HONG LEONG ASIA LTD. (REGISTRATION NO. 196300306G)

Unaudited Full Year Financial Statement And Dividend Announcement For The Year Ended 31 December 2010

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

The Board of Directors of Hong Leong Asia Ltd. (the "Company" or "HLA") announces the results of the Company and its subsidiaries (the "Group") for the year ended 31 December ("FY") 2010. These figures have not been audited.

The results of the Group as set out in this announcement should be read in conjunction with Note (1) of Section 8 of this announcement.

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Income statement

	Group		
	FY 2010	Restated FY 2009	Change
	$'000	$'000	%
Continuing operations			
Revenue	5,102,000	4,457,888	14.4%
Cost of sales	(3,830,461)	(3,489,022)	9.8%
Gross profit	**1,271,539**	**968,866**	**31.2%**
Other income/(expenses)	70,761	83,186	-14.9%
Selling and distribution expenses	(564,468)	(472,392)	19.5%
Research and development costs	(85,212)	(77,685)	9.7%
General and administrative expenses	(189,788)	(210,905)	-10.0%
Finance costs	(49,007)	(31,053)	57.8%
Profit from continuing operations	**453,825**	**260,017**	**74.5%**
Share of profit of associates, net of tax	3,306	11,116	-70.3%
Profit before income tax from continuing operations	**457,131**	**271,133**	**68.6%**
Income tax expense	(73,166)	(61,423)	19.1%
Profit from continuing operations, net of tax	**383,965**	**209,710**	**83.1%**
Discontinued operations			
Profit from discontinued operations, net of tax	1,306	1,060	23.2%
Profit for the year	**385,271**	**210,770**	**82.8%**

<u>Attributable to :</u>

Owners of the parent			
Profit from continuing operations, net of tax	119,361	125,883	-5.2%
Profit from discontinued operations, net of tax	951	770	23.5%
	120,312	**126,653**	**-5.0%**
Non-controlling interests			
Profit from continuing operations, net of tax	264,604	83,827	215.7%
Profit from discontinued operations, net of tax	355	290	22.4%
	264,959	**84,117**	**215.0%**

Certain comparative figures for FY 2009 have been restated in order to be consistent with the classification for FY 2010.

1(a)(ii) Notes to the income statement

	Group		
Profit from operations include the following:	FY 2010 $'000	FY 2009 $'000	Change %
Gain/(loss) on disposal of property, plant and equipment (1)	19,352	(1,752)	NM
Impairment loss on property, plant and equipment, intangibles and assets held for sale (2)	(6,016)	(30,416)	-80.2%
Allowance written back/(made) for trade and other receivables/(bad debts written off)	2,604	(4,292)	NM
Allowance written back/(made) for stock obsolescence (3)	22,700	(41,942)	NM
Negative goodwill on acquisition of subsidiary companies (4)	-	37,104	NM
Provisional negative goodwill on additional acquisition of shares in a subsidiary (5)	-	13,540	NM
Depreciation and amortisation	(110,721)	(107,357)	3.1%
Foreign exchange gain/(loss)	2,336	(447)	NM

NM: Not meaningful

(1) The gain from disposal of property, plant and equipment in FY 2010 arose largely from sale of a plantation land by Tasek Corporation Berhad ("Tasek").

(2) Impairment loss in FY 2010 relates largely to the quarry on Karimun Island and assets in a jointly controlled entity involved in steel fabrication products. Impairment loss in FY 2009 relates primarily to a hotel and plant and equipment owned by a China subsidiary of the Group, assets in the green technology pallet plant and investments in Thakral Corporation Ltd.

(3) One of the Group's China operations wrote back provision for stock obsolescence which was no longer required in 2010. This same operation made a substantial part of the stock obsolescence provision for machinery spare parts in FY 2009.

(4) The purchase price allocation in respect of acquisition of additional shares in Tasek in 2009 had been completed during that year and the related attributable negative goodwill is thus final.

(5) Provisional negative goodwill which was recognized in respect of further purchases of shares in FY 2009 in China Yuchai International Limited ("CYI") by a subsidiary of the Company has been finalised.

1(a)(iii) Amount of any adjustment for under or overprovision of tax in respect of prior years

The Group's tax charge in 2010 included an over provision of $13,775,000 (2009: under provision of $2,664,000) in respect of prior years.

