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

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

(Stock Code: 187)

2006 INTERIM REPORT SUMMARY

IMPORTANT NOTICE

- The board of directors (the "Board") of Beiren Printing Machinery Holdings Limited (the "Company") and the directors of the Company (the"Directors") 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.
- All Directors of the Company attended the Board meeting.
- The financial statements of the interim report have not been audited.
- Mr. Zhu Wuan, the Chairman, Mr. Wang Guohua, the General Manager, and Mr. Jiang Jianming, Head of the Finance Department, have declared that they guarantee the truthfulness and completeness of the financial statements contained in the interim report.

I. BASIC INFORMATION OF THE COMPANY

A Share short name	G北人
A Share securities code	600860
Place of listing of Company's A Shares	Shanghai Stock Exchange
H Shares short name	Beiren Printing
H Shares stock code	187
Place of listing of Company's H Shares	The Stock Exchange of Hong Kong Limited
	Secretary to the Board
Name	Rong Peimin
Telephone number	86-010-67802565
Facsimile number	86-010-67802570
Email address	beirengf@beirengf.com
Correspondence address	No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC

II. CONDENSED CONSOLIDATED INCOME STATEMENT (PREPARED UNDER ACCOUNTING PRINCIPES GENERALLY ACCEPTED IN HONG KONG)

FOR THE SIX MONTHS ENDED 30 JUNE 2006

		Six months ended	
		30 June 2006	30 June 2005
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	*(unaudited)*
Turnover	3	**513,057**	495,310
Cost of sales		**(401,355)**	(360,135)
Gross profit		**111,702**	135,175
Other income		**4,753**	2,977
Distribution costs		**(27,910)**	(20,411)
Administrative expenses		**(67,983)**	(69,451)
Finance costs		**(8,293)**	(6,047)
Share of results of associates		**428**	2,035
Profit before taxation	5	**12,697**	44,278
Income tax expense	6	**(2,466)**	(5,392)
Profit for the period		**10,231**	38,886
Attributable to:			
Equity holders of the parent		**9,894**	38,398
Minority interests		**337**	488
		10,231	38,886
Earnings per share - Basic (in RMB: fen)	8	**RMB2.34 fen**	RMB9.10 fen

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2006

	NOTES	30 June 2006 RMB'000 (unaudited)	31 December 2005 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	9	**676,703**	645,994
Investment properties		**55,413**	56,124
Goodwill		**4,434**	4,434
Intangible assets		**1,171**	1,566
Interests in associates		**35,013**	12,274
Prepaid lease payments – non-current portion		**122,740**	123,845
Deferred tax assets		**20,525**	19,684
		915,999	863,921
Current assets			
Inventories		**683,122**	719,988
Trade and other receivables	10	**523,832**	432,067
Amount due from minority shareholders of subsidiaries		**10,290**	10,034
Prepaid lease payments - current portion		**2,672**	2,338
Bank balances and cash		**90,539**	93,696
Restricted cash		**10,323**	8,776
		1,320,778	1,266,899
Current liabilities			
Trade and bills payables	11	**303,214**	304,468
Other payables		**118,726**	100,143
Sales deposits received		**53,389**	36,811
Amount due to ultimate holding company		**12,150**	13,204
Taxation payable		**6,550**	6,444
Dividend payable		**29,540**	—
Borrowings - due within one year	12	**385,720**	322,953
		909,289	784,023
Net current assets		**411,489**	482,876
Total assets less current liabilities		**1,327,488**	1,346,797

	NOTES	30 June 2006 RMB'000 (unaudited)	31 December 2005 RMB'000 (audited)
Capital and reserves			
Share capital	13	**422,000**	422,000
Reserves		**850,122**	869,768
Equity attributable to equity holders of the parent		**1,272,122**	1,291,768
Minority interests		**51,366**	51,029
Total equity		**1,323,488**	1,342,797
Non-current liabilities			
Borrowings - due after one year	12	**4,000**	4,000
		1,327,488	1,346,797

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

1. BASIS OF PREPARATION

The condensed financial statements have 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 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1 December 2005 to 1 January 2006 respectively. The application of the new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods are prepared and presented. Accordingly, no prior year adjustment has been required.

