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 2010

The board of directors (the “Board”) of China Rongsheng Heavy Industries Group Holdings Limited (the “Company”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 December 2010 with comparative figures. The Audit Committee of the Company has reviewed the results and the financial statements of the Group for the year ended 31 December 2010.

KEY FINANCIAL INDICATORS

	2010 RMB’000	**2009 RMB’000**	**Change**
Revenue	12,665,479	9,473,206	33.7%
Operating profit	2,033,763	1,367,769	48.7%
Earnings attributable to the equity holders of the Company	1,718,704	1,302,183	32.0%
Total assets	40,995,971	21,970,418	86.6%
Basic and diluted earnings per share (RMB)(based on the weighted average number of ordinary share)	0.30	0.23	30.4%
Net assets per share (RMB) (based on the number of shares as of the end of the year)	1.98	0.15	1,220.0%
Current ratio (Current assets / Current liabilities)	1.5	0.7	114.3%
Gearing ratio (Total debt/(Total debt plus total equity))	54.6%	85.2%	-35.9%
Proposed dividend per share (RMB cents)	6.8	N/A	N/A

RESULTS HIGHLIGHTS

In 2010, the Group achieved revenues of Renminbi ("RMB") 12,665.5 million (2009: RMB 9,473.2 million), representing an increase of 33.7% for the year. The Group recorded total comprehensive income of RMB 1,780.0 million in 2010 (2009: RMB 1,304.7 million), an increase of 36.4% for the year. Gross profit margin increased from 19.5% in 2009 to 22.4% in 2010.

Profit attributable to the equity holders of the Company was RMB 1,718.7 million in 2010, representing an increase of 6.7% from, or RMB 108.2 million more than, the forecast profit of RMB 1,610.5 million as stated in the Company's prospectus dated 8 November 2010.

PROPOSED DIVIDEND

The Board has proposed and recommended payment of a final dividend of RMB 6.8 cents per share for the year ended 31 December 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 21 April 2011 to Thursday, 28 April 2011, both days inclusive, during which no transfer of shares will be effected.

Subject to the shareholders' approval of the payment of the final dividend at the annual general meeting of the Company to be held on 28 April 2011 ("2011 AGM"), the final dividend of the Company will be distributed to shareholders on or about Thursday, 12 May 2011.

In order to qualify for the proposed final dividend and be entitled to attend and vote at the 2011 AGM, all share transfers accompanied by the relevant share certificates must be lodged 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, for registration not later than 4:30 p.m. on Wednesday, 20 April 2011.

MANAGEMENT DISCUSSION & ANALYSIS

Please also refer to the Group's consolidated financial information and notes which are included in this announcement when reading the following.

MARKET ANALYSIS

Over the past ten years, the global shipbuilding industry has been experiencing a dramatic change. The core of the shipbuilding industry has gradually shifted from Japan and South Korea to China. According to data published on 14 January 2011 by the China Association of National Shipbuilding Industry and the Ministry of Industry and Information Technology of the People's Republic of China (the "PRC"), for the first time, the three major indicators of China's shipbuilding industry all ranked first in the world in 2010: Clarksons Research stated that China's shipbuilding output reached 61.2 million Deadweight Tonnage ("DWT") , representing about 41.9% of the global total, leading South Korea (31.9%) and Japan (21.5%); China's total volume of new orders received reached 58.5 million DWT, representing 48.5%

of the global total, leading South Korea (38.3%) and Japan (6.1%); and as of the end of December 2010, China's total volume of orders on hand reached 192.9 million DWT, representing 40.8% of the global total, leading South Korea(33.1%) and Japan(17.6%). In the year of 2010, the global economy was gradually recovering from the global financial crisis; the shipbuilding market appeared more active with a significant increase in new orders and a stronger recovery than the industry expectation. Global trading activity became more active, which led to a strong comeback for containership demand. As the second largest energy consuming country, China is a driving force behind the increase for oil and oil-related transportation demand. With the growth of oil consumption and increase in the oil price, the dependency on imported oil creates a greater opportunity for the oil shipping business in the future, which will lead to the continuous market expansion of oil vessel models such as very large crude oil carriers ("VLCCs"). In recent years, China's shipping industry has been growing rapidly, and this trend will continue with growth driven by domestic demand. The future development of China's shipbuilding industry is driven by three factors: the global economic recovery, the rapid growth of international trade, and the cost advantage and policy support.

