



北人印刷機械股份有限公司 2002 年度報告摘要
BEIREN PRINTING MACHINERY HOLDINGS LIMITED
2002 ANNUAL REPORT (SUMMARY)

(a joint stock company incorporated in the People's Republic of China with limited liability)

1 IMPORTANT NOTICE

- 1.1 The Board of Directors and the Directors of the Company confirmed that the information in this announcement does not contain any false information, misleading statements or material omissions, and accept joint and several responsibility for the truthfulness, accuracy and completeness of the content. This final results announcement has been prepared in accordance with the information of the annual report 2002 of the Company. For detailed information, please refer to annual report 2002.
- 1.2 Mr Zhu Wuan, the Chairman, Mr Wang Guohua, the General Manager and Mr Bai Fan, the Manager of finance department, have declared that they are responsible for the truthfulness and completeness of the financial statements in the annual report 2002.

2 COMPANY INFORMATION

2.1 Basic information

Short form of the

Company's listed shares	Beiren Shares	Beiren Printing
Stock code	600860	187
Place for listing of the Shares	Shanghai Securities Exchange	The Stock Exchange of Hong Kong Limited
Registered office	No. 44 Guangqu Road South, Chaoyang District, Beijing, PRC	
Principal office address	No. 44 Guangqu Road South, Chaoyang District, Beijing, PRC	
Postal code	100022	
Website	http://www.beirengf.com	
E-mail address	beirengf@beirengf.com	

2.2 Contact person and method

	Secretary to the Board of Directors	Representative for securities affairs
Name	Rong Peimin	
Correspondence address	No. 44 Guangqu Road South, Chaoyang District, Beijing, PRC	
Telephone number	010-67748470	
Facsimile number	010-67714086	
E-mail address	beirengf@beirengf.com	

3 ACCOUNTING DATA AND BUSINESS STATISTICS HIGHLIGHTS

3.1 Prepared under PRC Accounting Standards

3.1.1 Principal accounting data

Unit: Rmb'000

Items	Year ended		Percentage (%)	
	31st December		Increase (+)	
	2002	2001	Decrease (-)	2000
Principal operating income	926,929	699,076	32.59	442,056
Total profit	85,499	75,752	12.87	37,353
Net profit	68,941	64,282	7.25	30,229
Net profit after extraordinary items	61,452	65,626	(6.36)	50,880

Items	As at		Percentage (%)	
	31st December		Increase (+)	
	2002	2001	Decrease (-)	2000
Total assets	1,882,272	1,581,331	19.03	1,317,293
Shareholders' equity				
(after minority interest)	979,111	951,126	2.94	934,844
Net cash flow from operating activities	174,290	50,324	246.34	35,682

3.1.2 Financial indicators

Unit: Rmb

Items	Year ended		Percentage (%)	
	31st December		Increase (+)	
	2002	2001	Decrease (-)	2000
Earnings per share	0.17	0.16	6.25	0.08
Earnings per share (note)	0.16	—	—	—
Return on net assets	7.04%	6.76%	4.14	3.23%
Return on net assets				
after extraordinary items	6.28%	6.90%	(8.99)	5.44%
Net cash flow from operating				
activities per share	0.44	0.13	238.46	0.09

Items	As at		Percentage (%)	
	31st December		Increase (+)	
	2002	2001	Decrease (-)	2000
Net asset value per share	2.45	2.38	2.94	2.34
Adjusted net asset value per share	2.29	2.22	3.15	2.19

Note: The Company issued 22,000,000 A Shares during the period from 26th December, 2002 to 7th January, 2003. Based on the 422,000,000 shares after the changes in share capital, the earnings per share amounted to Rmb 0.16 per share.

3.2 Prepared under accounting principles generally accepted in Hong Kong

	2002	2001
Items	Rmb'000	Rmb'000
Turnover	938,653	699,947
Cost of sales	(641,551)	(487,155)
Gross profit	297,102	212,792
Other operating income	9,908	5,419
Distribution costs	(39,801)	(31,196)
Administrative expenses	(155,258)	(97,954)
Impairment losses recognised in respect of property, plant and equipment	(6,418)	(31,690)
Impairment losses recognised in respect of construction in progress	(1,166)	(8,093)
Profit from operations	104,367	49,278
Finance costs	(17,184)	(8,159)
Share of results of associates	(916)	7
Profit before taxation	86,267	41,126
Taxation	(15,057)	(13,738)
Profit after taxation	71,210	27,388
Minority interests	(1,874)	1,025
Net profit for the year	69,336	28,413
Earnings per share - Basic	Rmb17.3 fen	Rmb7.1 fen

3.3 Differences between accounts prepared under PRC accounting standards and HK accounting standards

Unit: Rmb'000

	PRC accounting standards		HK accounting standards	
Net profit	68,941		69,336	
Explanation of the differences				
	Net profit for (Rmb'000)		Net assets as at (Rmb'000)	
Items	2002	2001	2002	2001
Consolidated figures as reported				
under PRC accounting standards	68,941	64,282	979,111	951,126
Adjustments made to conform				
with accounting principles generally				
accepted in Hong Kong				
– Difference in valuation of net assets				
contributed to the Company by				
Beiren Group Corporation	—	—	(60,198)	(60,198)
– Consequential adjustment on				
net assets contributed by Beiren				
Group Corporation	480	—	9,570	9,090
– Difference in valuation of net assets				
upon acquisition of a subsidiary	—	—	(792)	—
– Difference in valuation of capital				
contribution to subsidiaries	31	31	(1,742)	(1,773)
– Receipt of option payments recognised as				
income under PRC accounting standards	—	(4,092)	(24,209)	(24,209)
– Difference in recognition of liability for				
final dividends	—	—	42,200	48,000
– Difference in impairment loss in				
value of other assets	—	8,333	8,333	8,333
– Impairment losses in respect of property,				
plant and equipment and				
construction in progress	—	(39,783)	—	—
– Others	(116)	(358)	(742)	(174)
Under Hong Kong accounting standards	69,336	28,413	951,531	930,195

4 CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

4.1 Table of changes in share capital

Unit: Shares

		Increase/decrease(+, -)							
		Conversion							
		Before	Right	Bonus	from	New			After
		movement	issues	issues	reserves	issues	Others	Sub-total	movement
I.	Outstanding								
	unlisted shares	250,000,000							250,000,000
1.	Founder shares								
	Of which:								
	State shares								
	Domestic legal								
	person shares	250,000,000							250,000,000
	Overseas legal								
	person shares								
	Others								
2.	Raised legal								
	person shares								
3.	Internal employee								
	shares								
4.	Preferential shares								
	or other								
	Total outstanding								
	unlisted shares	250,000,000							250,000,000
II.	Outstanding								
	listed shares								
1.	Rmb ordinary shares	50,000,000				22,000,000		22,000,000	72,000,000
2.	Foreign shares listed								
	domestically								
3.	Foreign shares listed								
	overseas	100,000,000							100,000,000
4.	Others								
	Total outstanding								
	listed shares	150,000,000				22,000,000		22,000,000	172,000,000
III.	Total shares	400,000,000				22,000,000		22,000,000	422,000,000

Note: The Company issued new A Shares during the period from 26th December, 2002 to 7th January, 2003.

