

**Financial Review**

The Group's cash and bank balances as at 31 December 2004 amounted to HK\$159,832,000 (31 December 2003: HK\$142,600,000). The Group's total borrowings amounted to HK\$57,181,000 (31 December 2003: HK\$302,407,000), of which HK\$33,779,000 was repayable within 1 year and HK\$23,402,000 was repayable from 2 to 5 years.

The percentage of the Group's borrowings denominated in HK\$ and Vietnamese Dong ("VND") were 15% and 85%, respectively. Of the total borrowings, about 0.4% were at fixed interest rates. The percentage of cash and cash equivalents held by the Group in HK\$, US\$, VND and RMB were 20%, 75%, 4% and 1%, respectively.

As a result of the redemption of the 5-year promissory note amounted to HK\$200,000,000 on 18 June 2004, both the borrowings and the gearing ratio of the Group substantially reduced as at 31 December 2004 when compared to that of 31 December 2003.

The gearing ratio, expressed as the percentage of long-term debt to equity, was 2% as at 31 December 2004 (31 December 2003: 29%).

**Share capital**

The Company redeemed the 5-year promissory note amounted to HK\$200,000,000 on 18 June 2004 with a total consideration comprising of HK\$45 million in cash and the issuance of 111,478,117 new ordinary shares of the Company at a subscription price of HK\$1.211 per share. As a result, the number of issued shares of the Company increased substantially during the year.

**財務回顧**

本集團之現金及銀行結餘於二零零四年十二月三十一日止為港幣159,832,000元(於二零零三年十二月三十一日:港幣142,600,000元)。本集團之總借貸為港幣57,181,000元(於二零零三年十二月三十一日:港幣302,407,000元);當中有港幣33,779,000元須於一年內付還,港幣23,402,000元須於二至五年內付還。

本集團之借貸主要包括港幣和越南盾,所佔比例分別為15%及85%。總借貸之中約0.4%為固定息率。本集團持有之現金及現金等值為港元、美元、越南盾及人民幣之比例分別為20%、75%、4%及1%。

由於本集團於二零零四年六月十八日贖回總值港幣200,000,000元之五年期承兌票據,本集團於二零零四年十二月三十一日之總借貸及資本負債比率與二零零三年十二月三十一日之數字比較顯著減低。

於二零零四年十二月三十一日,資本負債比率(以長期債務和股本之百分比)為2%(於二零零三年十二月三十一日:29%)。

**股本**

本公司於二零零四年六月十八日以現金港幣45,000,000元及以每股港幣1.211元作價發行共111,478,117股本公司新股之總代價,贖回總值港幣200,000,000元之五年期承兌票據。因此,致使本公司之已發行股數於年內顯著增加。

Furthermore, the Company's warrants were mostly exercised before its expiry date during the year that also contributed to an increase in the number of issued shares of the Company. All the warrants of the Company were expired on 17 June 2004. A total number of 3,010,255 unexercised warrants were lapsed and cancelled. The total number of warrants being exercised for 2004 were 59,236,384, which resulted in a total number of 59,236,384 shares of the Company having been issued.

As at 31 December 2004, the Company had a total number of issued shares of 490,705,418 shares (as at 31 December 2003: 319,990,917 shares).

### Significant investments held

As at 31 December 2004, the Group had no significant investment held.

### Material acquisitions and disposals

On 12 October 2004, the Group entered into an agreement pursuant to which Luks Vietnam, a wholly-owned subsidiary of the Company, agreed to acquire from Thua Thien Hue Construction Corporation ("TCC") its 22.17% equity interest in Luks Thua Thien Hue Company Limited ("Luks-Vaxi"), for a total consideration of US\$4 million (equivalent to approximately HK\$31.2 million). Luks-Vaxi was a joint venture company established and engaged in cement manufacturing business in Vietnam and was indirectly owned by the Group as to 68.10% before the acquisition. After the acquisition, the Group will indirectly hold 90.27% of Luks-Vaxi and the name of Luks-Vaxi will be

另外，本公司之認股權證於到期日前大部份獲得行使亦令本公司之已發行股數於期內增加。本公司之認股權證於二零零四年六月十七日已全部到期。共有3,010,255份未被行使之認股權證於到期日失效及被註銷。於二零零四年內共有59,236,384份認股權證被行使，致使本公司共發行59,236,384股新股。

於二零零四年十二月三十一日，本公司之已發行總股數為490,705,418股（於二零零三年十二月三十一日：319,990,917股）。

### 主要持有投資

於二零零四年十二月三十一日，本集團並無持有主要投資。

### 重大收購及出售

於二零零四年十月十二日，本集團簽訂一份協議，據此，本集團之全資擁有附屬公司，Luks Vietnam Company Limited，同意向Thua Thien Hue Construction Corporation（「TCC」）收購其於Luks Thua Thien Hue Company Limited（「Luks-Vaxi」）之22.17%股權，總代價為美金4,000,000元（相等約港幣31,200,000元）。Luks-Vaxi為一間於越南成立及經營水泥製造業務之合營企業，並於收購前由本集團間接持有68.10%股權。在收購後，本集團將間接持有Luks-Vaxi之90.27%股權及Luks-Vaxi

changed to Luks Cement (Vietnam) Limited, which will then be a 100% foreign-owned enterprise in Vietnam. It is expected that the acquisition will be completed in mid-2005. The Group will finance all proceeds of the acquisition with its internal resources.

