CHINA RONGSHENG HEAVY INDUSTRIES GROUP HOLDINGS LIMITED
中 國 熔 盛 重 工 集 團 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01101)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

The board of directors (the "**Board**") of China Rongsheng Heavy Industries Group Holdings Limited (the "**Company**") hereby announces the consolidated financial results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2012 (the "**Period**") with comparative figures. The audit committee of the Company (the "**Audit Committee**") has reviewed the results and the consolidated financial statements of the Group for the year ended 31 December 2012.

The financial information set out in this announcement below does not constitute the Group's consolidated financial statements for the year ended 31 December 2012 but represents an extract from those financial statements. The financial information has been reviewed by the Audit Committee of the Company and has been agreed by the Group's external auditors, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong to the Group's consolidated financial statements. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers in this announcement.

KEY FINANCIAL INDICATORS

	For the year ended 31 December		Change
	2012	2011	
Revenue *(RMB'000)*	**7,956,347**	15,904,585	(50.0%)
Gross profit *(RMB'000)*	**1,140,697**	3,193,700	(64.3%)
(Losses)/earnings attributable to the equity holders of the Company *(RMB'000)*	**(572,577)**	1,720,675	N/A

MANAGEMENT DISCUSSION & ANALYSIS

The following discussion should be read in conjunction with the consolidated financial information of the Group, including the related notes, set forth in this announcement.

BUSINESS REVIEW

For the Period, revenue of the Company was RMB7,956.3 million, a decrease of 50.0% from RMB 15.9 billion for the year ended 31 December 2011 (the "**Comparative Period**"). Losses attributable to the equity holders of the Company were RMB572.6 million, while earnings attributable to the equity holders of the Company were RMB1.7 billion for the Comparative Period. In 2012, operating environment for ship owners worsened amid the sluggish global shipping market. New shipbuilding prices continued their declines and ship owners requested shipyards to postpone the delivery of new vessels. Delays in constructions and deliveries of the Company's orders on hand in the core shipbuilding segment resulted in a significant decline of our revenue. Meanwhile, the diminished economies of scale of the Company also affected the results of the Period.

The following table sets forth the information related to our revenue and segment information for the Period and the Comparative Period respectively.

	For the year ended 31 December 2012		For the year ended 31 December 2011	
	RMB'000	**% of revenue**	RMB'000	% of revenue
Shipbuilding	**7,558,567**	**95.0%**	15,373,924	96.7%
Offshore Engineering	**–**	**–**	31,295	0.2%
Marine Engine Building	**188,029**	**2.4%**	93,024	0.6%
Engineering Machinery	**209,751**	**2.6%**	406,342	2.5%
Total	**7,956,347**	**100%**	15,904,585	100%

Shipbuilding

Shipbuilding was still our major business and also our primary revenue source. Revenue from our shipbuilding segment was RMB7,558.6 million for the Period, representing 95.0% of total revenue. The significant decrease in revenue was primarily attributable to the downturn of the shipbuilding industry.

New orders and orders on hand

In 2012, the global economy failed to rebound and international trading activities continued to be weak. The supply and demand imbalance prevalent in the global shipping industry further worsened, leading to the worldwide new shipbuilding orders plunged to the lowest level in the past decade. According to Clarkson Research, worldwide new shipbuilding orders decreased 44.5% year-on-year measured in deadweight tonnage ("**DWT**") and new shipbuilding orders in China fell 45.2% year-on-year for the Period. The new shipbuilding prices were also under severe pressure and the Clarkson Research's new shipbuilding price index fell 9.2% in 2012. We adopted a defensive sales strategy and proactively moved towards the high-end of the value chain in response to the adverse market environment. Supported by our solid order book, the Company avoided the low-price new orders or new orders with unfavorable payment terms. We secured only 2 new shipbuilding orders of Panamax bulk carriers for the Period, representing a total volume of 152,000 DWT with a total contract value of USD55.6 million.

Our total orders on hand as at 31 December 2012 consisted of 91 vessels, representing a total volume of approximately 13.0 million DWT with a total contract value of approximately USD5.0 billion. It included 43 Panamax bulk carriers, 15 very large ore carriers ("**VLOC**s"), 1 Panamax crude oil tanker, 23 Suezmax crude oil tankers, 2 very large crude oil carriers ("**VLCC**s"), 1 6,500 twenty-foot equivalent unit ("**TEU**") containerships and 6 7,000-TEU containerships. All the vessels in our order book are scheduled to be delivered within the period from 2013 to 2015 as stated in the contracts. According to Clarkson Research, our orders on hand as at 31 December 2012 accounted for 11.9% market share in China and 5.0% worldwide market share measured by DWT, ranking first in China and third in the world.

The following table sets forth the information relating to our orders on hand from the shipbuilding segment as at 31 December 2012 and 31 December 2011, respectively.

	As at 31 December 2012			As at 31 December 2011		
	DWT ('000)	**Contract value (USD mm)**	**No. of vessels**	DWT ('000)	Contract value (USD mm)	No. of vessels
Total	**12,991.0**	**5,022.4**	**91**	16,843.6	6,623.8	111

Note: Our order book, as at the dates indicated above, represents the total nominal contract value of the orders that had not been completed, including the portion of revenue in respect of those orders that had been recognized as at such dates, all as translated (where applicable) into USD on the respective balance sheet dates at the rate of USD1 = RMB6.3009 as at 31 December 2011 and USD1 = RMB6.2855 as at 31 December 2012. During the Period, the Company recorded cancellation of one Panamax bulk carrier.