The recovery of the global economy, together with turmoil in oil producing regions, continues to push the oil price higher, leading to a strong comeback for the offshore engineering market. In the past 10 years, offshore oil and natural gas as a percentage of total global oil and gas consumption has been increasing. Continuous active offshore exploration has stimulated the development of the marine and offshore equipment industry. Meanwhile, the Deepwater Horizon oil spill is likely to accelerate the upgrade of offshore equipment. Recently, the offshore engineering market experienced a mild recovery, with the next 5 to 10 years seen as a major development period. To enhance offshore oil and gas exploration, all three Chinese oil and gas giants have prepared investment plans. As pointed out by relevant parties of the Ministry of Industry and Information Technology of the PRC, offshore engineering has been designated as an emerging industry and part of the high-end equipment manufacturing industry in the "Offshore Engineering Development Planning in the 12th Five-year Plan" and will enjoy more policy and financial support from the government.

As more rigorous rules and regulations have been imposed on marine diesel engines by international maritime organisations for environmental reasons and fuel costs have continued to rise in recent years, marine diesel engine manufacturers are facing new challenges and opportunities. The world's leading diesel engine producers are increasing their research and development ("R&D") input to promote quality products and services. Increasing the efficiency of fuel usage, lower energy consumption, and emission reduction have become major trends for the improvement of marine diesel engines. On the other hand, the power engineering segment will have a brighter future as the government encourages localization of diesel engine production, which creates new opportunities for the diesel engine manufacturing industry.

Over the years, the Chinese engineering machinery industry has evolved into a large-scale and dynamic industry. In 2010, the Chinese engineering machinery industry experienced rapid growth. China will continue its extensive urbanization and infrastructure investment in railways, highways and utilities. Consequently there will be enormous demand for engineering machinery products, especially excavators, and thus a rapid growing phase for the industry and opportunities for emerging producers are expected.

BUSINESS REVIEW

In 2010, with the aim of becoming China's first-class and one of the world's leading large-scale heavy industries groups, we completed our initial public offering ("IPO") on the Hong Kong Stock Exchange. The success of our IPO, which recognised our rapid growth in 5 years, has provided us with a broader international platform for our future development.

For the year ended 31 December 2010, our revenue was RMB 12,665.5 million, representing growth of 33.7% from RMB 9,473.2 million in 2009. Earnings attributable to equity holders of the Company were RMB 1,718.7 million, representing an increase of 32.0% as compared with RMB 1,302.2 million in 2009. Despite the fact that the global economy in 2010 had yet to fully recover from the global financial crisis in 2009, our large amount of forward looking orders enabled us to achieve rapid growth, and our ability to obtain new orders lays the foundation for our future development. We achieved new orders for 46 vessels in 2010 with a total contract value of USD 2,264.8 million, and the Group's total orders on hand as of 31 December 2010 were 91 vessels with a total contract value of USD 6,272.5 million. These orders on hand alone will sufficiently support our development in the upcoming years.

Marine engine building and offshore engineering will be our growth drivers in the future. With the support of our aggregate orders from shipbuilding, our marine engine building business has been developing rapidly. Our deepwater pipe-laying Crane Vessel ("DPV") constructed for China National Offshore Oil Corporation ("CNOOC") has already been un-docked and will be delivered in 2011. Meanwhile, we have been continuously enhancing our R&D in drilling vessels and liquefied natural gas ("LNG") carriers.

By acquiring the majority equity interest in Hefei Zhenyu Engineering Machinery Company Limited ("Zhenyu Machinery") located in Anhui province in 2010, we entered into the engineering machinery business and we have been expanding our production base in order to increase our production capacity and market share in the engineering machinery sector.

Revenue breakdown by geographical regions:

	2010		**2009**	
	RMB'000	**Percentage of revenue**	**RMB'000**	**Percentage of revenue**
Brazil	2,554,805	20.2%	-	-
China	2,533,153	20.0%	1,277,312	13.5%
Germany	2,079,430	16.4%	271,917	2.9%
Turkey	1,880,949	14.9%	2,494,557	26.3%
Greece	1,785,951	14.1%	1,792,561	18.9%
Oman	846,817	6.7%	-	-
Cyprus	601,289	4.7%	709,650	7.5%
Norway	204,552	1.6%	1,769,824	18.7%
Russia	170,940	1.3%	1,000,052	10.6%
Singapore	-	-	157,333	1.6%
Others	7,593	0.1%	-	-
	12,665,479	**100.0%**	**9,473,206**	**100.0%**

For the year 2010, revenue from five largest customers in our businesses was RMB 7,114.1 million, representing 56.2% of our total revenue in 2010.

SHIPBUILDING

For the year ended 31 December 2010, shipbuilding was our major business segment and also our major revenue source.