1(a)(iv) Statement of Comprehensive Income

	Group		
	FY 2010 $'000	Restated FY 2009 $'000	Change %
Profit for the year	**385,271**	**210,770**	**82.8%**
Other comprehensive income:			
Exchange differences on translation of financial statements of foreign subsidiaries and associated corporations	(84,197)	(26,626)	216.2%
Net fair value changes	5,041	10,617	-52.5%
Share of other comprehensive income of associates	0	14,248	NM
Total other comprehensive income for the year, net of tax	**(79,156)**	**(1,761)**	**4394.9%**
Total comprehensive income for the year	**306,115**	**209,009**	**46.5%**
Attributable to:			
Owners of the parent	96,841	142,341	-32.0%
Non-controlling interests	209,274	66,668	213.9%
Total comprehensive income for the year	**306,115**	**209,009**	**46.5%**
Attributable to:			
Owners of the parent			
Total comprehensive income from continuing operations, net of tax	95,890	141,571	-32.3%
Total comprehensive income from discontinued operations, net of tax	951	770	23.5%
Total comprehensive income for the year attributable to owners of the parent	**96,841**	**142,341**	**-32.0%**

1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
$'000	31/12/10	Restated 31/12/09	31/12/10	31/12/09
Non-current assets				
Property, plant and equipment	1,141,147	1,135,447	351	495
Land use rights	123,438	115,118	-	-
Intangibles	69,580	68,733	583	844
Investment in subsidiaries	-	-	213,824	231,945
Investment in associates	22,534	33,421	13,816	14,695
Investment in jointly controlled entity	-	-	-	15,000
Investment properties	7,055	7,008	-	-
Other investments	2,101	2,259	-	-
Deferred tax assets	87,502	67,704	-	-
Other non-current receivables	12,666	6,790	-	-
	1,466,023	**1,436,480**	**228,574**	**262,979**
Current assets				
Other investments	12,596	1,331	37	34
Inventories	746,397	669,287	-	-
Development properties	15,764	18,879	-	-
Trade and other receivables	1,285,517	927,358	183,608	175,440
Cash and short-term deposits	1,168,143	1,076,233	1,125	7,859
Assets classified as held for sale	58,252	111,852	36,499	39,326
	3,286,669	**2,804,940**	**221,269**	**222,659**
Current liabilities				
Trade and other payables	2,097,200	1,815,192	27,442	55,936
Provisions	89,938	66,371	-	-
Loans and borrowings	235,333	269,373	116,597	105,223
Current tax payable	49,648	45,453	-	-
Liabilities classified as held for sale	19,066	4,586	-	-
	2,491,185	**2,200,975**	**144,039**	**161,159**
Net current assets	**795,484**	**603,965**	**77,230**	**61,500**
Non-current liabilities				
Loans and borrowings	220,680	256,642	-	-
Deferred tax liabilities	37,999	32,198	42	457
Deferred grants	46,192	36,735	-	-
Retirement benefits	241	221	-	-
	305,112	**325,796**	**42**	**457**
Net assets	**1,956,395**	**1,714,649**	**305,762**	**324,022**
Capital and reserves				
Share capital	266,143	264,996	266,143	264,996
Reserves	502,253	443,057	39,619	59,026
	768,396	708,053	305,762	324,022
Non-controlling interests	1,187,999	1,006,596	-	-
Total Equity	**1,956,395**	**1,714,649**	**305,762**	**324,022**

Certain comparative figures for FY 2009 have been restated in order to be consistent with the classification for FY 2010.

Explanatory Notes to Statement of Financial Position

Group

- Total non-current assets as at 31 December 2010 did not vary significantly from a year ago even as further investments were made to property, plant and equipment and real estate as part of the Group's ongoing program on such investments. "Investment in associates" declined as the Group disposed its holdings in an associate company in Indonesia.

- Total current assets rose due primarily to increases in inventories and trade receivables as a result of increased business volumes achieved by the Group's two largest China operations. Cash holdings also rose driven by higher profits. "Other investments" increased due to reclassification of the remaining equity investment in Thakral Corporation Ltd from "Assets classified as held for sale". Assets classified as held for sale declined largely due to sale of a part of the Group's equity investment in Thakral Corporation Ltd offset partially by reclassification of an investment in a jointly controlled entity involved in the manufacture and supply of building materials.

- Total current liabilities as at 31 December 2010 were about $290 million higher than 31 December 2009 largely from higher trade payables due to increase in working capital requirements to fund higher sales in the Group's diesel engine and white goods businesses. Liabilities held for sale rose due to reclassification of an investment in a jointly controlled entity involved in the manufacture and supply of building materials.

- Total non-current liabilities declined from partial repayment of long-term bank loans from proceeds from some assets sales and this was partly compensated by accounting for grants received from the Chinese government to fund research and development of diesel engines. The grants will be amortized over a period of the approved research and development activities.

Company

- Investment in subsidiary companies fell as the net asset value of a subsidiary company in the building materials unit fell below the investment amount recorded at company level. This decline was due to payment of dividends by that subsidiary company to its shareholders during the year. Accordingly, impairment was made to the initial cost of investment.

