decrease represents as "-") | | | | | | | | |
| (1) Net profit | — | — | — | — | — | — | -26,115,005.53 | -26,115,005.53 |
| (2) Other Comprehensive Income | — | — | — | — | — | — | -26,115,005.53 | -26,115,005.53 |
| Subtotal of (1) and (2) | — | — | — | — | — | — | -26,115,005.53 | -26,115,005.53 |
| (3) Shareholders Investing and Reducing Capital | — | — | — | — | — | — | — | — |
| I. Shareholders investing capital | | | | | | | | |
| II. Shares payment in shareholder's equity | | | | | | | | |
| III. Others | | | | | | | | |
| (4) Profit Distribution | — | — | — | — | — | — | — | — |
| I. Provision of Surplus Reserve | | | | | | | | |
| II. Provision for Business Risk | | | | | | | | |
| III. Distribution for Shareholders | | | | | | | | |
| 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 offset losses | | | | | | | | |
| IV. Others | | | | | | | | |
| (6) Special Reserve | — | — | — | — | — | — | — | — |
| I. Amount Provided for the Current Period | | | | | | | | |
| II. Amount Expended for the Current Period | | | | | | | | |
| 4. The ending balance for this year | 422,000,000.00 | 517,456,262.71 | — | — | 38,071,282.24 | — | -178,810,513.99 | 798,717,030.96 |

Legal Persons: Zhao Guorong

Accounting Directors: Zhang Peiwu

Accounting Manager: Duan Yuangang

Financial Statements (Unaudited)

Statement of Movement on Equity of the Parent

January-June

Beiren Printing Machinery Holdings Limited

Unit: RMB

| Items | Amount for the Current Period | | | | | | Undistributed Profit | Total Shareholder's Equity |
|--|-------------------------------|------------------|----------------------|-----------------|------------------|-----------------------|----------------------|----------------------------|
| | Capital Share | Capital Reserves | Less: Treasury Stock | Special Reserve | Surplus Reserves | Business Risk Reserve | | |
| 1. The ending balance for last year | 422,000,000.00 | 517,456,262.71 | — | — | 193,826,863.24 | — | -155,755,581.00 | 977,527,544.95 |
| Add: Changes in Accounting Policies | | | | | | | | |
| Corrections for previous errors | | | | | | | | — |
| Others | | | | | | | | — |
| 2. The beginning balance of this year | 422,000,000.00 | 517,456,262.71 | — | — | 193,826,863.24 | — | -155,755,581.00 | 977,527,544.95 |
| 3. Increase and decrease for this year (decrease/increase represents) | | | | | | | | |
| (1) Net profit | | | | | -155,755,581.00 | | 132,117,381.25 | -23,638,199.75 |
| (2) Other Comprehensive Income | | | | | | | -23,638,199.75 | -23,638,199.75 |
| | | | | | | | — | — |
| Subtotal of (1) and (2) | | | | | | | -23,638,199.75 | -23,638,199.75 |
| (3) Shareholders Investing and Reducing Capital | | | | | | | | |
| I. Shareholders investing capital | | | | | | | | |
| II. Shares payment in shareholder's equity | | | | | | | | |
| III. Others | | | | | | | | |
| (4) Profit Distribution | | | | | | | | |
| I. Provision of Surplus Reserve | | | | | | | | |
| II. Provision for Business Risk | | | | | | | | |
| III. Distribution for Shareholders | | | | | | | | |
| IV. Others | | | | | | | | |
| (5) Shareholder's Equity Internal transfer | | | | | | | | |
| I. Capital Reserve transfer to Capital (or Share Capital) | | | | | -155,755,581.00 | | 155,755,581.00 | |
| II. Surplus Reserve transfer to Capital (or Share Capital) | | | | | | | | |
| III. Surplus Reserve offset losses | | | | | -155,755,581.00 | | 155,755,581.00 | |
| IV. Others | | | | | | | | |
| (6) Special Reserve | | | | | | | | |
| I. Amount Provided for the Current Period | | | | | | | | |
| II. Amount Expended for the Current Period | | | | | | | | |
| 4. The ending balance for this year | 422,000,000.00 | 517,456,262.71 | — | — | 38,071,282.24 | — | -23,638,199.75 | 953,889,345.20 |

Legal Persons: Zhao Guorong

Accounting Directors: Zhang Peiwu

Accounting Manager: Duan Yuangang

I. GENERAL

Beiren Printing Machinery Holdings Company Limited (the "Company") was established on 13 July 1993 as a joint stock limited company by Beiren Group Corporation which is located in Beijing, the People's Republic of China (the "PRC"). The Company was registered on 13 July 1993. In accordance with the approval of Ti Gai Sheng (1993) No. 118 issued by the State Commission for Restructuring the Economic System of the PRC, the Company became a listed company with the right of issuing public shares in both mainland of China and Hong Kong. In accordance with the approval of the China Securities Regulatory Commission ("CSRC") of the State Council, the H Shares and A Shares of the Company were listed on the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange of the PRC in 1993 and 1994 respectively.

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

After the additional issues, the total outstanding shares of the Company are added up to 422,000,000 shares, among which 250,000,000 shares are state-owned institutional shares, 72,000,000 shares are inland individual share, 100,000,000 shares are offshore individual shares. Each share is with face value RMB 1 Yuan.

In accordance with the "Decision on the share right reformation of Beiren Printing Machinery Holdings Limited", Jing Guo Zi Quan Zi No.25 (2006), issued by the Committee of State-owned Assets Supervision and Administration of Beijing Government, Beiren Group Corporation as the sole non-floating shares holder should transfer the original 27,360,000 state-owned shares to the A shareholders through share restructuring on 10 for 3.8, and the registration date related to the share segregation reform was 29 March 2006. Beiren Group Corporation sold 21,000,000.00 unlimited conditions on selling shares (4.98% of total shares of the Company) on 6 January 2010 and 7 January 2010 via large amount transaction system of the Shanghai Stock Exchange. After the share restructuring, Beiren Group Corporation holds the state-owned institutional shares 201,640,000 as at 30 June 2010, which is 47.78% of total shares and are all unconditioned floating shares; 120,036,000 shares which is 28.52% of the total shares are unconditioned inland public shares and unconditioned offshore public shares are 100,000,000 as 23.70% of the total shares.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in developing, designing, manufacturing and selling a variety of printing machinery and related spare parts, as well as the technique consultation and services related to the operating business.

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

II. BASIS OF PREPARATION OF FINANCIAL STATEMENT

The financial statements are prepared on going concern basis, and with the reference to the actual transactions and events, complied with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and notes in "IV Significant Accounting Policies and Accounting Estimates"

III. ANNOUNCEMENT

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

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

1. Accounting period

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

2. Reporting currency

The functional currency of the Company is Renminbi.

3. Principles of accounting and measurement

The Company uses the accrual basis for accounting. All assets are measured at history cost, except for financial assets for trading and financial assets available-for-sale which are measured at fair value.

4. Cash and Cash equivalents

Cash in the Cash Flow Statement indicates the cash on hand and the deposit in bank available for a payment at any time. Cash equivalents in the Cash Flow Statement are short-term (normally matured within 3 months), highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of value change.

5. Foreign exchange

(1) Foreign currency transactions

Foreign currency transactions are translated into RMB at the exchange rate on the transaction date. On the balance sheet date, monetary items in foreign currency are translated into RMB at the exchange rate on the balance sheet date. Except for the exchange difference arising from specific foreign currency loans made to purchase or manufacture assets which will be capitalized eventually, the exchange difference is recognised into current profit or loss. For non-monetary items measured at fair value is foreign currency, the exchange rate on the date which the fair value is recognized is applied and the exchange difference is recognised into current profit or loss as a result of fair value change. For non-monetary items measured in foreign currency under historical cost method, the exchange rate on the date which the cost is recognized is applied and the amount in RMB is kept unchanged.

Financial Statements (Unaudited)

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. Financial assets and financial liabilities

(1) Financial assets

In accordance with the investment purpose and the economic substance, the Company classifies its financial assets into: financial assets at fair value through profit or loss (FVTPL), financial investments held-to-maturity, loans and receivables, and financial assets available for sale.

- (1) Financial assets at FVTPL refer to those financial assets held for sale in short-term. They are presented as financial assets held for trading in balance sheet.
- (2) Financial investments held-to-maturity refer to those non-derivative financial assets with fixed maturity date, fixed or known return and the management has the obvious intention, capability to hold it until maturity date.
- (3) Loan and receivables include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables. They are non-derivative financial assets with fixed or known return but no quotation in the market.
- (4) Financial assets available-for-sale include non-derivative financial assets designated as financial assets available-for-sale initially and other financial assets not classified.

Financial assets are initially recognized at fair value. For the financial assets which are measured at fair value and whose movement on fair value is accounted into current profit and loss, the expenses for the acquirement are accounted into the current profit and loss and the other relative transaction fees are recognized into initial cost. When a contract regarding to the receipt of cash flows from a financial asset terminates, or risks and benefits in relation to the ownership of a financial asset is transferred, this financial asset will be derecognized.

Financial assets at FVTPL and financial assets available-for-sale are measured subsequently at fair value. Loan and receivables and financial investments held-to-maturity are subject to effective interest method and are presented as the cost after amortization.

For financial assets, which are measured at fair value and whose movement on fair value is accounted into current profit and loss, the movement of fair value is presented in "gain and loss from fair value changes". The interests or dividends acquired when holding the financial asset are reported as "investment income". When disposed, the difference between its fair value and the initial cost is accounted into investment gain and loss and meanwhile the "gain and loss from fair value changes" is adjusted.

For financial assets available-for-sale, the fair value changes are accounted into shareholders' equity. The interests calculated by effective interest method, as well as cash dividends announced by the investee are accounted into the "investment income". When disposed, the difference between the amount received and the book value after the cumulative amount of fair value changes accounted into shareholders' equity is accounted into investment gain and loss.

Except for the financial assets which are measured at fair value and whose movement on fair value is accounted into current profit and loss, the Company assesses the book value of the other financial assets on balance sheet date. The provision will be made for the impairment of the financial assets where there are objective evidences showing the impairment. If the fair value of financial assets available-for-sale declines dramatically or not temporarily, the accumulated loss in the shareholders' equity will be accounted into the impairment loss of current period.

(2) Financial liabilities

The financial liabilities of the Company are classified into two categories when they are initially recognized: financial liabilities at fair value through profit or loss (FVTPL) and other financial liabilities.

Financial liabilities at fair value through profit or loss (FVTPL) include financial liabilities held for trading and those designated as into this category initially. For these financial liabilities, the subsequent measurement is at their fair value and the gain or loss from the movement of fair value as well as the relative dividends and interests are accounted into current profit and loss.

The other financial liabilities are subject to effective interest method and are presented as the cost after amortization.

(3) The reorganization on the fair value of financial assets and the financial liabilities

- (1) If the active market for the financial instruments exists, the fair value will be measured at the active market price. In the active market, the fair value of the financial asset already-held or the financial liability planning-to-bear by the Company is measured at the current bid price and the fair value of the financial asset planning-to-purchase or the financial asset already-bear by the Company is measured at the current quote price. If the current bid or quote prices do not exist, and there is no significant change in the economic environment after the latest transaction, the fair value of the financial asset or liability is measured at the latest market price.
- (2) If there is no active market existing for the financial instruments, the fair value will be measured at the estimated value. The estimated value will refer to the price in the latest transaction between willing and acknowledged parties, or the current fair value of other homogenous financial assets, or the method of present value of cash flow and option pricing model.

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. **Provision for bad debts of receivables**

The Company assesses the book value of receivables on balance sheet date, and the bad debt loss is made into the current profit and loss when any of the following circumstances occur: (1) There is the existence of the withdrawal, bankrupt, insolvency, stoppage due to a natural disaster or weak solvency within foreseeable period from debt enterprises. (2) Debt enterprises have not satisfied debts beyond the due date for more than 3 years. (3) There are other substantial evidences showing that receivables can hardly be collected.

The Company adopts allowance method for bad debts. The bad debt provision is made based on the recoverability assessment for individual receivable and age analysis, and recognized in current period as profit or loss. If any evidence proves that the receivables cannot be received, bad debts should be withdrawn with the approval of the Company in accordance with regulations.

For the individual receivables above the significant level, when the receivables cannot be fully collected with solid evidences, the impairment test should performed separately, and the provision of bad debts should be made according to the difference between the present value of future cash flows and the book value of receivables.

For the individual receivables below significant level, they will be grouped according to the credit risk characteristics as well as those receivables without impairment after testing. On the basis of the actual percentage of loss of previous receivables grouped with similar risk level, taking the current conditions into consideration, the Company makes the provision of bad debts by the rate of each group. The Company also groups those receivables which are expected hardly to be paid under solid proofs into specific assets combination and made the provision fully.

8. **Inventory**

The inventory of the Company covers goods in transit, raw material, work in process, finished goods, low-valued consumables, self-made semi-finished products, and outside processing materials, etc.

The perpetual inventory system is applied to the physically count. The inventory is measured at actual cost when acquired and at weighted average cost on calculation of cost of sales. Low-valued consumables and packing materials on cyclic use should be amortized in full amount.

At the end of period, inventory is measured as lower of cost and net realizable value. For inventories whose value is impaired due to the physical damage or technology obsolete or selling price lower than cost, the provision for inventory impairment will be made. The provision for the impairment of finished goods and raw materials in bulk amount is made on the basis of the difference between the cost of the individual inventory item and its net realizable value. The provision for the impairment of the auxiliary materials with a large quantity and low cost is withdrawn in terms of classification.

The net realizable value of these inventories, such as finished goods, work in process and materials for selling, is their estimated price after estimated sales expenses and relevant taxes. The net realizable value of materials which are for production is estimated price of relevant finished goods after estimated cost for finished goods, estimated sales expenses and relevant taxes.

9. **Long-term equity investment**

The item of long-term equity investment includes equity investments which are either with the control, common control or significant influence over investees, or without those control or significant influence over investees but no pricing and fair value cannot be measured reliably in the active market.

The term of common control indicates the sharing control according to the contract. Any parties involved cannot control the production and operation activities of the joint venture. All decisions related to principal operation activities need the agreement from all parties.

The term of significant influence indicates the rights to be involved into the decision-making on financial and operational policies in investees but no control or common control on these decision-making. The evidence of significant influence is that the direct ownership or indirect ownership through subsidiaries is from 20% up to 50% of voting rights from investees if there are solid evidences showing that investors can not be involved in investees' decision making under such conditions, the significant influence shall not be formed.

When the long-term equity investment is arising from merger of enterprises under the common control, the initial investment cost is recognized as the percentage of shareholders' equity book value of the investee on acquisition date. When the long-term equity investment is arising from the merger of acquisition under the non-common control, the cost of acquisition is measured by the actual assets paid, or actual liabilities charged as well as the fair value of equity securities issued on acquisition date.

Apart from the situation above, if the long-term equity investment is acquired by cash, the actual payment will be recognized as the initial investment cost. If the long-term equity investment is acquired by issuing equity securities, the fair value of issuing equity securities issued will be recognized as the initial investment cost. If there is a contract or an agreement on the value of this investment from investors to acquire the long-term equity investment, the contract or agreement price will be the initial cost of this investment. If the long-term equity investment is acquired by debts restructuring or exchange of non-monetary items, the relevant accounting standards will be applied to recognize the initial investment cost.

The Company recognizes the investment on subsidiaries by cost method and adjusts into equity method in compilation of consolidated statements. The Company applies the equity method on accounting the investment of joint ventures and associated companies, and the cost method on accounting the long-term equity investment without control, common control and significant influence as well as no pricing and no reliable fair value in the market. The Company accounts the long-term equity investment, which is without the control, the common control or significant influence but with quoted price and reliable fair value in the market into financial assets available-for-sale.

Financial Statements (Unaudited)

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Long-term equity investment (Continued)

Under the cost method, the long-term equity investment is measured at initial investment cost. The investment income is subject to the distribution of accumulative net profit from investees after the investment. Then the apportioned profit or cash dividends acquired from investees will be written off against the book value of the investment as a withdrawal of initial investment cost.

Under the equity method, the investment gains or loss in current period is the apportionment of the net profit or loss from investees in the same period. To recognize this apportionment of the net profit or loss from investees, the investors should adjust the net profit from investees by offsetting the gains or loss from intra sales with associated companies or joint ventures on the basis of realizable assets fair value from investees under investors' accounting policies.

To recognize the apportioned net loss from investees, the deduction limitation to the book value of long-term equity investment and other net long-term equity investment in substance on investees is up to zero. Besides, if the Company is responsible for extraneous loss of investees, the estimated liabilities will be accounted into current profit and loss. When investees realize profits later on, the Company recovers the unconfirmed loss first and then recognizes revenues.

For the long-term equity investment on association and joint ventures before the first implementation date, if there is a difference on debt side of equity investment, the difference allocated by straight-line amortization in the rest periods should be deducted first and then the investment gains or loss will be recognized.

10. Investment in real estate

The investment in real estate includes the land use right that is rented to other parties, the land use right held for and prepared for transfer after appreciation, and buildings that are rented to other parties.

The investment in real estate is recognized at its cost. The cost of an investment real estate by acquisition consists of the acquisition price, relevant taxes, and other expenses directly relegated to the asset. The cost of a self-built investment real estate composes of the necessary expenses for building up the asset to the estimated condition for use.

The Company makes a follow-up measurement to the investment in real estate through the cost pattern. The investment in real estate is amortized or depreciated by its useful life and the salvage value. The life time and the rate of salvage value applied by the Company are as follows:

| Classification | Useful life (year) | The rate of salvage value (%) | Amortization rate (%) |
|----------------|--------------------|-------------------------------|-----------------------|
| Land use right | 50 | | 1.940 |
| Buildings | 40 | 3 | 2.425 |

When the investment in real estate is changed for self-use, it is recognized as fixed assets or intangible assets since when the purpose is changed. When the real estate for self-use is changed for generating rents or capital appreciation, it is recognized as the investment in real estate since when the purpose is changed. The book value of the real estate prior to the conversion shall be entry value after conversion.

If an investment real estate is disposed of, or if it withdraws permanently from use and if no economic benefit will be obtained from the disposal, it will be derecognized. When an enterprise sells, transfers or discards any investment real estate, or when any investment in real estate of an enterprise is damaged or destroyed, the enterprise shall account the disposal income after the book value and the relative taxes, into current profit or loss.

11. Fixed assets

Fixed assets are defined as the tangible assets which are held for the purpose of producing goods, rendering services, leasing for operation & management. The useful life of fixed assets is more than one year.

Fixed assets which cover buildings, machinery, transportation equipments, administrative equipments, etc are initially measured at their acquisition cost. The cost of purchased fixed assets includes the purchasing price, VAT, import duty and other relevant taxes and expenses, as well as other expenditures attributable to assets for their availability of use. The cost of self-made fixed assets covers all expenditures for their availability to use. The cost of fixed assets invested by investors is recognized under contracts or agreements but if the value from contracts or agreements is not fair, the fair value will be applied. The fixed assets from finance leasing are measured at lower of the fair value and the minimum payment of leasing on leasing date.

The subsequent measurement of fixed assets comprises maintenance expenses and renewal and renovation expenses etc. Expenses which meet the criteria of fixed assets are accounted into the cost of fixed assets otherwise are accounted into current profit or loss. The replacement part is derecognized from the account.