At the date of authorization of these financial statements, the following HKFRSs, HKASs and Interpretations were issued by the HKICPA but not yet effective:

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HK (IFRIC) - Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Ecomoies[2]
HK (IFRIC) - Int 8	Scope of HKFRS2[3]
HK (IFRIC) - Int 9	Reassessment of Embedded Derivative[4]

1. Effective for annual periods beginning on or after 1 January 2007.
2. Effective for annual periods beginning on or after 1 March 2006.
3. Effective for annual periods beginning on or after 1 May 2006.
4. Effective for annual periods beginning on or after 1 June 2006.

The directors anticipate that the adoption of these HKFRSs, HKASs and Interpretations in future periods will have no material impact on the financial statements of the Group.

3. TURNOVER

	Six months ended	
	30 June 2006	30 June 2005
	RMB'000	*RMB'000*
Sales of printing machines	**495,850**	473,404
Sales of spare parts	**9,991**	11,424
Provision of printing services	**10,400**	13,079
Total sales	**516,241**	497,907
Less: Sales tax and other surcharges	**(3,184)**	(2,597)
	513,057	495,310

4. SEGMENT INFORMATION

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

5. PROFIT BEFORE TAXATION

	Six months ended 30 June 2006 RMB'000	30 June 2005 RMB'000
Profit before taxation has been arrived at after charging (crediting):		
Depreciation and amortisation	**22,807**	24,739
Share of tax of associates (included in share of results of associates)	**101**	216
Interest income	**(541)**	(358)
Loss (profit) on disposal of property, plant and equipment	**152**	(1,054)
Reversal of impairment loss of leasehold property *(Note)*	**(3,500)**	—

Note: At 30 June 2006, the Group has reserved the impairment loss of RMB3,500,000 of the leasehold properties in Hong Kong which was recognized in the income in prior year.

6. INCOME TAX EXPENSE

	Six months ended 30 June 2006 RMB'000	30 June 2005 RMB'000
The charge comprises:		
PRC income tax	**3,307**	7,867
Deferred tax credit	**(841)**	(2,475)
	2,466	5,392

The PRC income tax of the Company and one of its subsidiaries, Shanxi Beiren Printing Machinery Company Limited, is calculated at the rate of 15% (2005: 15%) of the estimated assessable profit for the year. In accordance with the relevant rules and regulations in PRC, all other PRC subsidiaries are subject to PRC income tax levied at a rate of 33% (2005: 33%), except for Beijing Beiren Fuji Printing Machinery Company Limited which is taxed at 12% (2005: 12%).

The Group does not have any significant tax liability in any other jurisdiction.

7. DIVIDENDS

Dividend for 2005 of RMB29,540,000 was approved by the shareholders in the annual general meeting held on 27 June 2006. Dividend for 2004 of RMB33,760,000 was approved by the shareholders in the annual general meeting held on 8 June 2005.

The directors do not recommend the payment of any interim dividend.

8. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the ordinary equity holders of the parent is based on the net profit for the period attributable to equity holders of the parent of RMB9,894,000 (2005: RMB38,398,000) and on the number of 422,000,000 shares (2005: 422,000,000 shares) in issue during the period.

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB1,833,000 (2005: RMB1,517,000) on the acquisition of property, plant and equipment and approximately RMB49,873,000 (2005: RMB28,271,000) on construction in progress.

During the period, the Group disposed of certain plant and machinery with a carrying amount of RMB557,000 (2005: RMB9,219,000) for a total consideration of RMB405,000 (2005: RMB10,273,000), resulting in a loss on disposal of RMB152,000 (2005: gain of RMB1,054,000).

10. TRADE AND OTHER RECEIVABLES

At 30 June 2006, the balances of trade and other receivables included accounts receivable of RMB457,030,000 (31 December 2005: RMB396,566,000). Customers are normally granted a credit period of 90-360 days.

The aged analysis of trade and bills receivable at the balance sheet is as follows:

	30 June 2006	31 December 2005
	RMB'000	*RMB'000*
Within 1 year	**392,745**	352,657
1-2 year	**51,748**	33,628
2-3 year	**11,384**	9,069
Over 3 years	**1,153**	1,212
	457,030	396,566

11. TRADE AND BILLS PAYABLES

	30 June 2006	31 December 2005
	RMB'000	*RMB'000*
The aged analysis of trade and bills payable at the balance sheet date is as follows:		
Within 1 year	**275,455**	295,684
1-2 year	**20,507**	3,811
2-3 year	**3,002**	2,812
Over 3 years	**4,250**	2,161
	303,214	304,468

12. BORROWINGS

The Group obtained new bank loans of RMB243,218,000 (2005: RMB172,675,000), and repaid RMB180,451,000 (2005: RMB128,627,000) during the period. The newly raised loans bear interest at market rates.