For the Period, we delivered 21 vessels, representing the Company's year-round record high of 3.9 million DWT, an increase of 49.7% year-on-year. Including the 6 VLOCs that we delivered for the Period, our total number of VLOCs delivered as at the end of 2012 increased to 7. These vessels are currently the world's biggest dry bulk carriers with the largest cargo capacity, featuring state-of-the-art technologies for mega-sized bulk carriers. We also successfully delivered our first 6,500-TEU containership for the Period.

The following table sets forth the information relating to our delivery record from the shipbuilding segment for the Period and the Comparative Period, respectively.

	For the year ended 31 December 2012		For the year ended 31 December 2011	
	DWT ('000)	**No. of vessels**	DWT ('000)	No. of vessels
Total	**3,928.7**	**21**	2,624.0	15

Offshore Engineering

For the Period, there was no revenue contribution from the offshore engineering segment as the construction of the deepwater pipe-laying vessel was completed in 2011 and was successfully delivered in early 2012. We strove to implement our "Transformation and Advancement" strategy in 2012 to transform ourselves into an integrated heavy industry conglomerate serving energy enterprises, and seek to upgrade our product structure. We paid more efforts in our offshore engineering business development and recruited promising key talents. In October 2012, we established Rongsheng Offshore & Marine Pte Ltd in Singapore as our offshore engineering business center and soon after it secured the first deepwater tender barge contract.

We start offering standard offshore engineering products such as jack-ups, semi-submersible drilling units, tender barges and offshore engineering vessels including pipe-laying vessels and crane ships, and plan to enrich our product offerings to a comprehensive array of offshore engineering products such as drill ships, fixed platforms, and floating production, storage and offloading units. Our ultimate goal is to provide a full range of engineering, procurement and construction solutions. We are actively pursuing the high-end offshore engineering projects from various countries and regions.

Marine Engine Building

For the Period, revenue from our marine engine building segment was RMB188.0 million, an increase of 102.2% from RMB93.0 million for the Comparative Period. The growth was mainly due to the increased external sales. Including inter-segment sales, the revenue was RMB740.5 million for the Period.

In 2012, the performance of the global marine ancillary equipment building industry was below expectations. The sales of marine engines were affected by the down cycle of the shipbuilding industry. For the Period, we secured new orders of 13 marine engines, representing a total capacity of 262,000 horsepower with a total contract value of RMB470 million. The Company’s total orders on hand as at 31 December 2012 were 43 marine engines, representing a total capacity of 887,000 horsepower with a total contract value of RMB1.6 billion, of which 9 were external orders. For the Period, we delivered 15 marine engines, representing a total capacity of 349,000 horsepower.

Engineering Machinery

For the Period, revenue from our engineering machinery segment was RMB209.8 million, a decrease of 48.4% from RMB406.3 million for the Comparative Period. Our revenue from the engineering machinery segment was mainly attributable to the sales of 430 excavators during the year. Including the inter-segment sales, the revenue was RMB301.9 million for the Period.

Due to the slowdown of China's economic growth, tightening control of infrastructure investments and a lethargic property market, a survey conducted by China Construction Machinery Business Online showed that major excavator manufacturers in China collectively sold 115,583 excavators in 2012, a decrease of 35.2% year-on-year.

We improved our sales model through establishing long-term partnerships with finance lease companies such as China Railway Leasing, China Development Bank Leasing and Wanjiang Finance Lease. We obtained considerable amount of financing from those finance lease companies and established a solid foundation for our sales in the long term. In order to ensure the long-term sales of our excavators and enhance payment collection, we centralized our sales in selected regions and optimized our distribution channel management. Meanwhile, we actively promoted the marketing and research and development of our new products such as dynamic compactors and wetland excavators.

FINANCIAL REVIEW

Revenue

For the Period, our revenue was RMB7,956.3 million as compared to RMB15,904.6 million for the Comparative Period, representing year-on-year decrease of approximately 50.0%. The significant decrease in revenue was primarily attributable to the downturn of the shipbuilding and the engineering machinery industries.

Cost of sales

For the Period, our cost of sales decreased by approximately 46.4% to RMB6,815.7 million (for the Comparative Period: RMB12,710.9 million), in line with the significant decrease in revenue.

Selling and marketing expenses

For the Period, our selling and marketing expenses increased by approximately 50.6% to RMB91.7 million (for the Comparative Period: RMB60.9 million), due to increased advertising, promotion, and marketing activities to further promote our brand name. Moreover, we incurred additional costs for the expansion of our marine engine sector and entering into engineering machinery sector, which requires additional marketing efforts for their products.

General and administrative expenses

For the Period, our general and administrative expenses increased by approximately 21.7% to RMB1,401.9 million (for the Comparative Period: RMB1,152.1 million).This increase is mainly the result of the provision for receivables and decrease in government subsidy for according items.

Research and development expenses

For the Period, our research and development expenses increased by approximately 201.0% to RMB146.6 million (for the Comparative Period: RMB48.7 million), mainly because of the increased investment in research and development of the new shipbuilding and offshore engineering products.

Finance income and finance costs - Net

Our finance income for the Period, which mainly relate to an interest income of RMB183.6 million, decreased by approximately 2.9% to RMB191.3 million (for the Comparative Period: RMB197.1 million). Our finance costs for the Period increased by approximately 794.4% to RMB989.2 million (for the Comparative Period: RMB110.6 million) mainly due to the increase in average outstanding balance of borrowings and the decrease in foreign exchange gain to offset against the finance cost for the Period.