4.2 Table of the top ten shareholders of the Company

The total number of shareholders of the Company as at 31st December, 2002 was 35,450 (of which: 35,323 A shareholders, 127 H shareholders)

The top ten shareholders of the Company were as follows:

Name of shareholders	Increase (+) Decrease(-) during the year	Number of shares held at the end of the year	Percentage to total share capital (%)	Class (circulating/ non-circulating)	Number of shares pledged or frozen	Type of shareholders (state shareholder/ foreign shareholder)
Beiren Group Corporation	0	250,000,000	59.24	Non-circulating	0	State shares
HKSCC Nominees Limited	(436,000)	97,193,199	23.03	Circulating	Unknown	H Shares
HSBC Nominees (Hong Kong) Limited	20,000	534,000	0.13	Circulating	Unknown	H Shares
Hui Kau Yu	0	400,000	0.09	Circulating	Unknown	H Shares
Hau Hong Real Estate	Unknown	315,000	0.07	Circulating	Unknown	A Shares
Wong Chung King	Unknown	298,000	0.07	Circulating	Unknown	H Shares
Guotong Securities	Unknown	285,177	0.07	Circulating	Unknown	A Shares
Qiu Qingmu	Unknown	170,000	0.04	Circulating	Unknown	A Shares
Wang Zhanufa	Unknown	160,000	0.04	Circulating	Unknown	A Shares
Cheng Yuk Ling	Unknown	152,000	0.04	Circulating	Unknown	H Shares

- Description of relationship of the top ten shareholders of the Company or parties acting in concert
- (1) All of the shares held by Beiren Group corporation are untradeable. HKSCC Nominees Limited held shares on behalf of its clients and the Company has not been notified by HKSCC Nominees Limited that any shareholders of H Shares held more than 5% of the total shares in the Company.
 - (2) None of the shareholders holding more than 5% or above (inclusive) of the Company's shares are in position where their shares are mortgaged or have been frozen.
 - (3) The Company did not discover that the Company's 10 major shareholders are related.
 - (4) There was no movement in shareholdings above 5% (inclusive).

4.3 Information of the controlling shareholder and ultimate shareholder of the Company

4.3.1 Change in controlling shareholder and ultimate shareholder of the Company

☐ applicable ☒ not applicable

4.3.2 Details of the controlling shareholder and other ultimate shareholders of the Company

Name of controlling shareholder:	Beiren Group Corporation
Legal representative:	Zhu Wuan
Date of incorporation:	1992
Registered capital:	Rmb 200,266,000
Type:	State wholly-owned enterprises
Scope of operation:	Manufacturing and sales of printing presses, packing machines, pressing machines and related products and components, technical development, technical consultancy, services, operation of the import and export businesses related to the production of own enterprises, subcontracting work for overseas printing machinery projects and domestic projects by international tendering.

5 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

5.1 Changes in shareholdings of directors, supervisors and senior management of the Company

Details of the third board of directors, the third supervisory committee and senior management of the Company

Name	Position	Gender	Age	Term	Shareholding at the beginning of the year	Shareholding at the end of the year	Reason of changes
Zhu Wuan	Chairman	Male	54	1999.7.14 - 2002.7.13	4,800	4,800	
Yu Qinghua	Vice-chairman	Male	61	1999.7.14 - 2002.7.13	5,000	5,000	
Lu Changan	Director	Male	54	1999.7.14 - 2002.7.13	4,800	4,800	
Wang Guohua	Director, General Manager	Male	39	1999.7.14 - 2002.7.13	1,000	1,000	
Pang Liandong	Director	Male	53	1999.7.14 - 2002.7.13	4,100	4,100	
Zhang Weifen	Director	Female	55	1999.7.14 - 2002.7.13	3,500	3,500	
Yu Baogui	Director	Male	53	1999.7.14 - 2002.7.13	4,200	4,200	
Zhang Peng	Independent Director	Male	80	1999.7.14 - 2002.7.13	0	0	
Huang Yingfu	Independent Director	Male	78	1999.7.14 - 2002.7.13	0	0	
Xiao Maolin	Chairman of the Supervisory Committee	Male	53	1999.7.14 - 2002.7.13	0	0	
Yu Jie	Supervisor	Female	50	1999.7.14 - 2002.7.13	0	0	
Tian Furen	Supervisor	Male	54	1999.7.14 - 2002.7.13	4,100	4,100	
Rong Peimin	Company Secretary	Female	51	1999.7.14 - 2002.7.13	0	0	
Guo Ning	Deputy General Manager	Male	48	1999.7.14 - 2002.7.13	0	0	
Wang Wenyuan	Deputy General Manager	Male	55	1999.7.14 - 2002.7.13	0	0	
Qi Shenglin	Chief Accountant	Male	54	1999.7.14 - 2002.7.13	0	0	
Yang Zhengdong	Chief Engineer	Male	40	1999.7.14 - 2002.7.13	0	0	

Details of the fourth board of directors, the fourth supervisory committee and senior management of the Company

Name	Position	Gender	Age	Term	Shareholding		Reason of changes
					at the beginning of the year	at the end of the year	
Zhu Wuan	Chairman	Male	54	2002.7.14 - 2005.7.13	4,800	4,800	
Lu Changan	Vice Chairman	Male	54	2002.7.14 - 2005.7.13	4,800	4,800	
Wang Guohua	Director, General Manager	Male	39	2002.7.14 - 2005.7.13	1,000	1,000	
Pang Liandong	Director	Male	53	2002.7.14 - 2005.7.13	4,100	4,100	
Yu Baogui	Director	Male	53	2002.7.14 - 2005.7.13	4,200	4,200	
Rong Peimin	Director, Company Secretary	Female	51	2002.7.14 - 2005.7.13	0	0	
Qi Shenglin	Director	Male	54	2002.7.14 - 2005.7.13	0	0	
Li Yijing	Independent Director	Female	51	2002.7.14 - 2005.7.13	*	0	
Zhou Xiaoming	Independent Director	Male	36	2002.7.14 - 2005.7.13	*	0	
Wu Hongzuo	Independent Director	Male	56	2002.7.14 - 2005.7.13	*	0	
Xiao Maolin	Chairman of the Supervisory Committee	Male	53	2002.7.14 - 2005.7.13	0	0	
She Kexing	Supervisor	Male	37	2002.7.14 - 2005.7.13	*	0	
Tian Furen	Supervisor	Male	54	2002.7.14 - 2005.7.13	4,100	4,100	
Guo Ning	Deputy General Manager	Male	48	2002.7.14 - 2005.7.13	0	0	
Wang Wenyuan	Deputy General Manager	Male	55	2002.7.14 - 2005.7.13	0	0	
Yang Zhengdong	Chief Engineer	Male	40	2002.7.14 - 2005.7.13	0	0	

* Director and supervisors who did not hold the Company's shares before 14th July, 2002.

Note: The Company issued 22,000,000 new A Shares during the period from 26th December, 2002 to 7th January, 2003. The Company's directors Mr Zhu Wuan and Mr Wang Guohua as the former public shares shareholders participated through application in the placing of shares in priority in the ratio of 10: 2 at Rmb7 per share, and their applications were accepted. Accordingly, after the placing, Mr Zhu Wuan held 5,760 shares and Mr Wang Guohua held 1,200 shares.

5.2 The positions of directors and supervisors in the Company's shareholders

Name	Name of the Company's shareholders	Positions in the Company's shareholders	Term	Any remuneration, allowance in shareholders' unit (Yes or No)
Zhu Wuan	Beiren Group Corporation	Chairman, Secretary of Party Committee		Yes
Lu Changan	Beiren Group Corporation	General Manager		Yes
Pang Liandong	Beiren Group Corporation	Deputy General Manager		Yes
Yu Baogui	Beiren Group Corporation	Chairman of Labour Union		Yes
Qi Shenglin	Beiren Group Corporation	Chief Accountant		Yes
Xiao Maolin	Beiren Group Corporation	Secretary of Disciplinary Committee, Deputy Secretary of Party Committee		Yes

