LUKS GROUP (VIETNAM HOLDINGS) COMPANY LIMITED

陸氏集團(越南控股)有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 366)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

The Board of Directors (the "Board") of Luks Group (Vietnam Holdings) Company Limited (the "Company") announces that the consolidated results of the Group for the year ended 31 December 2007, together with the comparative figures for the corresponding year in 2006 are as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
REVENUE	*3*	**529,251**	373,744
Cost of sales		**(252,273)**	(173,333)
Gross profit		**276,978**	200,411
Other income and gains	*3*	**21,636**	10,610
Fair value gains on investment properties, net		**207,192**	245,120
Selling and distribution costs		**(49,626)**	(26,144)
Administrative expenses		**(78,311)**	(70,766)
Other expenses		**(4,954)**	(6,819)
Impairment of goodwill		**-**	(77,716)
Finance costs	*5*	**(14,688)**	(10,917)
Shares of profits and losses of jointly-controlled entities		**(2,107)**	(2,642)
PROFIT BEFORE TAX		**356,120**	261,137
Tax	*6*	**(56,218)**	(62,886)
PROFIT FOR THE YEAR		**299,902**	198,251
Attributable to:			
Equity holders of the parent		**302,640**	200,343
Minority interests		**(2,738)**	(2,092)
		299,902	**198,251**
DIVIDENDS	*7*		
Interim		**17,199**	14,897
Proposed final		**28,427**	25,650
		45,626	40,529
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**55.4 cents**	40.6 cents
Diluted		**55.0 cents**	39.9 cents

CONSOLIDATED BALANCE SHEET

31 December 2007

	Notes	**2007**	2006
		HK$'000	HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**688,552**	460,164
Investment properties		**1,116,165**	899,441
Prepaid land lease payments		**20,144**	22,174
Goodwill		**15,842**	15,842
Interests in jointly-controlled entities		**2,941**	2,824
Available-for-sale investments		**458**	657
Deposits		**93,270**	-
Deferred tax assets		**47**	-
Time deposit		**-**	15,600
Total non-current assets		**1,937,419**	1,416,702
CURRENT ASSETS			
Inventories		**13,917**	19,496
Trade receivables	*9*	**30,160**	24,879
Prepayments, deposits and other receivables		**43,139**	20,843
Debt investments at fair value through profit or loss		**1,094**	1,094
Pledged deposits		**8,109**	20,869
Cash and cash equivalents		**843,999**	90,162
Total current assets		**940,418**	177,343
CURRENT LIABILITIES			
Trade payables	*10*	**24,236**	19,911
Tax payable		**24,914**	35,903
Other payables and accruals		**66,552**	71,239
Due to directors		**92**	901
Due to a related company		**5,061**	4,334
Interest-bearing bank and other borrowings		**122,023**	77,419
Total current liabilities		**242,878**	209,707
NET CURRENT ASSETS / (LIABILITIES)		**697,540**	(32,364)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,634,959**	1,384,338

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2007

	2007	2006
	HK$'000	HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,634,959**	1,384,338
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**181,425**	38,419
Rental deposits	**31,184**	25,416
Provisions	**5,044**	4,533
Deferred tax liabilities	**161,591**	97,255
Total non-current liabilities	**379,244**	165,623
Net assets	**2,255,715**	1,218,715
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**5,735**	4,999
Reserves	**2,225,623**	1,190,158
Proposed final dividend	**28,427**	25,650
	2,259,785	1,220,807
Minority interests	**(4,070)**	(2,092)
Total equity	**2,255,715**	1,218,715

Notes:

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial assets, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2007. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

1.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 Presentation of Financial Statements - Capital Disclosures

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

(c) HK(IFRIC)-Int 8 Scope of HKFRS 2

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. The interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives*

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group's existing policy of accounting for derivatives complies with the requirements of the interpretation, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC)-Int 10 Interim Financial Reporting and Impairment