- The Company's investment in an entity that supplied building materials is now treated as "Assets classified as held for sale" as part of total current assets. This was formerly treated as "Investment in jointly controlled entity".

- The reduction in "Assets classified as held for sale" for the two comparative dates was caused primarily by impairment to receivables due to it by a company (which the Company is negotiating to divest). This was partly compensated by the reclassification of a company previously treated as "Investment in jointly controlled entity".

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2010		As at 31/12/2009	
			Restated
Secured	Unsecured	Secured	Unsecured
$32,268,494	$203,064,463	$44,366,910	$225,006,077

Amount repayable after one year

As at 31/12/2010		As at 31/12/2009	
			Restated
Secured	Unsecured	Secured	Unsecured
$176,820,695	$43,858,998	$169,911,582	$86,730,141

Details of any collateral

The secured bank facilities of the Group, comprising term loans are secured on the assets of certain subsidiaries with a total carrying value as at 31 December 2010 of $289,524,000 (31 December 2009: $287,537,000).

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	FY 2010 $'000	Restated FY 2009 $'000
Operating Activities		
Profit before income tax from continuing operations	457,131	271,133
Profit before income tax from discontinued operations	1,691	1,399
Adjustment for :		
Dividends and interest income	(19,663)	(8,791)
Finance costs	49,007	31,053
Depreciation and amortisation	110,721	107,357
Share of profit of associates	(3,306)	(11,116)
(Gain)/loss on disposal of property, plant and equipment	(19,352)	1,752
Cost of share-based payment	(72)	204
Impairment losses on property, plant and equipment and assets	6,016	32,908
Negative goodwill for acquisition of subsidiaries & associates	-	(50,644)
Gain on revaluation of investments	(1,338)	-
Loss on disposal of assets held for sale	435	-
Gain on disposal of subsidiaries	(685)	(53)
Gain on disposal of an associate	(995)	-
Provision for warranties and other costs, net	120,983	96,463
Operating profit before working capital changes	700,573	471,665
Changes in working capital:		
Inventories	(122,593)	94,207
Trade and other receivables	(427,277)	29,249
Trade and other payables	401,817	690,161
Provisions utilised	(93,917)	(89,752)
	458,603	1,195,530
Income tax paid	(83,874)	(37,146)
Cash flows from operating activities	374,729	1,158,384
Investing Activities		
Interests and dividends received	22,414	20,234
Proceeds from disposal of subsidiary, net of cash disposed	452	385
Proceeds from disposal of associates and joint ventures	12,137	-
Proceeds from disposal of investments	-	1,638
Proceeds from disposal of property, plant and equipment	35,777	9,483
Proceeds from disposal of assets held for sale	62,250	-
Acquisition of subsidiaries and businesses, net of cash acquired	-	27,407
Purchase of additional shareholding in subsidiaries	(11,915)	(60,005)
Investments in associates and joint ventures	-	(445)
Purchase of property, plant and equipment	(175,785)	(200,325)
Payment of prepaid operating leases	(16,094)	(34,531)
Purchase of intangible assets	(3,140)	(1,634)
Cash flows from investing activities	(73,904)	(237,793)
Financing Activities		
Proceeds from share issue	1,147	1,223
Share cancellation	-	(14,891)
Grant received from government	11,514	37,443
Capital contribution by minority shareholders of a subsidiary	9,456	9,523
Capital reduction by a subsidiary	(6,993)	-
Proceeds from bank borrowings	193,285	334,906
Repayment of bank borrowings	(257,159)	(360,260)
Dividends paid to shareholders of the Company	(37,354)	(19,070)
Dividends paid to minority shareholders of subsidiaries	(24,603)	(14,800)
Release/(placement) of fixed deposits pledged with banks	20,915	(20,649)
Interest paid	(51,680)	(34,092)
Cash flows from financing activities	(141,472)	(80,667)
Net increase in cash and cash equivalents	159,353	839,924
Cash and cash equivalents at beginning of the period	1,054,674	238,017
Effects of exchange rate changes on cash and cash equivalents	(41,737)	(23,267)
Cash and cash equivalents reclassified to assets held for sale	(4,811)	-
Cash and cash equivalents at end of the period	1,167,479	1,054,674
Comprising:		
Fixed deposit, bank and cash balances	1,168,143	1,076,233
Less: Bank overdraft	(637)	(617)
Fixed deposits pledged	(27)	(20,942)
	1,167,479	1,054,674

The attributable net assets of subsidiaries acquired/disposed during the period are as follows:

	FY 2010 $'000	FY 2009 $'000
Acquisitions		
Non-current assets	-	276,059
Net current assets	-	195,188
Non-current liabilities	-	(24,707)
Minority Interest	-	(110,886)
Revaluation reserves	-	(10,664)
Amount previously accounted for as associate	-	(164,406)
Goodwill	-	(26,869)
Currency translation differences	-	(205)
Total consideration	-	133,510
Less: Consideration to be settled by debts set-off	-	(50,839)
Less: Cash & cash equivalents of subsidiary acquired	-	(110,078)
Acquisition of subsidiary, net of cash acquired	-	(27,407)
Disposals		
Non-current assets	65	-
Net current assets	1,119	441
Minority Interest	(752)	-
Realisation of translation difference	(391)	(6)
Gain on disposal/liquidation of subsidiaries	685	53
Total cash consideration	726	488
Less: Cash and bank balances of subsidiaries disposed	(274)	(103)
Disposal of subsidiaries, net of cash disposed	452	385

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity	Share Capital $'000	Capital Reserve $'000	Statutory Reserve $'000	Fair Value Reserve $'000	Equity Compen-sation Reserve $'000	Translation Reserve $'000	Premium paid on acquisition of minority Interests $'000	Reserve of disposal group classified held for sale S$'000	Revenue Reserve $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
The Group												
At 1 January 2009	278,664	(34,684)	22,267	22,664	1,805	(13,135)	-	-	303,304	580,885	895,322	1,476,207
Total comprehensive income for the year	-	-	-	21,310	-	(5,622)	-	-	126,653	142,341	66,668	209,009
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Share issued during the year	1,223	-	-	-	-	-	-	-	-	1,223	-	1,223
Cost of share-based payments	-	-	-	-	204	-	-	-	-	204	-	204
Transfer to accumulated profits	-	(4,461)	-	-	-	-	-	-	4,461	-	-	-
Shares cancelled during the year	(14,891)	-	-	-	-	-	-	-	-	(14,891)	-	(14,891)
Transfer to statutory reserve	-	-	7,526	-	-	-	-	-	(4,431)	3,095	-	3,095
Shares issued to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	9,523	9,523
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(19,070)	(19,070)	-	(19,070)
Dividends paid/payable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(14,800)	(14,800)
Realisation of reserves upon disposal of subsidiaries and associate	-	10,473	(129)	41	-	-	-	-	3,881	14,266	1,535	15,801
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	110,886	110,886
Changes in ownership interests in subsidiaries that do not result in a loss of control												
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(62,538)	(62,538)
At 31 December 2009	264,996	(28,672)	29,664	44,015	2,009	(18,757)	-	-	414,798	708,053	1,006,596	1,714,649
At 1 January 2010	264,996	(28,672)	29,664	44,015	2,009	(18,757)	-	-	414,798	708,053	1,006,596	1,714,649
Total comprehensive income for the year	-	-	-	5,041	-	(29,266)	-	-	120,312	96,087	209,274	305,361
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Share issued during the year	1,147	-	-	-	-	-	-	-	-	1,147	-	1,147
Cost of share-based payment	-	-	-	-	(72)	-	-	-	-	(72)	-	(72)
Transfer to statutory reserve	-	-	2,904	-	-	-	-	-	(2,904)	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(37,354)	(37,354)	-	(37,354)
Capital reduction by a subsidiary	-	-	-	-	-	-	-	-	-	-	(6,993)	(6,993)
Reserve attributable to disposal group classified as held for sale	-	-	-	(1,909)	(488)	754	-	1,643	-	-	-	-
Realisation of reserves upon disposal of disposal group classified as held for	-	-	-	1,248	28	-	-	710	-	1,986	5,226	7,212
Dividends paid/payable non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(24,603)	(24,603)
Shares issued to non-controlling shareholder of a subsidiary		-	-	-	-	-	-	-	-	-	9,456	9,456
Changes in ownership interests in subsidiaries that do not result in a loss of control												
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(10,464)	(10,464)
Disposal of subsidiaries by non-controlling interests	-	-	-	-	-	-	-	-	-	-	(493)	(493)
Premium paid on acquisition of non-controlling interests	-	-	-	-	-	-	(1,451)	-	-	(1,451)	-	(1,451)
At 31 December 2010	266,143	(28,672)	32,568	48,395	1,477	(47,269)	(1,451)	2,353	494,852	768,396	1,187,999	1,956,395

1(d)(i) Statement of changes in equity for the year ended 31 December (cont'd)