5.3 Remunerations of directors, supervisors and senior management

Total remuneration for the year	Rmb 914,000
Remunerations paid to the 3 highest paid directors	Rmb 367,000 (only two directors received remunerations from the Company)
Remunerations paid to the 3 highest paid senior management	Rmb 457,000
Allowances paid to independent directors	No
Other benefits provided to independent directors	No
Name of directors and supervisors whose remunerations were not paid by the Company	Directors and supervisors of the third Board of Directors and Supervisory Committee whose remunerations were not paid by the Company: Zhu Wuan, Yu Qinghua, Lu Changan, Pang Liandong, Zhang Weifen, Yu Baogui, Xiao Maolin; Directors and supervisors of the fourth Board of Directors and Supervisory Committee whose remunerations were not paid by the Company: Zhu Wuan, Lu Changan, Pang Liandong, Yu Baogui, Qi Shenglin, Xiao Maolin
Remunerations paid to directors, supervisors and senior management in the following bands	Number
Rmb 10,000 - Rmb 100,000	2
Rmb 100,000 - Rmb 200,000	4
Rmb 200,000 - Rmb 300,000	1

6 DIRECTORS' REPORT

6.1 Management discussion and analysis on the major operating results of the Company

(I) Operating conditions of the Company during the period

The printing presses produced by the Company was recognised by the Beijing Municipal as one of the top ten products in the form-printing machine line of the modern manufacturing industry. At present, the Company has established five series of products in different standards including sheet fed offset presses, rolled sheet offset presses, intaglio presses, form presses and soft cover presses. The Company has created the competitive advantages on technology in respect of "N300" series products and achieved the market position of "N300" as products with high quality and advanced technology. Such achievement brought the printing presses technology in the PRC to a stage of higher standards.

(II) Operating results of the Company

1. The sales of the Company amounted to Rmb 926,929,000 for 2002, representing an increase of 32.59% as compared with last year.
2. In 2002, the Company fully utilised its own advantages, relied on the currently acceptable economic environment, strived to seize investment opportunities, continued to achieve the expansion beneficial to the Company's production and explored into new areas based on the strong foundation of the existing businesses.
 - (1) On 17th January, 2002, the Company entered into an agreement with Shaanxi Huanggong Group Printing Machinery Company Limited for acquisition and established Shaanxi Beiren Printing Machinery Company Limited jointly with China Huarong Assets Management Company. The Company holds 84.18% equity interests in the Shaanxi Beiren so that the Company has been successful in entering into the soft cover presses industry economically and filling the gap of product mix of the Company in the business of soft cover presses market. At the same time, such arrangement enabled the Company to achieve revenue of Rmb 120 million approximately.
 - (2) On 8th November 2002, the joint venture company Beijing Monigraf Automatic Control System Company Limited established by the Company and Monigraf Company of Italy formally commenced operation. The Company has the basis of better technology and is expected to achieve good effectiveness. The Company's products will supplement the medium and high class products of "Beiren" which can ensure the technical capability of automatic control system of the products and reduce costs.

- (3) The Company and Mabeiga Company of Germany entered into the “Contract on Subcontracting and Supply of Complete Design Plan of Sheet Fed Offset Presses”. The Company and GI Company of US entered into a contract for co-operation in production of high class rolled sheet offset presses and resale of the products to the US market. These arrangements established a stable channel for upgrading the standards of the Company’s products and maintaining direct communication of international advanced printing technology.
3. The Company attempted in all aspects to explore the market of multi-colour printing presses with Beiren brand. The Company was successful in organising 7 live shows of multi-colour printing presses and new products around the country and participated in 8 exhibitions in such places as Beijing, Shanghai, Zhejiang and Shangdong. At the same time, the Company established exhibition and training centres in Zhejiang, Shenzhen, Beijing and Shangdong.
- The operations and sales promotion by regions achieved successful results so that the interests of distributors could be protected and fast after-sale services could be rendered and the collection and feedback of more accurate market information can be achieved. During the implementation of an operation and sales network with clearly defined segregation of duties and closely co-ordinated operation, a necessary foundation was established for Beiren’s long-term market development.
4. In 2002, a number of new products reached the stage of trial production. For example, the completion in the testing of the prototype of N373 whole sheet-fed two-colour printing machine, prototype of N380 folio single-colour printing machine, N375 folio four-colour printing machine, 578 rolled sheet printing machine and YP890A rolled document printing machine expedited the application of design results and the progress of selling the products in the market. At the same time, the Company completed improvement in N352 quarto four-colour printing machine and N381 folio single-colour printing machine and completed a number of projects in quality improvement.
5. The Company strengthened the management over subsidiaries so that rules and standards were available for action. The Company also placed emphasis on the transfer of advanced experience in quality management and integrated management and fully utilised the Company’s advantages in research and development and market promotion and sales. As a result, the product technology level of the subsidiaries was enhanced, adequate support was provided to the subsidiaries for their market development and sales and the Company could secure the investment return.

6. During the reporting period, the “Beiren Brand” offset press series of printing machines produced by the Company were evaluated as the famous brand in Beijing. The evaluation will be effective from September, 2002 to September, 2004. At the third China Machinery and Industrial Core Competitiveness Senior Management Discussion Conference held in Beijing on 8th September, 2002, the Company was awarded the designation of the “First Hundred Strongest Enterprises with Core Competitiveness among China Machinery and Industrial Enterprises in 2001”. Such award was arrived at by the authoritative organisations after the evaluation testing of more than 5,000 major enterprises of the PRC machinery and industrial businesses based on the system of evaluating machinery and industrial core competitiveness.

(III) Advantages in human resources

The Company tried its best to provide a platform for the development based on the unique characteristics of an individual. The Company respected and paid attention to the development need of an individual. The Company has been refining the system with an active working environment and recognition of life values whereby a good talent can grow together with the corporation, is well-respected by others and can participate in the sharing of returns. This is one of the most attractive and brilliant areas in striving for practical development of the Company and a breakthrough achieved during the actual work of the Company’s efforts in establishing a corporate culture. Such achievement enabled the Company to go beyond the stage of discussion and proclamation. At the same time, the Company accumulated valuable talent during the process of continuous expansion in capital and operation in the market. The diversified human resources enhanced the management standards of the Company as a whole. The Company integrated the remuneration system with the market mechanism and combined the system of allocation based on production input with the system of allocation based on labour input. The Company placed priority on technicians involved in research and development, staff with positions of advanced technology operation, operating and sales staff and key management staff. Such arrangement recognised the integration of responsibilities, risk, effectiveness and remunerations. The Company had a State-class technology centre, possessed a professional team comprising the experienced talent within the industry and maintained the good and scarce human resources who understood thoroughly the core technology and management skills.

6.2 Principal operating income and segmental information (prepared under PRC accounting standards)

Unit: Rmb'000

			Percentage (%) of principal operating income	Percentage (%) of principal operating costs	Gross profit margins
(%)					
Business or product	Principal operating income	Principal operating costs	Gross profit margin (%)	Increase (+) /Decrease (-)	Increase (+) /Decrease (-)
Flat paper printers	585,420	369,851	36.82	26.45	19.03
Rolling paper printers	130,145	97,343	25.20	(19.95)	(21.79)
Intrusion printers	109,365	84,954	22.32	–	–
Form-printing machines	52,538	37,303	29.00	36.13	22.87
Spare parts	21,542	14,588	32.28	(34.71)	(18.92)
Printing services	17,049	11,990	29.67	–	–
Others	10,871	8,085	25.63	–	–

6.3 Analysis of the geographical segments for the principal operations (prepared under PRC accounting standards)

Unit: Rmb'000

Region	Principal operating income	Percentage (%) of principal operating income Increase (+) /Decrease (-)
Domestic	919,127	31.79
Overseas	7,802	356.01

6.4 Major suppliers and customers of the Company (prepared under PRC accounting standards)

Unit: Rmb'000

Purchases from the top five suppliers	33,318	Percentage to total purchases	33.37%
Sales to the top five customers	121,139	Percentage to total sales	13.07%

6.5 Operations of the investee companies (applicable to those which investment gains accounted for more than 10% of the net profit)

☐ applicable ☒ not applicable

6.6 Reasons for material changes incurred on the principal operations and its structure

☐ applicable ☒ not applicable

6.7 Analysis of the reasons for material changes incurred on the profitability (gross profit margin) of the principal operations compared with that of last year

