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北人
BEIREN

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 with limited liability)

(Stock Code: 0187)

CONNECTED TRANSACTIONS

The Board of Directors and all members of the Board of Directors of the Company warrant that this announcement does not contain any false information, misleading statement or material omission and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the contents herein contained.

I. SUMMARY OF THE CONNECTED TRANSACTIONS

1. Beiren Printing Machinery Holdings Limited (the “Company”) has applied to Beijing Jingcheng Machinery Electric Holding Co., Ltd. (“Jingcheng Holding”) for the capital support of a credit amount for an entrusted loan of RMB One Hundred and Fifty Million (RMB150,000,000). The loan was made by way of Jingcheng Holding entrusting Bank of Beijing Co., Ltd. (“Bank of Beijing”) granting a loan to the Company.

Jingcheng Holding held 100% shares of Beiren Group Corporation (the “Group”), which held 47.78% shares of the Group. Jingcheng Holding is a beneficial controller of the Company. Therefore, there is a connected relationship between the Company and Jingcheng Holding and the loan constitutes a connected transaction.

2. The Company entrusted the Group to provide the Company with services in relation to the equipment energy business, physical and chemical measurement business and tool and instrument business, and entered into the Business Cooperation Agreement with the Group.

The Group held 47.78% shares of the Company and is a controlling shareholder of the Company. There is a connected relationship between the Company and the Group and such agreement constitutes a connected transaction.

3. The Company entrusted Beijing Beiyong Casting Company Limited (the “Beijing Beiyong”) to process casting and entered into with it the External Processing Agreement. The Company leased parts of its buildings and premises to Beijing Beiyong by entering into the Lease Agreement.

The Company held 20% equity interest in Beijing Beiyong. As the senior management of the Company is appointed as directors of Beijing Beiyong, therefore it constitutes a connected relationship.

II. CONNECTED PARTIES

1. Beijing Jingcheng Machinery Electric Holding Co., Ltd.

Registered address:	Jingcheng Holding Mansion, No. 59 Dongsanhuan Road Central, Chaoyang District, Beijing
Ownership:	limited liability company
Legal representative:	Ren Yaguang
Registered capital:	RMB1,634,545,500
Principle activities:	operation and management of authorized State capital; property right (stock right) operation; financing and investing money from foreign countries.

At the end of 2009, net assets of the Company amounted to RMB8,892,097,000 and net profit amounted to RMB450,587,500 in 2009.

As at 30 September 2010, net assets of the Company amounted to RMB9,522,406,700 and net profit for the first three quarters of 2010 amounted to RMB580,518,600.

2. Beiren Group Corporation

Ownership:	whole people owned
Registered address:	No. 44 Guangqu Venue, Chaoyang District, Beijing
Legal representative:	Zhao Guorong
Registered capital:	RMB171,267,000
Date of incorporation:	16 July 1992
Principle activities:	sales and manufacture of printing machinery, packaging machinery, series products of machine tool and components, technology development, technology 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.

At the end of 2010, net assets of the Group amounted to RMB560,203,100 and net profit amounted to RMB41,523,500 in 2010.

3. Beijing Beiying Casting Company Limited

Registered address:	No. 1 Nanhuan Road, Industrial Zone, Yinghai Village, Daxing District
Ownership:	limited liability company
Legal representative:	Chen Changge
Registered capital:	RMB5,680,000
Principle activities:	manufacture and sale of spare parts and casting parts

At the end of 2010, net assets of the Company amounted to RMB32,770,000 and net profit amounted to RMB1,666,300 in 2010.

The estimated transaction amount between the Company and Beijing Beiying in 2011 is capped at RMB28,630,000.

So far as to this connected transaction, the connected transactions between the Company and a connected person account for less than 5% of the net assets or RMB30,000,000.

III. MAIN CONTENTS AND PRICING POLICY OF THE CONNECTED TRANSACTION

1. Pursuant to the Entrusted Loan Agreement entered into between the Company and Jingcheng Holding, the amount is agreed to be settled by one-off repayment of the interest of the current quarter. The loan entails the signing of the Entrusted Loan Agreement by the three parties, namely Jingcheng Holding being the entruster, Bank of Beijing being the entrusted party and the Company being the borrower. The loan has a term of 12 months, and is unsecured, unguaranteed, and bears interests at a rate not higher than the bank interest rates for the corresponding period.
2. Pursuant to the Business Cooperation Agreement entered into between the Company and the Group, the Company has to pay a fixed service charge of RMB 1,500,000 in aggregate to the Group in 2011. The Company shall pay to the Group RMB500,000 by 15 June 2011 in respect of the services provided in 2010.
3. Pursuant to the External Processing Agreement entered into between the Company and Beijing Beiying, the Company entrusted Beijing Beiying to process casting parts. The agreement is valid for one year, from 1 January 2011 to 31 December 2011.

