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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)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
(1) PRINTING EQUIPMENT SALES AGENCY AGREEMENT
AND
(2) OFFICE AND PLANT LEASE AGREEMENT**

The Board wishes to announce that on 15 March 2012, the Company entered into the following agreements which constitute continuing connected transactions of the Company under the Listing Rules:—

- (1) Printing Equipment Sales Agency Agreement entered into between the Company and Beiren Group pursuant to which the Company will act as the global sales agent of all Beiren Group's sheet-fed offset printing press models for a term of one year commencing from 1 April 2012 to 31 March 2013.
- (2) Office and Plant Lease Agreement entered into between the Company as lessor and Jingcheng Nagano as lessee for the lease of certain premises at an aggregate monthly rental of RMB497,412.88 for a term of one year commencing from 1 March 2012 to 28 February 2013.

CONTINUING CONNECTED TRANSACTIONS

Printing Equipment Sales Agency Agreement

As Beiren Group is a controlling shareholder of the Company holding approximately 47.78% equity interest in the Company, Beiren Group is a connected person of the Company under Chapter 14A of the Listing Rules. Since the Printing Equipment Sales Agency Transactions shall be carried out on a continuing business and are expected to extend over a period of time, the Printing Equipment Sales Agency Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the transactions on an annual basis are more than 0.1% but less than 5%, the Printing Equipment Sales Agency Transactions are only subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Office and Plant Lease Agreement

As Jingcheng Nagano is wholly owned by Jingcheng Holding, Jingcheng Nagano is an associate of Jingcheng Holding. Jingcheng Holding owns 100% interest in Beiren Group, which in turn is a substantial shareholder of the Company holding approximately 47.78% interest in the Company. Therefore, Jingcheng Nagano is a connected person of the Company under Chapter 14A of the Listing Rules. Since the Office and Plant Lease shall be carried out on a continuing business and are expected to extend over a period of time, the Office and Plant Lease constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Office and Plant Lease on an annual basis are more than 0.1% but less than 5%, the Office and Plant Lease is only subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE PRINTING EQUIPMENT SALES AGENCY AGREEMENT

On 15 March 2012, the Company entered into the Printing Equipment Sales Agency Agreement with Beiren Group containing, inter alia, the following terms:

Date:

15 March 2012

Parties:

- (1) the Company (as sales agent); and
- (2) Beiren Group (as supplier)

Term:

A term of one year commencing from 1 April 2012 to 31 March 2013.

Transaction nature:

Beiren Group agreed to appoint the Company to act as the global sales agent of all Beiren Group's sheet-fed offset printing press models.

Beiren Group shall supply products which function in accordance with standard configuration as specified in product manual to the Company.

Price and payment terms:

The Company shall sell as an agent the products provided by Beiren Group, the lowest market selling price per unit of printing equipment within the commissioned sales period shall be determined with reference to the market price list provided by Beiren Group.

After the Company has completed the sales order of printing equipment, the Company shall make relevant payment to Beiren Group 30 days after the Company has received the sales order payment from its customers which based on the payment terms as set out in the agreement entered into between the Company and its customers.

The commission entitled by the Company in respect of the sale of printing equipment shall be determined based on arm's length negotiation between Beiren Group and the Company. The sales amount which exceeds the agreed commission quota shall be attributed to the Company in full.

ANNUAL CAP AND BASIS FOR DETERMINING THE ANNUAL CAP

The maximum aggregate annual commission fee payable for the Printing Equipment Sales Agency Transactions from 1 April 2012 to 31 March 2013 shall not exceed the annual cap of RMB4,350,000 (being 15% of the total annual sales amount of RMB29,000,000).

The above annual cap is determined based on projected sales volume of the printing equipment per year and the selling price list of the printing equipment as provided by Beiren Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PRINTING EQUIPMENT SALES AGENCY AGREEMENT

The entering into the Printing Equipment Sales Agency Agreement allows the Company to take full advantage of its sales channel and to achieve the "Twelfth Five-Year Guideline" as soon as possible, it will increase the Company's sales revenue and further expand the coverage and influence of the Company's brand name.

The Directors (including the independent non-executive Directors) considered that the Printing Equipment Sales Agency Transactions will be conducted in the ordinary and usual course of business of the Group, and on normal commercial terms, and both the Printing Equipment Sales Agency Transactions and the above annual cap as set out above are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

None of the Directors had material interest in the Printing Equipment Sales Agency Transactions. However, in view of good corporate governance practices, Mr. Zhang Peiwu is the general manager of Beiren Group, Mr. Teng Mingzhi, Mr. Li Shenggao and Ms. Wei Li are directors nominated by the controlling shareholder, they had all abstained from voting in the relevant Board resolutions approving the Printing Equipment Sales Agency Transactions.

OFFICE AND PLANT LEASE AGREEMENT

On 15 March 2012, the Company entered into the Office and Plant Lease Agreement with Jingcheng Nagano containing, inter alias, the following terms:

Date:

15 March 2012

Parties:

- (1) the Company (as lessor); and
- (2) Jingcheng Nagano (as lessee)

Term:

A term of one year commencing from 1 March 2012 to 28 February 2013.

Premises:

Part of the production factories and office premises with total gross floor area of 10,443 sq.m. located at No. 6 Rong Chang Dong Street, Beijing Economic and Technological Development Zone, Beijing, the PRC which includes the southern portion of the assembly plant occupies an area of 4,800 sq.m., the eastern and western wings of the first floor of the assembly plant occupy an office space of 475 sq.m., the western and middle portions of the packaging plant occupy an area of 3,200 sq.m., and the fifth floor of the scientific research building occupies an area of 1,968 sq.m..