Statement of Changes In Equity	Share Capital $'000	Capital Reserves $'000	Fair Value Reserves $'000	Compensation Reserves $'000	Revenue Reserves $'000	Total Equity $'000
The Company						
At 1 January 2009	278,664	9,199	-	1,289	27,100	316,252
Total comprehensive income for the period	-	-	5	-	40,296	40,301
Share issues during the period	1,223	-	-	-	-	1,223
Share cancellation during the period	(14,891)	-	-	-	-	(14,891)
Cost of share-based payment	-	-	-	207	-	207
Dividends	-	-	-	-	(19,070)	(19,070)
At 31 December 2009	264,996	9,199	5	1,496	48,326	324,022
At 1 January 2010	264,996	9,199	5	1,496	48,326	324,022
Total comprehensive income for the period	-	-	3	-	18,016	18,019
Share issues during the period	1,147	-	-	-	-	1,147
Cost of share-based payment	-	-	-	(72)	-	(72)
Dividends	-	-	-	-	(37,354)	(37,354)
At 31 December 2010	266,143	9,199	8	1,424	28,988	305,762

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

1(d)(ii)(A) Movements in issued and paid-up capital

	Number of Shares	Issued and Paid-Up Capital
Ordinary Shares		$'000
Balance as at 1 January 2010	372,956,359	264,996
Shares issued for cash upon the exercise of options under the Hong Leong Asia Share Option Scheme 2000 (the " Scheme")	617,000	1,147
Balance as at 31 December 2010	373,573,359	266,143

The Company did not hold any treasury shares as at 31 December 2010 and 31 December 2009.

There has been no change in the number of ordinary shares in issue as at 31 December 2009 and 1 January 2010.

1(d)(ii)(B) Share Options

During the year, the following options were exercised pursuant to the terms of the Scheme:

Year of Grant	Exercise Price Per Share	FY 2010	Cumulative To Date
2001	$0.41	-	6,107,000
2002	$1.00	-	1,153,800
2003	$1.79	-	-
2004	$1.51	-	809,000
2005	$1.28	18,000	247,700
2007	$1.88	540,200	946,400
2008	$2.36	25,800	196,800
2009	$1.42	33,000	33,000
Total		617,000	9,493,700

As at 31 December 2010, there were a total of 805,200 (31 December 2009: 1,922,200), unissued shares under options granted pursuant to the Scheme. Details are as follows:

Year of Grant	Exercise Price	Number of Outstanding Options
2007	$1.88	85,000
2008	$2.36	653,200
2009	$1.42	67,000
Total		805,200

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Please refer to item 1(d)(ii)(A) above.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the year ended 31 December 2010.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation as in the Group's audited financial statements for FY 2009.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted the following revised accounting standards that are effective for annual periods beginning on or after 1 July 2009. Insofar as the Group is concerned, these revised accounting standards are effective on 1 January 2010 as 2010 is the first annual period for the Group subsequent to 1 July 2009. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the amended FRSs that are relevant to the Group:

FRS 27 (revised) Consolidated and Separate Financial Statements
FRS 103 (revised) Business Combination

The amended FRS 27 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss.

FRS 103 (revised 2009) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. The amendments will mainly impact the accounting for transaction costs, step acquisitions, goodwill and non-controlling interests (previously minority interests).

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
Earnings per ordinary share based on net profit attributable to shareholders	**2010**	**2009**
(i) Based on the weighted average number of ordinary shares in issue (cts)	32.21	33.28
(ii) On a fully diluted basis (cts)	32.17	33.28

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
Net Asset Value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares, if any, of the issuer as at end of the financial year (cts)	205.69	189.85	81.85	86.88

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The results of the Group as set out in this announcement have included certain data provided by China Yuchai International Limited ("CYI") but not the full unaudited consolidated financial results of CYI as the same is still in the process of being finalized. Therefore the results of the Group should be read in conjunction with Note (1) of this Section 8.

2010 versus 2009

The Group ended the year with record high revenue of $5.1 billion on the back of strong sales in diesel engines and consumer durables.

In 2010, the Group had gains of $21.5 million (net of non-controlling interests: $16.6 million) from sales of assets. In 2009, the Company recognized $50.6 million (net of non-controlling interests: $48.8 million) in negative goodwill largely from the purchases of additional shares in Tasek Corporation Berhad ("Tasek") and CYI. It also made a gain of $6.3 million from the sale of quoted securities by one of its associate companies. Had these items in 2009 and 2010 been excluded, profit attributable to shareholders of the Company in 2009 and 2010 would have been $71.6 million and $103.7 million respectively. This translates to a strong 44.8 percent year-on-year rise in core profit attributable to shareholders of the Company.

Strong economic growth fuelled by favourable government policies in China contributed substantially to a 14.4 percent increase in the sales revenue of the Group. The Group benefitted from strong demand for its diesel engines ("Yuchai"), white goods ("Xinfei") and industrial packaging products ("Rex"). Only the building materials unit ("BMU") achieved lower sales revenue in 2010.