### Employees and remuneration policy

As at 31 December 2004, the Group had approximately 807 employees. Most of them were in Vietnam. The total staff cost (excluding directors remuneration) was approximately HK\$19,712,000 for the year ended 31 December 2004 (31 December 2003: HK\$18,958,000). There was no significant change in the Group's remuneration policy as compared to the last financial year.

### Details of future plan for material investments

On 23 March 2005, the Group entered into a conditional agreement with China National Aero-Technology Import & Export Corporation Beijing Company for the purchase of a new clinkers' production line to be installed in Luks-Vaxi, Vietnam, for a total consideration of US\$10,709,000 (equivalent to approximately HK\$83,530,200) subject to the terms and conditions set out in the agreement. The consideration will be partially financed by a bank's borrowing, as to HK\$30 million and partially from the Group's internal resources, as to approximately HK\$53,530,200. It is anticipated that after the completion of the installation of the new production line, the maximum capacity of the Group's clinkers and cement production will be increased by 500,000 tonnes per annum, representing approximately an increase of 60% as compared to the existing capacity.

將被改名為 Luks Cement (Vietnam) Limited，其將為一間於越南之100%外資擁有企業。收購預期於二零零五年中完成。本集團將以內部資源支付全部收購所須之款項。

### 僱員及薪酬政策

於二零零四年十二月三十一日，本集團總僱員數目約807人，大部份位於越南。於期內，總員工費用(不包括董事酬金)約港幣19,712,000元(於二零零三年十二月三十一日：港幣18,958,000元)。與上年度比較，本集團之薪酬政策並無重大變化。

### 未來重大投資計劃之詳情

於二零零五年三月二十三日，本集團與中國航空技術進出口北京公司簽訂一份有條件(按協議內條款及條件規定)之協議，以購買一條將會安裝於越南 Luks-Vaxi 之新熟料生產線，總代價為美金10,709,000元(相等約港幣83,530,200元)。總代價將會部份共港幣30,000,000元由銀行借貸支付，及餘下部份即共約港幣53,530,200元由本集團內部資源支付。預期當新生產線完成安裝後，本集團熟料及水泥生產之最高年產能力將可增加500,000噸，與目前之年產能力比較提高約60%。

### Details of charges

As at 31 December 2004, the Group pledged certain fixed assets at a net book value of HK\$266,762,000 to secure banking facilities.

### Exposure to fluctuations in exchange rates and related hedges

The Group has exposed to the risk of exchange rate's fluctuation in Vietnamese Dong ("VND") for its investments in Vietnam. The exchange rate of VND to USD had a 0.65% (31 December 2003: 1.7%) devaluation as at 31 December 2004 when compared to that of the previous year, resulting in a foreign exchange loss of HK\$1,325,000 and an exchange difference on translation of the financial statements of foreign subsidiaries of HK\$9,258,000. As VND is a restricted currency and thus hedging instruments are in lack of. In order to minimize exposure to the exchange risk, the cement plant makes use of its surplus cashflow and local banks' borrowings of VND to repay loans denominated in USD, especially the loan due to the parent company. Besides, most of the expenditures of the cement plant are in VND. For the Saigon Trade Centre, over 90% of the leasing contracts are denominated in USD, whereas most of its expenditures are in VND.

### Details of contingent liability

As at 31 December 2004, the Group had no significant contingent liability (31 December 2003: Nil).

### 抵押詳情

於二零零四年十二月三十一日止，若干固定資產帳面淨值為港幣266,762,000元已抵押予銀行以獲取銀行給予本集團之貸款設施。

### 匯率波動及有關對沖風險

本集團於越南之投資均面對越南盾外匯波動之風險。與去年比較，於二零零四年十二月三十一日越南盾相對美元已有0.65% (二零零三年十二月三十一日：1.7%) 之貶值，以導致本集團錄得港幣1,325,000元之外匯虧損及港幣9,258,000元因演譯外國附屬公司財務報表所帶來之外匯差距。因越南盾並非自由流通之貨幣，所以市場上缺乏對沖工具。為使其風險減至最低，水泥廠已盡量將其流動資金盈餘及於當地銀行借貸越南盾以付還其目前之外幣借貸，特別是總公司之借貸。除此之外，水泥廠大部份支出均以越南盾結算。至於西貢貿易中心，其租賃合約中超過90%以美元結算，而大部份支出則以越南盾支付。

### 或然負債詳情

於二零零四年十二月三十一日，本集團並無重大之或然負債 (二零零三年十二月三十一日：無)。