Order Book and New Orders

During the year ended 31 December 2010, we demonstrated our strong marketing capability by securing new shipbuilding orders of 5.7 million DWT, representing a total contract value of USD 2,264.8 million. According to Clarkson Research, we ranked first among privately-owned Chinese shipbuilders in terms of both new orders and orders on hand measured by DWT for the year 2010. We were granted "The Shipbuilding Award" in the Seatrade Asia Award in April 2010, which demonstrated the global recognition of our success in achieving significant development in spite of the financial crisis.

As of 31 December 2010, our order book included 91 vessels, representing a total of 15.9 million DWT and a total contract value of USD 6,272.5 million, including 35 Panamax bulk carriers, 9 Capesize bulk carriers, 16 very large ore carriers ("VLOC"), 23 Suezmax crude oil tankers, 4 VLCCs and 4 6,500-TEU containerships. During the year ended 31 December 2010, we commenced the construction of 52 vessels. All the vessels in our order book will be delivered within the period from 2011 to 2014. Our vessels have received approval from several classification societies (included ABS, CCS, DNV, GL and LR).

The following table sets forth the information relating to our orders on hand as of 31 December 2009 and 2010, respectively.

	As of 31 December					
	2010			2009		
	DWT ('000)	Contract value (USD mm)	No. of vessels	DWT ('000)	Contract value (USD mm)	No. of vessels
Bulk carriers and VLOCs	10,644.0	3,943.0	60	9,095.0	3,247.4	37
Crude oil tankers and VLCCs	4,877.0	1,917.7	27	3,276.8	1,446.6	21
Containerships	338.6	411.8	4	338.6	411.8	4
Total	**15,859.6**	**6,272.5**	**91**	**12,710.4**	**5,105.8**	**62**

Note: our order book, as of 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 recognised as of such dates, all as translated (where applicable) into US dollars on the respective balance sheet dates at the rate of USD 1 = RMB 6.6800 in 2009 and USD 1 = RMB 6.6229 in 2010. In addition, the figures do not include the orders that had been cancelled as of 31 December 2010. Our major customers include: Vale Shipping Singapore Pte. Ltd, Oman Shipping Company, Minsheng Financial Leasing Ltd., Cardiff Marine Inc., Frontline Ltd., and Geden Line.

The following table sets forth the information relating to our new orders of shipbuilding segment as of 31 December 2009 and 2010, respectively.

	As of 31 December					
	2010			2009		
	DWT ('000)	Contract Value (USD mm)	No. of vessels	DWT ('000)	Contract value (USD mm)	No. of vessels
Bulk carriers and VLOCs	2,052.0	922.6	27	2,208.0	761.4	12
Crude oil tankers and VLCCs	3,629.0	1,342.2	19	-	-	-
Containerships	-	-	-	-	-	-
Total	**5,681.0**	**2,264.8**	**46**	**2,208.0**	**761.4**	**12**

Note: the contract values were all translated (where applicable) into US dollars at the rate of USD1 = RMB 6.6800 in 2009 and USD1 = RMB 6.6229 in 2010. In addition, the figures do not include orders that had been cancelled as of 31 December 2010.

OFFSHORE ENGINEERING

With the purpose of increasing the development and utilization of marine resources, the high-end equipment manufacturing industry including offshore engineering has been listed in the 12th "Five-year Plan" Outline and positioned as a key emerging industry supported by the State. While focusing on shipbuilding, which supports the growing demand of the energy and resources sector, we are also following the national strategy and broadening our business scope into offshore engineering. We are currently constructing a DPV for our strategic partner CNOOC, which can lay pipes 3000 meters underwater. We will continue to prioritize, given the same conditions, CNOOC's offshore projects and power auxiliary equipment construction. Our fourth drydock, the largest drydock for offshore engineering projects with Chinese government approval, has been under trial production since January 2011.

We rely on domestic demand for our offshore engineering equipment segment. We entered into a strategic cooperation agreement with CNOOC. And we are forging close co-operative relationships with leading Chinese oil and gas giants. Upon completion of the "Ocean Pec 201"— the 3000-meter DPV, our design and construction capacities for offshore engineering were further improved. Meanwhile, we actively pursued offshore projects with the aim of expanding our overseas market.

Pursuant to the State's "South China Sea Exploration Strategy" and to provide the top three state-owned petroleum corporations with deep ocean exploration equipment and actively expand into the international offshore market, we are currently in the detailed design and production design phase of a 3000-meter semi-submersible drilling platform based on imported basic designs, preparing for related domestic projects and laying the foundation for international market exploration. To master the LNG carrier design and specific construction technology, we signed a patent agreement for vessel containment systems and a cooperative agreement for LNG carrier construction technology with Gaztransport&Technigaz S.a.s ("GTT") and STX France SA (formerly known as Chantiers de l'Atlantique), respectively. In the beginning of 2011, we sent our engineering team members to GTT for training, in preparation for LNG carrier containment systems and mock-up installation.