Sales of diesel engines reached 551,592 units, an increase of 17.9 percent from a year ago powered by rising consumer purchasing power, infrastructure projects and the rapid development of transportation in China. With a higher proportion of sales in higher emission standard engines and higher capacity engines, average selling prices of diesel engines rose in 2010 which also contributed to stronger revenue growth.

Xinfei sold close to 3.8 million units of refrigerators, freezers, show cases and air conditioners. This was 19.2 percent higher than the approximately 3.2 million units sold in 2009. Healthy domestic demand and favourable government policies were key factors for the increase.

With consumer demand remaining strong, sales of industrial packaging products also improved year-on-year. More than 330,000 pieces of green technology pallets were sold in 2010 which translates to a 77.1 percent rise year-on-year.

Continued weak prices of building materials in Singapore dampened the revenue in 2010 of BMU despite strong cement and clinker sales achieved by Tasek.

Weaker Renminbi during the year impacted Group revenue by about $230 million in 2010.

Gross profit grew 31.2 percent year-on-year driven primarily by higher sales in Yuchai and Xinfei as well as favourable product mix achieved by Yuchai. Yuchai, which had provision for stock obsolescence in FY2009, wrote back part of the provision this year and this also led to an improvement in gross profit. All of the Group's business units with the exception of Rex achieved higher gross profit in 2010. The gross profit of Rex was essentially at the same level as 2009. Weaker Renminbi affected gross profit of the Group by about $59 million.

With higher unit sales in both Yuchai and Xinfei, selling and distribution expenses were thus higher. Yuchai's sales of higher emission standard engines and a more favourable sales mix toward higher capacity engines contributed to higher after sales service costs. With manufacturers and distributors putting an increased focus on the higher growth areas in the rural markets and in order to take advantage of the rural subsidy program, Xinfei had to spend more on sales and marketing expenses to defend its market share. Higher wage costs, a factor of both higher headcount and higher level of minimum wages also contributed to increased selling and distribution expenses.

As part of its efforts to develop more environmentally friendly engines and white goods and to better meet the needs of the consumers in improved product functionalities, the Group continues to invest in research and development activities leveraging on the knowledge of its own employees and in collaboration with universities and third party consultants. These factors contributed to an increase in research and development expenses.

Although general wage levels have increased, particularly in China and higher staff performance bonus was accrued by Yuchai, general and administrative expenses still fell year-on-year. The decline was primarily due to absence of impairment losses on investments and assets held by the CYI Group.

$50.6 million of negative goodwill was included in other income in 2009. $21.5 million of gain from asset sales were included in other income in 2010. These items together with higher bank interest income largely accounted for the variance in Other Income for the comparative periods.

Finance costs rose as the Chinese government took steps to tighten credit with several rate hikes in 2010. The increase in average working capital requirements, a factor of a substantial increase in sales volumes and revenues achieved by the two largest China operations of the Group, resulted in higher average bank borrowings during the year and this also caused an increase in finance costs.

Share of profits from associates, net of tax, declined due primarily to the non-recurrence of gain on sales of quoted securities by an associate company as well as classification of some investments from associates to “assets held for sale” in March 2009.

Arising from higher pre-tax profit, income tax expense increased by 19.1 percent. Effective tax rate of the Group for 2010 was lower than that of 2009 as the latter included substantial negative goodwill which was non-taxable. Income tax expense in 2010 also included about $13.8 million in write-back of over-provision of income tax and tax refund to the Group’s Singapore operations arising from Group Tax Relief.

Working Capital and Cash Flow

The Group ended the year with higher cash balance of about $1.2 billion (2009: about $1.1 billion).

The Group continued to generate positive cashflow from operating activities although it fell due to increased working capital needs. The substantial increase in sales by Xinfei and Yuchai in 2010 necessitated higher working capital requirements and this translated to increases in inventory holdings and higher trade receivables. The recent tightening of bank credit, in China particularly in the last quarter of 2010 increased the cost of bank borrowings of suppliers which resulted in requests for prompt settlement of trade payables.

About $110 million cash was generated from asset sales largely from the Group’s disposal of a substantial part of its equity stake in Thakral Corporation Ltd and its entire equity stake in an associate company in Indonesia as well as non-core assets in Malaysia and Singapore. These factors together with lower share purchases in a subsidiary company primarily contributed to lower cash outflow from investing activities.

The Group continued to make further loan repayments in 2010 which reduced its total bank borrowings by about $64 million. Higher interest expenses were incurred during the year due to increased working capital requirements. The Group also paid more dividends in 2010 and received less government grant for its research and development activities. These outflows from financing activities were mitigated by the release of bank fixed deposit, given in prior year to secure bank facilities.