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

1.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 2 Amendment	*Share-based Payments – Vesting Conditions and Cancellations* [1]
HKFRS 3 (Revised)	*Business Combinations* [5]
HKFRS 8	*Operating Segments* [1]
HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 23 (Revised)	*Borrowing Costs* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [5]
HK(IFRIC)-Int 11	*HKFRS 2 - Group and Treasury Share Transactions* [2]
HK(IFRIC)-Int 12	*Service Concession Arrangements* [4]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes* [3]
HK(IFRIC)-Int 14	*HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* [4]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 March 2007
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1 January 2008
[5] Effective for annual periods beginning on or after 1 July 2009

2. SEGMENT INFORMATION

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2007 and 2006.

	Cement products		Property investment		Traditional Chinese medicine products		Investment		Corporate and others		Eliminations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:														
Sales to external customers	**401,749**	274,602	**116,507**	91,122	**4,736**	4,131	**-**	-	**6,259**	3,889	**-**	-	**529,251**	373,744
Intersegment sales	**-**	-	**432**	432	**-**	-	**-**	-	**-**	43,398	**(432)**	(43,830)	**-**	-
Other income and gains	**1,033**	1,207	**208,583**	245,246	**-**	23	**-**	824	**1,075**	3,081	**-**	-	**210,691**	250,381
Total	**402,782**	275,809	**325,522**	336,800	**4,736**	4,154	**-**	824	**7,334**	50,368	**(432)**	(43,830)	**739,942**	624,125
Segment results	**109,644**	78,207	**278,556**	302,334	**(2,593)**	(85,790)	**(98)**	(4,052)	**(30,731)**	(12,457)	**-**	(8,895)	**354,778**	269,347
Interest income													**18,137**	5,349
Finance costs													**(14,688)**	(10,917)
Share of profits and losses of jointly-controlled entities													**(2,107)**	(2,642)
Profit before tax													**356,120**	261,137
Tax													**(56,218)**	(62,886)
Profit for the year													**299,902**	**198,251**
Assets and liabilities:														
Segment assets	**795,365**	521,389	**1,163,474**	915,335	**1,711**	4,126	**49,619**	50,890	**348,669**	19,165	**(7,841)**	(8,895)	**2,350,997**	1,502,010
Interests in jointly-controlled entities													**2,942**	2,824
Unallocated assets													**523,898**	89,211
Total assets													**2,877,837**	1,594,045
Segment liabilities	**33,442**	24,665	**58,324**	42,257	**6,674**	6,435	**2,387**	2,064	**23,988**	50,913	**-**	-	**124,815**	126,334
Unallocated liabilities													**491,022**	248,996
Total liabilities													**615,837**	375,330
Other segment information:														
Depreciation	**24,467**	15,862	**2,162**	190	**399**	536	**3,162**	1,454	**1,892**	584	**-**	-	**32,082**	18,626
Capital expenditure	**251,886**	113,648	**4,000**	865	**18**	159	**1,030**	1,378	**1,726**	782	**-**	(8,895)	**258,660**	107,937
Impairment of goodwill	**-**	-	**-**	-	**-**	77,716	**-**	-	**-**	-	**-**	-	**-**	77,716
Impairment of an interest in an associate	**-**	-	**-**	-	**-**	-	**3**	3	**-**	-	**-**	-	**3**	3
Impairment of trade receivables	**-**	-	**-**	-	**-**	-	**211**	163	**-**	-	**-**	-	**211**	163
Impairment of available-for-sale investments	**-**	-	**-**	239	**-**	-	**-**	234	**-**	-	**-**	-	**-**	473
Fair value gains on investment properties, net	**-**	-	**207,192**	245,120	**-**	-	**-**	-	**-**	-	**-**	-	**207,192**	245,120

(b) Geographical segments

The following table presents revenue, certain asset and expenditure information for the Group's geographical segments for the years ended 31 December 2007 and 2006.