☐ applicable ☒ not applicable

6.8 Analysis of the reasons for material changes incurred in the operating results and contributions to profit compared with that of last year

1. The principal operating income of the Company amounted to Rmb 926,929,279.47 for the period, representing an increase of 32.59% as compared with the principal operating income of Rmb 699,076,375.57 for the previous period. The increase was mainly because of the inclusion of the business of Shangxi Beiren Printing Machinery Co., Ltd and sales of both holding company and subsidiaries increased as compared with previous year.
2. The principal operating profit of the Company amounted to Rmb 295,321,357.25 for the period, representing an increase by 42.63% as compared with the principal operating profit of Rmb 207,047,894.56 for the previous period. The increase was mainly because of the decline in the unit cost of products as a result of mass production of new products in 2002 so that the profit of the new products increased this year.
3. The administrative expenses of the Company amounted to Rmb 163,220,537.57 for the period, representing an increase of 79.53% as compared with the administrative expenses of Rmb 90,915,896.73 for the previous period. The increase was mainly because of the inclusion of the business of Shangxi Beiren Printing Machinery Co., Ltd, increase in the amount of provisions for bad debts and decline in the prices of inventories.
4. The finance costs of the Company amounted to Rmb 14,991,256.87 for the period, representing an increase of 197.55% as compared with the finance costs of Rmb 5,038,213.06 for the previous period. The increase was mainly because the inclusion of bank loans of Shangxi Beiren Printing Machinery Co., Ltd. and the significant increase in the amount of bank loans from last year.

Analysis of the reasons for material changes incurred on the overall financial positions compared with that of last year

1. The accounts receivable of the Company amounted to Rmb 184,009,844.69 as at the end of the period, representing an increase of 51.60% as compared with the accounts receivable of Rmb 121,380,229.14 as at the beginning of the year. The increase was mainly because of the inclusion of the business of Shangxi Beiren Printing Machinery Co., Ltd, larger scale in sales for the period and the increase in the amount of accounts receivable within the credit terms in accordance with contracts.

2. The construction in progress of the Company amounted to Rmb 231,662,234.82 as at the end of the period, representing an increase of 80.24% as compared with the construction in progress of Rmb 128,528,475.51 as at the beginning of the year. The increase was mainly due to the Company's increased investment in the construction in progress for new factory.
 3. The accounts payable of the Company amounted to Rmb 146,518,990.75 as at the end of the period, representing an increase of 41.51% as compared with the accounts payable of Rmb 103,536,793.80 as at the beginning of the year. The increase was mainly because of the inclusion of the business of Shangxi Beiren Printing Machinery Co., Ltd and the increase in the quantity of products in cooperation with external parties, resulting in an increase in payables.
 4. The receipt in advance of the Company amounted to Rmb 99,639,638.55 as at the end of the period, representing an increase of 209.11% as compared with the receipt in advance of Rmb 32,234,303.01 as at the beginning of the year. The increase was mainly because of the inclusion of the business of Shangxi Beiren Printing Machinery Co., Ltd and the receipt in advance of compensation for removal which resulted in an increase in advances.
 5. In 2002, the net cash flow arising from the Company's business activities were Rmb 174,290,172.10 while the net cash flow was Rmb 50,323,580.99 last year, representing an increase of 246.34% as compared with last year, which was mainly attributable to the Company strengthening the budget control this year that speeded up the recovery of loans and imposed strict control over expenses such that there was a substantial use in the net cash flow this year against last year.
- 6.9 Effect incurred, being incurred or will be incurred in the financial condition and operating results of the Company by material changes in the operating environment as well as macro-economic policies, laws and regulations**
- ☐ applicable ☒ not applicable
- 6.10 The extent to which the profit forecast is fulfilled**
- ☐ applicable ☒ not applicable
- 6.11 The extent to which the operation plans is achieved**
- ☐ applicable ☒ not applicable
- 6.12 Use of proceeds from subscriptions**
- ☐ applicable ☒ not applicable
- Changes in projects**
- ☐ applicable ☒ not applicable

6.13 Major investments made out of funds other than proceeds from subscriptions

Unit: Rmb'000

Name of project	Amount of project	Progress of the project	Results of the project
Shangxi Beiren Printing Machines Company Limited	60,770	Incorporated on 24th January, 2002	1,888
Beijing Monigraf Automatic Control System Company Limited	3,675	Capital contributions made in 2002	Commenced business on 8th November, 2002
Total	64,445		

6.14 The statement from the Board of Directors concerning the qualified opinion issued by the auditors

☐ applicable ☒ not applicable

6.15 The operation plan for the forthcoming year prepared by the Board of Directors

1. In 2003, the Company will put more efforts in strengthening the Company's management to achieve the management target of standardisation of behaviour, systematisation of performance evaluation and scientific method of decision-making. The Company will properly implemented the strategies in removal and adjustment, mutual sharing of resources, export businesses and product refining projects.

The Company will continue to speed up scientific research and development and product upgrade to raise the quality of products.

The Company will continue to implement MRP II production management and continue to enhance and improve the operations during the process of implementation.

The Company will integrate the construction of new factory and the commencement of operations of the advanced-standard and three-dimensional warehouse to enhance the standard of production management and complete in all aspects of production plans.

The Company will strengthen the management of subcontracting works to external parties and elaborate the advantage of centralised management over subcontracting works to external parties to enhance the quality of the products manufactured by the external parties.

The Company will expand the export of products and develop other business areas for further development of the Company.

The Company will further enhance the Company's price management and strengthen the implementation of the cost management system.

The Company will strengthen the implementation of the management system of subsidiaries, insist on the comprehensive inspection system for subsidiaries, enhance various management standards in all aspects, elaborate the Company's advantages and achieve the mutual sharing of resources with competitive advantages in order to strengthen the Company's competitiveness.

2. The Company commenced construction of new factory on 28th February, 2002. Professional staff carried out research and study in various aspects and repeated the evaluation on the construction plan and prepared forecast for investment in order to achieve savings in investment costs on the new factory and reduce the operating costs of the new factory in the future. At the same time, they tried every method to ensure the progress and quality of the construction. The phase one removal of the Company was completed in the middle of 2002. The phase two removal of the Company (removal to the new factory) will commence on 20 March, 2003.

The removal of the Company involves large amount of efforts, detailed planning and inspection and higher standards in removal techniques for production equipment. To avoid the risk of removal, the Company will make reference to the successful experience in the removal of No. 4 Printing Plant and Moulding Factory and implement at the same time various specific risk control measures. The Company will give instructions to appropriate responsible department on specific requirements on removal so that they can achieve the target of “no interruption of production, no loss of market, no excess investment cost be incurred and no loss of morale”. The sales department will prepare forecast on market demand. Production teams will arrange for production based on market needs and achieve the required inventory level. The finance department will carry out appropriate budgetary and capital investment control. The Company will require that the plan is cautious, the overall conditions are taken into account, co-ordination is strengthened and centralised command is applied to ensure a stable and safe progress in removal works.

The Company’s removal will combine organically the application of scientific technical process with the production organisation structure. This will not only enhance the Company’s overall production capability but more importantly integrate the removal with the Company’s management reform. By integration and implementation of design information management system, technical information management system, production information management system, supply chains network information management system, financial information management system, customer relationship information management system and office automation information management system, the Company will enhance the digital management capability and strive to achieve rapid growth of the Company.

3. By way of creative renovation of organisational structure, technological renovation and the reengineering of the flow within the enterprise, the Company will make progress in reform and development to establish a company with new organisation structure, flexible mechanism and sound management.