Note (1)

The Board of Directors refers to the announcement by the Company on 28 February 2011 attaching a copy of the Form 6K (Report of Foreign Private Issuer) filed on the same day with the United States Securities and Exchange Commission by CYI, a subsidiary of the Company listed on the New York Stock Exchange (“the 6K Announcement”). In the 6K Announcement, CYI had advised that its main operating joint-venture subsidiary, Guangxi Yuchai Machinery Company Limited (“GYMCL”), has only very recently closed its financial accounts for fiscal year 2010 which has lengthened the financial reporting process. In view thereof, the 6K Announcement released only selected unaudited consolidated financial data for the fourth quarter and full year ended 31 December, 2010.

According to the 6K Announcement, such selected unaudited financial data as presented therein may differ materially from that reflected in the full unaudited and audited consolidated financial results for FY 2010 of CYI to be released when they are available and investors were advised not to place undue reliance on the data disclosed in the 6K Announcement.

The Board understands that under the United States' Securities Exchange Act of 1934, CYI has up to 30 June 2011 to release its audited consolidated financial results for the full year ended 31 December 2010 on Form 20-F. The Board however expects the audited consolidated financial results for CYI to be ready before the Company issues its Annual Report for FY 2010 to its shareholders.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

None.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group believes that sharply focused government policies and a rapidly emerging middle class will continue to drive economic growth in China even though the Chinese government faced many challenges over the overheating economy and the formation of an asset bubble. Policies focused on increasing income of the general population and reducing income disparity between urban and rural areas and spurring domestic consumption will benefit the Group’s China businesses. China has the largest population in the world which should provide a strong base for consumer demand.

Every province and municipality in China experienced a rise in its minimum wage in 2010 with increases ranging from 12 percent to Beijing’s 21 percent. Wages will continue to rise. Social unrest in the oil rich Middle Eastern countries will have an impact on oil prices. These factors will increase the cost of doing business in China.

Continued pressure on China to appreciate the Renminbi will result in exports from China to be less competitive and will certainly cause Chinese manufacturers focusing more on the domestic market. This will result in increased competition in the domestic market.

On the positive side, in conjunction with this increase in wages, the prospects for the China domestic market for all goods will improve dramatically particularly as the Chinese government is committed to boost domestic consumption to balance its GDP growth. The China retail market is far from mature. As worker income begins to rise, the possibilities for this market are vast.

Demand for consumer durables in the rural areas continued to be powered by both an increase in disposal income and the ongoing rural subsidy program. An expanding transportation network and China’s commitment to reduce carbon emission will continue to lead to a growth in the demand for environmentally friendly engines. Both Xinfei and Yuchai are well placed to leverage on the increasing emphasis on environmentally friendly products. Demand for industrial packaging products in China is unlikely to dampen if inflationary pressure is well managed.

The Malaysian and Singapore governments’ proactive government policies will provide growth engines for their construction industries.

A recent media release by the Building and Construction Authority gave a promising outlook for Singapore construction sector demand in 2011. Moderation in private sector construction demand in 2011 is expected to be compensated by the strengthening of public sector construction demand. The former is a reflection of more cautious industry sentiments among developers in the light of a more moderate economic outlook and recent government’s measures to rein in on speculative activity in the residential housing market. Growth in the public sector construction demand is anticipated to mainly come from growth in public sector institutional construction demand (such as Institute of Technical Education’s third regional campus in Ang Mo Kio and development of Jurong General Hospital) and stronger public sector civil engineering construction demand led by the Land Transport Authority Downtown MRT Stage 3 contracts.

Singapore’s GDP growth is expected to be in the region of 4 to 6 percent in 2011.

The Malaysian Institute of Economic Research expects the country to post GDP growth of 5.2 percent this year. Recent announcements by the Malaysian government to improve transportation network in the country and to boost the construction industry in general are expected to benefit suppliers of building materials.

The Group's green technology pallets business segment will continue to be challenging even as it seeks to further reduce its cost structure and strengthen its customer base.

The Group will continue to put strong emphasis on working capital management as it had done so successfully in the past years. The Group remains optimistic that its cash position will remain healthy.

Thus, barring unforeseen circumstances and any adverse change in business climate, the Group expects to continue to operate profitably in the next quarter and next twelve months.

The Group is still in negotiation to dispose its interest of its entire equity stake in the quarry on Karimun Island (the "Proposed Disposal").