Apart from those fixed assets fully depreciated but still in use, land is separately recognized. The Company withdraws depreciation for fixed assets by straight-line method and the depreciations are accounted into current profit or loss in accordance with the purposes of fixed assets. The estimated Depreciation rate and the useful life applied by the Company are as follows:

| Classification | Useful life (year) | The rate of salvage value (%) | Depreciation rate (%) |
|------------------------------|--------------------|-------------------------------|-----------------------|
| Building | 40 | 3 | 2.425 |
| Machinery | 8-14 | 3 | 12.125-6.929 |
| Transportation Facilities | 8 | 3 | 12.125 |
| Office equipments and others | 8 | 3 | 12.125 |

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. **Fixed assets** *(Continued)*

The Company assesses the useful life, the depreciation rate and the method of depreciation for fixed assets at the end of period yearly. If any changes occur, they will be regarded as changes on accounting estimates.

The Company derecognizes fixed assets from the account which has been disposed or can not generate economic benefits by using or disposing. The income from selling, transferring, disposal or impairment of fixed assets, after their book value and relevant taxes and expenses is accounted into current profit or loss.

12. **Construction in process**

Construction in process is recognized at actual cost. Self-construction project is recognized at the cost of direct material, labor cost and construction expenses. Contracted construction is recognized at actual project price paid. Installed construction is recognized at the value of equipments, expenses of installation and assembly and expenditures of pilot run. Besides above, the cost of construction in process comprises the borrowing cost which can be capitalized and foreign exchange gains and losses.

Constructions in process are carried down into fixed assets at an estimated cost on the basis of the project budgeting, pricing and actual cost when they reach estimated usage status. The corresponding depreciation on these fixed assets will be withdrawn since the month after carrying down into fixed assets. After clearing for completed the project, the difference of the original cost of fixed assets will be adjusted.

13. **Borrowing cost**

Borrowing cost includes interests from borrowing, amortization of discount or price premium, other attributable expenses and foreign exchange difference from borrowing in foreign currency. Borrowing cost which directly attributes to purchasing or constructing assets is to be capitalized when expenditures for assets and borrowing cost occur and the activities of purchasing or constructing fir the availability of use or sale commence. When assets reach the status available for use or sale, the capitalization of borrowing cost ceases. The rest of borrowing cost will be accounted into current profit and loss.

The current actual interest expenses from specific borrowings are capitalized, after deducting interest income or short-term investment gains. The capitalized amount for the general borrowing is calculated as weighted average of the general borrowing (excluding any specific borrowings for qualified asset) times the weighted average of the interest rate of the general borrowing.

The qualified assets refer to the assets of investment in real estate and inventories which only can arrive at status of available for use or sale after purchasing and constructing in more than one year generally.

If a suspending takes place during the purchasing and constructing on the qualified assets for more than three months, the capitalization of borrowing cost is suspended until the purchasing and constructing of assets restart.

14. **Intangible assets**

Then intangible assets of the Company including the land use right and non-patent technology are recognized at their actual cost when acquired. The cost of purchased intangible assets includes the actual price paid and other necessary expenditures for purchase. The cost of intangible assets invested by investors is measured by the contract or agreement, except for those with unfair value in the contract or agreement.

The Company amortizes land use right on the basis of its useful life by straight line method since it is acquired. Non-patent technology and other intangible assets are amortized on the basis of shorter of estimated useful life, stipulated beneficial year by contract, and legal available year. The amortization amount is accounted into current profit or loss.

The Company makes the assessment on the estimated useful life and amortization method of intangible assets with limited useful life at the end of each year and makes adjustment if needed. The Company assesses the estimated useful life of intangible assets with uncertain useful life during each accounting period. If there are evidences to prove the useful life of intangible assets is limited, the Company will estimate their useful life and amortize the intangible assets within the estimated lifetime.

15. **Research and development expense**

For the research and development expense is classified as research stage and development stage when generated internally in accordance with nature of the expense and the possibility of forming into intangible asset.

For internally-generated intangible assets, the expenditures in research stage are accounted into current profit or loss. The expenditures in development phase are recognized as intangible assets if they meet the following conditions:

- (1) It is feasible to sell or use the intangible asset technically.
- (2) The intention is to sell or use the intangible asset when completed.
- (3) The market is available for products from the intangible asset or the intangible asset itself.
- (4) The Company is capable of accomplishing the development of intangible asset by the supporting techniques, finance and other resources and of using or selling the intangible asset.
- (5) The expenditures on the research and development of the intangible asset can be measured reliably.

If the expenditures can not meet the above criteria, they will be accounted into the profit or loss of the period. The expenditures expensed in previous accounting period can not be recognized as the asset in later accounting period. The capitalized expenditures in development phase are presented as development expenditure in balance sheet and it is carried down into the intangible asset since the date when the asset reaches the status of availability for use.

Financial Statements (Unaudited)

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. Impairment of non-financial assets

The Company makes the assessment on the long-term equity investment, fixed assets, and construction in progress on each balance sheet date. The impairment could occur for the impairment indicators. The Company should make impairment tests. The Company should make the impairment tests on goodwill, intangible assets with uncertain useful life at the end of each year no matter if there are impairment indicators. When it is impossible to make the impairment test on the recoverable amount of an individual asset, the impairment test should be made on the basis of the corresponding assets group or the combination of group assets belongs to.

After the test of impairment, if the book value exceeds the recoverable amount of the asset, the difference is accounted as impairment loss. The losses of impairment recognized are not reversible in the later accounting period. The recoverable amount of an asset refers to the higher of the fair value of the asset after disposal expenses, and the present value of estimated future cash flow of the asset.

Indicators of impairment are as follows:

- (1) During the period, the market value of an asset has declined significantly and the decrease is far more than the decrease caused by timing or practice or normal use.
- (2) Significant changes, in terms of economic, technical or legal environment and the market, with a negative effect on the Company have taken place during the period, or will take place in the near future.
- (3) Market interest rates or other market rates of return on investments have increased during the period and the increase of rates is likely to affect the discount rate used in calculating the Net Present Value of future cash flow of assets and lead to the decreases in the recoverable amount of assets in substance.
- (4) Evidences are available for the obsolescence or physical damage of an asset.
- (5) An asset has been idle or is becoming idle, discontinued, or planned to be disposed in advance.
- (6) Evidences from internal reporting indicate that the economic performance of an asset is or will be, worse than expectations. For instance, the net cash flow or net profit generated by an asset is far lower than the amount expected.
- (7) Other evidences indicate the impairment of assets.

17. Long-term prepaid expense

The long-term prepaid expense of the Company refers to the actual expenses paid and charged into current period and later periods. The length of period is normally more than one year (excluding one year). These expenses are amortized by straight line method within beneficial periods. If the long-term prepaid expense can not benefit the later periods, the amortized price will be accounted into current profit or loss.

18. Employee compensation

During the accounting period of an employee' providing services to an enterprise, the enterprise shall recognize the compensation payable as liabilities. The compensations for the cancellation of the labor relationship with employees are accounted into current profit or loss.

Employee compensation comprises salary, bonus, allowance, welfare, social insurance, housing fund, labor union expenditure, employee education expenditure and other relevant expenditures on service rendered by the employees.

If an enterprise cancels the labor relationship with an employee prior to the expiration of the relevant labor contract or brings forward any compensation proposal for the purpose of encouraging the employee to accept a layoff, or the enterprise has formulated a formal plan on the cancellation of labor relationship or has brought forward a proposal on voluntary layoff and will execute it soon, the enterprise shall recognize the expected liabilities incurred due to the compensation for the cancellation of the labor relationship with the employee, and shall simultaneously record them into the profit or loss for the current period.

19. Contingent liability/Estimated liability

When an external warranty, commercial acceptance discount, pending legal proceedings or arbitration, warranty on quality of goods or other contingent matters meet the following requirements, the Company will recognize them as liabilities. The requirements mentioned above are as follows. The assumed responsibilities are actual and real. The fulfilment of obligations will cause the outflow of economic benefit from the Company. The amount of liabilities can be measured reliably.

Estimated liabilities are recognized at the most appropriate estimation of obligations by considering relative risks, uncertainties and timing factor etc. If the effect from time value of currency is significant, the most appropriate estimation will be discounted into present value. The Company assesses the book value of estimated liabilities on each balance sheet date and adjustment will be made if there are changes, in order to indicate the most appropriate estimation of obligations.

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

20. Revenue recognition principle

The operating revenue of the Company mainly includes revenue from sale of goods, revenue from provision of labour services and revenue from abalienating the right to use assets. The principles of revenue recognition are as follows:

- (1) Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to buyers; neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods are retained; the amount of revenue can be measured reliably; it is probable that the relevant economic benefits will flow to the entity; and the relevant costs incurred or to be incurred can be measured reliably.
- (2) Revenue from provision of labour services is recognised when the total income and total cost of labour services can be measured reliably; it is probable that the economic benefits associated with the labour services will flow to the Company; and the progress of labour services can be determined reliably.
- (3) Revenue from abalienating the right to use assets is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company; and the amount of revenue can be measured reliably.

21. Government subsidies

A government subsidy of the Company shall be recognized if the Company can meet the conditions for the government subsidy and also can obtain the government subsidy. If a government subsidy is a monetary asset, it is measured in the light of the received or receivable amount. If a government subsidy is a non-monetary asset, it is measured at its fair value. If the fair value of a non-monetary asset cannot be acquired in a reliable way, it is measured at its nominal amount (RMB1).

The government subsidies pertinent to assets are recognized as deferred revenue, and equally accounted into current profit or loss within the useful life. The government subsidies pertinent to incomes are treated respectively in accordance with the indications as follows. Those subsidies used for compensating the related future expenses or losses of the Company are recognized as deferred income and accounted into current profit or loss when the relevant expenses are recognized; or those subsidies used for compensating the related expenses or losses incurred to the Company are accounted into current profit or loss directly.

22. Deferred tax assets and deferred tax liability

Deferred tax asset and deferred tax liability are recognized at the differences (temporary tax differences) between the tax base of an asset or liability and its book value. Deferred tax asset is recognized from a deductible temporary difference to the extent of the amount of the taxable income which is most likely to acquire and can be deducted from the deductible temporary difference. On balance sheet date, deferred tax asset and deferred tax liability are measured at applicable tax rate.

The Company recognizes the deferred tax asset arising from a deductible temporary difference to the extent of the amount of the taxable income which is most likely to acquire and can be deducted from the deductible temporary difference. For deferred tax assets which have already been recognized, when there are any evidences showing that the Company is probably incapable of acquiring sufficient amount of taxable income tax in a future period to offset against the deductible temporary difference, the book value of the deferred tax assets will be deducted. When it is likely to acquire sufficient amount of taxable income tax, the amount deducted can be reversed.

23. Lease

The Company categorizes the lease into the financial lease and the operating lease.

The financial lease is the lease in which all risks and returns related to the ownership of assets are transferred in substance. The Company as a lease holder, on the date of lease, the financial lease is recognized as the fixed asset at lower cost of fair value of the rental asset and the NPV of minimum payment of leasing. The minimum payment of leasing is recognized as long-term payable and the difference is accounted into unrecognized financing expense.

The operating lease is the lease apart from the financial lease. The Company, as a lease holder, accounts the rents into current period by straight line method during the term of the lease. The Company, as a leaser, accounts the rental income into current period by straight line method during the term of the lease.

24. Income tax

The Company recognizes income tax by balance sheet method. The income taxes of the current period and deferred income tax of the Company are treated as income tax expenses for the current period, and are accounted into current profit or loss, excluding the income taxes incurred in following circumstances that the deferred tax arising from consolidation is accounted as the adjustment on the book value of goodwill and the income taxes of the current period and deferred income tax related to the transactions or events directly recognized into owners' equity are accounted into owners' equity.

The income tax expenses for the current period are the amount payable to the Tax Office which are calculated on transaction and events of the current period and recognized according to the tax law, i.e. income taxes payable. The deferred income taxes refer to the differences recognized between closing balances of the deferred tax assets and deferred tax liability and amount recognized originally by the balance sheet liability method.

Financial Statements (Unaudited)

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND COMPILATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

25. Presentation of consolidated financial statements

(1) Recognition principles of consolidation scope

The scope of consolidated financial statements of the Company covers all subsidiaries of the parent and the special purpose entities.

(2) Accounting methods of consolidated financial statements

The Company's consolidated financial statements have been prepared in accordance with Accounting Standard for Business Enterprise No.33 – Consolidated Financial Statements. All material intra-group transactions and balance have been fully offset. The parts of subsidiaries' equity non-attributable to parent company are regarded as minority interest listed separately in owners' equity in consolidated financial statements.

Where there are inconsistent accounting policies and accounting period for the subsidiaries, the Company adjusts the subsidiaries' financial statements in accordance with the Company's accounting policies and accounting period when preparing the consolidated financial statements.

For the subsidiaries under non-common control, when preparing the consolidated financial statements, the Company adjusts the separate financial statements based on the fair value of identifiable net assets on the purchasing date. For the subsidiaries acquired by the Company under common control, the Company regards the subsidiaries as their existence since the beginning of the period, and the assets, liabilities, operation performance and cash flows are consolidated into the financial statements from the beginning of the consolidation period according to the original book value.

Financial Statements (Unaudited)

V. Taxation

1. Main taxation category and tax rate

| Category | Tax Base | Tax Rate (%) |
|-----------------------------------|--|--------------|
| VAT | Goods sale revenue | 17 |
| Business Tax | Taxable revenue | 5 |
| City Maintenance and Construction | VAT or Business tax payable | 5-7 |
| Education Surcharges | VAT or Business tax payable | 3-4 |
| Estate Tax | Lease income and 70-80% of the estate's original value | 1,2-12 |
| Enterprise Income Tax | Taxable income | 25 or 15 |

Tax rates for subsidiaries are as following:

| Company | Tax Rate (%) |
|---|--------------|
| Shaanxi Beiren Printing Machinery Co., Ltd. | 15 |
| Beijing Beiren Fuji Printing Machinery Co., Ltd. | 25 |
| Haimen Beiren Printing Machinery Co., Ltd. | 25 |
| Beiren Yixin (Beijing) Technology Development Co., Ltd. | 25 |
| Beijing Beiren Yuxin Offset Printing Co., Ltd. | 25 |
| Beijing Beiren Jingyan Printing Machinery Factory | 25 |

2. Taxation Benefits And Approval

Shaanxi Beiren Printing Machinery Co., Ltd. as a subsidiary of the Company, was certified as High and New Technology Enterprise on 11 Dec 2008 with certificate No. GR200861000339 which was issued by Technology Office of Shaanxi Province, Financial Office of Shaanxi Province, National Taxation Bureau of Shaanxi Province, Local Taxation Bureau of Shaanxi Province. The certificate is valid for 3 years. The applicable enterprise income tax rate is 15%.

VI. CONSOLIDATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. Major subsidiaries

Unit: 10,000

| Company | Nature | Registration Location | Registered Capital | Operating Scope | Investment Amount | Accounts Balance of the Net Investment to the Subsidiary | Shareholding (%) | Voting Right (%) | Consolidated (Yes/Not) | Minority Interest | Amount for Written-off Income/Loss in Minority Interest | Balance after the Parent's Equity written-off the Current Loss Borne by Minority Shareholders which is over the Percentage Borne of the Beginning Equity |
|---|--|--|--------------------|--|-------------------|--|------------------|------------------|------------------------|-------------------|---|--|
| Subsidiaries acquired under non-common control | | | | | | | | | | | | |
| Shaanxi Beiren Printing Machinery Co., Ltd. | Limited Liability company | Weinan City, Shaanxi Province | 11,500 | Manufacturing selling and maintaining printing machine, packing machine, engineering machine, and electrical equipments. Relevant fittings manufacture, sale, type setting and the printing machine production and sale. | 9,918.00 | 0.00 | 66.24 | 66.24 | Yes | 6,087,393.61 | 0.00 | 0.00 |
| Haimen Beiren Fuji Printing Machinery Co., Ltd. | Limited Liability company | Haimen City, Jiangsu Province | 5,100 | Manufacture printing machine and relevant fittings | 3,499.14 | 0.00 | 100.00 | 100.00 | Yes | 0.00 | 0.00 | 0.00 |
| Other Acquired Subsidiaries | | | | | | | | | | | | |
| Beijing Beiren Fuji Printing Machinery Co., Ltd. | Sino-Foreign Equity Joint Venture Enterprise | Chaoyang District, Beijing City | USD 510 | Manufacturing printing machine, selling self-manufactured products | 2,963.27 | 0.00 | 70.00 | 70.00 | Yes | 11,141,989.53 | 0.00 | 0.00 |
| Beiren Yixin (Beijing) Technology Development Co., Ltd. | Limited Liability company | Yizhuang Economic Development Zone Beijing City, | 2,236.70 | Service | 2,236.70 | 0.00 | 100.00 | 100.00 | Yes | 0.00 | 0.00 | 0.00 |
| Beijing Beiren Jingyan Printing Machinery Factory | Joint stock company | Yanqing Country, Beijing City | 2,105 | Manufacturing printing machine and relevant components, providing relevant technical consulting services | 2,100.00 | 0.00 | 99.76 | 99.76 | Yes | 27,654.01 | 0.00 | 0.00 |

FINANCIAL STATEMENTS (UNAUDITED)

VI. CONSOLIDATION AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. The change of the scope of consolidated financial statements

(1) There is no change of the scope of consolidation of financial statement for the Company in the current period.

(2) Non-consolidation company

| Name | Reason | (%) | 2nd February, 2010 net asset | 2010 net profit |
|---|--------------|-------|---------------------------------|--------------------|
| Beijing Beiren Yuxin Offset Printing Co., Ltd | Sales shares | 68.66 | 57,728.63 | 0.00 |

Subsidiary that lose controlling power because of selling shares

| Name | Sales date | Profit and loss method |
|---|--------------------|------------------------|
| Beijing Beiren Yuxin Offset Printing Co., Ltd | 2nd February, 2010 | Equity method |

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

Following disclosed financial Statement data, except special indications, "the beginning of the year" refers to 1st January, 2010, "the end of the period" refers to 30th June, 2010, "this period" refers to the year from 1st January 2010 to 30th June, 2010, "last period" refers to the year from 1st January 2009 to 30th June, 2009, the monetary unit is a RMB.

1. Cash

| Item | Original currency | Closing Balance Exchange rate | Amount (RMB) | Original currency | Opening Balance Exchange rate | Amount (RMB) |
|----------------------|-------------------|-------------------------------|----------------------|-------------------|-------------------------------|-----------------------|
| Cash on hand | | | 14,513.62 | | | 20,238.66 |
| Including: RMB | 13,793.27 | | 13,793.27 | 17,273.21 | | 17,273.21 |
| USD | 0.00 | | 0.00 | 429.00 | 6.8282 | 2,929.30 |
| YEN | 9,392.00 | 0.0767 | 720.35 | 489.84 | 0.0738 | 36.15 |
| Bank deposit | | | 75,071,574.40 | | | 112,120,067.06 |
| Including: RMB | 73,071,109.79 | | 73,071,109.79 | 111,472,782.44 | | 111,472,782.44 |
| USD | 277,591.00 | 6.7909 | 1,885,124.36 | 78,009.09 | 6.8282 | 532,661.67 |
| HKD | 76,163.00 | 0.8724 | 66,158.06 | 76,386.73 | 0.8805 | 67,258.52 |
| YEN | 615,152.00 | 0.0767 | 47,162.19 | 641,794.44 | 0.0738 | 47,364.43 |
| Other monetary funds | | | 767,714.17 | | | 7,287,683.47 |
| RMB | 767,714.17 | | 767,714.17 | 7,287,683.47 | | 7,287,683.47 |
| Total | | | 75,853,802.19 | | | 119,427,989.19 |

Up to 30 June 2010, other monetary funds are including Deposit of Bank Acceptance amounted RMB767,714.17.