	Vietnam		Mainland China		Hong Kong		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:										
Sales to external customers	**511,520**	356,201	**5,279**	6,543	**12,452**	11,000	**-**	-	**529,251**	373,744
Other segment information :										
Segment assets	**1,658,444**	1,163,354	**136,164**	120,728	**1,091,070**	318,858	**(7,841)**	(8,895)	**2,877,837**	1,594,045
Capital expenditure	**254,073**	114,864	**-**	-	**1,142**	1,968	**-**	(8,895)	**255,215**	107,937

3. REVENUE, OTHER INCOME AND GAIN

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; and gross rental income received and receivable from investment properties during the year.

An analysis of the Group's revenue, other income and gain is as follows:

	2007	2006
	HK$'000	HK$'000
Revenue		
Sale of cement	**401,749**	274,602
Gross rental income	**116,507**	91,122
Sale of electronic products	**770**	1,309
Sale of traditional Chinese medicine products	**4,736**	4,131
Sale of plywood and other wood products	**5,489**	2,580
	529,251	373,744
Other income and gain		
Bank interest income	**18,137**	5,349
Excess over the cost of acquisition of a subsidiary	**213**	-
Write-back of trade and other payables	**-**	2,928
Gain on disposal of items of property, plant and equipment	**816**	328
Others	**2,470**	2,005
	21,636	10,610

4. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging/(crediting):

	2007	2006
	HK$'000	HK$'000
Cost of inventories sold	**235,365**	164,023
Depreciation	**32,082**	18,626
Recognition of prepaid land lease payments	**2,012**	2,113
Research and development costs	**1,809**	5,565
Auditors’ remuneration:		
Provision for the year	**1,456**	1,014
Under-provision in the prior year	**-**	143
	1,456	1,157
Minumum operating lease payments in respect of land and buildings	**949**	481
Employee benefits expense (excluding directors’ remuneration):		
Wages and salaries	**27,376**	21,950
Equity-settled share option expense	**3,904**	1,429
Pension scheme contributions	**331**	266
	31,611	23,645
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**3,931**	2,833
Foreign exchange differences, net	**(1,431)**	1,223
Net rental income	**(112,576)**	(88,289)
Impairment of goodwill	**-**	77,716
Impairment of an interest in an associate	**3**	3
Impairment of trade receivables	**211**	163
Impairment of available-for-sale investments	**199**	473

5. FINANCE COSTS

	2007	2006
	HK$'000	HK$'000
Interest on overdrafts and bank loans wholly repayable within five years	**14,646**	10,907
Interest on finance leases	**42**	10
	14,688	10,917

6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on the profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2007	2006
	HK$'000	HK$'000
Group:		
Current – elsewhere	**9,276**	11,152
Overprovision in prior years – elsewhere	**(17,347)**	-
Deferred	**64,289**	51,734
Total tax charge for the year	**56,218**	62,886

7. DIVIDENDS

	2007	2006
	HK$'000	HK$'000
Interim – HK3 cents (2006: HK3 cents) per ordinary share	**17,199**	14,879
Proposed final – HK5 cents (2006: HK5 cents) per ordinary share	**28,427**	25,650
	45,626	40,529

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2007	2006
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**302,640**	200,343

	Number of shares	
	2007	2006
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**546,202,137**	493,466,374
Effect of dilution – weighted average number of ordinary shares: Share options	**3,941,214**	7,657,104
	550,143,351	501,123,478

9. TRADE RECEIVABLES

	Group	
	2007	2006
	HK$'000	HK$'000
Trade receivables	**30,292**	25,953
Impairment	**(132)**	(1,074)
	30,160	24,879

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group allows an average credit period of 60 days for its trade debtors. The Group seeks to maintain strict control over its outstanding receivables.

Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, and net of impairment , is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
0 - 30 days	**21,006**	15,000
31 - 60 days	**1,954**	3,487
61 - 90 days	**1,270**	1,486
91 - 120 days	**2,108**	370
Over 120 days	**3,822**	4,536
	30,160	24,879

The movements in provision for impairment of trade receivables are as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
At 1 January	**1,074**	911
Impairment losses recognised	**211**	163
Amounts written off as uncollectible	**(1,153)**	-
	132	1,074

The above provision for impairment of trade receivables represent provision for individually impaired trade receivables, which relates to customers that were in default. The Group does not hold any collateral or other credit enhancements over these balances.

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Neither past due nor impaired	**20,529**	17,211
Less than 3 months past due	**5,808**	3,133
Over 3 months past due	**3,823**	4,535
	30,160	24,879

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

10. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	2007	2006
	HK$'000	HK$'000
0 - 30 days	**15,097**	11,395
31 - 60 days	**499**	324
61 - 90 days	**64**	294
91 - 120 days	**293**	21
Over 120 days	**8,283**	7,877
	24,236	19,911

The trade payables are non-interest-bearing and normally settled on terms of 30 to 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW AND PROSPECTS

Last year was a busy but fruitful year, evidenced by significant profits growth as well as remarkable increase in market capitalisation of the Group. Apart from increasing value to our shareholders, it also brought stable profits and dividends to our shareholders.

The Group believes that the significant growth was mainly attributable to the realisation of the underlying potentials of the Emerging Markets by investors. In particular, Vietnam has all those favorable factors, such as having joined the WTO last year, possessing of rich natural resources, strong consumers' buying power, government's well receiving attitude towards foreign investments, religious freedom and markets sophistication that have made it one of the hottest spots for the investors investing in the Emerging Markets. The investment market and investors have been actively exploring for companies that have concrete investments and good projects in Vietnam. Since over a decade ago, the Group realized the potentials of Vietnam with the belief that "Today's China; Tomorrow's Vietnam" and since then has made a number of strategic investments in Vietnam. Today, Vietnam is in its prosperous development with lots of business opportunities and the Group begins to reap the fruit with continuous strong cashflow and remarkable profits recorded. Moreover, the Group has also established sound goodwill, smooth cooperation relationship with the local government as well as the experience in start-up, processing and completing projects in Vietnam. These advantages could not be achieved in a short period of time, but required vision and persistence.

The Company issued shares through a placement last year that has cemented the financial strength of the Group. The Group has a strong net cash position today and the gearing ratio is merely 8%, which has ensured the Group with financial resources in further exploring the markets in Vietnam and considering new investment projects. The Group will be proactively study new opportunities with the bases of high return rate and within reasonable investment amount so as to improve the Group's portfolios and to optimize returns to our shareholders.

Both of the Group's principal businesses in Vietnam, namely cement production and sales and property investments; have recorded continuous significant growth during the year.

The Group's turnover for the year ended 31 December 2007 was HK$529,251,000, representing an increase of 42% when compared to HK$373,744,000 of last year. Turnover from the cement business was HK$401,749,000 representing a year-on-year increase of 46%, whereas turnover from the property investment was HK$116,507,000, representing an increase of 28% as compared to last year.

The consolidated net profit attributable to shareholders was HK$302,640,000 for the year, representing an increase of approximately 51% when compared to HK$200,343,000 of last year.

Cement Business

The Group's sales of cement and clinker achieved 1.26 million tonnes in 2007, representing an increase of 43% as compared to last year. The profit before tax increases more than 40% as compared to last year.

The increase in production and sales of cement was mainly attributed to a new cement production line with annual production capacity of 700,000 tonnes, which has commenced operation near the end of 2006. Another production line with an annual production capacity of 1.3 million tonnes is targeted to commence production in July 2008. It is estimated that the total quantity produced of the cement plant can reach 1.85 million tonnes in 2008 and shall achieve 2.8 million tonnes in 2009.