Profit forecast for the forthcoming year (if any)

☐ applicable ☒ not applicable

6.16 The Board of Directors' proposal on the profit appropriation or transfer of capital reserve fund

In 2002, the Company made a net profit of Rmb 68.9407 million calculated under PRC Accounting Standards. Based on its "Articles of Association", 10% equivalent to Rmb 6.6504 million was appropriated for the statutory reserve fund and 10% equivalent to Rmb 6.6504 million was appropriated for the statutory public welfare fund. Taking into account the amount of retained earnings at the beginning of the year of Rmb 18.263 million, the amount of profit which was available for distribution was Rmb 73.903 million. In accordance with the resolution passed by the Board of Directors on 17th April, 2002 and the resolution approved by the general meeting held on 11th June, 2002, the retained earnings at the end of 2001 and the profit accumulated during the period from 1st January, 2002 to the completion date for the issue of new A Shares of the Company will be shared by new and old shareholders together. During the period from 26th December, 2002 to 7th January, 2003, the Company issued 22 million new A Shares. Accordingly, the Company intends to distribute a cash dividend of Rmb 1 (including tax) for each 10 shares to all shareholders on the basis of issued share capital of 42.200 million shares (based on par value of Rmb 1 for each share). The total amount to be distributed is Rmb 42.200 million. The remaining profit of Rmb 31.703 million will be left for future distribution. In 2002, the Company made a net profit of Rmb69.336 million calculated under accounting principles generally accepted in Hong Kong. Rmb13.578 million was appropriated for the statutory reserve fund and the statutory public welfare fund. Taking into account the amount of retained earnings at the beginning of the year of Rmb8.977 million, the amount of profit which was available for distribution was Rmb74.735 million. As the amount of profit available for distribution domestically and overseas is more than the amount of cash dividend of Rmb42.20 million, which complied with the proposal on profit appropriation. In 2002, the Company did not increase its share capital through conversion of its surplus reserves.

7 SIGNIFICANT EVENTS

7.1 Acquisition of assets

Parties and assets acquired	Date of acquisition	Purchase price	Net profit contribution for the listed company from purchase date to the end of the year	Connected transaction (Yes/No)	Pricing Policy
Shaanxi Huanggong Group Printing Machinery Company Limited	17th January, 2002	0	Rmb 1,888,000	No	secured free transfer

7.2 Disposal of assets

☐ applicable ☒ not applicable

7.3 Material guarantees

☐ applicable ☒ not applicable

7.4 Connected debts and liabilities

☐ applicable ☒ not applicable

7.5 Asset management on trust

☐ applicable ☒ not applicable

7.6 Performance of undertakings

Based on the demands of the Beijing Municipal Government, the Company will move from its current premises at No. 44 Guangqu Road South, Chaoyang District, Beijing in accordance with Beijing's master plan. As Beiren Group Corporation has previously used the plant and land development into the Company as consideration for capital contribution into the Company, Beiren Group Corporation has therefore undertaken to compensate the Company based on a price which is not lower than the net book value of the said property and not lower than the audited expenses for land development when the Company moves out from its current premises. Up to 31st December, 2002, the Company received the compensation amounting to Rmb 75,915,000.

7.7 Material litigation and arbitration

☐ applicable ☒ not applicable

7.8 Performance of responsibilities by the independent directors

After the Company established the system of independent directors, the independent directors had sincerely fulfilled their duties and obligations in accordance with the laws, regulations and the Articles of Association. They paid attention to the Company's production, operation and extent of compliance with the laws. They actively participated in the works for the meeting of the Board of Directors and general meetings. They expressed their own opinions and ideas and sincerely protected the lawful interests of public shareholders.

7.9 Connected transactions

During the reporting period, the Company did not have any material connected transactions and the details other connected transactions are stated in the accounts prepared according to the Hong Kong generally accepted accounting principles and PRC accounting standards.

7.10 Other matters

(1) During the reporting period, the Company did not have significant post balance sheet events.

(2) Deposits

The first deposit of Rmb 5 million was placed with China Venturetech Investment Company. The second deposit of Rmb 5 million was placed with Ying Peng Cooperative Credit Union, Bai Yin, Gansu Province. A total of Rmb 10 million of deposits have not been recovered as it is still in the process of liquidation by the relevant authorities. These two deposits represent approximately 1% of the Company's net assets and will cause no material effect to the Company's operations. The Company has made a provision for loss of Rmb7.00 million.

- (3) The 15% income tax rate of the Company does not include any instances of “First paying taxes, then receiving rebates” for the company.
- (4) From 26 December, 2002 to 7 January, 2003, the Company issued an additional 22,000,000 A shares upon approval of Zheng Jian Fa Hang Zi Document [2002] No. 133 of the China Securities Regulatory Commission.
- (5) Basic medical insurance for staff

The Company implemented with effect from October, 2001 the “Regulations on the Basic Medical Insurance for Staff in Beijing Municipal” and paid for basic medical insurance for staff in accordance with the “Regulations”. Previously, the medical expenses of the Company’s staff and retired staff were paid out of the staff welfare expense and administrative expenses. After the implementation of the new regulations, the Company paid basic medical insurance premiums based on 9% of the total staff remunerations (of which: 4% out of cost and expenses, 5% out of staff welfare expenses) and paid mutual funds for large medical payments based on 1% of the total staff remunerations out of the staff welfare expenses. An amount equivalent to 4% of the total staff wages was made out of cost and expenses and retained by the Company for additional medical insurance. The amount will be used for medical expenses which comply with the conditions for additional medical insurance charges in accordance with the “Regulations on the Basic Medical Insurance for Staff in Beijing Municipal”. The basis of provision for staff welfare expenses remains the same and is still based on 14% of the total wages of the existing staff.

Before October, 2001, the Company participated in the central funds for serious sickness in Beijing and paid to the centralised funds for serious sickness based on 6% of the total staff wages (of which 3.5% out of cost and expenses and 2.5% out of staff welfare expenses. After the implementation of the “Regulations on the Basic Medical Insurance for Staff in Beijing Municipal”, the arrangement of the central funds for serious sickness ceased to operate.

By comparing the situations before the implementation of the “Regulations on the Basic Medical Insurance for Staff in Beijing Municipal” with the situations after the implementation, the percentage of medical insurance expenses included in costs increased from previous 3.5% to 8%, representing an increase of 4.5% and affected the consolidated profit and loss statement by Rmb 2.809 million. The affected items of consolidated balance sheet were staff welfare payable and other payables. As other payables were temporary accounts, there was no significant impact on the consolidated balance sheet. In respect of the effect on the staff welfare payable, the total wages increased by 4% as compared with the situations before the implementation of the “Regulations on the Basic Medical Insurance for Staff in Beijing Municipal”. As the amount involved was around Rmb 2.8 million, the impact on the consolidated balance sheet was not substantial.

8 REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee was of the opinion that the Company carried out its operations in accordance with the laws and there were no problems in the Company's financial positions, use of the Company's proceeds arising from subscriptions, acquisition of enterprises, disposal of assets and connected transactions.

9 FINANCIAL REPORT

9.1 Audit opinion

The Company's financial statements for 2002 prepared according to PRC accounting standards have been audited by certified accountants Cui Jing and Jing Yiqing of Deloitte Touche Tohmatsu Hua Wing Certified Public Accountants Co., Ltd. whereas the Company's financial statements for 2002 prepared according to Hong Kong's generally accepted accounting principles have been audited by Deloitte Touche Tohmatsu. Both auditors of the Company have issued an auditors' report with unqualified opinion.