2. Notes receivable

(1) Types

| Type | Closing Balance | Opening Balance |
|-----------------------|-----------------|-----------------|
| Bank acceptance notes | 33,293,326.61 | 16,707,773.38 |

(2) There are no notes receivables for the pledge at the end of the period.

(3) There are no notes receivables transferred to accounts receivables at the end of the period because of the drawer's inability to perform.

(4) At the end of the period, there are not any notes receivables which have been discounted but not due.

(5) Significant endorsed bills but not matured at the end of the period.

| Type | Issuing company | Issuing date | Maturity date | Amount |
|-----------------------|--|--------------|---------------|---------------------|
| Bank acceptance notes | Zhejiang Ture Colour Pring & Packing Co., Ltd | 2010-3-18 | 2010-9-17 | 2,650,000.00 |
| Bank acceptance notes | Luoyang Tobacco Service Centre | 2010-3-24 | 2010-9-23 | 2,000,000.00 |
| Bank acceptance notes | Wuxi Shenghe Medical Packing Material Co., Ltd | 2010-5-14 | 2010-11-13 | 1,320,000.00 |
| Bank acceptance notes | Yunan Yuxi Chuangxin Colour Printing Co., Ltd | 2010-3-24 | 2010-9-23 | 1,000,000.00 |
| Bank acceptance notes | Luoyang Tobacco Service Centre | 2010-3-24 | 2010-9-23 | 1,000,000.00 |
| Total | | | | 7,970,000.00 |

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable

(1) Risk classification of accounts receivable

| Item | Closing Balance | | | | Opening Balance | | | |
|--|-----------------------|---------------|--|---------------|-----------------------|---------------|--|---------------|
| | Book value Amount | Percent % | Bad debt Provision for bad debts | Percent % | Book value Amount | Percent % | Bad debt Provision for bad debts | Percent % |
| Accounts receivable material in individual amounts | 24,920,000.00 | 7.56 | 0.00 | 0.00 | 24,920,000.00 | 7.21 | 0.00 | 0.00 |
| Accounts receivable non-material in individual amounts, but with credit risk | 234,984,366.74 | 71.25 | 86,174,260.97 | 87.02 | 243,044,274.49 | 70.37 | 77,394,430.52 | 85.76 |
| Other accounts receivable non-material in individual amounts | 69,860,063.48 | 21.19 | 12,852,215.35 | 12.98 | 77,450,298.28 | 22.42 | 12,852,215.35 | 14.24 |
| Total | 329,764,430.22 | 100.00 | 99,026,476.32 | 100.00 | 345,414,572.77 | 100.00 | 90,246,645.87 | 100.00 |

- 1) At the end of the period, significant individual accounts receivable or insignificant accounts receivable which require impairment test for the individual:

| Name | Amount | Bad debts | (%) | Reason |
|-------------------------------------|----------------------|----------------------|--------------|---------------------------|
| Sports Publication (Donghua Hanlin) | 24,920,000.00 | 0.00 | 0.00 | — |
| Other 400 companies (small amount) | 69,860,063.48 | 12,852,215.35 | 18.39 | Partial could not collect |
| Total | 94,780,063.48 | 12,852,215.35 | 18.39 | |

- 2) Immaterial accounts receivable in individual amounts, but with credit risk after the risk classification by credit risk characters

| Item | Closing Balance | | | Opening Balance | | |
|-----------------|-----------------------|---------------|-------------------------|-----------------------|---------------|-------------------------|
| | Amount | Percent% | Provision for bad debts | Amount | Percent% | Provision for bad debts |
| Within 1 year | 101,567,809.86 | 43.22 | 0.00 | 110,671,289.06 | 45.54 | 0.00 |
| 1 year-2 years | 47,801,422.34 | 20.34 | 14,340,426.70 | 57,782,121.57 | 23.77 | 17,334,636.47 |
| 2 years-3 years | 34,453,250.70 | 14.66 | 20,671,950.42 | 36,327,674.48 | 14.95 | 21,796,604.69 |
| Over 3 years | 51,161,883.84 | 21.78 | 51,161,883.85 | 38,263,189.36 | 15.74 | 38,263,189.36 |
| Total | 234,984,366.74 | 100.00 | 86,174,260.97 | 243,044,274.49 | 100.00 | 77,394,430.52 |

- (2) The amount of accounts receivable actually written-off in the year is RMB140,000.00.

- (3) There is no receivable from shareholders who hold 5% (including 5%) or more of the voting shares in this year.

- (4) Top five accounts receivable:

| Name | Relationship to the Company | Amount | Age | (%) |
|---|-----------------------------|----------------------|----------------|--------------|
| Sports Publication (Donghua Hanlin) | company's client | 24,920,000.00 | 1-2 year | 7.56 |
| Jiangxi Daily Printing Center | company's client | 13,860,000.00 | within 1 year | 4.20 |
| Suzhou Daily | company's client | 11,136,000.00 | 1-2 year | 3.38 |
| Tianjin North Newspaper Printing Co., Ltd. | company's client | 5,454,000.00 | within 1 year | 1.65 |
| Chengdu Beiren Printing Materials Corporation | company's client | 5,019,999.94 | within 3 years | 1.52 |
| Total | | 60,389,999.94 | | 18.31 |

- (5) Related parties of accounts receivable

| Name | Relationship to the Company | Amount | (%) |
|---|-----------------------------|---------------------|-------------|
| Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd. | Associates | 756,891.03 | 0.23 |
| Beijing Beiyong Casting Co., Ltd. | Associates | 367,255.39 | 0.11 |
| Beijing Monigraf Automations Co., Ltd. | Associates | 25,061.40 | 0.01 |
| Total | | 1,149,207.82 | 0.35 |

FINANCIAL STATEMENTS (UNAUDITED)

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable (Continued)

(6) Balance of accounts receivable in foreign currency:

| Name of currency | Original currency | Closing Balance Exchange rate | RMB | Original currency | Opening Balance Exchange Rate | RMB |
|------------------|-------------------|-------------------------------|--------------|-------------------|-------------------------------|--------------|
| USD | 218,610.00 | 6.7909 | 1,484,586.58 | 894,751.80 | 6.8282 | 6,109,544.26 |

4. Advances to suppliers

(1) Aging analysis of advances to suppliers

| Item | Closing Amounts | Balance Percentage % | Opening Amounts | Balance Percentage % |
|-----------------|----------------------|----------------------|----------------------|----------------------|
| Within 1 year | 17,737,622.21 | 91.14 | 17,245,236.87 | 92.72 |
| 1 year-2 years | 1,212,113.90 | 6.23 | 718,652.08 | 3.86 |
| 2 years-3 years | 320,428.82 | 1.65 | 444,563.58 | 2.39 |
| Over 3 years | 191,567.66 | 0.98 | 191,567.66 | 1.03 |
| Total | 19,461,732.59 | 100.00 | 18,600,020.19 | 100.00 |

(2) The main advances to suppliers

| Name | Relationship with the Company | Amount | Age | Reasons for pending |
|---|-------------------------------|---------------------|---------------|---------------------|
| Bosch Rexroth belongs to the Bosch Group | suppliers | 1,512,177.97 | within a year | not completed |
| B & R Industrial Automation International Trade Company | suppliers | 947,776.51 | within a year | not completed |
| Jiahuhang Packaging Industrial Co., Ltd. | suppliers | 875,367.32 | within a year | not completed |
| Sanxi Company | suppliers | 744,746.60 | within a year | not completed |
| Foshan Kar Ming Industrial Equipment Co., Ltd. | suppliers | 520,000.00 | within a year | not completed |
| Total | | 4,600,068.40 | | |

(3) Balance of advances to suppliers in foreign currency:

| Name of currency | Original currency | Closing Balance Exchange rate | RMB | Original currency | Opening Balance Exchange Rate | RMB |
|------------------|-------------------|-------------------------------|-------------------|-------------------|-------------------------------|-------------------|
| USD | 72,516.00 | 6.7909 | 492,457.16 | 72,121.08 | 6.8282 | 492,457.16 |
| YEN | 2,328,688.00 | 0.0767 | 178,510.43 | 1,935,776.56 | 0.0738 | 142,560.31 |
| Total | | | 671,067.59 | | | 635,017.47 |

5. Other receivables

(1) Aging analysis of other receivables

| Item | Amount | Closing Balance Proportion % | Provision for bad debts | Amount | Opening Balance Proportion% | Provision for bad debts |
|---------------|----------------------|------------------------------|-------------------------|----------------------|-----------------------------|-------------------------|
| Within 1 year | 11,099,453.29 | 28.66 | 1,536,650.07 | 14,536,068.51 | 31.91 | 1,536,650.07 |
| 1-2 years | 5,385,993.69 | 13.91 | 0.00 | 9,976,403.11 | 21.90 | 0.00 |
| 2-3 years | 1,545,231.86 | 3.99 | 438,867.81 | 3,091,944.44 | 6.79 | 2,880,451.88 |
| Over 3 years | 20,700,192.04 | 53.44 | 13,235,636.95 | 17,945,962.51 | 39.40 | 10,794,052.88 |
| Total | 38,730,870.88 | 100.00 | 15,211,154.83 | 45,550,358.57 | 100.00 | 15,211,154.83 |

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Other receivables (Continued) (2) Risk classification of other receivables

| Item | Closing Balance | | | | Opening Balance | | | |
|---|----------------------|---------------|-------------------------|---------------|----------------------|---------------|----------------------|---------------|
| | Book value | | Bad debt | | Book value | | Bad debt | |
| | Amount | Percent % | Provision for bad debts | Percent % | Amount | Percent % | Amount | Percent % |
| Other receivables material in amounts | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other receivables non-material in amounts, but with credit risk | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other receivables non-material in amounts | 38,730,870.88 | 100.00 | 15,211,154.83 | 100.00 | 45,550,358.57 | 100.00 | 15,211,154.83 | 100.00 |
| Total | 38,730,870.88 | 100.00 | 15,211,154.83 | 100.00 | 45,550,358.57 | 100.00 | 15,211,154.83 | 100.00 |

At the end of the period, significant individual other receivables or insignificant other receivables which require for the individual impairment test.

| Name | Book value | Bad debts | (%) | Reason |
|---|----------------------|----------------------|--------|---|
| South-Eastern Asia | 9,088,241.00 | 9,088,241.00 | 100.00 | Long pending period and has little recoverability |
| Xi'an Office of Huarong Assets Management Company | 6,328,000.00 | 0.00 | 0.00 | See notes (5) -1 |
| others | 23,314,629.88 | 6,122,913.83 | 26.26 | Long pending period and is expected to be unrecovered |
| Total | 38,730,870.88 | 15,211,154.83 | | |

(3) **There is no other receivables which have been written-off in the year.**

(4) **For the ending balance of other accounts receivable, there are no receivables from shareholders who hold over 5% (including 5%) of the Company's voting shares.**

(5) **Other receivables with significant amount of ending balance are as follows:**

| Name | Relation to the Company | Amount | Age | Percentage (%) | Nature or content |
|---|---------------------------------------|----------------------|--------------|----------------|-------------------|
| Xi'an Office of Huarong Assets Management Company (Note. 1) | Minority shareholders of subsidiaries | 6,328,000.00 | Over 3 years | 16.34 | Note. 1 |
| Southeast Asia | Client | 9,088,241.00 | Over 3 years | 23.47 | Note. 2 |
| Total | | 15,416,241.00 | | | |

Note 1: Item of Xi'an Office of Huarong Assets Management Company is share redemption funds. According to the article of Shaanxi Beiren Printing Machinery Company Limited, Xi'an Office of Huarong Assets Management Company acquired shares in a debt-share transfer way and share disposal could be in forms of transfer, replacement or redemption. Share redemption should be completed before year 2006 with the same annual share redemption. Xi'an Office of Huarong Assets Management Company acquired shares of RMB15,820,000.00 yuan in a debt-share transfer way with a five-year repurchase period. Xi'an Office of Huarong Assets Management Company totally repurchased RMB6,328,000.00 yuan for year 2003 and 2004, and did not write-off against the investment in Huarong Assets Management Company under the equity withdrawal method.

Note 2: Item of Southeast Asia is investment in south-east Asia in previous periods. It has been accounted in full amount bad debts provision due to the solid difficulty of the collection on the outstanding balance.

(6) **The amounts due from related parties**

| Name | Relation to the Company | Amount | Percentage (%) |
|---------------------------------------|-------------------------|-----------|----------------|
| Beijing Monigraf Automations Co. Ltd. | associates | 50,331.00 | 0.13 |

(7) **Foreign currency balances included in other receivables:**

| Name of currency | Original currency | Closing Balance | | Original currency | Opening Balance | |
|------------------|-------------------|-----------------|--------------|-------------------|-----------------|--------------|
| | | Exchange Rate | Amount (RMB) | | Exchange Rate | Amount (RMB) |
| HKD | 10,305,296.52 | 0.8724 | 9,088,241.00 | 10,305,296.52 | 0.8805 | 9,088,241.00 |

FINANCIAL STATEMENTS (UNAUDITED)

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Inventory
(1) Categories of inventories

| Item | Closing Balance | | | Opening Balance | | |
|-------------------------------|-----------------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|
| | Book balance | Provision for impairment | Book value | Book balance | Provision for impairment | Book value |
| Raw materials | 72,822,427.33 | 3,081,015.39 | 69,741,411.94 | 79,638,996.02 | 3,081,015.39 | 76,557,980.63 |
| Work in progress | 308,363,284.42 | 38,165,327.30 | 270,197,957.12 | 349,398,405.22 | 70,221,424.41 | 279,176,980.81 |
| Storage goods | 139,301,861.81 | 40,500,335.20 | 98,801,546.61 | 142,329,401.85 | 34,352,313.11 | 107,977,088.74 |
| Low value consumables | 1,860,697.58 | 0.00 | 1,860,697.58 | 1,826,160.40 | 0.00 | 1,826,160.40 |
| Self made semi-finished goods | 18,425,617.23 | 329,265.24 | 18,096,351.99 | 19,057,157.13 | 329,265.24 | 18,727,891.89 |
| Work in process-outsourced | 5,402,002.00 | 0.00 | 5,402,002.00 | 5,037,930.17 | 0.00 | 5,037,930.17 |
| Total | 546,175,910.37 | 82,075,943.13 | 464,099,967.24 | 597,288,050.79 | 107,984,018.15 | 489,304,032.64 |

(2) Provision for inventory impairment

| Item | Opening Balance | Increase | Reduces in Period | | Closing Balance |
|-------------------------------|-----------------------|-------------|-------------------|----------------------|----------------------|
| | | | Reversal | Transferred out | |
| Raw materials | 3,081,015.39 | 0.00 | 0.00 | 0.00 | 3,081,015.39 |
| Work in progress | 70,221,424.41 | 0.00 | 0.00 | 32,056,097.11 | 38,165,327.30 |
| storage goods | 34,352,313.11 | 0.00 | 0.00 | -6,148,022.09 | 40,500,335.20 |
| Self made semi-finished goods | 329,265.24 | 0.00 | 0.00 | 0.00 | 329,265.24 |
| Total | 107,984,018.15 | 0.00 | 0.00 | 25,908,075.02 | 82,075,943.13 |

The amount of the other transferred out is the written-off on the impairment for the disposal on the unsold inventory.

(3) For provision policy, see "IV 8."

(4) No inventory has been mortgaged or frozen at the year end.

(5) Due to change in consolidation scope, closing balance of the net value of inventory decreased RMB 2,498,231.86 yuan over opening balance.

7. Long-term equity investments
(1) Long-term equity investments

| Item | Closing Balance | Opening Balance |
|--|-----------------|-----------------|
| Long-term equity investments accounted for by cost method | 50,000.00 | 50,000.00 |
| Long-term equity investments accounted for by equity method | 15,311,791.55 | 15,100,595.32 |
| Total long-term equity investments | 15,361,791.55 | 15,150,595.32 |
| Less: Provision for impairment of long-term equity investments | 50,000.00 | 50,000.00 |
| Value of long-term equity investments | 15,311,791.55 | 15,100,595.32 |

(2) Accounted in cost and equity method

| Name of invested Companies | Share holding % | Voting right % | Original amounts | Opening Balance | Increase | Decrease | Closing Balance | Cash dividends for the year |
|--|-----------------|----------------|----------------------|----------------------|-------------------|-----------------|----------------------|-----------------------------|
| by cost method | | | | | | | | |
| Ying Shen Associated Co., Ltd. | | | 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 | | | | | | | | |
| Beijing Monigraf Automations Co. Ltd. | 49 | 49 | 3,675,000.00 | 8,879,213.01 | 0.00 | 1,203.74 | 8,878,009.27 | 0.00 |
| Beijing Belying Moulding Co., Ltd. | 20 | 20 | 1,136,000.00 | 6,221,382.31 | 212,399.97 | 0.00 | 6,433,782.28 | 0.00 |
| Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd | 49 | 49 | 22,540,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sub-total | | | 27,351,000.00 | 15,100,595.32 | 212,399.97 | 1,203.74 | 15,311,791.55 | 0.00 |
| Total | | | 27,401,000.00 | 15,100,595.32 | 212,399.97 | 1,203.74 | 15,311,791.55 | 0.00 |

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Long-term equity investments (Continued)

(3) Associations

| Company name | Type | Registered Location | Legal Representative | Business Nature | Registered Capital (RMB) | Share holding % | Voting Right % |
|--|-----------------------|---------------------|----------------------|-----------------|--------------------------|-----------------|----------------|
| Consortium | | | | | | | |
| Beijing Monigraf Automations Co. Ltd. | Joint venture company | Beijing | Zhang peiwu | Manufacturing | 1,500.00 | 49 | 49 |
| Beijing Beiyang Casting Co. Ltd. | limited company | Beijing | Pang liandong | Manufacturing | 568.00 | 20 | 20 |
| Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd | Joint venture company | Beijing | Pang liandong | Manufacturing | 4,600.00 | 49 | 49 |
| Total | | | | | 6,668.00 | | |

| Company name | Closing Balance Total assets | Closing Balance Total liabilities | Closing Balance Net assets | Revenue for this period | net profit for this period |
|--|------------------------------|-----------------------------------|----------------------------|-------------------------|----------------------------|
| Consortium | | | | | |
| Beijing Monigraf Automations Co. Ltd. | 26,797,697.84 | 8,985,679.11 | 17,812,018.73 | 6,202,944.75 | -2,456.62 |
| Beijing Beiyang Casting Co. Ltd. | 78,928,854.40 | 46,759,943.04 | 32,168,911.36 | 52,922,533.28 | 1,061,999.87 |
| Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd | 119,158,455.88 | 164,189,967.67 | -45,031,511.79 | 47,974,608.55 | -13,383,591.69 |
| Total | 515,286,727.17 | 492,757,474.60 | 22,529,252.57 | 246,895,683.88 | -21,536,255.26 |

(4) Provision for impairment on long-term equity investments

| Company | Opening Balance | Provision | Reduces in Period | Closing Balance | Reason |
|------------------------------------|-----------------|-----------|-------------------|-----------------|-------------------------------------|
| Ying Shen Associated Company Limit | 50,000.00 | 0.00 | 0.00 | 50,000.00 | expected to be difficult to recover |