The fifth cement production line, which is jointly cooperated with the Saigon Industrial Corporation ("CNS"), with an annual capacity of 1.85 million tonnes, together with a limestone mine of 40 hectares have been approved by the Vietnamese government. The Group will be responsible for the construction of this cement production line. The clinker production plant will be built near the existing cement plant of our Group. The cement-grinding station will be built in the suburb of Ho Chi Minh City. Production is expected to commence at the first quarter of 2010 and its production will be supplied to the southern region of Vietnam, which is currently in severe shortage.

Over past years, the demand for cement in Vietnam has grown on an average of 15% per annum. The Ministry of Construction of Vietnam has predicted this trend will not be changed for at least the coming 5 years. The local supply is not able to meet the demand for many years and it is anticipated that Vietnam has to continue to import clinker from Thailand for near future. Furthermore, the entry to WTO initiates the construction of various major infrastructure projects such as highways, tunnels to cope with the accelerated economic growth. The central government recently approved a decision for Hanoi, the capital, to absorb part of the neighboring 3 provinces in order to enlarge the capital for more than double. All these attributed to the increasing demand of cement. The Group therefore is optimistic to the future development of the cement business in Vietnam.

For the existing cement business, the Group strives to control its costs and increase sales channels in order to achieve a higher net profit margin. The contract with outside contractor for extracting limestone mine was expired and cancelled since January 2008 and the operation has been replaced by a joint venture of which the Group owns 51%. This could reduce the limestone extracting cost. Besides, production cost can also be lowered when the Group starts to produce its own cement bags at the second half of this year. Although the cost of coal has increased, the selling price of cement can be increased as well so as the cost increases can be transferred to the customers. Moreover, as a result of the economies of scale and the implementation of some cost-control measures, it is expected that the net profit margin shall be able to improve as a whole in this year.

Over the years, the Group has gained valuable experience in developing cement business in emerging markets. And thus, at the end of 2007, the Group has set up a company, namely Middle Asia Cement Company Limited in Mongolia to study the feasibility of investing in the cement business in Mongolia. The Group holds 83% stake of the Company.

Saigon Trade Centre and other investment properties

Benefited from the entry to WTO, there is a significant increase of investment by foreign enterprises as well as the remarkable growth of the local economy. Saigon Trade Center has recorded significant growth in its rental income. The rental income for the year ended 31 December 2007 was US$13.2 million, representing an increase of over 30% as compared to that of 31 December 2006. The average monthly rental rate was around US$29 per square meter for the year 2007, representing an increase of over 20% compared to last year.

The demand for office spaces in Ho Chi Minh City remains strong, especially for high quality offices in downtown. Saigon Trade Center is located in the CBD of Ho Chi Minh City that is currently the tallest and biggest commercial building as well as the landmark in the City. As the forecasted completion of a number of office buildings for 2007 and 2008 has been delayed for at least another 1 or 2 years, momentum for rental rise is expected to continue for at least the coming 2 years. As at 31 December 2007, the Saigon Trade Center has almost been fully occupied. The rental rate per square meter for newly signed contract could achieve US$50. About 40% of the leasing contracts shall be due for renewal within this year and average rental increase is expected to be not less than 50%.

The rental income for the Group's other investment properties located in Hong Kong and the PRC has been stable during the year.

Property Development

With a sound cash reserve, the Group is proactively looking for appropriate and synergized high quality property investments in order to optimize the shareholders' value. Land reserve is the major asset of property developers to sustain growth and thus, increase the land reserve will be the master plan of our Group future development.

The Group plans to build apartments for sales in a land area of 19,000 m^2 in Binh Chanh District in Ho Chi Minh City and the Group owns 85% interest in the project. The gross floor areas will be about 110,000 m^2 and construction is expected to commence in July 2008. The project will be in 2 phases. The first phase with 50,000 m^2 will be completed at the end of year 2009 while the second phase with 60,000 m^2 will be completed in the year 2010.