We commenced recognizing revenue from our DPV since 2008. The revenue arising from the construction of our DPV increased from RMB 289.3 million for the year ended 31 December 2009 to RMB 465.4 million for the year ended 31 December 2010, representing an increase of 60.9%. As of 31 December 2010, the percentage of completion of DPV was 96.1%, as compared with approximately 29.0% as of 31 December 2009.

MARINE ENGINE BUILDING

We expanded into the marine engine building segment through our subsidiary Rong An Power Machinery Co. Ltd. According to our licensing agreements with two of the world's largest power solutions providers, Wärtsilä and MAN, we were granted the rights to produce and sell Wärtsilä RTA/RT-flex 2-stroke, low-speed marine diesel engines and MAN B&W 2-stroke, low-speed marine diesel engines. Our production base in Anhui Province has obtained approval from the PRC government to produce low-speed diesel engines of up to 5 million horsepower. In June 2010, we successfully delivered the main engine of a VLOC, the 7RT-flex82T, the first of its kind produced in China. Currently, most of our engines are supplied to our own shipbuilding segment. In addition to ensuring our internal supply, we actively identified external customers and achieved ground-breaking results. As of 31 December 2010, our order book of 53 engines amounted to 1,111,437 horsepower with a total contract value of approximately RMB 1,951.4 million.

In 2010, we achieved 55 orders for diesel engines with a capacity of 978,085 horsepower, of which 19 were external orders. We delivered 12 diesel engines with a total capacity of 297,148 horsepower, repaired 4 diesel engines and realized revenue of RMB 316.0 million.

The Group completed the production of three models during the year: the 7RT-flex82T low-speed diesel engine, the 5RT-flex58T-D diesel engine and the 6S42MC diesel engine. Meanwhile, we made breakthroughs in the engine models we produced. The 7RT-flex82T low-speed diesel marine engine, which is the first of its kind produced in China, signifies our significant achievement in technology and production capacity. The 6S42MC diesel engine is also the first MAN main engine we have produced. For the year 2010, we also completed the fixation tasks for two 5S50MCC and two 6S70MCC main engines. During 2010, despite being in a relatively early development phase, through accomplishing these tasks and accumulating substantial training and experience, we have laid a solid foundation for the great-leap-forward in our development in 2011.

In the future, we will carry out the development and production of electronically controlled diesel engines. Meanwhile, we are actively engaging in the design of new models. For instance, we cooperated with MAN from Denmark in the field of dual-fuel diesel engines. Currently, the technical research on dual-fuel diesel engines has commenced and the task of combining low-speed and dual-fuel engines has begun. Leveraging on the technical advantages and excellent performance of our products, our marine power segment will fully grasp the opportunity provided by the dual-fuel marine diesel engine market.

ENGINEERING MACHINERY

We commenced our operations in the engineering machinery segment in March 2010 by acquiring Zhenyu Machinery. Since the date of the acquisition, engineering machinery has contributed total revenue of RMB 327.3 million, mainly derived from the sale of excavators and crawler cranes.

We are expanding our excavator production plant. The general assembly workshop is expected to be put into operation in June 2011, the painting workshop in July 2011, and structure and material workshops in December 2011. For sales outside Anhui province, we shifted from direct sales to distribution, with the number of distributors surging from 4 to 10. We are also actively cooperating with financial institutions.

FINANCIAL REVIEW

With our business expansion in 2010, our inventory as of 31 December 2010 increased by RMB 557.8 million to RMB 1,557.3 million (2009: RMB 999.5 million). The inventory turnover remained stable, with a slight increase from 57 days in 2009 to 60 days in 2010.

The amounts due from customers for contract works dropped by RMB 554.7 million to RMB 4,091.0 million (2009: RMB 4,645.7 million). Amounts due to customers for contract works decreased by RMB 3,231.0 million to RMB 4,853.3 million (2009: RMB 8,084.3 million). The decrease in amounts due from and due to customers for contract works was due to the continuous expansion of the production scale of our shipbuilding segment and the delivery of vessels in 2010. Trade and bill receivables increased by RMB 59.7 million to RMB 327.8 million. (2009: RMB 268.1 million). Turnover days of trade and bill receivables posted slight increase from 5 days in 2009 to 9 days in 2010.