8. Investment properties

(1) Accounted in cost methods

| Item | Opening Balance | Increase | Decrease | Closing Balance |
|---------------------------------|-----------------|------------|----------|----------------------|
| Original cost | 23,046,189.70 | 0.00 | 0.00 | 23,046,189.70 |
| Buildings | 23,046,189.70 | 0.00 | 0.00 | 23,046,189.70 |
| Accumulated depreciation | 7,998,283.91 | 353,502.31 | 0.00 | 8,351,786.22 |
| Buildings | 7,998,283.91 | 353,502.31 | 0.00 | 8,351,786.22 |
| Net book value | 15,047,905.79 | | | 14,694,403.48 |
| Buildings | 15,047,905.79 | | | 14,694,403.48 |
| Impairment provision | 0.00 | 0.00 | 0.00 | 0.00 |
| Buildings | 0.00 | 0.00 | 0.00 | 0.00 |
| Book value | 15,047,905.79 | | | 14,694,403.48 |
| Buildings | 15,047,905.79 | | | 14,694,403.48 |

FINANCIAL STATEMENTS (UNAUDITED)

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**9. Fixed asset
(1) Fixed assets list**

| Item | Opening Balance | Increase | Decrease | Closing Balance |
|---------------------------------|-------------------------|----------------------|----------------------|-------------------------|
| Original Cost | 1,185,250,083.22 | 495,486.37 | 64,078,767.52 | 1,121,666,802.07 |
| Building | 580,678,226.55 | 0.00 | 0.00 | 580,678,226.55 |
| Machinery | 532,524,289.96 | 445,727.84 | 56,368,479.24 | 476,581,538.56 |
| Transportation facilities | 17,802,759.42 | 0.00 | 3,549,067.91 | 14,253,691.51 |
| Office equipment | 48,500,130.68 | 49,768.53 | 15,550.85 | 48,534,338.36 |
| Others | 5,744,676.61 | 0.00 | 4,125,669.52 | 1,619,007.09 |
| Accumulated depreciation | 537,634,722.74 | 19,389,755.37 | 51,705,491.45 | 505,318,986.66 |
| Building | 120,521,523.53 | 7,791,919.28 | 0.00 | 128,313,442.81 |
| Machinery | 365,904,957.48 | 8,778,793.22 | 47,702,286.96 | 326,981,463.74 |
| Transportation facilities | 9,548,976.83 | 1,295,225.01 | 2,764,286.40 | 8,079,915.44 |
| Office equipment | 39,902,115.53 | 1,427,281.89 | 15,273.59 | 41,314,123.83 |
| Others | 1,757,149.37 | 96,535.97 | 1,223,644.50 | 630,040.84 |
| Net book value | 647,615,360.48 | | | 616,347,815.41 |
| Building | 460,156,703.02 | | | 452,364,783.74 |
| Machinery | 166,619,332.48 | | | 149,600,074.82 |
| Transportation facilities | 8,253,782.59 | | | 6,173,776.07 |
| Office equipment | 8,598,015.15 | | | 7,220,214.53 |
| Others | 3,987,527.24 | | | 968,966.25 |
| Impairment provision | 20,885,338.91 | 0.00 | 290,071.82 | 20,595,267.09 |
| Building | 0.00 | 0.00 | 0.00 | 0.00 |
| Machinery | 20,770,338.91 | 0.00 | 290,071.82 | 20,480,267.09 |
| Transportation facilities | 115,000.00 | 0.00 | 0.00 | 115,000.00 |
| Office equipment | 0.00 | 0.00 | 0.00 | 0.00 |
| Others | 0.00 | 0.00 | 0.00 | 0.00 |
| Net book value | 626,730,021.57 | | | 595,752,548.32 |
| Building | 460,156,703.02 | | | 452,364,783.74 |
| Machinery | 145,848,993.57 | | | 129,119,807.73 |
| Transportation facilities | 8,138,782.59 | | | 6,058,776.07 |
| Office equipment | 8,598,015.15 | | | 7,220,214.53 |
| Others | 3,987,527.24 | | | 968,966.25 |

(1) For the increase in the fixed assets of the period, the amount of RMB 9,829.06 was transferred from construction in progress. Among the increase in accumulated depreciation, the depreciation of RMB 19,389,755.37 yuan accrued in the year.

(2) Some houses and buildings and machinery and equipment were mortgaged to the bank as a short-term loan guarantee, including the building housing the original value RMB 153,455,749.01 yuan, net RMB 134,582,357.30 yuan; 7,396,860.00 yuan original value of machinery and equipment, net RMB 944,471.24 yuan

(2) There are no fixed assets not in use for the current period.

(3) There are no fixed assets through finance lease

(4) Due to change in consolidation scope, the value of fixed assets decreased by RMB 60,866,357.30 yuan, accumulated depreciation decreased by RMB 48,606,320.59 yuan, impairment provision decreased by RMB 290,071.28 yuan and net book value decreased by RMB 11,969,964.89 yuan.

**10. Construction in progress
(1) Construction in progress list**

| Name | Closing Balance | | | Opening Balance | | |
|----------------------------|---------------------|-------------|---------------------|---------------------|-------------|---------------------|
| | Book balance | Provision | Book value | Book balance | Provision | Book value |
| Construction | 654,522.00 | 0.00 | 654,522.00 | 654,522.00 | 0.00 | 654,522.00 |
| Equipments in installation | 3,023,720.99 | 0.00 | 3,023,720.99 | 2,366,924.26 | 0.00 | 2,366,924.26 |
| Others | 1,257,637.73 | 0.00 | 1,257,637.73 | 1,257,637.73 | 0.00 | 1,257,637.73 |
| Total | 4,935,880.72 | 0.00 | 4,935,880.72 | 4,279,083.99 | 0.00 | 4,279,083.99 |

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Intangible assets

| Item | Opening Balance | Increase | Decrease | Closing Balance |
|---------------------------------|-----------------------|----------------------|----------------------|-----------------------|
| Original Cost | 148,336,721.77 | 12,908,697.75 | 15,699,996.10 | 145,545,423.42 |
| Land use right | 147,677,951.77 | 12,908,697.75 | 15,041,226.10 | 145,545,423.42 |
| Software | 658,770.00 | 0.00 | 658,770.00 | 0.00 |
| Accumulated depreciation | 21,429,094.84 | 1,403,297.97 | 2,499,214.25 | 20,333,178.56 |
| Land use right | 20,944,532.84 | 1,403,297.97 | 2,014,652.25 | 20,333,178.56 |
| Software | 484,562.00 | 0.00 | 484,562.00 | 0.00 |
| Net book value | 126,907,626.93 | | | 125,212,244.86 |
| Land use right | 126,733,418.93 | | | 125,212,244.86 |
| Software | 174,208.00 | | | 0.00 |
| Impairment provision | 0.00 | 0.00 | 0.00 | 0.00 |
| Land use right | 0.00 | 0.00 | 0.00 | 0.00 |
| Software | 0.00 | 0.00 | 0.00 | 0.00 |
| Book value | 126,907,626.93 | | | 125,212,244.86 |
| Land use right | 126,733,418.93 | | | 125,212,244.86 |
| Software | 174,208.00 | | | 0.00 |

- (1) Current period amortisation is RMB 1,403,297.97 yuan.
- (2) Land use right with original cost of RMB 23,974,056.00 yuan and net book value of RMB 21,750,879.67 yuan were pledged to bank for short-term loans.
- (3) Due to change in consolidation scope, the value of intangible assets decreased by RMB 658,770.00 yuan, accumulated amortization decreased by RMB 484,562.00 yuan and net book value decreased by 174,208.00 yuan.

12. Long-term prepayment expense

| Items | Opening Balance | Increase | Decrease | Other reductions this year | Closing Balance | Reason |
|--------------------------|-----------------|----------|-----------|----------------------------|-----------------|--------|
| Land development expense | 11,930,291.10 | 0.00 | 33,000.00 | 0.00 | 11,897,291.10 | — |

13. Deferred tax asset and deferred tax liability

(1) **Recognized deferred tax asset**

| Item | Closing Balance | Opening Balance |
|-------------------------------|---------------------|---------------------|
| Recognized Deferred tax asset | | |
| Asset impairment | 7,723,350.72 | 7,723,350.72 |
| Depreciation of fixed assets | 158,543.66 | 158,543.66 |
| Accrued staff salaries | 358,182.38 | 358,182.38 |
| Total | 8,240,076.76 | 8,240,076.76 |

(2) **Temporary difference in deferred tax assets**

| Items | Amount |
|---|----------------------|
| Provision for bad debts | 15,598,534.06 |
| Provision for diminution in value of inventories | 23,082,355.14 |
| Impairment provision of long-term equity investment | 50,000.00 |
| Depreciation & Impairment of non-current assets | 634,174.62 |
| Employee Compensation Payable | 1,432,729.52 |
| Total | 40,797,793.34 |

FINANCIAL STATEMENTS (UNAUDITED)

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Provision of impairment for assets:

| Item | Opening Balance | Increase | Decrease | | Closing Balance |
|--|-----------------------|---------------------|-------------|----------------------|-----------------------|
| | | | Returning | Other transfers out | |
| Provision of impairment for Bad debts | 105,457,800.70 | 8,919,830.45 | 0.00 | 140,000.00 | 114,237,631.15 |
| Provision of impairment for Inventory | 107,984,018.15 | 0.00 | 0.00 | 25,908,075.02 | 82,075,943.13 |
| Provision of impairment for long-term equity investments | 50,000.00 | 0.00 | 0.00 | 0.00 | 50,000.00 |
| Provision of impairment for Investment properties | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Provision of impairment for Fixed Assets | 20,885,338.91 | 0.00 | 0.00 | 290,071.82 | 20,595,267.09 |
| Provision of impairment for Project commodity | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Provision of impairment for constructions in process | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Provision of impairment for Intangible assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 234,377,157.76 | 8,919,830.45 | 0.00 | 26,338,146.84 | 216,958,841.37 |

Other transfer out included in provision of impairment for bad debts is RMB 140,000.00 yuan which is the actual written-off of accounts receivable in this year.

15. Short-term loans
(1) Listed as loan category

| Type | Closing Balance | Opening Balance |
|-----------------------|-----------------------|-----------------------|
| Mortgaged bank loans | 163,450,000.00 | 69,450,000.00 |
| Guaranteed bank loans | 14,500,000.00 | 15,400,000.00 |
| Credit bank loans | 150,000,000.00 | 230,000,000.00 |
| Total | 327,950,000.00 | 314,850,000.00 |

(2) Building with net value of RMB 134,582,700.56 yuan, land use rights with net value of RMB 21,750,879.67 yuan and machinery with net value of RMB 944,471.24 yuan were mortgaged bank loans.

(3) The end of the credit loan with Beijing Beijing Electrical Holding Co., Ltd. commissioned the Beijing branch of Bank of Kim Yun loans to the company's RMB 85 million yuan, RMB 50 million yuan and RMB 15 million yuan, totaling RMB 150 million loan for a year, the interest rate is not higher than bank lending rates for the same period;

(4) There are no unpaid short-term loans, which are expired in the current period.

16. Notes payable

| Type of Loan | Closing Balance | Opening Balance |
|-----------------|---------------------|-----------------|
| Bank Acceptance | 2,550,000.00 | 13,900,000.00 |

17. Accounts payable
(1) Accounts Payable

| Item | Closing Balance | Opening Balance |
|---------------------------|-----------------------|-----------------|
| Total | 329,567,114.93 | 379,540,583.68 |
| Including: more than year | 87,954,037.04 | 98,239,307.88 |

(2) Accounts payable to shareholders who hold 5% or more of the voting share of the Company:

| Name of the Company | Closing Balance | Opening Balance |
|--------------------------|---------------------|-----------------|
| Beiren Group Corporation | 1,963,000.00 | 1,997,780.00 |

18. Advances from customers
(1) Advance from customers

| Item | Closing Balance | Opening Balance |
|-----------------------------|----------------------|-----------------|
| Total | 93,615,771.22 | 94,623,242.70 |
| Include: more than one year | 9,504,190.33 | 10,095,261.43 |

(2) Advance from customers which is more than one year is the amount that contract not yet due and the corresponding product not yet delivered.

(3) The ending balance of advances from customers does not include any amount received from shareholder with over 5% (incl. 5%) voting shares.

Financial Statements (Unaudited)

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Advances from customers (Continued)

(4) Foreign currency amounts in closing balances:

| Name of currency | Closing Balance | | | Opening Balance | | |
|------------------|-------------------|---------------|--------------|-------------------|---------------|--------------|
| | Original currency | Exchange rate | RMB | Original currency | Exchange rate | RMB |
| USD | 300,535.83 | 6.7909 | 2,040,908.78 | 298,894.11 | 6.8282 | 2,040,908.78 |

19. Employee compensation

| Item | Opening Balance | Increase | Decrease | Closing Balance |
|---|----------------------|----------------------|----------------------|----------------------|
| Salary (Includes bonus and allowance) | 826,643.00 | 50,949,916.22 | 51,776,559.22 | 0.00 |
| Welfare | 0.00 | 4,856,513.58 | 4,402,116.15 | 454,397.43 |
| Social insurance | 19,297,065.09 | 16,077,488.22 | 18,244,154.79 | 17,130,399.52 |
| Including: medical insurance | 7,646,116.92 | 6,418,806.57 | 8,315,258.92 | 5,749,664.57 |
| Basic endowment insurance | 11,468,290.44 | 8,344,091.41 | 8,724,764.39 | 11,087,617.46 |
| Unemployment insurance | 68,981.05 | 552,337.70 | 387,340.46 | 233,978.29 |
| Industrial injury insurance | 63,118.36 | 421,696.65 | 471,555.62 | 13,259.39 |
| Fertility insurance | 50,558.32 | 340,555.89 | 345,235.40 | 45,876.81 |
| Housing fund | 1,080,029.20 | 4,536,476.16 | 4,780,482.16 | 836,023.20 |
| Labour union expenditure and employee education expenditure | 2,347,245.36 | 2,084,079.51 | 1,759,685.05 | 2,671,639.82 |
| Other welfare | 0.00 | 5,134,305.18 | 5,134,305.18 | 0.00 |
| Compensation for unemployment | 0.00 | 119,225.50 | 119,225.50 | 0.00 |
| Estimated expense for employee retirement in advance | 35,943,007.74 | 1,975,762.31 | 9,035,138.31 | 28,883,631.74 |
| Others | 161,857.24 | 570,247.90 | 563,691.90 | 168,213.24 |
| Total | 59,655,647.63 | 86,304,014.58 | 95,815,358.26 | 50,144,303.95 |

Due to change in consolidation scope, employee compensation decreased by RMB 756,053.55 yuan.

20. Tax payable

| Tax category | Closing Balance | Opening Balance |
|------------------------|---------------------|----------------------|
| Value added tax | 6,545,123.03 | 8,727,807.17 |
| Business tax | 61,972.49 | 174,318.77 |
| Enterprise income tax | 1,000,000.00 | 1,904,453.43 |
| Individual tax | 184,553.61 | 367,681.05 |
| City construction tax | 433,574.20 | 655,483.77 |
| Property tax | -0.02 | 192,634.57 |
| Land usage tax | 48,025.27 | 1,921,218.49 |
| Educational fees | 453,181.47 | 759,697.74 |
| Stamp tax | 3,382.50 | 109,047.10 |
| Water conservancy fund | 585,544.93 | 585,957.00 |
| Total | 9,315,357.48 | 15,398,299.09 |

21. Other payables

(1) Other payables

| Item | Closing Balance | Opening Balance |
|-----------------------------|----------------------|----------------------|
| Total | 49,178,053.64 | 48,538,528.19 |
| Include: more than one year | 31,599,810.28 | 33,511,865.84 |

(2) Other payables to shareholders who hold 5% or more of the Company's voting share as of 30 Jun 2010 are as follow:

| Items | Closing Balance | Opening Balance |
|--------------------------|-----------------|-----------------|
| Beiren Group Corporation | 15,443,234.94 | 13,641,380.51 |

FINANCIAL STATEMENTS (UNAUDITED)

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Other payables (Continued)
(3) Other payables in large amount at the ending balance

| Items | Note | Amount | Age | Nature or content |
|--------------------------|------|----------------------|-------------------|---------------------|
| Beiren Group Corporation | 1 | 12,365,033.14 | More than 3 years | Purchase price |
| Beiren Group Corporation | | 3,078,201.80 | Within 1 year | Trademark use, rent |
| Land remise fund | 2 | 9,330,922.61 | More than 3 years | Remise price |
| Total | | 24,774,157.55 | | |

Note 1: The payable to Beiren Group Corporation is the payment on the merge with No. 4 Print Machine Factory which belongs to Beiren Group Corporation;

Note 2: The payable to Beijing Beiyong Casting Co. Ltd. is the public land remise fund owed to the local government where Beijing Casting located. As of 30 June 2010, the Company has not obtained the certificate of land use right in Daxing, Beijing, which is 92.126 acreage of area.

22. Non-current liabilities maturing within one year

| Item | Closing Balance | Opening Balance |
|---|-----------------|-----------------|
| Long-term accounts payable maturing within 1 year | 0.00 | 29,550,000.00 |

Due to change in consolidation scope, the company decrease non-current liabilities within one year decreased by RMB 29,550,000.00 yuan.

23. Other current liabilities

| Item | Closing Balance | Opening Balance |
|-----------------|---------------------|-----------------|
| Accrued expense | 1,349,395.00 | 1,149,600.00 |

24. Long-term loan (1) Classification:

| Loan category | 30 Jun 2010 | 1 Jan 2010 |
|-----------------|----------------------|---------------|
| Guaranteed loan | 18,000,000.00 | 24,000,000.00 |

The ending balance of long-term loan is loan to the Company's subsidiary Shaanxi Beiren Printing Machinery Company Limited for the purpose of technology reform of advanced packing print machine, which is guaranteed by Shaanxi Xinda Real Estate Co., Ltd., and the duration of this loan is five years.

(2) Long-term loan as at 30 June 2010:

| Creditor | Starting date | Maturity date | Currency | Rate(%) | Closing Balance | | Opening Balance | |
|--|---------------|---------------|----------|---------------|-------------------------|---------------|-------------------------|---------------|
| | | | | | Foreign currency amount | RMB amount | Foreign currency amount | RMB amount |
| Agricultural Bank of China Weinan branch | 23 Jan 2007 | 22 Jan 2012 | RMB | Floating rate | 0.00 | 18,000,000.00 | 0.00 | 24,000,000.00 |

25. Special payables

| Item | Opening Balance | Increase | Carry forward | Closing Balance | Notes |
|--|---------------------|-------------|---------------|---------------------|-------|
| Medium newspaper printing machine core unit technology and half-way commercial product | 4,327,223.76 | 0.00 | 0.00 | 4,327,223.76 | 1 |
| Folio single paper print machine series with multiple colours — new style 1050 | 4,773,314.47 | 0.00 | 0.00 | 4,773,314.47 | 2 |
| Total | 9,100,538.23 | 0.00 | 0.00 | 9,100,538.23 | |

Note 1: The Company and Beijing National Capital Mechanical And Electrical Holding Company Limited signed "national capital holding strategy product and the technical research and development project funds support contract" on December 17, 2008. A financial support of RMB 5,000,000 has been given to this company to carry on the medium newspaper printing machine core unit technology and half-way commercial product project. The Company will return the fund to the national capital holding on November 30, 2011 and November 30, 2012 with the amount of RMB 1,500,000 and RMB 3,500,000 respectively. In order to manifest the time value for the current market, the total amount of current value from different phases is used to recognize the book value of the Account payable for special item in 2008. Loan datum interest rate of 3 year time (5.4%) and 5 year time (5.76%) are used as discount rate. Interest expense calculated on actual interest rate basis is recognized as financial expense this year.