For the property development projects jointly cooperated with CNS, a plastic factory owned by CNS in District 7 with a land area of 7,500 m^2 and its showroom in District 5 with a land area of 3,000 m^2 will be relocated to the suburb of the City within this year. CNS and the Group intended to cooperate in re-developing the two pieces of land into commercial and residential areas.

The Group upholds the principle of reasonable cost and good location when seeking for property projects in Ho Chi Minh City for its land reserve. Since the formal admission of Vietnam into WTO, there was a frenzy period in Vietnam in which asking price for land and projects was too high. No ideal project has yet been found. Currently, as a result of some cooling measures of the government in Vietnam, the property market has seen been more rational and thus shall provide more and better opportunities to the Group to negotiate for good projects in this year.

Traditional Chinese Medicine ("TCM") Business

The Group's TCM business will continue its clinical studies on its anti-ageing product with the Clinical Research Center of Hong Kong University in this year. For the year ended 31 December 2007, the operating loss of the TCM business was HK$2,593,000 (2006:HK$85,790,000).

Dividend

During the year, the Group recorded a remarkable growth in its overall business. Besides retaining cash for its expansion and investments, the board of directors recommended to distribute a final dividend of HK$0.5 per shares to the shareholders and together with the interim dividend of HK$0.3 per share already distributed, the total dividend for the full year of 2007 will be HK$0.8 per share.

FINANCIAL REVIEW
LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank balances as at 31 December 2007 amounted to HK$852,108,000 (31 December 2006: HK$126,631,000). The Group's total borrowings amounted to HK$303,448,000 (31 December 2006: HK$115,838,000), of which HK$122,023,000 (31 December 2006: HK$77,419,000) was repayable within 1 year and HK$181,425,000 (31 December 2006: HK$38,419,000) was repayable from 2 to 5 years.

The percentage of the Group's borrowings denominated in HK$, US$ and Vietnamese Dong ("VND") were 18%, 38% and 44% respectively. Of the total borrowings, about 35% were at fixed interest rates. The percentage of cash and cash equivalents held by the Group in HK$, US$ and VND were approximately 56%, 38% and 6% respectively.

The gearing ratio, expressed as the percentage of long-term debt to equity, was 8% as at 31 December 2007 (31 December 2006: 3%).

Share Capital

On 29 May 2007, the Company issued 60,000,000 new shares at 12.80 per share, resulting in a significant increase in issued shares during the period. The net proceed of the issuance after deducting expenses was approximately HK$744,433,000.

Besides, for the year ended 31 December 2007, a total number of 13,550,000 share options have been exercised resulting in the issuance of 13,550,000 new shares of the Company and thus also attributed to an increase in new shares of the Company. As at 31 December 2007, there were 6,670,000 outstanding share options of the Company yet to be exercised.

As at 31 December 2007, the total number of issued shares of the Company was 573,485,418 shares (as at 31 December 2006： 499,935,418 shares).

Significant investments held

As at 31 December 2007, the Group has no significant investment held.

Employees and Remuneration Policy

As at 31 December 2007, the Group had approximately 1,030 employees. Most of them were in Vietnam. The total staff cost (excluding directors remuneration) was approximately HK$31,611,000 for the year ended 31 December 2007 (31 December 2006: HK$23,645,000). The Company operates a share options scheme and options are granted to certain employees in order to encourage their contribution to the Group. There was no significant change in the Group's remuneration policy as compared to last financial year.

Details of charges

As at 31 December 2007, the Group pledged certain fixed assets at a net book value of HK$206,326,000 and certain investment properties at a carrying value of HK$120,000,000. In addition, bank deposits of HK$8,109,000 of the Group have been pledged to bank for the purchase of fixed assets.

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. Yet, the exchange rate of VND to USD was relatively stable throughout the accounting period, with a devaluation of less than 1% as at 31 December 2007 when compared to the rate as at 31 December 2006. The Company has not employed any hedging instrument as the market for such kind of hedging instruments are either in lack of or not cost efficient to use 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 liabilities

As at 31 December 2007, the Group has no significant contingent liability (31 December 2006: Nil).

