

2005 Interim Report

VI. SIGNIFICANT EVENTS

(I) Corporate Governance

During the reporting period, in strict compliance with the requirements of Certain Requirements with respect to Protection of Interests of Public Shareholders issued by CSRC, the Notice in relation to Further Construction of Fundamental Systems and Improvement of Investor Relation Management promulgated by Beijing Securities Regulatory Bureau and the Rules Governing the Listing of Securities on Shanghai Stock Exchange (revised in 2004), the Company made corresponding amendments and improvement to the Articles of Association in line with the improvement of corporate governance and reasonable and systematic management. Adjustments were also made to relevant terms of the Rules of Procedure for the Board of Directors, Working Rules for Independent Directors, Internal Reporting System for Significant Information and Information Disclosure Management. The Company actively carried out investor relation management, ensuring the equality to all shareholders, especially the minority shareholders.

(II) Profit distribution plan and its implementation during the reporting period

At the Company's 2004 Annual General Meeting on 8 June 2005, the Company's profit distribution plan for 2004 was approved, pursuant to which a cash dividend shall be paid to all shareholders at RMB8 (tax inclusive) for every 10 shares. Based on the 422,000,000 share in issue (nominal value is RMB1), a total of RMB33,760,000 will be distributed. The relevant announcement on dividend distribution for H Shares was published in Shanghai Securities News, Hong Kong Economic Times and The Standard on 9 June 2005. The announcement on dividend distribution for A Shares was published in Shanghai Securities News on 19 July 2005. For A Shares, the date of registration of shares is 22 July 2005 and the ex-dividend date is 25 July 2005. Dividends for A Shares and H Shares will be paid on 29 July 2005.

(III) There will be no profit distribution or any transfer of the surplus reserve to increase share capital for the interim period.

(IV) Material litigation and arbitration

During the reporting period, the Company did not involve in any material litigation or arbitration.

(V) Acquisition and disposal of assets and merge during the reporting period

There was no material acquisition or disposal of assets or merge during the reporting period.

(VI) Creditor's rights and debts with connected parties

Unit: RMB0'000

Connected party	Relationship with the Company	Fund provided by the Company to connected party		Fund provided by connected party to the Company	
		Amount	Balance	Amount	Balance
Hubei Beiren Printing Machinery Sales Limited	Associated company	76.23	869.77	0	0
Xian Beiren Beifu Printing Machinery Sales Limited	Associated company	0	109.20	0	0
Liaoning Beiren Printing Machinery Sales Limited	Associated company	-36.82	1,504.58	0	0
Beijing Beiren Hengtong Printing Machinery Sales Limited	Associated company	-256.49	548.43	0	0
Beiren Group Corporation	Controlling shareholder	-25.85	495.45	211.48	2,405.12
Beijing Beiren Taihe Printing and Casting Factory	Subsidiary	-286.41	0	0	0
Beijing Beiyong Printing and Casting Company Limited	Associated company	39.20	39.20	386.84	386.84
Beijing Monigraf Automatic Control System Limited	Associated company	15	15	269.83	269.83
Beijing Yan Long Import and Export Company	Subsidiary of a shareholder	0	0	-1.17	1.17
Total		-475.14	3,581.63	866.98	3,062.96

Note:

The funds provided by the Company to Hubei Beiren Printing Machinery Sales Limited, Xian Beiren Beifu Printing Machinery Sales Limited, Liaoning Beiren Printing Machinery Sales Limited, Beijing Beiren Hengtong Printing Machinery Sales Limited and Beiren Group Corporation were derived from sale of the Company's products. Of the funds provided by connected parties to the Company, RMB20,460,100 from Beiren Group Corporation were accounts payable for acquisition of No. 4 Printing Machinery Plant whereas the fund from Beijing Beiyong Printing and Casting Company Limited was derived from provision of manufacturing or supporting products and services. During the reporting period, the Company had no material connected transactions.

Of which: The fund provided by the Company to its controlling shareholder and its subsidiaries was nil during the reporting period and so was the balance of that.

(VII) Material contracts and their performance**1. Custody**

During the reporting period, the Company had no custody.

2. Contracting

During the reporting period, the Company had no contracting.

3. Leases

During the reporting period, the Company had no material leases.

4. Guarantees

During the reporting period, the Company had no guarantees.

5. Asset management on trust

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

6. Other material contracts

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

(VIII) Performance of publicly disclosed undertaking by shareholders holding 5% or more of the Company's shares

Neither the Company nor its shareholders holding 5% or more of its shares had any undertakings during or subsisting in the reporting period.

(IX) Punishments and rectification of the directors of the Board

During the reporting period, none of the directors of the Board or the directors was subject to checks by the CSRC or any administrative punishments, nor had they been criticised in any way or publicly reprimanded by any stock exchange.

(X) During the reporting period, the Company did not change its accountants. The financial statements for the period are unaudited.**(XI) During the period, neither the Company nor any of its subsidiaries had purchased, sold, redeemed or wrote off any of the Company's listed securities.****(XII) Loans**

The deposit of RMB5,000,000 was placed with China Venturetech Investment Company, of which RMB1,000,000 was recovered as at 30 June 2005. The deposit of RMB5,000,000 placed with Yin Peng Cooperative Credit Union, Bai Yin, Gansu Province was not recovered. A total of RMB9,000,000 of deposits have not been recovered as it is still in the process of liquidation by the relevant authorities. These two deposits represented approximately 0.7% of the Company's net assets and will have no material effect on the Company's operations. The Company has made a provision for loss of RMB7,500,000.

(XIII) Audit Committee

The Audit Committee of the Board has reviewed the Company's unaudited 2005 interim report.

(XIV) Code on Corporate Governance Practices

During the reporting period, the Company has been in compliance with 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 (the "Listing Rules"). However, the Company has not appointed an accountant who must be a fellow or associate member of Hong Kong Institution of Certified Public Accountants pursuant to Rule 3.24 of the Listing Rules. The Company has not identified and appointed an appropriate candidate.

2005 Interim Report

(XV) Model Code for securities transactions by Directors and Supervisors

During the reporting period, the Company has adopted a set of code of practice regarding securities transactions by directors and supervisors on terms no less exacting than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors of the Company, each of the directors has complied with the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers within the 6 months ended 30 June 2005.

(XVI) Access to discloseable information

Events	Newspaper	Date of publishing	Websites and search path
Announcement of Resolutions Passed at the 12th Meeting of the Fourth Board	Shanghai Securities News, Hong Kong Economic Times and The Standard	2005-04-13	Input the Company's stock code 600860 in "Listed Companies Information Search" on the website of Shanghai Stock Exchange (www.sse.com.cn); Input the Company's H share stock code 187 in "Listed Companies Information Search" on the website of the Stock Exchange of Hong Kong Limited (www.hkex.com.hk).
Announcement of Resolutions of the Supervisory Committee	Same as above	2005-04-13	Same as above
Announcement of Ongoing Connected Transactions	Same as above	2005-04-13	Same as above
Notice of General Meetings	Same as above	2005-04-13	Same as above
Announcement of Resolutions passed at General Meetings	Same as above	2005-06-09	Same as above
Announcement of Resolutions Passed at the 1st Meeting of the Fifth Board	Same as above	2005-06-09	Same as above
Announcement of Resolutions Passed at the 1st Meeting of the Fifth Supervisory Committee	Same as above	2005-06-09	Same as above
Announcement of Dividend Distribution for 2004	Shanghai Securities News	2005-07-19	Input the Company's stock code 600860 in "Listed Companies Information Search" on the website of Shanghai Stock Exchange (www.sse.com.cn).