Note 2: The Company and Beijing National Capital Mechanical And Electrical Holding Company Limited signed "national capital holding strategy product and the technical research and development project funds support contract" on June 24, 2009. A financial support of RMB 5,500,000 has been given to this company to carry on the development of folio single paper print machine series with multiple colours—new style 1050. The Company will return the fund to the national capital holding on November 30, 2011 and November 30, 2012 with the amount of RMB 1,650,000 and RMB 3,850,000 respectively. In order to manifest the time value for the current market, the total amount of current value from different phases is used to recognize the book value of the Account payable for special item. Loan datum interest rate of 3 year time (5.4%) is used as discount rate.

Financial Statements (Unaudited)

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Estimated liabilities

| Item | Opening Balance | Increase | Carry forward | Closing Balance |
|-----------------------|-----------------|----------|---------------|-------------------|
| Employee Compensation | 266,891.98 | 0.00 | 0.00 | 266,891.98 |

27. Other non-current liabilities

| Item | Closing Balance | Opening Balance |
|--|---------------------|---------------------|
| Loan interest subsidy for the technology development of advanced soft printing machine | 832,852.67 | 832,852.67 |
| Remove compensation | 1,970,448.01 | 1,970,448.01 |
| Total | 2,803,300.68 | 2,803,300.68 |

28. Share capital

| Shareholder's Name/ Regimentation | Opening Balance | | Change during current year | | | | | Closing Balance | |
|--------------------------------------|-----------------|-----------|----------------------------|-------------|-------------------------|--------|----------|-----------------|-----------|
| | Amount | Ratio (%) | Issue new stock | Gifts share | Reserve funds to equity | Others | Subtotal | Amount | Ratio (%) |
| Conditioning Stock | | | | | | | | | |
| State-owned Holdings | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Subtotal | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Un-conditioning Stock | | | | | | | | | |
| Common Stock (RMB) | 322,000.00 | 76.30 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 322,000.00 | 76.30 |
| Stock listed over-sea | 100,000.00 | 23.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100,000.00 | 23.70 |
| Subtotal | 422,000.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 422,000.00 | 100.00 |
| Total | 422,000.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 422,000.00 | 100.00 |

Beiren Group Corporation sold 21,000,000.00 un-conditioning stock shares (4.98% of total stock of the Company) on 6 Jan 2010 and 7 Jan 2010 via large amount transaction system of the Shanghai Stock Exchange.

29. Capital reserve

| Item | Opening Balance | Increase | Decrease | Closing Balance |
|-----------------------|-----------------------|---------------------|-------------|-----------------------|
| Share capital premium | 517,305,478.93 | 1,362,332.03 | 0.00 | 518,667,810.96 |
| Other capital reserve | 5,714,792.13 | 0.00 | 0.00 | 5,714,792.13 |
| Total | 523,020,271.06 | 1,362,332.03 | 0.00 | 524,382,603.09 |

The share capital premium increase RMB 1,362,332.03 yuan due to acquisition of minority shareholder's equity during the period.

30. Surplus reserve

| Item | Opening Balance | Increase | Decrease | Closing Balance |
|---------------------------|-----------------|----------|----------|----------------------|
| Statutory surplus reserve | 43,172,707.88 | 0.00 | 0.00 | 43,172,707.88 |

31. Undistributed profits

| Item | Amount | Ratio (%) |
|--|------------------------|-----------|
| Undistributed profits at the end of last year | -265,330,459.45 | |
| Add: adjustment of undistributed profits at the year beginning | 0.00 | |
| Including: changes of accounting policies | 0.00 | |
| Important correction of prior period errors | 0.00 | |
| changes to consolidation scope under the same control | 0.00 | |
| other adjustments | 0.00 | |
| Undistributed profits at the beginning of the year | -265,330,459.45 | |
| Add: net profit attributable to parent company in this period | -14,968,604.70 | |
| loss offset by surplus reserve | 0.00 | |
| Less: provision on statutory surplus fund | 0.00 | 10 |
| arbitrary surplus fund | 0.00 | |
| Distribution of ordinary share's dividend | 0.00 | |
| Ordinary shares dividend converted to share capital | 0.00 | |
| Undistributed profits at the year end | -280,299,064.15 | |

FINANCIAL STATEMENTS (UNAUDITED)

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Minority interest

| Name Of Subsidiary | Proportion Of Minority Interest | Closing Balance | Opening Balance |
|--|---------------------------------|----------------------|----------------------|
| Haimen Beiren Fuji Print Machinery Co., Ltd. | 0.00 | 0.00 | 1,505,732.03 |
| Beijing Beiren Fuji Print Machinery Co., Ltd | 30.00 | 11,141,989.53 | 11,086,858.68 |
| Beijing Beiren Jingyan Print Machinery Factory | 0.24 | 27,654.01 | 30,903.95 |
| Beijing Beiren Yuxin Offset Machinery Co., Ltd. | 0.00 | 0.00 | 18,530.14 |
| Shaanxi Beiren printing machinery Co., Ltd., | 13.76 | 8,079,630.40 | 7,804,408.53 |
| Beiren Yixin (Beijing) Technology Development Co., Ltd | 0.00 | 0.00 | 0.00 |
| Total | | 19,249,273.94 | 20,446,433.33 |

33. Operating income and operating costs

| Items | Jan-Jun 2010 | Jan-Jun 2009 |
|------------------------|-----------------------|-----------------------|
| Main operating income | 379,971,524.69 | 378,796,998.22 |
| Other operating income | 6,672,260.05 | 4,612,841.72 |
| Total | 386,643,784.74 | 383,409,839.94 |
| Main operating costs | 307,180,913.75 | 330,520,039.60 |
| Other operating costs | 4,663,014.20 | 1,811,612.74 |
| Total | 311,843,927.95 | 332,331,652.34 |

(1) Main operating income and costs (classified by product)

| Item | Jan-Jun 2010 | | Jan-Jun 2009 | |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Operating Income | Operating Costs | Operating Income | Operating Costs |
| Sales of hectograph machine | 212,289,914.26 | 176,646,446.78 | 231,482,074.73 | 204,066,017.42 |
| Sales of intaglio printing machine | 139,237,198.64 | 106,208,776.04 | 120,777,829.76 | 102,620,647.10 |
| Sales of form machinery | 21,753,816.20 | 18,642,969.74 | 16,524,942.37 | 13,356,711.23 |
| others | 6,690,595.59 | 5,682,721.19 | 10,012,451.36 | 10,476,663.85 |
| Total | 379,971,524.69 | 307,180,913.75 | 378,796,998.22 | 330,520,039.60 |

(2) Main operating income and costs (classified by area)

| Item | Jan-Jun 2010 | | Jan-Jun 2009 | |
|----------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Operating Income | Operating Costs | Operating Income | Operating Costs |
| Overseas Sales | 12,126,402.85 | 8,005,686.59 | 20,579,828.63 | 17,275,346.20 |
| Domestic Sales | 367,845,121.84 | 299,175,227.16 | 358,217,169.59 | 313,244,693.40 |
| Total | 379,971,524.69 | 307,180,913.75 | 378,796,998.22 | 330,520,039.60 |

(3) The total sales income of the Company's top five clients is RMB70,174,358.97, accounted 18.15% of the total sales income of the year.

34. Business tax and surcharges

| Items | Jan-Jun 2010 | Jan-Jun 2009 | Tax rate (%) |
|--|---------------------|---------------------|--|
| Business tax | 236,377.91 | 220,032.15 | 5 |
| Urban maintenance and construction tax | 1,751,894.56 | 1,619,733.20 | 5-7 |
| Educational fees | 763,824.14 | 1,075,346.32 | 3-4 |
| Real estate tax | 98,327.09 | 0.00 | 70*1.2 |
| Land-use tax | 24,750.00 | 0.00 | RMB3.00/m ² or RMB1.50/m ² |
| Total | 2,875,173.70 | 2,915,111.67 | |

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

35. Finance Expenses

| Item | Jan-Jun 2010 | Jan-Jun 2009 |
|-----------------------|---------------------|---------------------|
| Interest expense | 9,332,066.97 | 9,384,094.78 |
| Less: Interest income | 388,941.93 | 136,773.39 |
| Add: exchange loss | 14,682.80 | -1,477.50 |
| Add: other expense | 362,746.67 | 267,993.80 |
| Total | 9,320,554.51 | 9,513,837.69 |

36. Impairment loss of assets

| Item | Jan-Jun 2010 | Jan-Jun 2009 |
|---------------|--------------|--------------|
| Bad debt loss | 8,919,830.45 | 7,277,441.21 |

37. Investment income

| Item | Jan-Jun 2010 | Jan-Jun 2009 |
|--|-------------------|-------------------|
| Equity method of accounting for long-term equity investment income | 211,196.23 | 248,387.17 |
| Investment income of disposal of long-term equity investment | 310,801.51 | 0.00 |
| Total | 521,997.74 | 248,387.17 |

FINANCIAL STATEMENTS (UNAUDITED)

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Non-Operating Income
(1) Non-Operating Income

| Item | Jan-Jun 2010 | Jan-Jun 2009 |
|---|---------------------|---------------------|
| Gains from disposal of non-current assets | 82,614.53 | 488,846.15 |
| Gains from disposal of fixed assets | 82,614.53 | 488,846.15 |
| Gain from debt restructuring | 1,583,495.15 | 16,377.81 |
| Government subsidy | 6,011,129.59 | 4,500,902.73 |
| Other | 15,298.38 | 29,556.66 |
| Total | 7,692,537.65 | 5,035,683.35 |

(2) The detailed government subsidies in this period are show below:

| Item | Jan-Jun 2010 | Jan-Jun 2009 | Resource and basis |
|--|---------------------|---------------------|--|
| Development of TAZJ series gravure printing set | 0.00 | 600,000.00 | Business Department Shang Chan Han [2007] No. 80 document |
| Employment Stabilization allowance | 0.00 | 3,891,175.81 | The People's Government of Beijing Municipality [2009] No. 6 Document |
| Tax incentives | 0.00 | 9,726.92 | Ministry of Finance, State Taxation Administration [2008] No. 170 Document |
| Employment and social insurance subsidy | 5,872,941.06 | 0.00 | Beijing Municipal Jing Ren She Fu [2010] No. 385 document; Beijing Municipal Jing Ren She Fu [2009] No. 1197 document, etc. |
| Shaanxi provincial research center of packing print machine technology | 138,188.53 | 0.00 | Shaanxi Provincial Yan Zheng Zhuan Zi [2009] No. 25 Verification report of "13115" science and technology innovation programme |
| Total | 6,011,129.59 | 4,500,902.73 | |

39. Non-operating expenses

| Item | Jan-Jun 2010 | Jan-Jun 2009 |
|---|-------------------|-------------------|
| Loss from disposal of non-current asset | 105,576.78 | 616,954.93 |
| Loss from disposal of fixed assets | 105,576.78 | 616,954.93 |
| Others | 242,335.56 | 174,524.15 |
| Total | 347,912.34 | 791,479.08 |

40. Income tax expense

| Item | Jan-Jun 2010 | Jan-Jun 2009 |
|-----------------------------|-------------------|-------------------|
| Income tax for current year | 102,651.31 | 165,759.86 |
| Deferred income tax | 0.00 | 0.00 |
| Total | 102,651.31 | 165,759.86 |

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. The calculation procedure of basic EPS and diluted EPS

| Items | Number | Jan-Jun 2010 | Jan-Jun 2009 |
|---|---|-----------------------|----------------|
| Net profit attribute to parent company shareholders | 1 | -14,968,604.70 | -35,677,696.35 |
| Attribute to the parent company's non-recurring losses | 2 | 7,545,789.40 | 4,110,956.86 |
| Net profit attribute to parent holders of the Company after the deduction of non-recurring loss | 3=1-2 | -22,514,394.10 | -39,788,653.21 |
| 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 (I) | 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 | 8 | | |
| Share decrease | | | |
| Number of months from next month to the end of the reporting period | 9 | | |
| Number of shares decreased by shrinking | 10 | | |
| Number of Months in the reporting period | 11 | 6 | 6 |
| Ordinary shares on weighted average basis | $12=4+5+6\times7\div11$ | 422,000,000.00 | 422,000,000.00 |
| Basic earning per share (I) | $13=1\div12$ | -0.04 | -0.08 |
| Basic earning per share (II) | $14=3\div12$ | -0.05 | -0.09 |
| Dividends of diluted convertible ordinary shares as expense | 15 | | |
| Conversion expense | 16 | | |
| Income tax | 17 | | |
| Number of shares increased by options or warrants | 18 | | |
| | $19=[1+(15-16)\times(1-17)]\div(12+18)$ | -0.04 | -0.08 |
| Diluted earning per share (I) | | -0.04 | -0.08 |
| | $19=[3+(15-16)\times(1-17)]\div(12+18)$ | -0.05 | -0.09 |
| Diluted earning per share (II) | | -0.05 | -0.09 |

42. Cash flow statement items

(1) Cash received/paid relevant to other operating/investing/ financing activities

(1) Other cash received related to operating activities

| Item | Jan-Jun 2010 |
|--|----------------------|
| Return of travelling expense and fund of disbursement | 871,446.23 |
| Interest income | 388,941.93 |
| Receive financial project funding | 7,401,445.93 |
| Guarantee payment | 329,900.00 |
| Return of payment made by others for the Company | 491,958.80 |
| Receive social insurances from social insurance bureau | 566,842.94 |
| Transfer from restricted cash and cash equivalents | 6,519,969.30 |
| Others | 4,860,787.93 |
| Total | 21,431,293.06 |

(2) Other cash payment related to operating activities

| Item | Jan-Jun 2010 |
|---|----------------------|
| Agency fee | 3,693,448.04 |
| Freight and Instalment | 4,215,441.94 |
| Research and development expenses | 1,753,779.23 |
| Product warranty expense | 1,194,449.59 |
| Advertising and exhibition expense | 1,547,900.10 |
| Transportation expense | 1,451,219.97 |
| Office, conference and travelling expense | 2,577,338.94 |
| Business entertainment expense | 1,232,562.20 |
| Sales commission | 1,251,360.12 |
| Others | 3,948,326.20 |
| Total | 22,865,826.33 |

FINANCIAL STATEMENTS (UNAUDITED)

VII. NOTES OF MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Cash flow statement items (Continued)

(1) Cash received/paid relevant to other operating/investing/ financing activities (Continued)

(3) Cash paid related to other investing activities

| Item | Jan-Jun 2010 |
|--------------------------------------|-------------------|
| Proceeds from disposal of subsidiary | 305,333.49 |

(4) Cash paid related to other financing activities.

| Item | Jan-Jun 2010 |
|---------------------------------------|-------------------|
| Financing charge from commercial bank | 282,557.46 |

(2) Supplement information of consolidated cash flow

| Item | Jan-Jun 2010 | Jan-Jun 2009 |
|--|------------------------|----------------|
| 1. Cash flow from operating activities | | |
| Net profit | -14,641,501.92 | -37,801,879.73 |
| Add: Provision on the impairment losses of assets | 8,919,830.45 | 7,277,441.21 |
| Depreciation of fixed assets | 19,389,755.37 | 22,481,103.95 |
| Amortization of investment properties | 353,502.31 | 377,145.19 |
| Amortization of intangible assets | 1,403,297.97 | 1,496,240.16 |
| Amortization of long-term prepayments | 33,000.00 | 33,000.00 |
| Loss on disposal from fixed assets, intangible assets, and other long term assets ("-" if revenue) | 22,962.25 | 128,108.78 |
| Loss on scrapping of fixed assets ("-" if revenue) | 0.00 | 0.00 |
| Gain or loss from changes in fair values ("-" if revenue) | 0.00 | 0.00 |
| Financial expenses ("-" if revenue) | 9,332,066.97 | 9,384,094.78 |
| Investment losses ("-" if revenue) | -521,997.74 | -248,387.17 |
| Deferred tax credit ("-" if increase) | 0.00 | 0.00 |
| Increase in deferred tax liability ("-" if decrease) | 0.00 | 0.00 |
| Decrease in inventories ("-" if increase) | 51,112,140.42 | 86,265,760.82 |
| Decrease in operating receivables ("-" if increase) | 5,022,364.61 | 7,149,950.38 |
| Increase in operating payables ("-" if decrease) | -105,013,835.11 | -54,982,888.21 |
| Others | 0.00 | 0.00 |
| Net cash flow from operating activities | -24,588,414.42 | 41,559,690.16 |
| 2. Investing and financing activities that do not involve cash receipts and payments: | | |
| Conversion of debt into capital | | |
| Convertible bonds to be expired within one year | | |
| Fixed assets under finance lease. | | |
| 3. Changes in cash and cash equivalent: | | |
| Ending balance of cash | 75,086,088.02 | 82,781,901.41 |
| Less: beginning balance of cash | 111,849,650.31 | 66,503,510.00 |
| Add: ending balance of cash equivalents | 0.00 | 0.00 |
| Less: beginning balance of cash equivalents | 0.00 | 0.00 |
| Net increase in cash and cash equivalents | -36,763,562.29 | 16,278,391.41 |

(3) Relevant information of current disposed subsidiaries and other business units

| Item | Jan-Jun 2010 | Jan-Jun 2009 |
|---|----------------------|--------------|
| Relevant information of disposed subsidiaries and other business units | | |
| 1. Price of disposed subsidiary and other business units | 350,000.00 | 0.00 |
| 2. Cash and cash equivalents from disposal of subsidiaries and other business units | 350,000.00 | 0.00 |
| Less: cash and cash equivalents from subsidiaries and other business units | 305,333.49 | 0.00 |
| 3. Net cash receipts from disposal of subsidiaries and other business units | 44,666.51 | 0.00 |
| 4. Disposal of subsidiaries' net asset | 57,728.63 | 0.00 |
| Current assets | 31,125,874.67 | 0.00 |
| Non-current assets | 12,144,172.89 | 0.00 |
| Current liabilities | 43,212,318.93 | 0.00 |
| Non-current liabilities | 0.00 | 0.00 |

(4) Cash and cash equivalents

| Item | 30 Jun 2010 | 30 Jun 2009 |
|--|----------------------|---------------|
| Cash | 75,086,088.02 | 82,781,901.41 |
| Including: cash on hand | 14,513.62 | 101,738.89 |
| Deposits that are readily available for payment | 75,071,574.40 | 82,680,162.52 |
| Cash equivalents | 0.00 | 0.00 |
| Cash and cash equivalents at the end of the year | 75,086,088.02 | 82,781,901.41 |
| Including: Restricted cash and cash equivalent for parent Company or subsidiary within the Group | 0.00 | 0.00 |

VIII. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

1. Related party relationships

(1) Parent companies and ultimate controlling parties

(1) Background

| Name | Ownership | Place of registration | Business Scope | Legal Representative | Code of the Organization |
|---|--------------------|--|--|----------------------|--------------------------|
| Beiren Cor. Group | State-owned | 44# Guangyu Venue Chaoyang District Beijing | Sales and manufacture of printing machinery, packaging machinery, series products of machine tool and components, technology development, technology advisory etc. | Zhao Guorong | 10110132 |
| Beijing Jingcheng Machinery and Electronic Holding Co. Ltd. | Unique State-owned | 59# Zhong Venue Dongsanhuan Chaoyang District Beijing | Operation and management of authorized State capital; property right (stock right) operation; financing and investing money from foreign countries. | Ren Yaguang | 633686217 |