Liquidity and financial resources

As at 31 December 2012, our cash and cash equivalents balance was RMB2,143.8 million (as at 31 December 2011: RMB6,255.1 million). The difference is the result of bank loan repayment as well as an increased need for working capital to support ship construction under current market downturn. As at 31 December 2012, our pledged deposits were RMB3,937.1 million (as at 31 December 2011: RMB4,961.5 million).

The Group’s management regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term. During the year ended 31 December 2012, the Group has had significant cash outflows since certain of the Group's shipbuilding customers have asked for postponement in delivery of new vessels that led to slower collection of receivables from such customers. However, the Group had to continue to make payments to suppliers of raw materials, equipment and services and fulfill committed capital expenditures for the development of the Group's Shipbuilding and Offshore Engineering production facilities. The directors closely monitor the Group’s liquidity position and plans to implement initiatives to improve the Group’s cash flows. Management believes that there is no significant liquidity risk as the Group has sufficient committed facilities to fund its operations and debt servicing requirements.

Inventories

With the global shipping industry further worsening, our inventories as at 31 December 2012 decreased by RMB321.0 million to RMB2,289.0 million (as at 31 December 2011: RMB2,610.0 million). The inventory turnover days increased from 73 days as at 31 December 2011 to 136 days as at 31 December 2012.

Amounts due from / to customers for contract works

As at 31 December 2012, the amounts due from customers for contract works increased by RMB1,100.8 million to RMB8,299.8 million (as at 31 December 2011: RMB7,199.0 million). As at 31 December 2012, amounts due to customers for contract works decreased by RMB836.7 million to RMB331.6 million (as at 31 December 2011: RMB1,168.3 million). The increase in amounts due from customers for contract works was a result of our closer strategic cooperation with ship owners and the acceleration of shipbuilding in response to the market uncertainties and risks. Also, we were committed to maintaining a stable backlog and continuous market development. The decrease in amounts due to customers for contract works was a result of an increase of completion percentage of vessels under construction. As at 31 December 2012, trade and bill receivables increased by RMB211.2 million to RMB3,811.4 million (as at 31 December 2011: RMB3,600.2 million).

Loans

Our short-term borrowings increased by RMB239.5 million from RMB15,409.1 million as at 31 December 2011 to RMB15,648.6 million as at 31 December 2012. Our long-term borrowings decreased by RMB541.6 million to RMB9,476.0 million as at 31 December 2012 from RMB10,017.6 million as at 31 December 2011.

As at 31 December 2012, our total loans were RMB25,124.6 million (as at 31 December 2011: RMB25,426.7 million), of which RMB22,036.6 million (87.7%) was denominated in RMB and the remaining RMB3,088.0 million (12.3%) was denominated in foreign currencies such as US dollars ("**USD**"). Certain of the borrowings were secured by our land-use rights, buildings, construction contracts, pledged deposits and guarantees from related parties and companies within our Group.

Foreign exchange risks

Our shipbuilding business recorded revenue from contract prices mainly denominated in USD and RMB while about 70% of the production costs were denominated in RMB. The cash flows of unmatched currencies are subject to foreign exchange risks. Management continuously assesses the foreign exchange risks, with an aim to minimize the impact of foreign exchange fluctuations on our business operations. Management has adopted measures, including forward derivatives, to manage our foreign exchange exposure. These forward derivatives are not designated or qualified for hedge accounting, and as such, any changes in fair values will be recognised in the consolidated income statement in the period which such change occurs.

Capital expenditure

For the Period, our capital expenditure was approximately RMB3,457.0 million (for the Comparative Period: RMB5,210.6 million), which was mainly used in prepayments for land, acquiring facilities and equipment for our constructed plants.

Gearing ratio

Our gearing ratio (measured by total borrowings divided by the sum of total borrowings and total equity) increased from 61.8% as at 31 December 2011 to 62.5% as at 31 December 2012 mainly because the total equity decreased from RMB15,691.9 million as at 31 December 2011 to RMB 15,088.2 million as at 31 December 2012.

Contingent liabilities

As at 31 December 2012, we had contingent liabilities of RMB9,792.7 million (as at 31 December 2011: RMB12,764.2 million), which mainly resulted from the agreements entered between our Group and over ten banks in China, respectively, in relation to the grant of credit facilities to us and also a dispute in relation to one of our shipbuilding customers.

Credit assessment and risk management

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, pledged deposits, as well as credit exposures to outstanding trade, bills and other receivables and amounts due from customers for contract works. As at 31 December 2012, all the Group's cash and bank balances, short term bank deposits and pledged deposits were placed in reputable banks located in the PRC which management believes are of high credit quality and without significant credit risk.

The Group carries out customer credit checks prior to entering into shipbuilding contracts and requests progress payments from customers in accordance with the milestones of the shipbuilding contracts. Such milestone payments received from the customers prior to the delivery of vessels could reduce the Group's credit risk exposure. Further, certain customers have issued irrevocable letters of guarantee from banks and related companies to provide guarantee on the collectability of the receivables from these customers.

As at 31 December 2012, trade receivables of RMB213,694,000 (as at 31 December 2011: RMB45,370,000) and RMB168,545,000 (as at 31 December 2011: nil) related to certain customers of the engineering machinery segment and shipbuilding segment were impaired and provided for respectively.

For credit exposures to other receivables, management assesses the credit quality of the counterparties, taking into account their financial positions, past experience and other factors. No significant impairment in relation to these receivables has occurred during the year ended 31 December 2012 (2011: nil).