9.2 Financial statements (see attached statements)

BALANCE SHEET

Year ended 31st December, 2002

Unit: Rmb

Item	Closing balance		Opening balance	
	The Group	The Company	The Group	The Company
Current assets:				
Cash and bank balances	186,886,282.11	139,762,305.41	217,447,347.74	195,614,130.48
Bill receivables	14,352,100.00	16,665,896.19	9,265,070.28	9,265,070.28
Account receivables	184,009,844.69	138,399,585.91	121,380,229.14	108,255,124.46
Other receivables	31,666,688.88	69,319,289.64	21,089,795.18	67,451,487.68
Prepayment	18,002,960.10	5,103,949.21	16,863,192.44	15,594,032.64
Inventories	521,658,881.92	369,342,042.90	478,984,417.38	380,756,559.48
Deferred expenses	1,633,528.16	—	892,328.08	5,153.86
Total current assets	958,210,285.86	738,593,069.26	865,922,380.24	776,941,558.88
Long term investment				
Long term equity investment	17,460,855.80	160,484,105.87	15,470,000.38	72,463,337.67
Long term investment in debts	24,393,800.00	24,393,800.00	24,393,800.00	24,393,800.00
Total long term investment	41,854,655.80	184,877,905.87	39,863,800.38	96,857,137.67
Fixed assets:				
Fixed assets, at cost	1,015,615,044.76	711,236,520.29	863,137,497.74	728,094,612.20
Less: Accumulated depreciation	465,133,836.70	318,516,187.39	366,321,896.92	325,116,010.61
Fixed assets, net book value	550,481,208.06	392,720,332.90	496,815,600.82	402,978,601.59
Less: Provision for diminution in value of fixed assets	27,720,554.99	27,601,252.99	31,689,714.46	31,689,714.46
Fixed assets, net	522,760,653.07	365,119,079.91	465,125,886.36	371,288,887.13
Construction in progress	231,662,234.82	229,963,247.74	128,528,475.51	120,940,688.12
Total fixed assets	754,422,887.89	595,082,327.65	593,654,361.87	492,229,575.25

Intangible assets				
and other assets:				
Intangible assets	76,995,335.89	21,879,447.47	29,650,982.69	22,334,516.50
Long term				
deferred expenses	50,788,348.53	50,628,000.00	52,239,845.19	51,108,000.00
Total intangible assets				
and other assets	127,783,684.42	72,507,447.47	81,890,827.88	73,442,516.50
Deferred tax				
Total assets	1,882,271,513.97	1,591,060,750.25	1,581,331,370.37	1,439,470,788.30
Current liabilities				
Short term loans	257,000,000.00	195,000,000.00	247,100,000.00	220,000,000.00
Bills payable	37,722,813.36	37,722,813.36	—	—
Accounts payable	146,518,990.75	86,843,993.38	103,536,793.80	67,927,415.91
Receipts in advance	99,639,638.55	69,804,841.04	32,234,303.01	21,537,025.76
Wages payable	5,002,931.50	3,692,281.41	5,259,796.07	3,692,281.41
Staff welfare payable	19,619,725.96	12,176,185.19	10,437,631.40	8,105,470.26
Dividend payable	42,200,000.00	42,200,000.00	48,000,000.00	48,000,000.00
Taxes payable	20,330,035.29	11,045,138.80	23,251,647.27	23,117,898.36
Sundry payable	1,270,516.34	214,651.11	523,834.26	487,224.75
Other payable	119,170,763.32	98,314,131.77	110,360,419.30	94,289,034.50
Accruals	3,161,310.81	2,000,000.00	—	—
Provision for liabilities	22,183,713.00	22,183,713.00	—	—
Long term liabilities				
payable within one year	4,400,000.00	—	16,750,000.00	—
Total current liabilities	778,220,438.88	581,197,749.06	597,454,425.11	487,156,350.95
Long term liabilities				
Long term loans	46,350,000.00	32,000,000.00	1,700,000.00	—
Long term payable	29,550,000.00	—	—	—
Specific payable	—	—	200,000.00	—
Other long term liabilities	333,600.00	—	—	—
Total long term liabilities	76,233,600.00	32,000,000.00	1,900,000.00	—
Deferred tax				
Credit balance of				
deferred tax	242,941.38	242,941.38	242,941.38	242,941.38
Total liabilities	854,696,980.26	613,440,690.44	599,597,366.49	487,399,292.33
Minority interests	48,463,279.15	—	30,607,838.67	—

Owners' equity				
(or shareholders' equity)				
Paid up capital				
(or share capital)	400,000,000.00	400,000,000.00	400,000,000.00	400,000,000.00
Paid up capital				
(or share capital), net	400,000,000.00	400,000,000.00	400,000,000.00	400,000,000.00
Capital reserve	400,755,880.29	400,755,880.29	399,511,301.04	399,511,301.04
Surplus reserve	146,650,594.51	146,550,197.49	133,349,797.59	133,249,400.57
including: statutory				
public welfare fund	49,009,267.88	48,959,069.37	42,358,869.42	42,308,670.91
Retained profits	31,702,840.27	30,313,982.03	18,262,946.55	19,310,794.36
Exchange reserve	1,939.49	—	2,120.03	—
Total owners' equity				
(or shareholders' equity)	979,111,254.56	977,620,059.81	951,126,165.21	952,071,495.97
Total liabilities and owners' equity (or shareholders' equity)	1,882,271,513.97	1,591,060,750.25	1,581,331,370.37	1,439,470,788.30

PROFIT AND LOSS ACCOUNT AND PROFITS DISTRIBUTION

Year ended 31st December, 2002

Item	Current period		Previous period	
	Unit: Rmb			
	The Group	The Company	The Group	The Company
1. Principal operating income	926,929,279.47	689,106,919.67	699,076,375.57	643,607,681.74
Less: Operating cost	624,115,517.80	453,219,981.33	487,154,596.67	453,434,966.25
Sales tax and surcharge	7,492,404.42	5,935,123.42	4,873,884.34	4,405,588.34
2. Profit from principal operations	295,321,357.25	229,951,814.92	207,047,894.56	185,767,127.15
Add: Profit from other operations	2,072,402.50	1,254,370.87	1,669,482.52	956,214.89
Less: Selling expenses	38,723,174.05	23,391,578.60	31,195,815.65	25,514,871.44
Administrative expenses	163,220,537.57	122,612,974.12	90,915,896.73	73,319,922.86
Finance costs	14,991,256.87	10,923,728.44	5,038,213.06	4,419,787.73

3. Operating profit	80,458,791.26	74,277,904.63	81,567,451.64	83,468,760.01
Add: Investment income				
(Loss is indicated				
by the mark “()”)	(3,069,275.41)	604,875.95	(4,234,399.62)	(4,266,295.02)
Subsidy income	205,874.00	—	—	—
Non-operating income	5,962,656.07	1,222,338.63	1,229,275.87	1,048,259.57
Less: Non-operating				
expenses	(1,940,822.48)	(4,874,268.52)	2,810,649.56	1,810,609.99
4. Total profit	85,498,868.40	80,979,387.73	75,751,678.33	78,440,114.57
Less: Income tax	15,034,226.51	14,475,403.14	13,738,214.56	13,577,426.55
Less: Minority interests	1,523,951.25	—	(2,268,211.69)	—
5. Net profit for the year	68,940,690.64	66,503,984.59	64,281,675.46	64,862,688.02
Add: Retained profits at				
the beginning				
of the year	18,262,946.55	19,310,794.36	14,953,808.69	15,420,643.94
6. Distributable profits	87,203,637.19	85,814,778.95	79,235,484.15	80,283,331.96
Less: Statutory surplus				
reserve	6,650,398.46	6,650,398.46	6,486,268.80	6,486,268.80
Statutory public				
welfare fund	6,650,398.46	6,650,398.46	6,486,268.80	6,486,268.80
7. Profits distributable to				
shareholders	73,902,840.27	72,513,982.03	66,262,946.55	67,310,794.36
Less: Preferential shares				
Ordinary share				
dividend payable	42,200,000.00	42,200,000.00	48,000,000.00	48,000,000.00
8. Retained profits				
carried forward	31,702,840.27	30,313,982.03	18,262,946.55	19,310,794.36
Supplementary information:				
Increase/(decrease) in profit				
due to change in				
accounting policies	(5,219,182.61)	(5,219,182.61)	(11,813,200.00)	(8,333,200.00)