Monthly Rental:

Jingcheng Nagano shall pay RMB497,412.88 to the Company when it falls due at the end of every month during the term of the Office and Plant Lease Agreement.

The consideration was arrived at after arm's length negotiations between the Company and Jingcheng Nagano with reference to the prevailing market rates in the buildings in the vicinity. The rent for the plant premises per day is RMB1.5 per sq.m. and the rent for the office premises per day is RMB 1.85 per sq.m.

ANNUAL CAP AND BASIS FOR DETERMINING THE ANNUAL CAP

Pursuant to the Office and Plant Lease Agreement, the annual fee payable by Jingcheng Nagano to the Company for the term commencing from 1 March 2012 to 28 February 2013 is RMB5,968,955. The annual cap is determined with reference to the agreed rent payable under the Office and Plant Lease Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE OFFICE AND PLANT LEASE AGREEMENT

The premises owned by the Company are idle and vacant. The entering into of the Office and Plant Lease Agreement can make full use of the Company's existing resources to generate stable income for the Company.

The Directors (including the independent non-executive Directors) considered that the Office and Plant Lease will be conducted in the ordinary and usual course of business of the Group, and on normal commercial terms, and both the Office and Plant Lease and the above annual cap as set out above are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

None of the Directors had material interest in the Office and Plant Lease. However, in view of good corporate governance practices, Mr. Zhang Peiwu is the general manager of Beiren Group, Mr. Teng Mingzhi, Mr. Li Shenggao and Ms. Wei Li are directors nominated by the controlling shareholder, they had all abstained from voting in the relevant Board resolutions approving the Office and Plant Lease.

IMPLICATIONS UNDER THE LISTING RULES

CONTINUING CONNECTED TRANSACTIONS

Printing Equipment Sales Agency Agreement

As Beiren Group is the controlling shareholder of the Company holding approximately 47.78% equity interest in the Company, Beiren Group is a connected person of the Company and the Printing Equipment Sales Agency Transactions constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Printing Equipment Sales Agency Transactions on an annual basis are more than 0.1% but less than 5%, the Printing Equipment Sales Agency Transactions are only subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Office and Plant Lease Agreement

As Jingcheng Nagano is wholly owned by Jingcheng Holding, Jingcheng Nagano is an associate of Jingcheng Holding. Jingcheng Holding owns 100% interest in Beiren Group, which in turn is a substantial shareholder of the Company holding approximately 47.78% interest in the Company. Therefore, Jingcheng Nagano is a connected person of the Company under Chapter 14A of the Listing Rules. Since the Office and Plant Lease shall be carried out on a continuing business and are expected to extend over a period of time, the Office and Plant Lease constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Office and Plant Lease on an annual basis are more than 0.1% but less than 5%, the Office and Plant Lease is only subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PRINCIPAL ACTIVITIES OF THE COMPANY, BEIREN GROUP AND JINGCHENG NAGANO

The Company is principally engaged in the manufacture and sales of printing facilities.

Beiren Group is principally engaged in the manufacture and sales of after-printing facilities.

Jingcheng Nagano is principally engaged in the processing, sales and repair of machinery and equipment, technical service, enquiry and research.

DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following terms shall have the meaning set out below:–

“Beiren Group”	北人集團公司 (Beiren Group Corporation), a company incorporated in the PRC and holding approximately 47.78% interest in the Company
“Board”	the board of Directors
“Company”	北人印刷機械股份有限公司 (Beiren Printing Machinery Holdings Limited), a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchanges
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jingcheng Holding”	北京京城機電控股有限責任公司 (Beijing Jingcheng Machinery Electric Holding Co., Ltd.), a company incorporated in the PRC and holding 100% interest in Jingcheng Nagano and Beiren Group Corporation respectively
“Jingcheng Nagano”	北京京城長野工程機械有限公司 (Beijing Jingcheng Nagano Construction Machinery Company Limited), a company incorporated in the PRC and is 100% owned by the Jingcheng Holding
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Office and Plant Lease Agreement”	the agreement (辦公室及廠房租賃合同) entered into between the Company and Jingcheng Nagano dated 15 March 2012, particulars of which are set out in the section headed “Office and Plant Lease Agreement”

“Office and Plant Lease”	the leases as contemplated under the Office and Plant Lease Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“Printing Equipment Sales Agency Agreement”	the agreement (北人集團公司與北人印刷機械股份有限公司印刷設備銷售代理合同) entered into between the Company and Beiren Group dated 15 March 2012, particulars of which are set out in the section headed “Printing Equipment Sales Agency Agreement” in this announcement
“Printing Equipment Sales Agency Transactions”	the transactions as contemplated under the Printing Equipment Sales Agency Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

For and on behalf of the Board
Beiren Printing Machinery Holdings Limited
Jiao Rui Fang
Company Secretary

Beijing, the PRC, 15 March 2012

As at the date of this announcement, the Board of the Company comprises Mr. Zhang Peiwu as executive director, Mr. Teng Mingzhi, Mr. Li Shenggao and Ms. Wei Li as non-executive directors and Mr. Xu Wencai, Ms. Wang Hui, Mr. Xie Bingguang and Mr. Wang Deyu as independent non-executive directors.

English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.