Human resources

As at 31 December 2012, we had 6,594 employees (2011: 7,046). The slight decrease in number of employees was mainly in relation to the market downturn. We are proactively setting up an employment system of "Survival of the Fittest" and offer competitive remuneration packages to employees. Moreover, discretionary bonuses and share options are granted to qualified employees according to the performance of the individual employee and the Group as a whole. As our success hinges on the concerted effort from all departments formed by skilled employees with high morale, we endeavor to cultivate a culture of learning and sharing, focusing on individual training and development, and nurturing the concept of teamwork.

MARKET ANALYSIS

Worldwide economic performance stayed weak in 2012. The growth in global trade volume slowed down significantly and put further pressure on both shipping and shipbuilding industries. The Baltic Dry Index recorded an average of 920 points during the year, a decrease of 40.6% from 2011. In addition to the dismal macro-economic environment, financial institutions tightened their belts towards shipbuilding finance and new shipbuilding orders plunged to the lowest level in the past decade in 2012. According to Clarkson Research, global completion volume of shipbuilding orders decreased 7.0% year-on-year to 152.1 million DWT in 2012 and global new shipbuilding orders fell 44.5% year-on-year to 45.5 million DWT. Chinese shipbuilding industry followed the same trend.

The worldwide offshore engineering market remained robust thanks to a healthy demand for oil and strong oil prices. According to Clarkson Research, the contract value of new global offshore engineering orders was USD 42.8 billion in 2012. As offshore engineering industry is one of the seven emerging strategic industries in China, the Chinese offshore engineering manufacturers are enjoying the government's favorable policies on research and development, technological advancement and overseas expansion.

The weak demand for shipbuilding exerted downward pressure on the marine ancillary equipment industry. Although the market sentiment was weak for traditional marine ancillary equipment, ship owners began to shift their focuses to high economic value marine ancillary equipment to comply with the new international standards on fuel saving and emission reduction. Chinese manufacturers were quick to seize these new market opportunities to mitigate the impact of the industry down cycle.

In 2012, China's engineering machinery industry experienced a decline in sales due to the slowdown in fixed asset investments. Thanks to a turnaround in infrastructure and property investments, there were some promising signs emerged for the industry approaching to the end of the year. The market share of Chinese brands increased 8.1 percentage points year-to-year to 46.1% during the year.

PROSPECTS

We believe that the overall shipbuilding industry already reached the trough of the industry cycle in 2012. Looking ahead to 2013, we expect limited room for further declines in new shipbuilding orders and their prices. In fact, whether there will be a full recovery of the industry largely depends on the performance of the global economies. With the support of monetary easing policies of major developed economies, the imbalance between demand and supply of the shipping industry will be improved and it will help the upstream shipbuilding industry. The ongoing revisions to the international standard for marine operations will lead to the dominance of the new generations of eco-friendly vessels in the mainstream market. We are speeding up the upgrade of our products to enhance fuel saving and reduce emission.

We will continue to implement our "Transformation and Advancement" strategy in 2013. Oil and gas prices are expected to remain high, supported by the robust worldwide demand and strong commodity prices under monetary easing policies. We expect that the global energy companies will shift their focuses to offshore gradually and the robust demand for offshore exploration and production engineering equipment will be maintained.

Due to the ongoing releases of new emission standards by International Maritime Organization, the structure of the marine ancillary equipment industry is set to change as manufacturers are upgrading their eco-friendly technologies in fuel saving and low emission. In order to capitalize on the new opportunities, we are working closely with licensors to develop the low emission dual-fuel marine engines to increase our market share.

Urbanization is one of the key focuses of China's future development. Investments in housing and infrastructure facilities are expected to resume growth after consolidation. We will continue to consolidate our existing production capacities in engineering machinery segment to enhance operating efficiency and we will also strengthen our partnerships with reputable finance lease companies to further increase our market share in China.

We will further strengthen cost control measures and stringent capital expenditure to improve our balance sheet and cash flow positions. We will stay firm to implement our established strategic initiatives to proactively transform ourselves into an integrated heavy industry conglomerate serving energy enterprises.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Board and management of the Company strictly adhere to the principles of good corporate governance, which is vital to prudent management and the enhancement of shareholder value. These principles emphasize transparency, accountability and independence.

During the year ended 31 December 2012, the Company complied with the applicable code provisions set out in the Corporate Governance Code (the "**Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), save for the deviations as described below:

Code provision A.1.3 of the Code stipulates that at least 14 days' notice should be given for a regular Board meeting to give all Directors an opportunity to attend. During the year ended 31 December 2012, less than 14 days' notice was given for two regular Board meetings to suit the tight and busy schedules of the participants.

Code provision A.2.1 of the Code stipulates that the roles of the Chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang Zhi Rong resigned as a non-executive Director and the Chairman of the Board, with effect from 26 November 2012, in order to devote more time to his personal endeavours and Mr. Chen Qiang, an executive Director and chief executive officer of Company, was appointed as the Chairman in place of Mr. Zhang Zhi Rong. As a consequence, Mr. Chen Qiang has performed both the roles of Chairman and chief executive officer of the Company in deviation from code provision A.2.1. The Company believes that it is more efficient and effective for the Company to develop its long term strategies and in execution of its business plans if Mr. Chen Qiang serves as both the Chairman and the chief executive officer of the Company.