CASH FLOW STATEMENT

Year ended 31st December, 2002

Item	<i>Unit: Rmb</i>	
	The Group	The Company
1. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	1,093,107,023.77	757,896,764.48
Refund of taxes and surcharges received	1,729,897.09	—
Other cash received relating to operating activities	67,977,865.00	61,022,948.94
Sub-total of cash inflows	1,162,814,785.86	818,919,713.42
Cash paid for goods and services	618,835,200.57	397,399,945.29
Cash paid to and on behalf of employees	143,341,351.04	99,314,402.23
Taxes and surcharges paid	111,615,992.62	93,556,966.17
Other cash paid relating to operating activities	114,732,069.62	62,697,700.39
Sub-total of cash outflows	988,524,613.85	652,969,014.08
Net cash flows from operating activities	174,290,172.01	165,950,699.34
2. Cash flow from investing activities:		
Cash received from refund of investment	260,000.00	—
Cash received for investment income	—	457,400.00
Net cash received from disposal of fixed assets, intangible assets and other long term assets	34,151,657.26	31,897,323.91
Cash obtained from acquisition of subsidiaries	5,053,173.50	—
Sub-total of cash inflows	39,464,830.76	32,354,723.91
Cash paid to acquire fixed assets, intangible assets and long term assets	162,176,092.24	136,438,721.90
Cash paid for investment	3,675,000.00	64,445,000.00
Sub-total of cash outflows	165,851,092.24	200,883,721.90
Net cash flows from investing activities	(126,386,261.48)	(168,528,997.99)
3. Cash flows from financing activities		
Proceeds from borrowings	491,925,000.00	409,060,000.00
Sub-total of cash inflows	491,925,000.00	409,060,000.00
Cash repayments of borrowings	505,040,000.00	402,060,000.00
Cash payments for distribution of dividends or profits and payments of interest expenses	65,763,530.66	60,600,147.79
Of which dividend paid by subsidiaries to minority shareholders	196,000.00	—
Sub-total of cash outflows	570,803,530.66	462,660,147.79
Net cash flows from financing activities	(78,878,530.66)	(53,600,147.79)
4. Effect of foreign exchange rate changes on cash	413,554.50	326,621.37
5. Net increase in cash and cash equivalents	(30,561,065.63)	(55,851,825.07)

SUPPLEMENTARY INFORMATION

1. Reconciliation of profit after taxation to cash flows

from operating activities:

Net profit for the year	68,940,690.64	66,503,984.59
Add: Provision for diminution in value of assets	34,485,256.31	27,907,340.32
Depreciation of fixed assets	51,815,336.79	35,519,829.14
Amortisation of intangible assets	2,705,055.35	455,069.03
Amortisation of deferred expenses	1,651,021.42	480,000.00
Decrease in deferred expenses (less: increase)	(741,200.08)	5,153.86
Increase in accruals (less: decrease)	3,161,310.81	2,000,000.00
Loss on disposal of fixed assets, intangible assets and other long term assets (less: income)	(3,664,327.43)	(754,128.63)
Financial expenses	17,567,530.66	12,273,526.42
Investment loss (less: income)	3,527,973.96	1,676,507.35
Decrease in inventory (less: increase)	2,609,428.66	11,414,516.58
Decrease in operating receivables (less: increase)	(35,596,318.58)	(34,455,935.76)
Increase in operating payables (less: decrease)	26,304,462.25	42,924,836.44
Contributions from minority interests	1,523,951.25	—
Net cash flows from operating activities	174,290,172.01	165,950,699.34
2. Net increase in cash and cash equivalents:		
Cash and bank balances at the end of the period	186,886,282.11	139,762,305.41
Less: Cash and bank balances at the beginning of the period	217,447,347.74	195,614,130.48
Net increase in cash and cash equivalents	(30,561,065.63)	(55,851,825.07)

- 9.3** As compared with the latest annual report, the accounting estimate and auditing method remained unchanged. The accounting principle was changed with its impact in accordance with the relevant rules of the Answers to Issues Regarding the Implementation of Enterprises' Accounting System and Relevant Accounting Standards published by the Ministry of Finance (caihui [2001] No. 18). In implementing the Enterprises' Accounting Standards - Fixed Assets, depreciation was made to the fixed assets which have not been used or which are not required to be used. Since the change in the accounting principle did not produce any major impact on the profit of the Company this year and the financial status and operating results of previous years, the depreciation will be included into the current profit and loss and will not be traced back for adjustment. The accumulated effect of the change in the accounting principle on the profit of Company for 2002 amounted to Rmb5,219,182.61.

- 9.4** As compared with the latest annual report, there were changes in the consolidation of financial statements for the year. The companies of which the statements were consolidated are:

Unit: Rmb

Name of company	Place of incorporation	Registered capital	Percentage of shareholding directly held by the Company %	Principal business
Shangxi Beiren Printing Machinery Co., Ltd.	Weinan City, Shangxi Province	100,000,000	84.18	printing machinery
Zhejiang Beiren Printing Machinery Operating and Sale Co., Ltd.	Hangzhou City, Zhejiang Province	1,500,000	55	sale of printing machinery

In addition, the Company's subsidiary Beijing Beiren Printing Machinery Transportation Company was liquidated in the second half of 2002. The liquidation of the subsidiary is expected to be completed in the second half of 2003. As such, provision has been made for impairment loss on the subsidiary's long-term total investment net value. The financial statements of the subsidiary was not included into the consolidated financial statements.

Board of Directors

Beiren Printing Machinery Holdings Limited

10 April 2003

**ANNOUNCEMENT OF RESOLUTIONS PASSED AT THE FIFTH MEETING OF
THE FOURTH SUPERVISORY COMMITTEE**

The Supervisory Committee of Beiren Printing Machinery Holdings Limited (the “Company”) held its meeting on 10 April 2003 at the Company’s Conference Room. There were three supervisors who should attend the meeting and all the three supervisors actually attended the meeting. This complied with the provisions of the Company Law and the Articles of Association of the Company. After consideration, the following resolutions were passed unanimously:

1. The 2002 Supervisory Committee’s Working Report of the Company were considered and approved;
2. The 2002 Annual Report of the Company and its summary were considered and approved;
3. The 2002 audited financial statements of the Company were considered and approved;
4. The 2002 profit distribution proposal of the Company were considered and approved;

During the reporting period, the Supervisory Committee performed its functions and powers conferred by the Company Law and the Article of Association in accordance with the principle of fidelity and discharged its surveillance duties diligently in order to safeguard the interests of shareholders and the Company.

The Supervisory Committee considers that the Company has operated in compliance with laws and the Articles of Association. The procedures for convening the Board of Directors meetings and general meetings are lawful. The rules of procedures for such meetings and disclosure of information complied with laws and regulations such as the Company Law of the PRC and the provisions of the Articles of Association. The Company’s directors, managers and other senior management exercised self-discipline in compliance with rules and regulations when discharging their duties and contributed to the development of the Company in a proactive manner. The financial statements for the year have been prepared under the PRC accounting standards and the accounting principles generally accepted in Hong Kong and the accounting methods followed the principle of consistency. The data contained in the financial statements truly and accurately reflected the operating results and the financial status of the Company. The proceeds raised in 1998 have been used up at the end of the year. The Company’s connected transactions were conducted in a fair, unbiased and open basis and no matter which was found as to infringe upon the interests of the connected shareholders and the Company.