(2) Registered capital (RMB 0,000) of the parent company and changes therein

| Name | Opening balance | Increase | Decrease | Closing balance |
|---|-----------------|-----------|----------|-----------------|
| Beiren Cor. Group | 17,126.70 | 0.00 | 0.00 | 17,126.70 |
| Beijing Jingcheng Machinery and Electronic Holding Co. Ltd. | 135,901.50 | 27,553.05 | 0.00 | 163,454.55 |

(3) Shareholding (RMB 0,000)

| Name | Amount of Share holding | | Percentage of Share holding(%) | |
|-------------------|-------------------------|-----------------|--------------------------------|-----------------|
| | Closing balance | Opening balance | Closing balance | Opening balance |
| Beiren Cor. Group | 20,164.00 | 22,264.00 | 47.78 | 52.76 |

(2) Subsidiaries

(1) Background

| Name | Nature | Place of registration | Location | Business Scope | Legal Representative | Code of organization |
|---|-----------------------------------|---------------------------------|----------|---|----------------------|----------------------|
| Shaanxi Beiren Printing Machinery Company Limited | Limited Liability company | Weinan City, Shaanxi Province | | Manufacture of, sale of printing machines, packing machines, engineering machines and electrical equipments and relevant fittings | Zhang Peiwu | 709915814 |
| Beijing Beiren Fuji Printing Machinery Co., Ltd. | Sino-Foreign Equity Joint Venture | Chaoyang District, Beijing City | | Manufacture printing machines, sale self-manufactured products | Zhang Peiwu | 600040954 |
| Haimen Beiren Printing Machinery Co., Ltd. | Limited Liability company | Haimen City, Jiangsu Province | | Manufacture printing machines and relevant fittings | Yang Zhendong | 138353313 |
| Beiren Yixin (Beijing) Technology Development Co., Ltd. | Limited Liability company | Yizhuang Beijing City | | Printing machinery technology development, transferring, consulting, service; Equipment Leasing | Pang Liandong | 69496821 |
| Beijing Beiren Jinyan Printing Machinery Factory | Joint stock company | Yangong Country, Beijing City | | Manufacture printing machines and relevant components provide relevant technical consulting services | Yang Zhendong | 103047696 |

(2) Registered capital

| Name | Opening Balance | Increase | Decrease | Closing Balance |
|---|-----------------|---------------|----------|-----------------|
| Shanxi Beiren Printing Machinery Co., Ltd. | 115,000,000.000 | 0.00 | 0.00 | 115,000,000.00 |
| Beijing Beiren Fuji Printing Machinery Co., Ltd. | 42,328,060.26 | 0.00 | 0.00 | 42,328,060.26 |
| Haimen Beiren Printing Machinery Co., Ltd. | 51,000,000.00 | 0.00 | 0.00 | 51,000,000.00 |
| Beijing Beiren Jinyan Printing Machinery Factory | 21,050,000.00 | 0.00 | 0.00 | 21,050,000.00 |
| Beiren Yixin (Beijing) Technology Development Co., Ltd. | 1,000,000.00 | 21,367,000.00 | 0.00 | 22,367,000.00 |

(3) Shareholding and changes therein

| Name | Amount of Share holding | | Percentage of Share holdings(%) | |
|---|-------------------------|-----------------|---------------------------------|-----------------|
| | Closing Balance | Opening Balance | Closing Balance | Opening Balance |
| Shanxi Beiren Printing Machinery Co., Ltd. | 99,180,000.00 | 99,180,000.00 | 86.24 | 86.24 |
| Beijing Beiren Fuji Printing Machinery Co., Ltd. | 29,632,699.26 | 29,632,699.26 | 70.00 | 70.00 |
| Haimen Beiren Printing Machinery Co., Ltd. | 34,991,400.00 | 34,848,000.00 | 100.00 | 88.63 |
| Beiren Yixin (Beijing) Technology Development Co., Ltd. | 22,367,000.00 | 1,000,000.00 | 100.00 | 100.00 |
| Beijing Beiren Jinyan Printing Machinery Factory | 21,000,000.00 | 21,000,000.00 | 99.76 | 99.76 |

FINANCIAL STATEMENTS (UNAUDITED)

VIII. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

1. Related party relationships (Continued)
(3) Joint Ventures and associated enterprises.
(1) Background

| Name | Nature | Place of registration | Business Scope | Legal person | Registered Capital (RMB 0,000) | Percent of ownership (%) | Code of Organisation number |
|--|--|-----------------------|---|--------------|--------------------------------|--------------------------|-----------------------------|
| Association | | | | | | | |
| Beijing Monigraf Automations Co. Ltd. | Sino-Foreign Equity Joint Venture Enterprise | Beijing city | 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, technology advisory and training. | Zhang Peiwu | 1,500.00 | 49 | 600094442 |
| Beijing Belying Casting Co. Ltd. | Limited Liability company | Beijing city | Processing and sale of standard and non-standard components, manufacture of casting, processing of model, technology development, transferring, advisory, service. | Zhao Guorong | 568.00 | 20 | 802966623 |
| Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd | Sino-Foreign Equity Joint Venture Enterprise | Beijing city | Manufacture and sale of printing machinery, related technology advisory and service. | Zhao Guorong | 4,600.00 | 49 | 786602348 |

(2) Financial information

| Name | Closing Balance | | | Jan-Jun 2010 Operating incomes | Jan-Jun 2010 Net profits |
|--|-----------------|----------------|----------------|--------------------------------|--------------------------|
| | Assets | Liabilities | Owners Equity | | |
| Association | | | | | |
| Beijing Monigraf Automations Co. Ltd. | 26,797,697.84 | 8,985,679.11 | 17,812,018.73 | 6,202,944.75 | -2,456.62 |
| Beijing Belying Casting Co. Ltd. | 78,928,854.40 | 46,759,943.04 | 32,168,911.36 | 52,922,533.28 | 1,061,999.87 |
| Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd | 119,158,455.88 | 164,189,967.67 | -45,031,511.79 | 47,974,608.55 | -13,383,591.69 |

2. Related party transactions
(1) Purchase of goods or services

| Name | Type | Jan-Jun 2010 | | Jan-Jun 2009 | |
|--|---------------|----------------------|-------------|----------------------|-------------|
| | | Amount | Percent (%) | Amount | Percent (%) |
| Parent company Beiren Cor. Group Association | Trademark use | 1,915,642.71 | 100.00 | 1,955,737.30 | 100.00 |
| Beijing Monigraf Automations Co. Ltd. | Purchase | 7,269,213.91 | 6.48 | 11,449,498.29 | 5.58 |
| Beijing Belying Casting Co. Ltd. | Purchase | 3,228,380.79 | 2.88 | 5,845,577.37 | 2.85 |
| Total | | 12,413,237.41 | | 19,250,812.96 | |

Pricing policy associated with related party transactions is pricing agreement

(2) Leasing between related parties.

| Lessor's Name | Lessee's Name | Information of assets lease | Amounts of assets lease | Start date | Expire date | Lease income | Basis of income recognition | Impact on the company from lease income |
|---------------|---|-----------------------------|-------------------------|-----------------|-------------|--------------|-----------------------------|---|
| Company | Beijing Belying Casting Co. Ltd. | Land, house | 63,671,782.43 | 31 January 2010 | 2010-12-31 | 2,203,532.34 | Agreement price | Current Income |
| Company | Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co. | House | 7,121,190.80 | 1 July 2007 | 2015-6-30 | 810,918.00 | Agreement price | Current Income |

(3) Fund lending from related parties

| Name | Amount | Start date | Expire date | Note |
|---|---------------|------------------|-----------------|------|
| Beijing Jingcheng Machinery and Electronic Holding Co. Ltd. | 80,000,000.00 | 20 November 2009 | 19 January 2010 | — |

(4) Other important related party transactions.

Refer to Note "XIV, 3"

VIII. RELATED PARTY RELATIONSHIP AND TRANSACTIONS (Continued)

3. Balance of related-party transactions

(1) Accounts receivable from related parties

| Item | Closing balance | Opening Balance |
|--|---------------------|-------------------|
| Parent company Beiren Cor. Group | 0.00 | 0.00 |
| Association Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd | 756,891.03 | 218,337.63 |
| Beijing Monigraf Automations Co. Ltd. | 25,061.40 | 25,061.40 |
| Beijing Beiyong Casting Co. Ltd. | 367,255.39 | 0.00 |
| Total | 1,149,207.82 | 243,399.03 |

(2) Others receivable of related parties

| Item | Closing balance | Opening Balance |
|--|-----------------|-----------------|
| Association Beijing Monigraf Automations Co. Ltd. | 50,331.00 | 50,331.00 |

(3) Advances from customers of related parties

| Item | Closing balance | Opening Balance |
|--|-----------------|-------------------|
| Association Beijing Monigraf Automations Co. Ltd. | 0.00 | 298,000.00 |
| Beijing Beiyong Casting Co. Ltd. | 0.00 | 99,517.45 |
| Total | 0.00 | 397,517.45 |

(4) Accounts payables to related parties

| Item | Closing balance | Opening Balance |
|--|----------------------|----------------------|
| Parent company Beiren Cor. Group | 1,963,000.00 | 1,997,780.00 |
| Association Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd | 20,697,852.28 | 47,866,408.02 |
| Beijing Monigraf Automations Co. Ltd. | 3,274,417.23 | 5,706,400.00 |
| Beijing Beiyong Casting Co. Ltd. | 1,460,744.69 | 907,553.21 |
| Total | 27,396,014.20 | 56,478,141.23 |

(5) Other payables of related parties

| Item | Closing balance | Opening Balance |
|-------------------------------------|----------------------|----------------------|
| Parent company Beiren Cor. Group | 15,443,234.94 | 13,641,380.51 |
| Total | 15,443,234.94 | 13,641,380.51 |

(6) Entrusted loans of related parties

| Item | Closing balance | Opening Balance |
|---|-----------------|-----------------|
| Parent company Beijing Jingcheng Machinery Limited | 150,000,000.00 | 150,000,000.00 |

(7) Fund lending from related parties

| Item | Closing balance | Opening Balance |
|--|-----------------|-----------------|
| Parent company Beijing Jingcheng Machinery and Electronic Holding Co. Ltd. | 0.00 | 80,000,000.00 |

(8) Special payables

| Item | Closing balance | Opening Balance |
|--|-----------------|-----------------|
| Parent company Beijing Jingcheng Machinery and Electronic Holding Co. Ltd. | 9,100,538.23 | 9,100,538.23 |

FINANCIAL STATEMENTS (UNAUDITED)

IX. SHARE-BASED PAYMENT

As of 30 Jun 2010, the company has no share-based payment

X. CONTINGENCIES

As of 30 June 2010, the company has no other significant contingent events.

XI. COMMITMENTS

1. Matters of major commitments

(1) Signed and conducting or preparing to be engaged lease contracts and financial impacts

As of 30 Jun 2010 (T), the Company made commitments on the amount of the non-revocable operating lease and financial lease as to renting the land of Beiren Group Corporation:

Unit: RMB'000

| Period | Operating Lease | Financing Lease |
|--------------------|---------------------|-----------------|
| T+1 year | 850,000.00 | 0.00 |
| T+2 year | 850,000.00 | 0.00 |
| T+3 year | 850,000.00 | 0.00 |
| More than T+3 year | 2,550,000.00 | 0.00 |
| Total | 5,100,000.00 | 0.00 |

(2) The Company and its parent company Beiren Group Corporation signed a trademark usage license contract, Beiren Group Corporation authorized the company to use its own "Beiren Pai" brand trademark, the company committed to pay Beiren Group Corporation 1% of the trade mark product sales revenue as the royalties for the quarter on every 10th April, 10th July, 10th October and 10th January (the following year) respectively. The total annual royalty shall not be less than RMB 15,000 yuan more than RMB 6,000,000 yuan. The contract is valid for three years, from 1 January 2009 to 30 December 2011.

(3) As of 30 June 2010, the company has no other significant issues in addition to these commitments above.

XII. AFTER BALANCE SHEET DATE EVENTS

There was no other significant event for the company after balance sheet date.

XIII. SEGMENT INFORMATION

More than 90% of the revenues and profits of the Company are received from domestic manufacturing and sale of the presses, so the Company's management decided there is no need of segment information in the financial statements.

XIV. OTHER SIGNIFICANT EVENTS

- The 11th Meeting of the 6th Board of Directors approved the "Resolution on sales of shares in the subsidiary of the Company — Beijing Beiren Yuxin Print Co., Ltd", this transaction was done publicly through the Beijing Equity Exchange. The transfer price was RMB 350,000 yuan and paid by the Beijing Print Factory. Beijing Print Factory was delisted when the processing of the equity of exchange has finished on the 2 February of 2010.
- Approved receiving 11.37% of the total number of shares owned by a natural person shareholder Guo Dagang of Haimen Beiren Fuji Printing Machinery Company Limited and the transaction was completed on 26 January 2010.
- The following 8 related party transactions were considered and approved at 2009 Annual General Meeting of the Beiren Printing Machinery Holding Limited (the "Company") on 29 June 2010:
 - The transferring of the 100% equity interest in Beiren Yixin (Beijing) Technology Development Company Limited, a wholly-owned subsidiary of the Company, to Beiren Group Corporation and signing an Equity Transfer Agreement.
 - The transferring of the property of the Company in Fatou Beijing to Beiren Group Corporation and signing an Asset Transfer Agreement.
 - The transferring of the facilities ancillary to the property of the Company in Fatou Beijing to Beiren Group Corporation and signing an Asset Transfer Agreement.
 - The payment of relocation compensation to Beijing Beiren Fuji Printing Machinery Company Limited, a subsidiary of the Company, by Beiren Group Corporation and the signing a Relocation Compensation Agreement.
 - The transferring of BEIREN 200 quarto four-colour lithographic printing machines patented technology of the Company to Beiren Group Corporation and signing a Patented Technology Transfer Agreement.
 - The transferring of the receivables owing by Haimen Beiren Fuji Printing Machinery Company Limited due from the Company to Beiren Group Corporation and signing a Receivables Transfer Agreement.
 - The transferring of the inventory of the Company to Beiren Group Corporation and signing an Inventory Transfer Agreement.
 - The transferring of 79.7% and 20.3% equity interest in Haimen Beiren Fuji Printing Machinery Company Limited, which is held by the Company and a subsidiary of the Company, Beijing Beiren Fuji Printing Machinery Company Limited respectively, to Beiren Group Corporation and signing an Equity Transfer Agreement and a Supplemental Agreement to the Equity Transfer Agreement.

The above related parties transactions had approved by the Beijing State Capital Office except for transactions (1) and (8).

The expected after-tax gains would be RMB170.74 million after above transactions have completed.

- Save as aforesaid, as of 30 June 2010, the Company has no other significant events.

XV. NOTES TO THE MAIN ITEMS OF PARENT COMPANY'S FINANCIAL REPORT

1. Account receivable
(1) Risk classification for accounts receivables

| Items | Closing Balance | | | | Opening Balance | | | |
|---|-----------------------|---------------|--------------------------------|---------------|-----------------------|---------------|--------------------------------|---------------|
| | Book Value Amount | Proportion% | Provision for bad debts Amount | Proportion% | Book Value Amount | Proportion% | Provision for bad debts Amount | Proportion% |
| Accounts receivable material in individual amounts | 24,920,000.00 | 9.24 | 0.00 | 0.00 | 24,920,000.00 | 9.02 | 0.00 | 0.00 |
| Insignificant accounts receivable in individual amounts, but with credit risk | 244,894,167.76 | 90.76 | 77,153,377.89 | 100.00 | 251,305,112.97 | 90.98 | 68,873,937.44 | 100.00 |
| Other accounts receivable non-material in individual amounts | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 269,814,167.76 | 100.00 | 77,153,377.89 | 100.00 | 276,225,112.97 | 100.00 | 68,873,937.44 | 100.00 |

(1) Significant accounts receivable in individual amounts

| Name | Balance | Provision for Bad debts | Proportion (%) | Reasons for Provision |
|-----------------------------------|---------------|-------------------------|----------------|-----------------------|
| Sports newspaper (Donghua Hanlin) | 24,920,000.00 | 0.00 | 0.00 | — |

(2) Insignificant accounts receivable in individual amounts but with credit risk

| Items | Closing Balance | | Provision of Bad debt | Opening Balance | | |
|-------------------|-----------------------|---------------|-----------------------|-----------------------|---------------|----------------------|
| | Amount | Proportion % | | Amount | Proportion % | |
| Within 1 year | 122,989,686.09 | 50.21 | 0.00 | 129,605,684.76 | 51.57 | 0.00 |
| 1-2 years | 45,132,216.04 | 18.43 | 13,539,664.91 | 55,165,629.97 | 21.35 | 16,549,688.99 |
| 2-3 years | 32,946,391.89 | 13.45 | 19,767,828.83 | 35,323,924.48 | 14.14 | 21,314,354.69 |
| More than 3 years | 43,845,884.24 | 17.91 | 43,845,884.25 | 31,009,993.76 | 12.34 | 31,009,993.76 |
| Total | 244,894,167.76 | 100.00 | 77,153,377.89 | 251,305,112.97 | 100.00 | 68,873,937.44 |

(2) The actual written-off of accounts receivable in this year is RMB140,000.00 yuan.