13. SHARE CAPITAL

	Amount *RMB'000*
Registered, issued and fully paid:	
At 1 January 2005, 30 June 2005, 31 December 2005 and 30 June 2006	
322,000,000 A shares of RMB1 each	322,000
100,000,000 H shares of RMB1 each	100,000
	422,000

14. THE EFFECT ON THE CONDENSED FINANCIAL STATEMENTS ARISING FROM THE DIFFERENCES BETWEEN PRC ACCOUNTING STANDARDS AND HONG KONG FINANCIAL REPORTING STANDARDS

	Net profit for the six months ended		**Net assets as at**	
	30 June 2006	30 June 2005	**30 June 2006**	31 December 2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
As reported under PRC accounting standards	**10,290**	35,636	**1,261,277**	1,280,500
Adjustments made to conform with Hong Kong Financial Reporting Standards:				
– difference in valuation of net assets contributed to the Company by BGC, ultimate holding company	**—**	—	**(60,198)**	(60,198)
– consequential adjustment on net assets contributed by BGC	**33**	156	**48,244**	48,211
– difference in valuation of capital contribution to subsidiaries	**16**	16	**(274)**	(290)
– difference in recognition of deferred taxation	**841**	2,475	**20,525**	19,684
– recognition of goodwill upon acquisition of a subsidiary	**—**	—	**4,479**	4,479
– amortisation of goodwill upon acquisition of a subsidiary under PRC accounting standards	**113**	—	**(1,231)**	(1,344)
– minority interests as a component in the equity	**337**	488	**51,366**	51,029
– others	**(1,399)**	115	**(700)**	726
As reported under Hong Kong Financial Reporting Standards	**10,231**	38,886	**1,323,488**	1,342,797

III. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Discussion and analysis of the overall operations during the reporting period

1. To address market competitions during the reporting period, the Company made downward price adjustments to certain traditional products. Meanwhile, the high-end press products were yet to take shape for bulk production, leading to the high manufacturing cost. In addition, the Company incurred additional operating expenses including energy costs after moving to new plants. As a result, the Company saw a diminished profit margin. In accordance with the PRC accounting standards, revenue from principal operations was RMB514,525,600 and net profit amounted to RMB10,289,500. In accordance with the generally accepted accounting principles in Hong Kong, revenue from principal operations was RMB513,060,000 and net profit amounted to RMB10,230,000.
2. The first half year saw a recovery of sales. On the one hand, with the PRC's change of import control on high-end machinery, market demand witnessed a gradual rebound for domestically made high-end printing machinery. On the other hand, the Company made reforms to its marketing system to focus on customer-oriented and product-specific concepts, so as to provide all-around customer services to cater for their needs.
3. Taking timely initiatives against problems in product development, the Company made improvements to 10 categories of products in the reporting period. Also advanced technologies were introduced to speed up corporate growth. At the All In Print China 2006 in Shanghai, BEIREN75A which is developed and rolled out addressing practical needs won recognitions of customers and experts on its superior performance and sound quality.
4. The Company enhanced fundamental management to improve safety management. During the reporting period, the Company drafted the Compilation of Safety Management Measures and Protection Rules of Intellectual Property Rights. Aiming at "Enhanced protection and convenience", it is designed to improve safety management and protection of intellectual property rights through establishing management bodies and perfecting management measures and workflows.

5. During the reporting period, the Company participated in two printing press exhibitions - IPEX Expo 2006 in Birmingham (UK) and All In Print China 2006 in Shanghai, allowing more customers' understanding of the Company's technological and manufacturing edges. Especially during the session of All In Print China 2006 in Shanghai, the Company organised a panel of newspaper industry to take a field investigation of BEIREN75A wed mid-scale newspaper press and BEIREN3840 commercial rotary press for tailored promotion. BEIREN75A, the domestic first newspaper press with a capacity of 75,000 sheets per hour featuring high printing speed and non-shaft transmission advanced technologies, made itself a cynosure of the exhibition the field investigation contributed to the development of equipment manufacture to a high standard in China.
6. During the reporting period, the Company accomplished the share reform plan as scheduled pursuant to the "Guidelines for Promoting the Reform and Opening-up and Sustained Development of the Capital Market" promulgated by the State Council of the PRC and the "Guiding Opinions on the Share Reform of Listed Companies" jointly promulgated by the China Securities Regulatory Commission and other four authorities.