Driven by working capital requirements arising from our business expansion in 2010, our short-term borrowings and long-term borrowings increased to RMB 9,462.1 million (2009: RMB 4,167.6 million) and RMB 8,173.3 million (2009: RMB 313.3 million) respectively as at 31 December 2010, representing an increase of RMB 5,294.5 million and RMB 7,860.0 million, respectively. We redeemed our preferred shares during the year ended 31 December 2010 and the related liability decreased from RMB 2,702.6 million as at 31 December 2009 to nil as at 31 December 2010.

Revenue

Our revenue for the year ended 31 December 2010 was RMB 12,665.5 million as compared to RMB 9,473.2 million in 2009, representing year-on-year growth of 33.7%. The significant revenue growth was primarily attributable to the continuous expansion of our shipbuilding business and our new orders for 46 vessels (2009: 12 vessels).

Cost of sales

Our cost of sales for the year ended 31 December 2010 increased by approximately 29.0% to RMB 9,834.0 million (2009: RMB 7,624.9 million), in line with the 33.7% increase in revenue.

Selling and marketing expenses

Our selling and marketing expenses for the year ended 31 December 2010 increased by approximately 1,284.8% to RMB 63.7 million (2009: RMB 4.6 million), due to increased advertising 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 need additional marketing efforts for their products.

General and administrative expenses

Our general and administrative expenses for the year ended 31 December 2010 increased by approximately 70.6% to RMB 957.7 million (2009: RMB 561.3 million), mainly due to an increase in our operational scale and additional costs incurred for the expansion of our marine engine sector and entering into the engineering machinery sector.

Finance income and finance costs - Net

Our finance income for the year ended 31 December 2010 increased by approximately 424.6% to RMB 175.2 million (2009: RMB 33.4 million), mainly due to net foreign exchange gains of RMB 103.2 million. Our finance costs for the year ended 31 December 2010 increased by approximately 74.8% to RMB 165.4 million (2009: RMB 94.6 million), mainly due to an increase in our borrowings to support our expansion of production scale.

Liquidity and financial resources

As of 31 December 2010, our cash and cash equivalents balance was RMB 10,413.0 million (2009: RMB 2,862.8 million).

As of 31 December 2010, our pledged deposits were RMB 4,009.8 million (2009: RMB 1,866.8 million), which was primarily attributable to the increase in the number of vessels under construction.

Loans

As of 31 December 2010, our total loans were RMB 17,635.4 million (2009: RMB 7,183.5 million), of which RMB 15,879.0 million (90.0%) was denominated in RMB and the remaining RMB 1,756.4 million (10.0%) was denominated in foreign currencies such as US dollars ("USD"). The average interest rate on such loans were calculated at rates ranging from 5.37% to 5.83% per annum (2009: 5.11% to 20.0%). In 2010, we managed to reduce the proportion of short-term borrowings in total borrowings from 95.6% to 53.7%. Certain of the borrowings were secured by our land-use rights, buildings, construction contracts, pledged deposits, secured and guarantee 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 year ended 31 December 2010, our capital expenditure was approximately RMB 4,146.4 million (2009: RMB 1,089.5 million), which was mainly used in acquiring facilities and equipment for our newly constructed plants.

Contingent liabilities

As of 31 December 2010, we had contingent liabilities of RMB 9,719.8 million (2009: RMB 9,238.8 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.

Human resources

As of 31 December 2010, we had 5,782 employees (2009: 4,825). We had recruited new employees to cater for the business expansion in the year. We offer competitive remuneration packages to employees. Moreover, discretionary bonuses are granted to qualified employees by reference to the performance of individuals and our 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 nurture the concept of teamwork.

PROSPECTS

At present, the shipbuilding segment is still the major business of our Group. We currently have three large drydocks, two material wharves and five outfitting wharves in operation, and one large drydock and three outfitting wharves under construction. We believe that the size of our drydocks and the lifting capacity of our gantry cranes will allow for a highly efficient shipbuilding process, which will be further enhanced upon completion of additional facilities.

By tapping into our extensive expertise in shipbuilding, recent R&D as well as broad knowledge of our experienced staff in offshore engineering, we are capable of manufacturing various offshore engineering products including drilling platforms, drillships, Floating Production, Storage and Offloading vessel ("FPSO")/Floating, Storage and Offloading vessel ("FSO"), offshore engineering fleet (such as DPV) and LNG carriers. We have been proactively participating in international project bidding processes and are well positioned to secure new orders in the future. We are dedicated to serving the energy industry. The shift of energy resource production from onshore to offshore and from oil to gas is inspiring a boom in offshore engineering, a high-end equipment manufacturing industry. Meanwhile, unlike the shipbuilding business, offshore engineering is not facing the same level of international trade barriers.

We will implement strategic measures to maintain our position in the shipbuilding market in China and capitalize on the offshore engineering market in line with the objectives of our second five-year development plan and 3-year revolving operation plan.