(3) For the ending balance of other accounts receivable, there are no debts from shareholders who hold over 5% (including 5%) of the Company's shares with voting right

(4) The top 5 debtors are as follows:

| Company name | Relation with the Company | Amount | Arrears period | Proportion of total amount (%) |
|---|---------------------------|----------------------|------------------|--------------------------------|
| Sports newspaper (Donghua Hanlin) | The Company's client | 24,920,000.00 | Less than 1 year | 9.24 |
| Jiangxi Daily Printing Centre | The Company's client | 13,860,000.00 | Less than 1 year | 5.14 |
| Haimen Beiren Fuji Printing Machinery Company Limited | Subsidiary | 19,983,777.72 | 2-3 years | 7.41 |
| Su zhou Daily | The Company's client | 11,136,000.00 | 1-2 years | 4.13 |
| Beijing Beiren Jingyan Printing Machinery Factory | Subsidiary | 6,416,314.52 | Less than 1 year | 2.38 |
| Total | | 76,316,092.24 | | 28.30 |

(5) Receivables due from related parties

| Company name | Relation with the Company | Amount | Proportion of total amount (%) |
|---|---------------------------|----------------------|--------------------------------|
| Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd. | Associated company | 218,337.63 | 0.08 |
| Beijing Monigraf Automations Co., Ltd. | Associated company | 25,061.40 | 0.01 |
| Haimen Beiren Fuji Printing Machinery Company Limited | Subsidiary | 19,983,777.72 | 7.41 |
| Beijing Beiren Jingyan Printing Machinery Factory | Subsidiary | 6,416,314.52 | 2.38 |
| Total | | 26,643,491.27 | 9.88 |

FINANCIAL STATEMENTS (UNAUDITED)

XV. NOTES TO THE MAIN ITEMS OF PARENT COMPANY'S FINANCIAL REPORT (Continued)

2. Other receivables
(1) Aging analysis for other receivables

| Item | Closing Balance | | | Opening Balance | | |
|-------------------|----------------------|---------------|-----------------------|----------------------|---------------|-----------------------|
| | Amount | Proportion % | Provision of Bad debt | Amount | Proportion % | Provision of Bad debt |
| Within 1 year | 7,765,882.88 | 30.23 | 0.00 | 5,106,632.36 | 26.22 | 0.00 |
| 1-2 years | 4,180,572.28 | 16.27 | 0.00 | 1,345,108.78 | 6.91 | 0.00 |
| 2-3 years | 1,306,164.39 | 5.09 | 0.00 | 2,608,427.03 | 13.39 | 2,441,584.07 |
| More than 3 years | 12,437,368.44 | 48.41 | 12,188,521.90 | 10,416,941.47 | 53.48 | 9,746,937.83 |
| Total | 25,691,987.99 | 100.00 | 12,188,521.90 | 19,476,109.64 | 100.00 | 12,188,521.90 |

(2) Risk classification for other receivables

| Item | Closing Balance | | | | Opening Balance | | | |
|--|----------------------|---------------|-------------------------------|---------------|----------------------|---------------|-------------------------------|---------------|
| | Amount | Ratio% | Provision for bad debt Amount | Ratio% | Amount | Ratio% | Provision for bad debt Amount | Ratio% |
| Accounts receivable material in individual amounts | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Accounts receivable non-material in individual amounts, but with credit risk | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other accounts receivable non-material in individual amounts | 25,691,987.99 | 100.00 | 12,188,521.90 | 100.00 | 19,476,109.64 | 100.00 | 12,188,521.90 | 100.00 |
| Total | 25,691,987.99 | 100.00 | 12,188,521.90 | 100.00 | 19,476,109.64 | 100.00 | 12,188,521.90 | 100.00 |

(1) Other receivable material in individual amounts or immaterial but impairment test required.

| Name | Balance | Provision for Bad debts | Proportion (%) | Reasons for Provision |
|----------------|----------------------|-------------------------|----------------|----------------------------------|
| Southeast Asia | 9,088,241.00 | 9,088,241.00 | 100.00 | Expected irrecoverable |
| Others | 16,603,746.99 | 3,100,280.90 | 29.85 | Partially Expected irrecoverable |
| Total | 25,691,987.99 | 12,188,521.90 | | |

(3) There are no actual written-off of other accounts receivable in this year.

(4) The end balance of other receivables does not include any shareholders who hold more than 5% (include. 5%) voting shares of the Company.

(5) The top 5 of the end balance of other receivable are as follows:

| Company name | Relation with the Company | Amount | Arrears period | Proportion of total amount (%) | nature |
|---|---------------------------|----------------------|-------------------|--------------------------------|---|
| Southeast Asia | The Company's client | 9,088,241.00 | More than 3 years | 35.37 | Receivables |
| Beijing Beiren Jingyan Printing Machinery Factory | Subsidiary | 776,592.40 | 1-2 years | 3.02 | On behalf of wages, withholding insurance |
| Heating company | Heat suppliers | 670,000.00 | More than 3 years | 2.61 | Deposit |
| Ningxia Xinhua Printing House | The Company's client | 657,700.47 | More than 3 years | 2.56 | Receivables |
| Beijing Northern Forging Machine Co., Ltd. | The Company's client | 500,000.00 | 1-2 years | 1.95 | Disposal of equipment |
| Total | | 11,692,533.87 | | 45.51 | |

(6) Other receivables due from related parties

| Company name | Relation with the Company | Amount | Proportion of total amount (%) |
|---|---------------------------|-------------------|--------------------------------|
| Beijing Monigraf Automations Co., Ltd. | Associated company | 50,331.00 | 0.20 |
| Beijing Beiren Jingyan Printing Machinery Factory | Subsidiary | 776,592.40 | 3.02 |
| Total | | 826,923.40 | 3.22 |

XV. NOTES TO THE MAIN ITEMS OF PARENT COMPANY'S FINANCIAL REPORT (Continued)

3. Long-term equity investment

(1) Long-term equity investments classification

| Item | Closing Balance | Opening Balance |
|---|-----------------------|-----------------------|
| Long-term equity investment measured by cost method | 207,171,099.26 | 201,060,699.26 |
| Long-term equity investment measured by equity method | 15,311,791.55 | 15,100,595.32 |
| Total of long term equity investment | 222,482,890.81 | 216,161,294.58 |
| Less: Provision of impairment for long-term equity investment | 0.00 | 0.00 |
| Net value of long-term equity investment | 222,482,890.81 | 216,161,294.58 |

(2) Long-term equity investments measured by Cost Method and Equity Method

| Name of invested companies | Percentage of share holding | Percentage of voting rights | Registered Share capital | Beginning balance | Increase | Decrease | Ending balance | Dividends of the year |
|---|-----------------------------|-----------------------------|--------------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Cost Method | | | | | | | | |
| Haimen Beiren Fuji Printing Machinery Co., Ltd. | 79.70 | 79.70 | 34,848,000.00 | 34,848,000.00 | 143,400.00 | 0.00 | 34,991,400.00 | 0.00 |
| Beijing Beiren Fuji Printing Machinery Co., Ltd. | 70.00 | 70.00 | 29,632,699.26 | 29,632,699.26 | 0.00 | 0.00 | 29,632,699.26 | 0.00 |
| Beiren Yain (Beijing) Technology Development Co., Ltd. | 100.00 | 100.00 | 1,000,000.00 | 1,000,000.00 | 21,367,000.00 | 0.00 | 22,367,000.00 | 0.00 |
| Beijing Beiren Jingyuan Printing Machinery Factory | 99.76 | 99.76 | 21,000,000.00 | 21,000,000.00 | 0.00 | 0.00 | 21,000,000.00 | 0.00 |
| Beijing Beiren Yuxin Offset Printing Co. Ltd. | 68.66 | 68.66 | 15,400,000.00 | 15,400,000.00 | 0.00 | 15,400,000.00 | 0.00 | 0.00 |
| Shaoxi Beiren Printing Machinery Co., Ltd. | 86.24 | 86.24 | 99,180,000.00 | 99,180,000.00 | 0.00 | 0.00 | 99,180,000.00 | 0.00 |
| Sub-total | | | 201,060,699.26 | 201,060,699.26 | 21,510,400.00 | 15,400,000.00 | 207,171,099.26 | 0.00 |
| By Equity Method | | | | | | | | |
| Beijing Monigraf Automations Co. Ltd. | 49 | 49 | 3,675,000.00 | 8,879,213.01 | 0.00 | 1,203.74 | 8,878,009.27 | 0.00 |
| Beijing Beiyang Casting Co. Ltd. | 20 | 20 | 1,136,000.00 | 6,221,382.31 | 212,399.97 | 0.00 | 6,433,782.28 | 0.00 |
| Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd. | 49 | 49 | 22,540,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sub-total | | | 27,351,000.00 | 15,100,595.32 | 212,399.97 | 1,203.74 | 15,311,791.55 | 0.00 |
| Total | | | 228,411,699.26 | 216,161,294.58 | 21,722,799.97 | 15,401,203.74 | 222,482,890.81 | 0.00 |

(3) Associations

| Name of invested companies | Nature of Company | Place of register | Legal Representative | Nature of Business | Registered Capital | Shareholding (%) | Voting right (%) |
|---|--|-------------------|----------------------|--------------------|--------------------|------------------|------------------|
| Associations | | | | | | | |
| Beijing Monigraf Automations Co., Ltd. | Sino-Foreign Equity Joint Venture Enterprise | Beijing | Zhang Peiwu | Manufacture | 15,000,000 | 49 | 49 |
| Beijing Beiyang Casting Company Limited | Limited Liability company | Beijing | Zhao Guorong | Manufacture | 5,680,000 | 20 | 20 |
| Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd. | Sino-Foreign Equity Joint Venture Enterprise | Beijing | Zhao Guorong | Manufacture | 46,000,000 | 49 | 49 |
| Total | | | | | 66,680,000 | | |

| Name of invested companies | Total assets at the end of the period | Total liabilities at the end of the period | Total net asset at the end of the period | Total operating income for the current period | Net profit for the current period |
|---|---------------------------------------|--|--|---|-----------------------------------|
| Associations | | | | | |
| Beijing Monigraf Automations Co., Ltd. | 26,797,697.84 | 8,985,679.11 | 17,812,018.73 | 6,202,944.75 | -2,456.62 |
| Beijing Beiyang Casting Company Limited | 78,928,854.40 | 46,759,943.04 | 32,168,911.36 | 52,922,533.28 | 1,061,999.87 |
| Beijing Mitsubishi Heavy Industries Beiren Printing Machinery Co., Ltd. | 119,158,455.88 | 164,189,967.67 | -45,031,511.79 | 47,974,608.55 | -13,383,591.69 |

4. Operating income and cost

| Item | Jan-Jun 2010 | Jan-Jun 2009 |
|------------------------|-----------------------|-----------------------|
| Main operating income | 204,685,664.31 | 217,041,056.18 |
| Other operating income | 5,773,606.28 | 4,633,235.76 |
| Total | 210,459,270.59 | 221,674,291.94 |
| Main operating cost | 171,035,467.65 | 192,943,987.52 |
| Other operating cost | 3,824,259.30 | 2,156,732.61 |
| Total | 174,859,726.95 | 195,100,720.13 |

FINANCIAL STATEMENTS (UNAUDITED)

XV. NOTES TO THE MAIN ITEMS OF PARENT COMPANY'S FINANCIAL REPORT (Continued)

4. Operating income and cost (Continued)

Main operating income and cost (classified by products)

| Item | Jan-Jun 2010 | | Jan-Jun 2009 | |
|------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Operating income | Operating cost | Operating income | Operating cost |
| Printing machine | 203,607,008.26 | 169,691,881.99 | 215,165,418.81 | 191,674,299.57 |
| others | 1,078,656.05 | 1,343,585.66 | 1,875,637.37 | 1,269,687.95 |
| Total | 204,685,664.31 | 171,035,467.65 | 217,041,056.18 | 192,943,987.52 |

5. Investment income

| Item | Jan-Jun 2010 | Jan-Jun 2009 |
|--|-----------------------|-------------------|
| Investment income from long-term equity investment by equity method | 211,196.23 | 248,387.17 |
| Investment income from disposal of long-term equity investment | -15,050,000.00 | 0.00 |
| Total | -14,838,803.77 | 248,387.17 |

6. Supplementary information to cash flow statement of parent company.

| Item | Jan-Jun 2010 | Jan-Jun 2009 |
|--|----------------|----------------|
| 1. Conciliate net profit into cash flow from operating activities: | | |
| Net Profit | -26,115,005.53 | -23,638,199.75 |
| Add: Provision for the impairment of assets | 8,419,440.45 | 7,277,441.21 |
| Depreciation of fixed asset | 14,894,060.48 | 15,646,552.19 |
| Amortization of investment properties | 353,502.31 | 353,502.31 |
| Amortization of intangible asset | 1,027,521.20 | 1,171,684.86 |
| Amortization of long-term prepaid expenses | 33,000.00 | 33,000.00 |
| Loss from the sale of fixed assets, intangible assets and other long-term assets (earnings show as "-") | -2,685,947.54 | -164,172.32 |
| Loss from scrapped fixed assets (earnings show as "-") | 0.00 | 0.00 |
| Changes in fair value (earnings show as "-") | 0.00 | 0.00 |
| Finance expense (earnings show as "-") | 6,302,002.40 | 6,197,727.50 |
| Loss on investment (earnings show as "-") | 14,838,803.77 | -248,387.17 |
| Decrease on deferred tax asset (increases show as "-") | 0.00 | 0.00 |
| Increase on deferred tax liability (decreases show as "-") | 0.00 | 0.00 |
| Decrease on inventory (decreases show as "-") | 36,961,075.68 | 65,843,363.46 |
| Decrease on operating receivables (increases show as "-") | -18,347,345.23 | 14,297,249.48 |
| Increase on operating payables (decreases show as "-") | -74,778,805.90 | -60,417,641.19 |
| Others | 0.00 | 0.00 |
| Net cash flow from operating activities | -39,097,697.91 | 26,352,120.58 |
| 2. Non-cash items from significant investment and financing activities: | | |
| Conversion of debt into capital | | |
| Convertible corporate bonds matured within 1 year | | |
| Fixed assets on finance lease | | |
| 3. Net changes in cash and cash equivalents: | | |
| Closing balance of cash | 50,382,832.16 | 68,506,384.54 |
| Less: opening balance of cash | 86,568,028.75 | 47,941,532.77 |
| Add: closing balance of cash equivalents | 0.00 | 0.00 |
| Less: opening balance of cash equivalents | 0.00 | 0.00 |
| Net increase on cash and cash equivalents | -36,185,196.59 | 20,564,851.77 |

XVI. Supplementary Information

1. Non-operating profit and loss statement

| Item | Jan-Jun 2010 | Note |
|--|---------------------|------------------|
| Profit and loss from disposal non current-assets | -22,962.25 | VII. 38, VII. 39 |
| Government subsidies recognised in current profit and loss | 6,011,129.59 | VII. 38 |
| Debt restructuring gains and losses | 1,583,495.15 | VII. 38 |
| Impairment reversal on impairment tested receivables | 0.00 | |
| Adjustment on the current profit and loss due to tax, accounting and other laws and regulations | 0.00 | |
| Profit and loss from transfer of holding long-term equity investment | 310,801.51 | VII. 37 |
| Other non-operating income and expenses | -227,037.18 | VII. 38, VII. 39 |
| Sub-total | 7,655,426.82 | |
| Income tax effect | 0.00 | |
| Minority shareholders interests effect (after tax) | 109,637.42 | |
| Total | 7,545,789.40 | |

XVI. Supplementary Information *(Continued)*

2. Financial information variation in according to the difference between Chinese Accounting standards and overseas Accounting Standards.

In RMB '000

| Item | Net profit | | Net assets | |
|---|-------------------|-------------------|------------|------------|
| | Jan-Jun 2010 | Jan-Jun 2009 | Jun 2010 | Jun 2009 |
| Under HK Accounting Standards | -14,643.00 | -37,719.00 | 719,048.00 | 733,852.00 |
| 1. Difference in the valuation of assets invested by Beiren Group | 0.00 | 0.00 | 60,198.00 | 60,198.00 |
| 2. Subsequent amortization of difference in the valuation of assets invested by Beiren Group | 0.00 | -33.00 | -48,475.00 | -48,475.00 |
| 3. Difference in the valuation of assets invested into affiliated companies | 0.00 | -16.00 | 166.00 | 166.00 |
| 4. Difference in the recognized goodwill from the acquired affiliated companies | 0.00 | 0.00 | -4,479.00 | -4,479.00 |
| 5. Difference in the amortization of the recognized goodwill from the acquired affiliated companies | 0.00 | 0.00 | 4,479.00 | 4,479.00 |
| 6. Difference in deferred taxes recognized | 0.00 | 0.00 | 0.00 | 0.00 |
| 7. Difference in the written-off amount in the impairment of assets | 0.00 | 0.00 | 0.00 | 0.00 |
| 8. Others | 1.00 | -34.00 | -2,431.00 | -2,432.00 |
| Under Chinese Accounting Standards | -14,642.00 | -37,802.00 | 728,506.00 | 743,309.00 |

Note: The effect on net profit was RMB1,000 yuan which was arisen from the variance between the overseas and domestic accounting standards.

3. Returns on net assets and earnings per share

| Profit for the reporting period | Weighted average (%) | Earnings per share (EPS) | |
|--|----------------------|--------------------------|-------------|
| | | Basic EPS | Diluted EPS |
| Net profit for share holders of the parent company | -2.09 | -0.04 | -0.04 |
| Net profit for share holders of the parent company after extraordinary items | -3.15 | -0.05 | -0.05 |

XVII APPROVAL OF FINANCIAL STATEMENTS

The Company's financial statements were issued with the approval of the Board of the directors of the Company on 29th July 2010.

FINANCIAL STATEMENTS (UNAUDITED)

Condensed Consolidated Income Statement

For the six months ended 30 June 2010
(Prepared in accordance with Hong Kong Financial Reporting Standards)

| | Notes | Six months ended 30 June | |
|-----------------------------------|-------|--------------------------------|--------------------------------|
| | | 2010 RMB'000 (Unaudited) | 2009 RMB'000 (Unaudited) |
| Turnover | 3 | 377,537 | 375,882 |
| Cost of sales | | (307,397) | (330,579) |
| Gross profit | | 70,140 | 45,303 |
| Other operating income | | 10,176 | 9,025 |
| Selling and distribution expenses | | (28,253) | (24,129) |
| Administrative expenses | | (57,482) | (58,616) |
| Finance costs | | (9,332) | (9,384) |
| Share of results of associates | | 211 | 248 |
| Loss before taxation | | (14,540) | (37,553) |
| Taxation | 4 | (103) | (166) |
| Loss for the period | 5 | (14,643) | (37,719) |
| Attributable to: | | | |
| Owners of the Company | | (14,969) | (35,595) |
| Non-controlling interests | | 326 | (2,124) |
| | | (14,643) | (37,719) |
| Loss per share | | | |
| Basic and diluted | 7 | RMB(3.55) cents | RMB(8.43) cents |

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2010
 (Prepared in accordance with Hong Kong Financial Reporting Standards)

| | Six months ended 30 June | |
|---|---------------------------------|--------------------|
| | 2010 | 2009 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Loss for the period | (14,643) | (37,719) |
| Total comprehensive loss for the period | (14,643) | (37,719) |
| Attributable to: | | |
| Owners of the Company | (14,969) | (35,595) |
| Non-controlling interests | 326 | (2,124) |
| | (14,643) | (37,719) |

FINANCIAL STATEMENTS (UNAUDITED)

Condensed Consolidated Statement of Financial Position

As at 30 June 2010

(Prepared in accordance with Hong Kong Financial Reporting Standards)

| | Notes | 30/6/2010 RMB'000 (Unaudited) | 31/12/2009 RMB'000 (Audited) |
|--|-------|-------------------------------------|------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 8 | 522,884 | 553,379 |
| Investment properties | | 74,398 | 74,752 |
| Prepaid lease payments | | 139,916 | 141,349 |
| Interests in associates | | 15,599 | 15,388 |
| Deferred tax assets | | 8,240 | 8,240 |
| | | 761,037 | 793,108 |
| Current assets | | | |
| Inventories | | 464,100 | 489,304 |
| Trade and other receivables | 9 | 288,709 | 302,544 |
| Prepaid lease payments | | 2,806 | 2,894 |
| Amounts due from minority shareholders of subsidiaries | | 21,049 | 21,049 |
| Deposits placed in financial institutions | | – | 297 |
| Bank balances and cash | | 75,854 | 119,131 |
| | | 852,518 | 935,219 |
| Current liabilities | | | |
| Trade and bills payables | 10 | 330,154 | 391,443 |
| Other payables | | 62,513 | 73,218 |
| Sales deposits received | | 93,616 | 94,623 |
| Amount due to immediate holding company | | 17,406 | 15,639 |
| Tax liabilities | | 1,000 | 1,904 |
| Bank and other borrowings – due within one year | 11 | 177,950 | 120,400 |
| Loans from ultimate holding company | | 150,000 | 230,000 |
| Provision for retirement obligations | | 10,518 | 10,340 |
| | | 843,157 | 937,567 |
| Net current assets (liabilities) | | 9,361 | (2,348) |
| Total assets less current liabilities | | 770,398 | 790,760 |
| Capital and reserves | | | |
| Share capital | 12 | 422,000 | 422,000 |
| Reserves | | 273,070 | 286,677 |
| Equity attributable to owners of the Company | | 695,070 | 708,677 |
| Non-controlling interests | | 23,978 | 25,175 |
| Total equity | | 719,048 | 733,852 |
| Non-current liabilities | | | |
| Bank and other borrowings – due after one year | 11 | 18,000 | 18,000 |
| Loans from ultimate holding company | | 12,179 | 10,500 |
| Provision for retirement obligations | | 18,366 | 25,603 |
| Deferred income | | 2,805 | 2,805 |
| | | 51,350 | 56,908 |
| | | 770,398 | 790,760 |