Code provision E.1.2 of the Code stipulates that the Chairman of the Board should attend the AGM and code provision A.6.7 stipulates that the independent non-executive directors ("**INEDs**") and other non-executive directors should attend the AGM. The then Chairman of the Board, Mr. Zhang Zhi Rong, and an INED of the Company, namely, Mr. Chen Gang, both did not attend the AGM of the Company held on 23 May 2012 due to other engagements. Mr. Chen Qiang, the executive Director and chief executive officer of the Company, attended and chaired and AGM and answered shareholders' questions.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rule (the "**Model Code**"). Having made specific enquiry of the Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code and the Company's code of conduct regarding directors' securities transactions for the year ended 31 December 2012.

AUDIT COMMITTEE

The consolidated financial statements of the Group for the year ended 31 December 2012 have been reviewed and approved by the Audit Committee, and the Audit Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. The Audit Committee therefore recommended the Board's approval of the Group's consolidated financial statements for the year ended 31 December 2012.

ACQUISITION OF A SUBSIDIARY

On 26 April 2011, Jiangsu Rongsheng Heavy Industries Co., Ltd. ("**Jiangsu Rongsheng Heavy Industries**"), a non-wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the "**Agreement**") with The People's Government of Quanjiao County, Anhui Province (the "**Vendor**"), pursuant to which Jiangsu Rongsheng Heavy Industries agreed to acquire, after the Agreement has taken effect, the entire equity interest in Anhui Quanchai Group Corp. from the Vendor for an aggregate consideration of RMB2,148,870,000 (the "**Transaction**"). In accordance with applicable PRC laws and regulations, the Transaction required Jiangsu Rongsheng Heavy Industries to make a general offer for all of the outstanding equity interest of Anhui Quanchai Engine Co., Ltd. ("**General Offer**"), whose shares are listed on the Shanghai Stock Exchange and the equity interest of which was owned by the Vendor as to 44.39% as of the date of the Agreement. Details of the Transaction were disclosed in the announcements of the Company dated 26 April 2011, 1 June 2012, 5 June 2012, 17 July 2012, 17 August 2012, 21 August 2012 and 2 December 2012, respectively.

After consultation with the Vendor, an application was made on 17 August 2012 by Jiangsu Rongsheng Heavy Industries to the China Securities Regulatory Commission ("**CSRC**") for the withdrawal of its application for the approval by the CSRC of the Transaction. The materials submitted to the CSRC in respect of the application for approval for the General Offer were returned to Jiangsu Rongsheng Heavy Industries on 20 August 2012 and Jiangsu Rongsheng Heavy Industries will not proceed with the General Offer; and Jiangsu Rongsheng Heavy Industries will not conduct any acquisition of equity interest in Quanchai Engine within 12 months from 21 August 2012. The amount of RMB523,890,000, being the deposit previously paid to China Securities Depositary and Clearing Corp. Ltd. Shanghai Branch in respect of the General Offer, together with interest, was returned to Jiangsu Rongsheng Heavy Industries. Consultations between Jiangsu Rongsheng Heavy Industries and the Vendor will continue to be conducted with respect to the consequential matters relating to the Transaction.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2012.

PUBLIC FLOAT

As far as the Company is aware, as at the date of this announcement, the Company has maintained a sufficient public float with more than 25% of the issued shares of the Company being held by the public.

FINAL DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: RMB0.022 per share).

ANNUAL GENERAL MEETING

The 2013 annual general meeting of the Company ("**2013 AGM**") will be held on 28 May 2013 and the notice will be published and issued to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the period:

from Thursday, 23 May 2013 to Tuesday, 28 May 2013, both days inclusive, during which no transfers will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2013 AGM. In order to be eligible to attend and vote at the 2013 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 22 May 2013.

ANNUAL REPORT

The 2012 Annual Report containing the applicable information required by the Listing Rules will be published on the respective websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Group (www.rshi.cn) in due course. Printed copies will be dispatched to shareholders in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the executive directors of the Company are Mr. CHEN Qiang (Chairman), Mr. WU Zhen Guo, Mr. LUAN Xiao Ming, Mr. HONG Liang, Mr. Sean S J WANG, Mr. WANG Tao and Mr. WEI A Ning; and the independent non-executive directors are Mr. CHEN Gang, Mr. TSANG Hing Lun, Mr. ZHANG Xu Sheng and Mr. XIA Da Wei.

On Behalf of the Board
CHEN Qiang
Chairman

Hong Kong, 26 March 2013

CHINA RONGSHENG HEAVY INDUSTRIES GROUP HOLDINGS LIMITED
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Year ended 31 December** **2012** ***RMB'000***	2011 *RMB'000*
Revenue	*3*	**7,956,347**	15,904,585
Cost of sales	*4*	**(6,815,650)**	(12,710,885)
Gross profit		**1,140,697**	3,193,700
Selling and marketing expenses	*4*	**(91,741)**	(60,907)
General and administrative expenses	*4*	**(1,401,868)**	(1,152,053)
Research and development expenses	*4*	**(146,552)**	(48,664)
Other income	*5*	**668,878**	316,527
Other gains/(losses) - net	*6*	**56,242**	(227,633)
Operating profit		**225,656**	2,020,970
Finance income		**191,288**	197,090
Finance costs		**(989,166)**	(110,638)
Finance (costs)/income - net		**(797,878)**	86,452
(Loss)/profit before income tax		**(572,222)**	2,107,422
Income tax credit/(expense)	*7*	**10,187**	(297,699)
(Loss)/profit for the year		**(562,035)**	1,809,723
Other comprehensive income for the year		**–**	–
Total comprehensive (loss)/ income for the year		**(562,035)**	1,809,723
Attributable to:			
Equity holders of the Company		**(572,577)**	1,720,675
Non-controlling interests		**10,542**	89,048
		(562,035)	1,809,723
(Losses)/earnings per share for earnings attributable to the equity holders of the Company during the year (expressed in RMB per share)			
– Basic and diluted	*8*	**(0.08)**	0.25
Dividend (expressed in RMB per share)	*9*	**–**	0.074