Strong internal demand from our shipbuilding segment, coupled with ever-increasing external demand for marine engines in China, especially from private shipbuilders, will create momentum towards continuous growth in our marine engine building segment in the future. We are currently completing phase one of our manufacturing plant for marine engines, which will offer us annual production capacity of 3 million horsepower. We are also preparing to kick off phase two of our construction and other ancillary projects.

Engineering machinery is our emerging business segment. The continuous urbanization in China stimulates investment in infrastructure projects such as railways and creates enormous demand for engineering machinery products. The Company plans to expand the production capacity in excavators and cranes and increase the market share of our business. In striving to expand our markets, we intend to strengthen the Rongsheng brand, expand our marketing network and leveraging a variety of resources.

CORPORATE GOVERNANCE

During the financial year ended 31 December 2010, the Company has complied with the provisions of 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").

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rule (the "Model Code"). On specific enquiry made, all Directors confirmed that they have complied with the required standard as set out in the Model Code in respect of the period from the date of listing of the Company on 19 November 2010 (the "Listing Date") to 31 December 2010 regarding directors' securities transactions.

The annual results of the Group for the year ended 31 December 2010 have been reviewed by the Audit Committee of the Company which comprises three independent non-executive directors of the Company, namely, Mr. TSANG Hing Lun (Chairman of the Audit Committee), Mr. CHEN Gang and Mr. ZHANG Xu Sheng.

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 from the Listing Date to 31 December 2010.

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.

ANNUAL GENERAL MEETING

The 2011 Annual General Meeting of the Company will be held on Thursday, 28 April 2011 and the notice will be published and issued to shareholders of the Company in due course.

ANNUAL REPORT

The 2010 Annual Report containing all the applicable information required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Group website (www.rshi.cn) in due course. Printed copies will be despatched to shareholders in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the non-executive director of the Company is Mr. ZHANG Zhi Rong (Chairman); the executive directors of the Company are Mr. CHEN Qiang, Mr. WU Zhen Guo, Mr. LUAN Xiao Ming, Mr. DENG Hui, Mr. HONG Liang, Mr. Sean S J WANG and Mr. WANG Tao; and the independent non-executive directors of the Company are Mr. CHEN Gang, Mr. TSANG Hing Lun and Mr. ZHANG Xu Sheng.

By Order of the Board
China Rongsheng Heavy Industries
Group Holdings Limited
Zhang Zhi Rong
Chairman

Hong Kong, 8 March 2011

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

CONSOLIDATED STATEMENT OF COMPREHESIVE INCOME

	Note	Year ended 31 December 2010 RMB'000	2009 RMB'000
Revenue	3	12,665,479	9,473,206
Cost of sales	4	(9,833,975)	(7,624,915)
Gross profit		2,831,504	1,848,291
Selling and marketing expenses	4	(63,728)	(4,605)
General and administrative expenses	4	(957,707)	(561,253)
Other income	5	205,736	123,317
Other gains /(losses) - net	6	17,958	(37,981)
Operating /profit		2,033,763	1,367,769
Finance income		175,161	33,385
Finance costs		(165,400)	(94,604)
Finance income/(costs) - net		9,761	(61,219)
Profit before income tax		2,043,524	1,306,550
Income tax expense	7	(263,479)	(1,889)
Profit for the year		1,780,045	1,304,661
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,780,045	1,304,661
Attributable to:			
Equity holders of the Company		1,718,704	1,302,183
Non-controlling interests		61,341	2,478
		1,780,045	1,304,661
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	0.30	0.23
Dividend (expressed in RMB per share):	9	0.068	-

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CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2010 RMB'000	2009 RMB'000
ASSETS			
Non-current assets			
Land use rights		657,206	71,954
Property, plant and equipment		12,123,885	7,163,511
Intangible assets		108,896	34,622
Long-term deposits		138,109	55,594
Deferred tax assets		13,692	-
		13,041,788	7,325,681
Current assets			
Non-current assets held for sale		-	220,000
Inventories		1,557,306	999,479
Amounts due from customers for contract works		4,090,993	4,645,737
Trade and bills receivables	**10**	327,758	268,143
Other receivables, prepayments and deposits		7,555,390	3,781,779
Pledged deposits		4,009,762	1,866,789
Cash and cash equivalents		10,412,974	2,862,810
		27,954,183	14,644,737
Total assets		40,995,971	21,970,418
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		599,526	-
Share premium		8,484,812	-
Other reserves		3,043,068	683,189
Retained earnings		1,731,360	149,370
		13,858,766	832,559
Non-controlling interests		776,375	413,273
Total equity		14,635,141	1,245,832