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010
(Prepared in accordance with Hong Kong Financial Reporting Standards)

| | Attributable to owners of the Company | | | | | | | | | | |
|--|---------------------------------------|--------------------------|----------------------------|--|---------------------------------|--------------------------------------|--|--|----------------------|--------------------------------------|------------------|
| | Share capital RMB'000 | Share premium RMB'000 | Capital reserve RMB'000 | Statutory surplus reserve RMB'000 (Note) | General reserve fund RMB'000 | Enterprise expansion fund RMB'000 | Discretionary surplus reserve RMB'000 | Retained profits (accumulated losses) RMB'000 | Sub-total RMB'000 | Non-controlling interests RMB'000 | Total RMB'000 |
| For the six months ended 30 June 2009 | | | | | | | | | | | |
| At 1 January 2009 (audited) | 422,000 | 435,834 | 51,306 | 151,280 | 1,717 | 3,845 | 42,979 | (226,610) | 882,351 | 30,688 | 913,039 |
| Total comprehensive loss for the period | - | - | - | - | - | - | - | (35,595) | (35,595) | (2,124) | (37,719) |
| Appropriations | - | - | - | (151,280) | - | - | - | 151,280 | - | - | - |
| At 30 June 2009 (unaudited) | 422,000 | 435,834 | 51,306 | - | 1,717 | 3,845 | 42,979 | (110,925) | 846,756 | 28,564 | 875,320 |
| For the six months ended 30 June 2010 | | | | | | | | | | | |
| At 1 January 2010 (audited) | 422,000 | 435,834 | 51,306 | - | 1,717 | 3,845 | 42,979 | (249,004) | 708,677 | 25,175 | 733,852 |
| Acquisition of additional interest in a subsidiary | - | - | 1,362 | - | - | - | - | - | 1,362 | (1,505) | (143) |
| Disposal of a subsidiary | - | - | - | - | - | - | - | - | - | (18) | (18) |
| Total comprehensive (loss) income for the period | - | - | - | - | - | - | - | (14,969) | (14,969) | 326 | (14,643) |
| At 30 June 2010 (unaudited) | 422,000 | 435,834 | 52,668 | - | 1,717 | 3,845 | 42,979 | (263,973) | 695,070 | 23,978 | 719,048 |

Note:

During the period, pursuant to relevant regulations of the Rules in respect of the General Meeting of Listed Companies issued by the China Securities Regulatory Commission and the Articles of Association of the Company, the Board of Directors passed resolution to transfer the statutory surplus reserve to offset the accumulated losses.

FINANCIAL STATEMENTS (UNAUDITED)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2010
(Prepared in accordance with Hong Kong Financial Reporting Standards)

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2010 RMB'000 (Unaudited) | 2009 RMB'000 (Unaudited) |
| NET CASH (USED IN) FROM OPERATING ACTIVITIES | (12,527) | 37,868 |
| Proceeds from disposal of property, plant and equipment | 90 | 664 |
| Proceeds from disposal of prepaid lease payments | 13,027 | — |
| Disposal of a subsidiary (net of cash and cash equivalents) (Note 13) | (246) | — |
| Acquisition of additional interest in a subsidiary | (143) | — |
| Interest received | 389 | 137 |
| Purchase of property, plant and equipment | (1,152) | (769) |
| Prepaid lease payments in respect of land use rights | (12,909) | — |
| NET CASH (USED IN) FROM INVESTING ACTIVITIES | (944) | 32 |
| Repayments of bank and other borrowings | (140,950) | (213,884) |
| Interest paid | (9,332) | (9,384) |
| New borrowings raised | 198,500 | 201,850 |
| Repayment from minority shareholders of subsidiaries | — | 125 |
| Repayment to ultimate holding company | (78,321) | — |
| NET CASH USED IN FINANCING ACTIVITIES | (30,103) | (21,293) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (43,574) | 16,607 |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | 119,428 | 74,784 |
| CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by: | | |
| Deposits placed in financial institutions | — | 375 |
| Bank balances and cash | 75,854 | 91,016 |
| | 75,854 | 91,391 |

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2010
(Prepared in accordance with Hong Kong Financial Reporting Standards)

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 Basic Corporate Information section to the Interim Report.

The immediate holding company of the Company is Beiren Group Corporation ("BGC"), an enterprise owned by the whole people established in the PRC. The directors of the Company consider that the ultimate holding company of the Company is Beijing Jingcheng Machinery Electric Holding Co., Ltd. ("Beijing Jingcheng"), a State-owned enterprise established in the PRC. The addresses of the registered office and principal place of business of the immediate holding company and the ultimate holding company are disclosed in the Shareholders Information section to the Interim Report.

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

2. Basis of Preparation and Principal Accounting Policies

Basis of preparation

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules) and with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Principal accounting policies

The condensed consolidated interim financial information has been prepared on the historical cost basis.

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009 except as described below.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by HKICPA which are effective for the Group's financial year beginning on 1 January 2010.

| | |
|---------------------|---|
| HKFRSs (Amendments) | Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 |
| HKFRSs (Amendments) | Improvements to HKFRSs 2009 |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements |
| HKAS 39 (Amendment) | Eligible Hedged Items |
| HKFRS 1 (Amendment) | Additional Exemptions for First-time Adopters |
| HKFRS 2 (Amendment) | Group Cash-settled Share-based Payment Transactions |
| HKFRS 3 (Revised) | Business Combinations |
| HK(IFRIC)-INT 17 | Distribution of Non-cash Assets to Owners |

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following revised standards, amendments or interpretations that have been issued but are not yet effective.

| | |
|------------------------------|--|
| HKFRSs (Amendments) | Improvements to HKFRSs 2010 ¹ |
| HKAS 24 (Revised) | Related Party Disclosures ² |
| HKAS 32 (Amendment) | Classification of Rights Issues ³ |
| HKFRS 1 (Amendment) | Limited Exemption from Comparative HKFRS7 Disclosures for First-time Adopters ³ |
| HKFRS 9 | Financial Instruments ⁴ |
| HK(IFRIC)-INT 14 (Amendment) | Prepayments of a Minimum Funding Requirement ⁴ |
| HK(IFRIC)-INT 19 | Extinguishing Financial Liabilities with Equity Instruments ⁵ |

¹ Amendments that are effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

² Effective for annual periods beginning on or after 1 February 2010.

³ Effective for annual periods beginning on or after 1 July 2010.

⁴ Effective for annual periods beginning on or after 1 January 2011.

⁵ Effective for annual periods beginning on or after 1 January 2013.

FINANCIAL STATEMENTS (UNAUDITED)

2. Basis of Preparation and Principal Accounting Policies *(Continued)*

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. In addition, under the standard, changes in fair value of equity investments are generally recognised in other comprehensive income, with only dividend income recognised in profit or loss. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Segment Information

The Group's operating segments, based on information reported to the chief operating decision maker for the purposes of resource allocation and performance assessment are as follows:

| | | |
|--------------------------------|---|---|
| Sales of offset press | — | Manufacturing and sales of presses for printing double-side color or monochrome books, periodicals and other printing materials |
| Sales of gravure press | — | Manufacturing and sales of presses for printing packaging and folding cartons for food and beverage, cleaning supplies and health products |
| Sales of business form machine | — | Manufacturing and sales of machines for printing and processing various forms of paper, such as invoices, bar codes, leaflets and lottery tickets |
| Others | — | Sales of spare parts and provision of printing services |

Segment revenues and results

For the year ended 30 June 2010

| | Sales of offset press RMB'000 | Sales of gravure press RMB'000 | Sales of business form machine RMB'000 | Others RMB'000 | Eliminations RMB'000 | Total RMB'000 |
|--------------------------------|----------------------------------|-----------------------------------|---|-------------------|-------------------------|------------------|
| TURNOVER | | | | | | |
| External sales | 209,634 | 140,705 | 25,430 | 1,768 | — | 377,537 |
| Inter-segment sales | 2,334 | — | — | 100 | (2,434) | — |
| Total | <u>211,968</u> | <u>140,705</u> | <u>25,430</u> | <u>1,868</u> | <u>(2,434)</u> | <u>377,537</u> |
| Segment loss | <u>(1,942)</u> | <u>(488)</u> | <u>(149)</u> | <u>(1,836)</u> | — | <u>(4,415)</u> |
| Share of results of associates | | | | | | 211 |
| Unallocated corporate income | | | | | | 389 |
| Unallocated corporate expenses | | | | | | (1,393) |
| Finance costs | | | | | | (9,332) |
| Loss before taxation | | | | | | <u>(14,540)</u> |

For the year ended 30 June 2009

| | Sales of offset press RMB'000 | Sales of gravure press RMB'000 | Sales of business form machine RMB'000 | Others RMB'000 | Eliminations RMB'000 | Total RMB'000 |
|--------------------------------|----------------------------------|-----------------------------------|---|-------------------|-------------------------|------------------|
| TURNOVER | | | | | | |
| External sales | 223,114 | 120,778 | 13,304 | 18,686 | — | 375,882 |
| Inter-segment sales | 2,021 | — | — | — | (2,021) | — |
| Total | <u>225,135</u> | <u>120,778</u> | <u>13,304</u> | <u>18,686</u> | <u>(2,021)</u> | <u>375,882</u> |
| Segment (loss)/profit | <u>(17,894)</u> | <u>(5,443)</u> | <u>1,399</u> | <u>(4,405)</u> | — | <u>(26,343)</u> |
| Share of results of associates | | | | | | 248 |
| Unallocated corporate income | | | | | | 137 |
| Unallocated corporate expenses | | | | | | (2,211) |
| Finance costs | | | | | | (9,384) |
| Loss before taxation | | | | | | <u>(37,553)</u> |

3. Segment Information *(Continued)*

Segment loss represents the loss from each segment without allocation of share of results of associates, interest income on bank deposits, gain on disposal of a subsidiary, central administration costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

The following is an analysis of the Group's assets by reportable segments:

Segment assets

| | 30/6/2010 RMB'000 | 31/12/2009 RMB'000 |
|--------------------------------|----------------------|-----------------------|
| Sales of offset press | 1,073,847 | 1,144,165 |
| Sales of gravure press | 276,303 | 252,683 |
| Sales of business form machine | 46,725 | 47,011 |
| Others | 116,987 | 141,412 |
| Total segment assets | 1,513,862 | 1,585,271 |
| Unallocated corporate assets | 99,693 | 143,056 |
| Consolidated assets | 1,613,555 | 1,728,327 |

4. Taxation

The taxation comprises:

PRC Corporate Income Tax ("CIT")
Current period

| Six months ended 30 June | |
|--------------------------------|--------------------------------|
| 2010 RMB'000 (Unaudited) | 2009 RMB'000 (Unaudited) |
| 103 | 166 |

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Corporate Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council issued Implementation Regulation of the New Law. The New Law and Implementation Regulation changed the tax rate of the Company and certain of its PRC subsidiaries to 25% from 1 January 2009 onwards.

Starting from 1 January 2008, CIT of the Company is calculated at the rate of 25% (2009: 25%) of the estimated assessable profits for the period. In accordance with the relevant rules and regulations in the PRC, except for Shaanxi Beiren Printing Machinery Company Limited ("Shaanxi Beiren"), all other PRC subsidiaries are subject to CIT at a rate of 25% (2009: 25%).

According to document (Guoshuifa [2002] 47) and document (Caishuizi [2009] 21) "Notice of Application of Transitional Preferential Policy on Corporate Income Tax" issued by the State Administration of Taxation on 10 May 2002 and 4 February 2009 respectively, the applicable income tax rate of Shaanxi Beiren is 15% (2009: 15%).

No provision for Hong Kong profits tax has been made as there is no assessable profit for the subsidiaries operating in Hong Kong during the periods ended 30 June 2010 and 2009.

5. Loss for the Period

Loss for the period has been arrived at after charging (crediting):

Depreciation and amortisation

- Property, plant and equipment and investment properties
- Prepaid lease payments

Total depreciation and amortisation

Share of taxation of associates (included in share of results of associates)

Cost of inventories recognised as an expense

Interest on bank and other borrowings

Loss on disposal of property, plant and equipment

Interest income on bank deposits

| Six months ended 30 June | |
|--------------------------------|--------------------------------|
| 2010 RMB'000 (Unaudited) | 2009 RMB'000 (Unaudited) |
| 19,744 | 22,858 |
| 1,403 | 1,446 |
| 21,147 | 24,304 |
| 2,074 | (5) |
| 307,397 | 330,579 |
| 9,332 | 9,384 |
| 23 | 600 |
| (389) | (137) |

6. Dividend

No dividend was paid or proposed for the six months ended 30 June 2010 (six months ended 30 June 2009), nor has any dividend been proposed since the end of the reporting period.

FINANCIAL STATEMENTS (UNAUDITED)

7. Loss Per Share

The calculation of basic loss per share attributable to the owners of the Company is based on the loss for the period attributable to owners of the Company of approximately RMB14,969,000 (2009: RMB35,595,000) and the weighted average number of 422,000,000 (2009: 422,000,000) ordinary shares in issue during the period.

As there were no dilutive potential shares during the two periods ended 30 June 2010 and 2009 and accordingly, the diluted loss per share is the same as basic loss per share.

8. Property, Plant and Equipment

During the period, the Group spent approximately RMB495,000 (2009: RMB487,000) on acquisition of property, plant and equipment and approximately RMB657,000 (2009: RMB282,000) on construction in progress.

During the period, the Group disposed of certain of its property, plant and equipment with a carrying amount of approximately RMB113,000 (2009: RMB1,264,000) for total proceeds of approximately RMB90,000 (2009: RMB664,000), resulting in a loss on disposal of approximately RMB23,000 (2009: loss on disposal of approximately RMB600,000).

9. Trade and Other Receivables

| | 30/6/2010 RMB'000 (Unaudited) | 31/12/2009 RMB'000 (Audited) |
|--------------------------|-------------------------------------|------------------------------------|
| Trade receivables | 230,738 | 255,168 |
| Bills receivables | 33,293 | 16,708 |
| Other receivables | 5,248 | 12,068 |
| Prepayments and deposits | 19,430 | 18,600 |
| | <u>288,709</u> | <u>302,544</u> |

The Group allows average credit period of 360 days to its trade customers with retention payment to be paid one year after sales. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the end of the reporting period:

| | 30/6/2010 RMB'000 (Unaudited) | 31/12/2009 RMB'000 (Audited) |
|---------------|-------------------------------------|------------------------------------|
| Within 1 year | 166,429 | 178,879 |
| 1 – 2 years | 45,595 | 54,167 |
| 2 – 3 years | 18,670 | 21,974 |
| Over 3 years | 44 | 148 |
| | <u>230,738</u> | <u>255,168</u> |

10. Trade and Bills Payables

The following is an aged analysis of trade and bills payables at the end of the reporting period:

| | 30/6/2010 RMB'000 (Unaudited) | 31/12/2009 RMB'000 (Audited) |
|---------------|-------------------------------------|------------------------------------|
| Within 1 year | 242,200 | 292,592 |
| 1 – 2 years | 87,954 | 92,370 |
| 2 – 3 years | — | 4,734 |
| Over 3 years | — | 1,747 |
| | <u>330,154</u> | <u>391,443</u> |

11. Bank and Other Borrowings

During the period, the Group obtained new borrowings of RMB198,500,000 (2009: RMB139,350,000) and repaid bank and other borrowings of RMB140,950,000 (2009: RMB240,450,000). The newly raised borrowings bear interest at variable market rates.

12. Share Capital

| | RMB'000 |
|---|----------------|
| Registered, issued and fully paid, at 1 January 2009, 31 December 2009 and 30 June 2010 | |
| 322,000,000 A shares of RMB1 each | 322,000 |
| 100,000,000 H shares of RMB1 each | <u>100,000</u> |
| | <u>422,000</u> |

13. Disposal of a Subsidiary

On 2 February 2010, the Group disposed of 68.66% equity interest in Beijing Beiren Yuxin Offset Printing Company Limited to an independent third party. The aggregate net assets disposed in the transaction are as follows:

| | 2/2/2010 RMB'000 |
|---|---------------------|
| Net assets disposed of: | |
| Property, plant and equipment | 12,144 |
| Inventories | 2,498 |
| Trade and other receivables | 28,031 |
| Bank balances and cash | 596 |
| Trade and bills payable | (8,367) |
| Other payables | (34,846) |
| | <u>56</u> |
| Non-controlling interests | <u>(18)</u> |
| | <u>38</u> |
| Gain on disposal | <u>312</u> |
| Total consideration | <u>350</u> |
| Satisfied by: | |
| Cash | <u>350</u> |
| Net cash outflow arising on disposal: | |
| Cash consideration | 350 |
| Bank balances and cash disposed of | (596) |
| Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary | <u>246</u> |

14. Related Parties Disclosure

| | 30/6/2010 RMB'000 (Unaudited) | 31/12/2009 RMB'000 (Audited) |
|-----------------------------|-------------------------------------|------------------------------------|
| Amounts due from associates | 1,219 | 691 |
| Amounts due to associates | <u>25,433</u> | <u>54,480</u> |

The above balances with related parties are all of trading nature and are included in trade and other receivables and trade and bills payables at the end of the reporting period.

During the period, the Group entered into the following transactions with its related parties:

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2010 RMB'000 (Unaudited) | 2009 RMB'000 (Unaudited) |
| Purchase of materials from | | |
| – Beijing Beiyong Casting Company Limited ("Beijing Beiyong") (an associate) | 3,228 | 5,846 |
| – Beijing Monigraf Automations Co., Ltd. ("Beijing Monigraf") (an associate) | <u>7,269</u> | <u>11,449</u> |
| Trademark fee paid to | | |
| – BGC (immediate holding company) | <u>1,916</u> | <u>1,956</u> |
| Rental income received from | | |
| – Beijing Beiyong (an associate) | 2,204 | 2,204 |
| – Mitsubishi Beiren (an associate) | <u>811</u> | <u>811</u> |

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 part of BGC, which is controlled by the PRC government. Apart from the transactions with BGC and its subsidiaries disclosed 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 short term benefits paid or payable by the Group to directors of the Company and other members of key management during the period is approximately RMB1,256,000 (2009: RMB1,440,000).

DOCUMENTS AVAILABLE FOR INSPECTION

1. Original copy of the interim report signed by the Chairman;
2. The financial statements signed and sealed by the Legal Representative, the General Manager and the Chief Accountant;
3. Original copies of all documents and announcements publicly disclosed during the reporting period in Shanghai Securities News, of which the website of Shanghai Stock Exchange and the HKExnews website of Hong Kong Stock Exchange;
4. The Articles of Association of the Company;
5. The above documents are available for inspection at Secretariat of the Board of Directors of the Company, the address of which is No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the People's Republic of China.

Chairman: Zhao Guorong
Beiren Printing Machinery Holdings Limited
29 July 2010