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CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

	Note	As at 31 December **2012**	2011
		RMB'000	*RMB'000*
Non-current assets			
Land use rights		**875,666**	643,565
Property, plant and equipment		**18,616,499**	16,188,645
Intangible assets		**468,589**	185,125
Long-term deposits		**153,343**	97,131
Prepayments for non-current assets		**1,868,540**	2,798,282
Deferred tax assets		**168,052**	73,849
Available-for-sale financial asset		**40,000**	–
		22,190,689	19,986,597
Current assets			
Inventories		**2,288,978**	2,609,958
Amounts due from customers for contract works		**8,299,806**	7,199,036
Trade and bills receivables	*10*	**3,811,363**	3,600,151
Other receivables, prepayments and deposits		**7,497,132**	6,638,493
Derivative financial instruments		**–**	9,729
Pledged deposits		**3,937,081**	4,961,514
Cash and cash equivalents		**2,143,788**	6,255,138
		27,978,148	31,274,019
Total assets		**50,168,837**	51,260,616
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**599,526**	599,526
Share premium		**7,490,812**	7,644,812
Other reserves		**3,480,596**	3,340,517
Retained earnings		**2,641,306**	3,241,578
		14,212,240	14,826,433
Non-controlling interests		**875,965**	865,423
Total equity		**15,088,205**	15,691,856

CHINA RONGSHENG HEAVY INDUSTRIES GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (CONTINUED)

	Note	As at 31 December	
		2012	2011
		RMB'000	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**8,788,822**	9,465,808
Finance lease liabilities - non-current		**687,144**	551,773
Deferred tax liabilities		**4,191**	5,546
		9,480,157	10,023,127
Current liabilities			
Amounts due to customers for contract works		**331,616**	1,168,319
Advances received from customers for contract works		**-**	133,220
Trade and other payables	*11*	**9,278,474**	8,493,043
Current income tax liabilities		**190,069**	149,068
Borrowings		**15,282,755**	15,155,494
Derivative financial instruments		**5,094**	3,015
Provision for warranty		**146,655**	189,867
Finance lease liabilities - current		**365,812**	253,607
		25,600,475	25,545,633
Total liabilities		**35,080,632**	35,568,760
Total equity and liabilities		**50,168,837**	51,260,616
Net current assets		**2,377,673**	5,728,386
Total assets less current liabilities		**24,568,362**	25,714,983

NOTES:

1. CORPORATE INFORMATION

China Rongsheng Heavy Industries Group Holdings Limited (the "Company") was incorporated in the Cayman Islands on 3 February 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its registered address is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KYI - 1111, Cayman Islands. On 19 November 2010, the shares of the Company became listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), pursuant to which 1,400,000,000 new shares of HK$0.1 each were issued by the Company.

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The consolidated financial statements have been prepared under the historical cost convention, except as modified by the accounting policies stated below.

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Going concern

During the year ended 31 December 2012, the Group reported a loss for the year of RMB562,035,000. The loss during the year ended 31 December 2012 was primarily due to the sluggish global shipping market that caused significant decline in new shipbuilding orders. Amid the challenging operating environment, certain of the Group's shipbuilding customers have asked for postponement in delivery of new vessels that led to slower collection of receivables from such customers. However, the Group had to continue to make payments to suppliers of raw materials, equipment and services and fulfill committed capital expenditures for the development of the Group's Shipbuilding and Offshore Engineering production facilities. As a result, the Group recorded net operating cash outflows of RMB1,887,935,000 and investing cash outflows of RMB1,765,071,000. These caused the Group's cash and cash equivalents to decrease by RMB4,111,350,000 to RMB2,143,788,000 as at 31 December 2012. Further, the Group's total borrowings as at 31 December 2012 amounted to RMB25,124,533,000, of which RMB15,648,567,000 will be due within 12 months from 31 December 2012. In addition, certain borrowings also require the Group to comply with restrictive financial covenants. The above conditions indicate the existence of uncertainties, which may cast doubt on the Group's ability to continue as a going concern. Notwithstanding the above, the consolidated financial statements are prepared on a going concern basis.

In order to improve the Group's operating performance and alleviate its liquidity risk, management is implementing measures to control costs and contain capital expenditure. Moreover, the Group has reached agreements with suppliers of raw materials to obtain repayment of previously paid advances and agreed more favorable payment terms for future purchases. Management is also working closely with shipbuilding customers to expedite the collection of outstanding receivables and the Group is implementing strategy to focus on Offshore Engineering businesses with enterprises in the energy sector. With regards to the Group's financing and borrowings, management has successfully renewed borrowing facilities that were due during the year ended 31 December 2012 and will continue the negotiation with other lenders as the borrowings fall due in the coming twelve months. Management expects these will improve the Group's cash flows and financial position in the coming twelve months. Up to the date of approval of these consolidated financial statements, the directors of the Company are not aware of any intention of the principal banks to withdraw their banking facilities or require early repayment of the utilised facilities.