Supervisory Committee

Beiren Printing Machinery Holdings Limited

10 April 2003

NOTICE OF 2002 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Board of Directors of Beiren Printing Machinery Holdings Limited has decided to convene the 2002 Annual General Meeting as follow:-

- 1) Time of the Meeting: Thursday, 9:00 a.m. on 12 June 2003
- 2) Place of the Meeting: Multi-purpose Conference Hall, 2/F, Beiren Hotel, No. 48, Dongsanhuan Road South, Chaoyang District, Beijing, the People's Republic of China
- 3) Purposes of the Meeting:
 - (i) Ordinary resolutions:
 - (a) To consider the Company's 2002 Board of Directors' Working Report;
 - (b) To consider the Company's 2002 Supervisory Committee's Working Report;
 - (c) To consider the Company's 2002 audited Financial Statements;
 - (d) To consider the Company's 2002 Profit Distribution Plan;
 - (e) To consider the resolution of approving the reappointment of Deloitte Touche Tohmatsu, Shanghai, Certified Public Accountants and Deloitte Touche Tohmatsu, Certified Public Accountants of Hong Kong, to be the domestic and international auditors of the Company in 2003, and to authorise the Board of Directors to fix their emoluments;
 - (f) To consider the resolution in relation to the method for management of the Company's proceeds;
 - (g) To consider the proposal of the Salary and Appraisal Committee on the standards for salaries and appraisal of directors, supervisors and senior management, and on the authorities required for performing duties;

The proposal is formulated with reference to the annual average remuneration of the directors, supervisors and senior management of the same industry, which are classified as the high, medium and low rank respectively, and the annual remuneration system applicable to the listed company outside the PRC together with the responsibilities, working hours, tasks performed and whether they have any outstanding performance.
 - (ii) Special resolution:
 - (a) To consider the resolution in relation to amendments to the Company's Articles of Association.
- 4) Attendees of and Attendance at the Annual General Meeting:
 - (a) The Company's directors, supervisors, Company Secretary, and senior management personnel;
 - (b) All shareholders of the Company whose names appear on the register of members of the Company maintained at China Securities Registration and Clearing Limited, Shanghai Branch by the close of trading on 9 May 2003 are entitled to attend the meeting;

- (c) The proxies of legal person shareholders should bring along the shareholder account card, a copy of the business licence, the power of attorney and the proxy's own identity card; the proxies of social public shareholders should bring along the identity card and shareholder account card (the proxy must also hold the power of attorney and his/her identity card), to the Company Secretary's Office of the Board of Directors of the Company at 8:30 a.m - 11:30 a.m. or 2:00 p.m. to 4:00 p.m. during 12 May to 23 May 2003, to register. They may make registration by mail, fax and should make clearly their contact numbers.
 - (d) Holders of the Company's H Share are advised that the register of members of the Company's H Shares will be closed from 12 May 2003 to 12 June 2003 (both days inclusive) during which no transfer of H Shares will be registered. To rank for the final dividend, holders of H Shares must deliver the transfer documents together with the relevant share certificates to the Company's registrar, Hong Kong Registrars Limited, at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 9 May 2003. Holders of the Company's H Shares, whose names appear on the register of members of the Company on 12 May 2003 or their proxies are entitled to attend the meeting by presenting their identity cards (passport).
 - (e) Each shareholder entitled to attend and vote at the Annual General Meeting may appoint one or more proxies (whether a shareholder or not) to attend and vote on behalf of him.
 - (f) For shareholders who appoint more than one proxy, the voting right can only be exercised when a poll is taken.
 - (g) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing. If the form of proxy is signed by the attorney on behalf of the appointor, the power attorney or other authority must be notarially certified. To be valid, the form of proxy, together with a notarially certified copy of the power of attorney or other authority, must be delivered to the registered address of the Company not less than 24 hours before the commencement of the meeting.
 - (h) Shareholders who intend to be present at the meeting are requested to deliver the written reply to the registered office of the Company in person, by post, telex or facsimile before 23 May 2003.
- 5) Other matters:
- The Company's registered address: Company Secretary to the Board of Directors Office, Beiren Printing Machinery Holdings Limited, No. 44, Guangqu Road South, Chaoyang District, Beijing.
- Contact telephone : 010-67748470
 Fax : 010-67714086
 Postal code : 100022
 Contact person : Rong Peimin
- The Annual General Meeting is expected to last for half a day. Attendees should provide for their own accommodation and travelling expenses.

Board of Directors
Beiren Printing Machinery Holdings Limited

ANNOUNCEMENT OF RESOLUTIONS PASSED AT THE SEVENTH MEETING OF THE FOURTH BOARD OF DIRECTORS

Beiren Printing Machinery Holdings Limited (the “Company”) held its Board of Directors’ meeting at the Conference Room at the 2nd Floor, Beiren Hotel on 10 April 2003. There were 10 directors who should attend the meeting and all the 10 directors attended the meeting. The meeting was presided by the Chairman, Mr. Zhu Wuan. The Company’s directors, supervisors, Company Secretary to the Board of Directors and some of the senior management personnel attended the meeting and this complied with the provisions of the Company Law, the Securities Law and the Company’s Article of Association. The following resolutions were considered and approved at the meeting:

1. The 2002 Annual Report of the Company and its summary were considered and approved;
2. The 2002 Board of Directors’ Working Report of the Company was considered and approved;
3. The Composite Plan and the Technological Renovation Plan of the Company for 2003 were considered and approved;
4. The 2002 audited Financial Statements of the Company was considered and approved;
5. The motion to reappoint Deloitte Touche Tohmatsu, Shanghai, Certified Public Accountants and Deloitte Touche Tohmatsu Certified Public Accountants of Hong Kong as the domestic and international auditors of the Company in 2003 was considered and approved;
6. The 2002 profit distribution proposal of the Company was considered and approved;

Profit after taxation of the Company for 2002 amounted to Rmb68,940,700 calculated under PRC accounting standards. The amount of Rmb6,650,400 was appropriated for the statutory surplus fund and the statutory welfare fund respectively based on 10% of the profit after taxation. Together with the undistributed profit of Rmb18,263,000 at the beginning of the year, the actual profit distributable to shareholders amounted to Rmb73,903,000. In accordance with the resolution passed by the Board of Directors on 17 April 2002 and upon the approval by shareholders at the Annual General Meeting held on 11 June 2002, the undistributed profit at the end of 2001 and the profit accumulated from 1 January 2002 to the date immediately before the completion of the issue of A shares by the Company will be shared among the existing and new shareholders. During the period from 26 December 2002 to 7 January 2003, the Company issued 22,000,000 A shares. The Company proposed to distribute dividends of Rmb1.00 (including tax) for the 422,000,000 shares (of par value Rmb1.00 each) in issue to shareholders for every 10 shares held, which makes for a total of Rmb42,200,000. The unallocated profit of Rmb31,703,000 will be distributed in the subsequent years. In 2002, the Company made a net profit of Rmb69.336 million calculated under accounting principles generally accepted in Hong Kong. Rmb13.578 million was appropriated for the statutory reserve fund and the statutory public welfare fund. Taking into account the amount of retained earnings at the beginning of the year of Rmb18.977 million, the amount of profit which was available for distribution was Rmb74.735 million. As the amount of profit available for distribution domestically and overseas is more than the amount of cash dividend of Rmb42.20 million, which complied with the proposal on profit appropriation. In 2002, the Company did not propose to make appropriation from the capital reserve to share capital.

7. The resolution in relation to amendments to the Company's Articles of Association was considered and approved;
8. The proposals by the four committees of the Board of Directors were considered and approved:
 - (1) proposal of the Strategic Development Committee on the Tenth Five-Year Development Strategies;
 - (2) proposal of the Salary and Appraisal Committee on the standards for salaries and appraisal of directors , supervisors and senior management, and on the authorities required for performing duties;
the proposal is formulated with reference to the annual average remuneration the directors, supervisors and senior management of the same industry, which are classified as the high, medium and low rank respectively, and the annual remuneration system applicable to the listed company together with the responsibilities, working hours, tasks performed and whether they have any outstanding performance;
 - (3) proposal of the Auditing Committee on comments and suggestions on carrying out the financial, accounting and auditing systems by the Company;
 - (4) proposal of the Nominating Committee on the creation of the post of Chief Executive Officer and assumption thereof by the Chairman.
9. The resolution in relation to the convening of the Annual General Meeting for 2002 was considered and approved.

By order of the Board
Rong Peimin
Director and Company Secretary

10 April 2003

Please also refer to the published version of this announcement in The Standard / Hong Kong Economic Times.