(II) Business outlook for the second half of 2006

1. Take more efforts in market promotion of high-end products in the second half of 2006. Marching into high-end product market is a strategic goal of the Company, as with the growing economy of China, the printing market has evolved from low-end to high-end and exquisite finished products, calling for high efficiency and low defectiveness. To meet market demands for high-end presses, the Company will enhance its services for better customer satisfaction, aiming at a well-established brand image across customers.
2. For new product development, the Company will follow its established target set out in its 11th Five-year Plan, amassing resources to speed development of major products under definite positioning and ensuring completion of relevant product certifications.
3. Lower cost to increase profitability. Ex-budget expenses will be under strict control, together with strengthened monitoring of budget implementation. Based on the established standard cost accounting, a standard cost accounting system will be set up for subsidiaries, whereby in-depth analysis of the difference between actual cost and standard cost will be taken to strengthen cost management and increase product gross margin.

4. Enhance capital management to hedge operating risks. During the first half year, the Company's accounts receivable recorded an increase in order to speed up new product development and secure larger market share, thereby increasing operating risks. To resolve it, the Company will include reserve capital, working capital and finished product capital into accountability system for assessment, while shortening production cycle and accelerating capital turnover days to minimise carrying capital and alleviate capital calls. At the same time, the Company will take active measures to cut down accounts receivable, and strictly control instalment size to hedge risks, trying hard to maintain a reasonable cash flow for positive development of the Company.

5. Improve quality management to ensure product quality consistence and reliability. Starting from improving complete set quality and streamlining work processes, the Company will tackle key technology nuts based on market feedbacks, taking efforts in enhancing assembly quality consistence to ensure high quality delivery.

6. As healthy paces of subsidiaries are vital for the Company's investment return and strategic development, the Company will continue its in-process check and internal auditing on subsidiaries in the second half of 2006. The Company will exercise rational management over subsidiaries so as to contribute to the interest of the Company and its shareholders at a whole.

IV. SIGNIFICANT EVENTS

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

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

3. The Audit Committee of the Board has reviewed the Company's unaudited 2006 interim report.

4. 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 ("Model Code") in Appendix 10 to the Listing Rules. Having made specific enquiry to all Directors and supervisors of the Company, each of the Directors and supervisors has complied with the required standards set out in the Model Code within the 6 months ended 30 June 2006.

5. 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 yet identified and appointed an appropriate candidate.

6. Liquidity and sources of capital (prepared under HK GAAP)

   The Group's net cash outflow from operating business for the six months ended 30 June 2006 amounted to RMB1,756,000.

   As at 30 June 2006, the Group had new bank loans amounting to RMB243,218,000 (2005: RMB172,675,000). During the reporting period, it repaid the loan of RMB180,451,000 (2005: RMB128,627,000) received in previous years. The aforesaid new loans bear interest at market rates.

   The gearing ratio of the Group as at 30 June 2006 was 40.83% calculated on its total liabilities and total assets.

7. Exposure to fluctuations in exchange rates and any related hedges

   Transactions of the Company are mainly dominated in Renminbi, Hong Kong dollars or US dollars. The risk of exposure to fluctuations in exchange rates is comparatively low. Therefore, no financial instruments are used by the Company for hedging the exchange rate risk.

8. Contingent liabilities

As at 30 June 2006, the Company did not have any material contingent liabilities.

Beiren Printing Machinery Holdings Limited
Zhu Wuan
Chairman

Beijing, the PRC
24 August 2006

As at the date of the announcement, the Company's directors comprise Mr. Zhu Wuan, Mr. Lu Changan, Mr. Wang Guohua, Mr. Yu Baogui, Mr. Yang Zhendong, Mr. Jiang Jianming, Mr. Deng Gang, Mr. Wu Wenxiang*, Mr. Wu Hongzuo*, Madam Li Yijing* and Mr. Shi Tiantao.*

* *Independent non-executive director*

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