The Company's directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of twelve months from the date of approval of these consolidated financial statements. Based on these cash flow projections, the Group will have sufficient financial resources in the coming twelve months to meet its financial obligations as and when they fall due. Management's projections make key assumptions with regard to the anticipated cash flows from the Group's operations, capital expenditure and availability of future borrowing facilities. The Group's ability to achieve the projected cash flows depends on management's ability to successfully implement the aforementioned liquidity improvement measures as well as operating conditions in the shipbuilding industry. The directors, after making due enquiries and considering the basis of management's projections described above and after taking into account the reasonably possible changes in the operational performance and the successful renewal and extension of banking facilities, believe that there will be sufficient financial resources available to the Group at least in the coming twelve months to meet its financial obligation as and when they fall due. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

(b) Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The consolidated financial statements have been prepared under the historical convention, except as modified by the accounting policies stated below.

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements will be disclosed in details in the annual report for the year ended 31 December 2012.

(c) New accounting policy adopted by the Group for the year ended 31 December 2012

The Group invested in an available-for-sale financial asset during the period ended 31 December 2012. Available-for-sale financial asset is non-derivative that is either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Available-for-sale financial asset is initially recognised at fair value plus transaction costs. Available-for-sale financial asset is derecognised when the rights to receive cash flows from the investment have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial asset is subsequently carried at fair value. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

(d) Amendments and interpretations to existing standards effective in 2012 but have no significant impact to the Group's results and finance positions

Amendment to IFRS 7 "Disclosures - transfers of financial assets" is effective for annual periods beginning on or after 1 July 2011. This is not relevant to the Group, as it has not made any relevant financial assets transfer transactions.

Amendment to IFRS 1 "Severe hyperinflation and removal of fixed dates for first-time adopters" beginning on or after 1 July 2011. This is not currently applicable to the Group as it is not operating in hyperinflation region.

Amendment to IAS 12 "Deferred tax: recovery of underlying assets" beginning on or after 1 January 2012, this is not relevant to the Group as it does not have any investment property.

(e) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted

Amendments to IAS 1 "'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

IFRS 9 "Financial instruments" addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, as IRFS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale investment, for example, will therefore have to be recognised directly in profit or loss.

IFRS 10 "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 12 "Disclosure of interests in other entities" includes the disclosure requirements for a all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13 "Fair value measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for the use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

IAS 19 (Amendment) "Employee benefits" eliminate the corridor approach and calculate finance cost on a net funding basis. The Group is yet to assess the amendments to IAS19's impact.

The Group has assessed that the adoption of IFRS 10 does not have any financial impact on the Group as all subsidiaries within the Group satisfy the requirements for control under IFRS 10 and there are no new subsidiaries identified under the new guidance.

Apart from IFRS 10, management is in the process of making an assessment of the impact of the above standards, amendments to standards and interpretations. Management is not yet in a position to state what impact they would have, if any, on the Group's results of operations and financial positions.

3. SEGMENTAL INFORMATION

	Shipbuilding Year ended 31 December		Offshore Engineering Year ended 31 December		Engineering Machinery Year ended 31 December		Marine Engine Building Year ended 31 December		Total Year ended 31 December	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue	**7,558,567**	15,373,924	**–**	31,295	**301,855**	680,938	**740,526**	1,130,217	**8,600,948**	17,216,374
Inter-segment revenue	**–**	–	**–**	-	**(92,104)**	(274,596)	**(552,497)**	(1,037,193)	**(644,601)**	(1,311,789)
Revenue from external customers	**7,558,567**	15,373,924	**–**	31,295	**209,751**	406,342	**188,029**	93,024	**7,956,347**	15,904,585
Segment results	**1,108,047**	3,219,050	**–**	(88,495)	**49,272**	74,927	**(16,622)**	(11,782)	**1,140,697**	3,193,700
Selling and marketing expenses									**(91,741)**	(60,907)
General and administrative expenses									**(1,401,868)**	(1,152,053)
Research and development expenses									**(146,552)**	(48,664)
Other income									**668,878**	316,527
Other gains/(losses), net									**56,242**	(227,633)
Finance (expenses)/income, net									**(797,878)**	86,452
(Loss)/profit before income tax									**(572,222)**	2,107,422

The Group's revenue by country is analysed as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Brazil	**2,133,094**	5,094,710
Greece	**2,083,127**	1,265,772
China	**1,654,648**	5,770,768
India	**701,165**	–
Turkey	**568,722**	137,854
Israel	**337,704**	–
Oman	**273,132**	1,888,075
Norway	**177,782**	255,709
Germany	**13,911**	1,449,051
Russia	**–**	17,949
Others	**13,062**	24,697
	7,956,347	15,904,585

4. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax has been recorded after deducting/(crediting) the following items:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Raw materials and consumable used	**5,166,753**	10,488,040
Amortisation of land use rights	**16,083**	13,641
Depreciation of property, plant and equipment	**439,319**	440,868
Amortisation of intangible assets	**29,504**	12,164
Employee benefit expenses	**655,495**	576,113
Operating lease payments	**77,497**	76,014
Auditors' remunerations	**10,427**	10,178
Outsourcing and processing costs	**797,353**	1,074,451
Commission expense	**72,926**	154,589
Design fees	**68,234**	61,657
Agency fees	**27,815**	25,658
Consultancy fees	**60,859**	52,824
Other tax-related expenses and customs duties	**60,709**	60,824
Bank charges (include refund guarantee charges)	**75,445**	142,543
Reversal of warranty	**(40,479)**	(33,302)
Office expenses and utilities	**262,609**	353,963
Donations and sponsoring expenses	**26,600**	13,286
Write down on inventories	**19,790**	–
Provision for impairment of trade receivables	**336,869**	28,486

During the year ended 31 December 2012, the Group received a subsidy from the Jiangsu Government authorities to compensate costs which the Group incurred for the research and development of shipbuilding processes, designs and the related people development. The subsidy has been recognised and relevant costs deducted in the consolidated profit and loss for the year ended 31 December 2012.

