

MAJOR EVENTS

(I) MATERIAL LITIGATION AND ARBITRATION

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

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

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

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

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

(IV) CONNECTED TRANSACTIONS RELATED TO DAY-TO-DAY OPERATION

1. Connected transactions related to sales of goods and provision of labour service

Unit: RMB

Related parties	Amount of connected transactions	Percentage of the same type of transaction amount
Beijing Beiren Hengtong Printing Machinery Operation and Sale Company Limited	18,384,829.06	1.99
Beiren Group Corporation	11,821,381.10	1.28
Liaoning Beiren Printing Machinery Operation and Sale Company Limited	4,778,119.66	0.52
Beiren Yan Long Import and Export Company	1,163,504.27	0.13
Beijing Mitsubishi Heavy Industry Beiren Printing Machinery Company Limited	420,933.59	0.26
Total	36,568,767.68	

2. Connected transactions related to purchase of goods and receipt of services

Unit: RMB

Related parties	Amount of connected transactions	Percentage of the same type of transaction amount
Beijing Bei Ying Printing and Casting Company Limited	32,085,029.69	8.26
Beijing Monigraf Automatic Systems Company Limited	14,222,598.20	3.66
Beiren Group Corporation	4,940,312.43	1.27
Beiren Group Corporation	11,663,247.86	57.54
Beijing Mitsubishi Heavy Industry Beiren Printing Machinery Company Limited	8,604,837.93	42.46
Total	71,516,026.11	

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(IV) CONNECTED TRANSACTIONS RELATED TO DAY-TO-DAY OPERATION (Continued)

3. Connected debts and liabilities

Unit: 10,000Rmb

Name of connected party	Connection	Capital provided to connected parties		Amount of the appropriated funds	Capital provided to the Company by connected parties	
		Incurred amount	Balance		Incurred amount	Balance
Liaoning Beiren Beifu Printing Machinery Sales Company Limited	Joint Venture	-681.47	1,842.61		23.31	23.31
Beijing Beiren Hengtong Printing Machinery Sales Limited	Joint Venture	222.23	1,135.20			
Beiren Group Corporation	Controlling shareholder	-982.84	91.00		142.99	2,056.13
Beiren Yan Long Import and Export Company	A subsidiary of the controlling shareholder				—	1.22
Beijing Bei Ying Printing and Casting Company Limited	Joint Venture	-297.31			678.79	828.79
Beijing Monigraf Automatic Systems Company Limited	Joint Venture	12.66	12.66		265.65	265.65
Beijing Mitsubishi Heavy Industry Beiren Printing Machinery Company Limited	Joint Venture				957.74	957.74
Beijing Beiren Tai He Casting Factory	A subsidiary					1,093.20
Xian Beiren Beifu Printing Machinery Sales Company Limited		-109.20				
Total		-1,835.93	3,081.47	—	1,782.50	5,226.04

During the reporting period, the amount provided by the Company to the controlling shareholders and its subsidiaries was Rmb0. Balance of the same was Rmb0.

Reasons for connected debts and liabilities: Among the capital provided to connected parties, the amount provided to Liaoning Beiren Printing Machinery Limited, Beijing Beiren Hengtong Printing Machinery Sales Limited, Beiren Group Corporation was derived from sale of the Company's products, while that provided to Beijing Beiying Printing and Casting Company Limited was derived from provision of services and ancillary services for the Company's products. Among the capital provided to the Company by connected parties, Rmb14,996,300 due from Beiren Group Corporation was the amount payable for acquisition of Factory No.4. The company did not have any material connected transactions during the reporting period.

(V) CUSTODY

During the year, the Company had no custody.

(VI) CONTRACTING

During the year, the Company had no contracting.

(VII) LEASES

During the year, the Company had no leases.

(VIII) GUARANTEES

During the year, the Company had no guarantees.

(IX) ASSET MANAGEMENT ON TRUST

During the year, the Company had no asset management on trust.



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(X) OTHER MATERIAL CONTRACTS

During the year, the Company had no other material contracts

(XI) PERFORMANCE OF UNDERTAKINGS

The sole holder of non-circulating shares of the Company undertakes (1) it will not trade or transfer the non-circulating shares held by it within 12 months from the date of implementation of the Share Segregation Reform Proposal; (2) within 12 and 24 months, subsequent to the aforesaid period, the number of the originally non-circulating shares subsequently listed for trading on the stock exchange will not exceed 5 per cent and 10 per cent, respectively, of the total number of shares of the Company; (3) within the aforesaid period, the selling price of such shares subsequently listed on the stock exchange will not be lower than 110% (RMB4.29/ share) of the weighted average price of 30 trading days before the announcement of the Share Segregation Reform Proposal; and (4) any dividend payment, bonus issue and capital reserve fund conversion to share capital that constituted to the suspension of trading rights and dividend from the date of implementation of the Share Segregation Reform Proposal till the disposal of shares shall be subject to the suspension of the trading rights.

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

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

During the reporting period, none of the Company and its Board and directors was subject to checks, administrative punishments, public criticism by CSRC. Nor were they publicly reprimanded by the stock exchange.

(XIII) DEPOSITS AND LOANS

The deposit of Rmb5 million was placed with China Venturetech Investment Company had been liquidated as at 31 December 2006, of which Rmb3,898,500 was recovered and Rmb1,101,500 became bad debts. The deposit of Rmb5 million placed with Ying Peng Cooperative Credit Union, Bai Yin, Gansu Province was not recovered and were in the process of liquidation by relevant authorities. The deposit represents approximately 0.4% of the Company's net assets and hence will cause no material effect to the Company's operations. The Company has made a provision for the loss amounting to Rmb5 million.

(XIV) THE 15% INCOME TAX RATE OF THE COMPANY DOES NOT INCLUDE ANY INSTANCES OF "FIRST PAYING TAXES, THEN RECEIVING REBATES" FOR THE COMPANY.

(XV) THE 2006 FINANCIAL REPORT HAS BEEN REVIED AND CONFIRMED BY THE AUDIT COMMITTEE UNDER THE BORAD OF DIRECTORS

(XVI) OTHER MAJOR EVENTS

The events concerning additional issue of H shares and repurchase of H shares haven't been completed in the reporting period and will be lasted to next reporting period.