The settlement amount is determined by the Company on market pricing basis by reference to the technical papers as agreed by both parties.

Pursuant to the Lease Agreement entered into between the Company and Beijing Beiying, the Company leased parts of its buildings and premises to Beijing Beiying. The agreement is valid for one year, from 1 January 2011 to 31 December 2011. Total rent per annum is RMB4,407,100.

IV. PURPOSES OF THE CONNECTED TRANSACTION AND IMPACT ON THE COMPANY

1. The Company entered into the Entrusted Loan Agreement with Jingcheng Holding. As the production of the Company's products has a comparatively long cycle and takes up a significant amount of capital input, the inflow of the amount will duly mitigate the pressure on capital availability of the Company for the year, and at the same time brings more opportunities to the Company by promoting a smooth capital flow, which will in turn enhance the long term development of the Company. As such, the connected transaction is beneficial to the Company's production and operation and to the shareholders. Also, the risk of the connected transaction is controllable and will not jeopardise the interests of the Company and the unconnected shareholders.
2. The Company entered into the Business Cooperation Agreement with the Group to reduce the operation cost of the Company and enhance the Company's business efficiency by separating the non-core business.
3. The Company entered into the External Processing Agreement with Beijing Beiying. Some of the Company's products comprise casting parts, the Company entrusted Beijing Beiying to process casting parts. As the above transaction involves a high degree of expertise, the connected transactions of which will subsist for a long period of time. Since the purchasing cost is not higher than those offered by similar suppliers, it will not have adverse impact to the Company. The connected transaction will not jeopardise the interests of the Company and the unconnected shareholders.

The Company entered into the Lease Agreement with Beijing Beiying and leased certain idle plants to Beijing Beiying. The rental fee, which is determined by reference to prevailing market rates, does not have any adverse impact to the Company. The connected transaction will not jeopardise the interests of the Company and the unconnected shareholders.

V. VOTING DETAILS

The following contracts were considered and passed by 7 directors present at the 26th meeting of the sixth Board of Directors of the Company, the voting particulars of which are as follows:

Resolutions	For	Against	Abstain	Description
The Entrusted Loan Agreement entered into between the Company and Jingcheng Holding	5	0	0	Mr. Zhao Guorong and Mr. Duan Yuangang, being connected directors, abstained from voting
The Business Cooperation Agreement entered into between the Company and Beiren Group Corporation	5	0	0	Mr. Zhao Guorong and Mr. Duan Yuangang, being connected directors, abstained from voting
The External Processing Agreement entered into between the Company and Beijing Beiyong	7	0	0	
The Lease Agreement entered into between the Company and Beijing Beiyong	7	0	0	

Connected transactions of the Company are not subject to approval by the relevant departments.

VI. OPINIONS OF THE INDEPENDENT DIRECTORS

The resolutions of the connected transaction of the Company has been considered and passed at the 26th meeting of the sixth Board of Directors of the Company, which is in line with the information disclosure requirement and decision-making policy of the Company.

The objective pricing of the above connected transactions is determined on a fair and reasonable basis, which complies with the provisions of the relevant laws and rules and the Articles of Association.

In reviewing and voting for the particular resolutions, Mr. Zhao Guorong and Mr. Duan Yuangang, being connected directors, have abstained from voting. These connected transactions will not give rise to circumstances which may harm the interests of the Company and shareholders, particularly minority shareholders.

VII. DOCUMENTS AVAILABLE FOR INSPECTION

1. The signed board resolutions and the signed minutes of the board meeting;
2. The signed letter of advices from the independent directors; and
3. The Entrusted Loan Agreement, the Business Cooperation Agreement, the External Processing Agreement and the Lease Agreement.

The Board of Directors of Beiren Printing Machinery Holdings Limited

Beijing, the PRC
17 March 2011

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Zhao Guorong as non-executive director, Mr. Zhang Peiwu and Mr. Duan Yuangang as executive directors, and Mr. Xu Wencai, Ms. Wang Hui, Mr. Xie Bingguang and Mr. Wang Deyu as independent non-executive directors.