5. OTHER INCOME

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Government grants	**88,036**	38,177
Scrap sales	**312,279**	262,444
Compensation income	**239,689**	–
Others	**28,874**	15,906
Total	**668,878**	316,527

6. OTHER GAINS/(LOSSES) - NET

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Fair value change of derivative instruments - forward contracts	**(9,729)**	15,751
Fair value losses on derivative instruments - interest rate swap	**(2,079)**	(3,015)
Net foreign exchange gains/(losses)	**68,050**	(240,369)
Total	**56,242**	(227,633)

7. INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Current income tax:		
– PRC Enterprise Income Tax ("EIT")	**85,371**	358,701
Deferred income tax	**(95,558)**	(61,002)
Total income tax (credit)/expense	**(10,187)**	297,699

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the new "CIT Law"). The new CIT Law was effective from 1 January 2008. Pursuant to detailed measures of the new CIT Law, the EIT rate of both domestic enterprise and foreign investment enterprise is 25% from 1 January 2008 onwards.

A PRC subsidiary is eligible for EIT exemption for two years commencing from the first taxable year, followed by a 50% reduction in the EIT rate for the next three years. The first taxable year of this subsidiary eligible for EIT exemption was 2008.

8. (LOSSES)/EARNINGS PER SHARE

(a) Basic

Basic (losses)/earnings per share is calculated by dividing the results attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
(Losses)/earnings attributable to equity holders of the Company (RMB'000)	**(572,577)**	1,720,675
Weighted average number of ordinary shares in issue	**7,000,000,000**	7,000,000,000
Basic (losses)/earnings per share (RMB per share)	**(0.08)**	0.25

(b) Diluted

Diluted (losses)/earnings per share is the same as basic (losses)/earnings per share as there were no potential dilutive ordinary shares outstanding during the year (2011: same).

9. DIVIDENDS

The Board has resolved not to declare for the payment of final dividend for the year 2012 (2011: RMB2.2 cents per share).

10. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Trade receivables	**4,187,652**	3,618,755
Less: Provision for doubtful receivables	**(382,239)**	(45,370)
Bills receivables	**5,950**	26,766
	3,811,363	3,600,151

Ageing analysis of trade and bills receivables by due date is as follows:

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Undue	**266,369**	337,173
Past due 1-180 days	**359,746**	2,483,669
Past due 181-360 days	**1,956,856**	761,498
Past due 361-720 days	**1,228,392**	17,811
	3,811,363	3,600,151

As at 31 December 2012, trade receivables of RMB213,694,000 (2011: RMB45,370,000) and RMB168,545,000 (2011: nil) related to certain customers of the Engineering Machinery segment and the Shipbuilding segment were impaired and provided for respectively.

Movements on the provision for doubtful receivables are as follows:

	2012	2011
	RMB'000	*RMB'000*
At 1 January	**45,370**	16,884
Provision for the year	**338,304**	31,893
Reversal during the year	**(1,435)**	(3,407)
At 31 December	**382,239**	45,370

The creation and release of provision for doubtful receivables have been included within general and administrative expenses in the consolidated statement of comprehensive income.

As at 31 December 2012, trade receivables of RMB3,544,994,000 (2011: RMB3,262,978,000) were past due but not impaired. The ageing analysis of these trade receivables by due dates is listed above, among which, approximately RMB2,703,022,000 (2011: RMB2,272,584,000) is due from the three largest debtors. Based on the Group's review of the credit risk exposure and expected pattern of settlement at year end, the Group has determined to record provision for doubtful receivable amounted to RMB168,545,000 (2011: nil) in respect of the receivables from these debtors.

As at 31 December 2012, trade receivables amounting to RMB359,441,000 (2011: RMB663,331,000) were secured by guarantees issued by the banks or related companies of certain customers. The maximum exposure to credit risk at the reporting date is the fair value of RMB3,811,363,000 less the secured trade receivables.

During the year ended 31 December 2012, the Group assigned trade receivables amounted to RMB502,840,000 to a bank (2011: nil). Such arrangement is secured by deposits of RMB251,420,000. These pledged deposits will be released upon the earlier of the termination of the arrangement on 28 June 2014 or settlement of the assigned trade receivables to the bank from customers.

The credit term granted to customers of the Group are generally ranged from 3 days to 90 days, accordingly, balances are past due if not settled within the credit period.

11. TRADE AND OTHER PAYABLES

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Trade payables	**2,815,079**	2,839,805
Bills payables		
– Third parties	**3,686,309**	2,741,654
– Related parties	**2,950**	81,432
Other payables for purchase of property, plant and equipment		
– Third parties	**370,889**	662,577
– Related parties	**904,420**	762,722
Other payables		
– Third parties	**234,686**	503,078
– Related parties	**102**	470
Receipt in advance	**158,822**	99,463
Accrued expenses		
– Payroll and welfare	**90,810**	79,805
– Design fees	**88,560**	55,638
– Utilities	**7,369**	59,610
– Outsourcing and processing fee	**466,005**	254,236
– Others	**336,732**	151,900
VAT payable	**5,841**	27,570
Other tax-related payables	**109,900**	173,083
	9,278,474	8,493,043

Ageing analysis of trade and bills payables is as follows:

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
0-30 days	**2,007,458**	2,588,939
31-60 days	**1,047,057**	1,279,997
61-90 days	**588,370**	669,909
Over 90 days	**2,861,453**	1,124,046
	6,504,338	5,662,891