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

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2010 RMB'000	2009 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		7,766,846	5,000
Finance lease liability - non-current		406,416	308,291
Deferred tax liabilities		6,391	-
		8,179,653	313,291
Current liabilities			
Amounts due to customers for contract works		4,853,326	8,084,311
Advances received from customers for contract works		432,473	505,287
Trade and other payables	**11**	3,125,500	4,816,624
Current income tax liabilities		73,096	1,889
Borrowings		9,149,294	3,976,033
Preferred shares		-	2,702,600
Derivative financial instruments		6,022	383
Provision for warranty		228,654	132,640
Finance lease liability - current		312,812	191,528
		18,181,177	20,411,295
Total liabilities		26,360,830	20,724,586
Total equity and liabilities		40,995,971	21,970,418
Net current assets/ (liabilities)		9,773,006	(5,766,558)
Total assets less current liabilities		22,814,794	1,559,123

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 information of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial information have been prepared under the historical cost convention, as modified by revaluation of financial assets or liabilities (including financial derivatives) carried at fair value through profit or loss.

The preparation of the financial information in conformity with IFRS 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.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group.

The following new and revised standards, interpretation, and amendments to standards and interpretations have been issued but not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- IFRS 9, 'Financial instruments' addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.

- IAS 24 (Revised) 'Related party disclosures' supersedes IAS 24 'Related party disclosures' issued in 2003. The revised IAS 24 is required to be applied from 1 January 2011. Earlier application, for either the entire standard or the government-related entity, is permitted.

- Under 'Classification of rights issues' (Amendment to IAS 32), for rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity´s existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after 1 February 2010. Earlier application is permitted.

- Amendments to IFRIC Int-14 ‘Prepayments of a minimum funding requirement’ corrects an unintended consequence of IFRIC Int-14, ‘IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction’. Without the amendments, entities are not permitted to recognise as an asset for any surplus arising from the voluntary prepayment of minimum funding contributions in respect of future service. This was not intended when IFRIC Int-14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. This is not currently applicable to the Group.

- IFRIC-Int 19 ‘Extinguishing financial liabilities with equity instruments’ clarifies the requirements of IFRS when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity’s shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1 July 2010. Earlier application is permitted.

- ‘Limited exemption from comparative IFRS 7 disclosures for first-time adopters’ (Amendment to IFRS 1) provide first-time adopters with the same transition provisions as included in the amendment to IFRS 7 in relation to relief from presenting comparative information that ended before 31 December 2010 for new fair value disclosures requirements. This is required to be applied for annual periods beginning on or after 1 July 2010. Early adoption is permitted.

- Third improvements to International Financial Reporting Standards (2010) were issued in May 2010, by IASB. All improvements are effective in the financial year of 2011.

The Group is currently assessing the impact of the adoption of the above new standards, amendments to standards and interpretations, but is not yet in a position to state whether they would have a significant impact to the Group’s financial statements.

3. SEGMENTAL INFORMATION

	Shipbuilding		Offshore Engineering		Engineering Machinery		Marine Engine Building		Total	
	Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	11,841,980	9,183,884	465,393	289,322	327,265	-	316,022	-	12,950,660	9,473,206
Inter-segment revenue	-	-	-	-	-	-	(285,181)	-	(285,181)	-
Revenue from external customers	11,841,980	9,183,884	465,393	289,322	327,265	-	30,841	-	12,665,479	9,473,206
Segment results	2,570,039	1,747,643	183,325	100,648	83,955	-	(5,815)	-	2,831,504	1,848,291
Selling and marketing expenses									(63,728)	(4,605)
General and administrative expenses									(957,707)	(561,253)
Other income									205,736	123,317
Other gains/ (losses), net									17,958	(37,981)
Finance income/(costs), net									9,761	(61,219)
Profit before income tax									2,043,524	1,306,550

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

	Year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Brazil	2,554,805	-
China	2,533,153	1,277,312
Germany	2,079,430	271,917
Turkey	1,880,949	2,494,557
Greece	1,785,951	1,792,561
Oman	846,817	-
Cyprus	601,289	709,650
Norway	204,552	1,769,824
Russia	170,940	1,000,052
Singapore	-	157,333
Others	7,593	-
Total	**12,665,479**	**9,473,206**

4. PROFIT BEFORE INCOME TAX

Profit before income tax has been recorded after deducting the following items:

	Year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Raw materials and consumable used	7,922,484	6,100,103
Amortisation of land use rights	14,446	1,564
Depreciation of property, plant and equipment	367,411	221,192
Amortisation of intangible assets	8,768	4,155
Employee benefit expenses	395,612	328,159
Operating lease payments	55,031	67,036
Auditors' remunerations	5,789	554
Outsourcing and processing costs	865,508	614,124
Commission expense	216,772	89,209
Design fees	104,312	147,345
Agency fees	97,658	38,413
Consultancy fees	38,664	32,780
Other tax-related expenses and customs duties	78,096	47,714
Bank charges (include refund guarantee charges)	102,234	60,291
Provision for warranty	99,841	84,524
Donations and sponsoring expenses	16,539	1,145
(Reversal of)/impairment loss on inventory	(1,960)	1,235
Impairment loss on trade and other receivables	2,833	-

During the year ended 31 December 2010, 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 2010.

5. OTHER INCOME

	Year ended 31 December	
	2010	**2009**
	RMB'000	**RMB'000**
Compensation penalty received for cancelled shipbuilding contracts	3,778	5,038
Government grants	32,743	8,462
Rental income	-	5,700
Scrap sales	164,925	102,337
Others	4,290	1,780
Total	**205,736**	**123,317**

6. OTHER GAINS/ (LOSSES) - NET

	Year ended 31 December	
	2010	**2009**
	RMB'000	**RMB'000**
Fair value losses on derivative instruments-forward contracts	(6,022)	(383)
Net foreign exchange gain /(losses)	23,980	(37,598)
	17,958	(37,981)

7. INCOME TAX EXPENSE

	Year ended 31 December	
	2010	**2009**
	RMB'000	**RMB'000**
Current income tax:		
- PRC Enterprise Income Tax ("EIT")	263,572	1,889
Deferred income tax	(93)	-
Total income tax expense	**263,479**	**1,889**

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 is 2008.

Provided that the Hong Kong holding entities could meet criteria set out by the Chinese tax authorities for enjoying treaty benefit on dividend to be received from the PRC subsidiaries, the related withholding income tax on dividend income should be calculated in accordance with the Sino-HK tax arrangement. Deferred income tax liabilities of RMB 100,304,000 as at 31 December 2010 (2009: RMB 34,292,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Unremitted earnings totaled RMB 2,006,078,000 at 31 December 2010 (2009: RMB 685,850,000) and the Group does not intend to remit these unremitted earnings from the relevant subsidiaries to the Company in the foreseeable future.

8. EARNINGS PER SHARE

(a) Basic

Basic 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	
	2010	2009
Earnings attributable to equity holders of the Company (RMB'000)	1,718,704	1,302,183
Weighted average number of ordinary shares in issue	5,761,095,890	5,600,000,000
Basic earnings per share (RMB per share)	0.30	0.23

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2009 and 2010.

9. DIVIDEND

The directors recommend the payment of 2010 final dividend of RMB 6.8 cents per ordinary share, totaling approximately RMB 476.0 million. Such dividend is to be approved by the shareholders at the forthcoming annual general meeting.

10. TRADE AND BILL RECEIVABLES

	As at 31 December	
	2010	**2009**
	RMB'000	**RMB'000**
Trade receivables	304,852	268,143
Less: Provision for doubtful receivables	(16,884)	-
Bills receivables	39,790	-
Total	**327,758**	**268,143**

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

	As at 31 December	
	2010	**2009**
	RMB'000	**RMB'000**
Undue	172,672	268,143
Past due 0-180 days	89,191	-
Past due 181-360 days	65,895	-
Total	**327,758**	**268,143**

As at 31 December 2010, trade receivables of RMB16,884,000 (2009: RMB Nil) relate to certain customers of the Engineering Machinery segment were impaired and provided for. The impaired trade receivables have been past due for over twelve months as at 31 December 2010.

11. TRADE AND OTHER PAYABLES

	As at 31 December	
	2010	**2009**
	RMB'000	**RMB'000**
Trade payables	1,168,825	998,530
Bills payables	623,307	591,387
Other payables for purchase of property, plant and equipment		
- Third parties	198,152	540,124
- Related parties	199,924	280,905
Other payables		
- Third parties	428,436	72,652
- Related parties	228	1,500,306
Receipt in advance	60,657	-
Payable to an agent	-	294,488
Accrued expenses	240,679	382,503
VAT payable	38,297	8,107
Other tax-related payables	166,995	147,622
Total	**3,125,500**	**4,816,624**

Aging analysis of trade and bills payables is as follows:

	As at 31 December	
	2010	**2009**
	RMB'000	**RMB'000**
0-30 days	1,201,796	995,218
31-60 days	263,798	248,314
61-90 days	159,823	153,529
Over 90 days	166,715	192,856
Total	**1,792,132**	**1,589,917**