The Company cautions that there is no assurance that the Proposed Disposal will result in any specific transaction. Shareholders and investors are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcements as appropriate.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim (Paid)	Proposed Final
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	3 cents per ordinary share	7 cents per ordinary share
Tax Rate	Tax Exempt (1-tier)	Tax Exempt (1-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim (Paid)	Final (Paid)
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	3 cents per ordinary share	7 cents per ordinary share
Tax Rate	Tax Exempt (1-tier)	Tax Exempt (1-tier)

(c) Date payable

To be determined

(d) Books closure date

To be determined

(e) A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend

	Latest Full Year (S$'000)	Previous Full Year (S$'000)
Ordinary	37,357	37,588
Preference	0	0
Total:	37,357	37,588

The figure under the latest full year comprises:

(i) the net interim dividend for the financial year 2010 that was paid on 24 September 2010; and

(ii) the proposed final dividend for financial year 2010 which is subject to shareholders' approval at the forthcoming Annual General Meeting, and calculated based on 373,573,359 issued shares in the capital of the Company as at 1 March 2011.

The figure under the previous full year comprises net interim and final dividends paid in respect of the financial year ended 31 December 2009.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

13 (a)(i) Business Segments

The Group determines and presents operating segments based on the information provided internally to the Group's chief operating decision maker (CODM).

$' 000	Consumer products	Industrial packaging	Building materials	Diesel engines [(1)]	Others [(2)]	Total
2010						
External revenue	1,113,098	96,356	513,942	3,352,802	25,802	5,102,000
Interest revenue	387	105	3,950	14,664	197	19,303
Interest expense	(4,314)	(1,045)	(451)	(23,297)	(4,170)	(33,277)
Depreciation and amortisation	(16,943)	(3,928)	(24,272)	(58,190)	(6,908)	(110,241)
Reportable segment profit before income tax	34,985	5,626	65,895	378,585	(3,461)	481,630
Share of profit of equity method investees	-	1,817	1,513	(133)	109	3,306
Reportable segment profit after income tax	31,204	6,184	52,449	315,481	(2,278)	403,040
2009 (Restated)						
External revenue	986,323	88,624	536,588	2,820,551	25,802	4,457,888
Interest revenue	396	105	2,962	5,155	389	9,007
Interest expense	(5,958)	(1,277)	(1,664)	(16,567)	(400)	(25,866)
Depreciation and amortisation	(11,575)	(3,469)	(26,010)	(59,366)	(6,377)	(106,797)
Reportable segment profit before income tax	76,043	(3,064)	47,801	122,234	(775)	242,239
Share of profit of equity method investees	-	1,184	6,631	3,250	51	11,116
Reportable segment profit after income tax	67,315	(4,747)	36,409	83,186	(944)	181,219

(1) This information should be read in conjunction with Note (1) under Section 8 of this announcement.

(2) Related to hospitality and property development operations.

13 (a)(i) Business Segments (Cont'd)

Reconciliation of reportable segment revenue and profit before income tax

	2010 $'000	Restated 2009 $'000
Revenue		
Total revenue for reportable segments	5,076,198	4,432,086
Other revenue	25,802	25,802
Elimination of revenue	0	0
Consolidated revenue	5,102,000	4,457,888
Profit or loss		
Total profit or loss for reportable segments	485,091	243,014
Other profit or loss	(3,461)	(775)
	481,630	242,239
Elimination of inter-segment profits		
Unallocated amounts:		
- Other corporate profit	(24,499)	28,894
Consolidated profit before income tax	457,131	271,133

13(a)(ii) Geographical Segments

$'000	China (including Hong Kong)	Singapore	Malaysia	Indonesia	Others	Consolidated
2010						
Total revenue from external customers	4,504,110	285,322	258,316	290	53,962	5,102,000
2009 (Restated)						
Total revenue from external customers	3,873,650	321,986	239,407	158	22,687	4,457,888

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Note 8.

15. A breakdown of sales.

	Group		
	2010 $'000	Restated 2009 $'000	Increase/ (Decrease)
Sales reported for first half	2,836,870	2,333,960	21.5%
Operating profit after tax before deducting non-controlling interests reported for first half year	181,072	71,785	152.2%
Sales reported for second half	2,265,130	2,123,928	6.6%
Operating profit after tax before deducting non-controlling interests reported for second half	204,199	138,985	46.9%

16. Interested persons transactions

Name of Interested Person	Aggregate value of all interested person transactions recorded in financial year 2010 conducted under IPT mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Hong Leong Investment Holdings Pte. Ltd. and its associates - General Transaction (leases of office premises by the Group for lease tenure of three years each)	$397,008

BY ORDER OF THE BOARD

Yeo Swee Gim, Joanne
Ng Siew Ping, Jaslin
Company Secretaries

1 March 2011