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors recommended a final dividend of HK 5 cents (2006: HK 5 cents) per share. The Register of Members will be closed from 19 May 2008 to 21 May 2008, both days inclusive during which period no transfer of shares will be registered. In order to qualify for the final dividend, lodging of all transfers accompanied by the relevant share certificates must be delivered to the Company’s Hong Kong Branch Registrar, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 16 May 2008. The payment date of the dividend is expected to be 5 June 2008.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to attaining good standard of corporate governance practices with an emphasis on a quality Board, better transparency and effective accountability system.

Following the issue of the Code on Corporate Governance Practices, as set out in Appendix 14 to the Hong Kong Listing Rules, the Company has carefully reviewed and considered its provisions, and carried out a detailed analysis on the corporate governance practices of the Company against the requirements of the Code. Throughout the financial year ended 31 December 2007, except for the requirements that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual (code provision A.4.1) and all directors should retire and rotate for at least every three years (code provision A.4.2), the Company has complied with all code provisions of the Code on Corporate Governance Practices.

Currently, the roles of Chairman and Chief Executive Officer of the Company are performed by Mr. Luk King Tin. Mr. Luk is the founder of the Company, has been the Chairman and the Chief Executive Officer of the Company and in charge of the overall management of the Company. The Company considers that the combination of the roles of Chairman and Chief Executive Officer can promote the efficient formulation and implementation of the Company's strategies which will enable the Group to seize business opportunities efficiently and promptly. The Company considers that through the supervision of its Board and its independent non-executive directors, checks and balances exist so that the interests of the shareholders are adequately and fairly represented.

According to the Company's Bye-laws, the Chairman of the Board and the Managing Director of the Company were not subject to retirement by rotation, which thus constitutes a deviation from the code provision A.4.2. Since the Chairman is responsible for the formulation and implementation of the Company's strategies, which is essential to the stability of the Company's business and thus the Board considers that the deviation is acceptable.

AUDIT COMMITTEE

The Company has established the audit committee, which is comprised solely of independent non-executive directors, namely Mr. LIANG Fang, Mr. LIU Li Yuan and Mr. TAM Kan Wing. All members of our audit committee have many years of finance and business management experience and expertise. The audit committee's primary responsibilities include, among other things, making recommendation to the board of directors on the appointment, reappointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors, reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit procedure in accordance with applicable standards, developing and implementing policies on the engagement of external auditors to provide non-audit services, monitoring the integrity of financial statements of the Company and the Company's report and financial statements and overseeing the Company's financial reporting system and internal control procedures.

In 2007, the audit committee met twice, and mainly reviewed the integrity of the Company's financial statements, annual report and accounts, interim report and the significant financial reporting judgments contained in such financial statements and reports, discussed and approved the budgets and remuneration of, and services provided by, the external auditors, reviewed the Company's internal audit procedures and reports, reviewed and the compliance situation with relevant laws and regulations. All members attended all meetings.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2007, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

CODE ON DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Hong Kong Listing Rules (the "Model Code") to regulate the directors' securities transactions. All directors have confirmed, following enquiry by the Company, that they have complied with the Model Code during the period between 1 January 2007 and 31 December 2007.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Company (www.luks.com.hk) and the designated issuer website of Stock Exchange (www.hkexnews.hk).

By Order of the Board
Luks Group (Vietnam Holdings) Co., Ltd.
Luk King Tin
Chairman

Hong Kong, 14 April 2008

As at the date of this announcement, the Board of Directors comprises Mr. Luk King Tin, Ms. Cheng Cheung, Mr. Luk Yan, Mr. Fan Chiu Tat, Martin and Mr. Luk Fung (who are executive directors), and Mr. Liu Li Yuan, Mr. Liang Fang and Mr. Tam Kan Wing (who are independent non-executive directors).

* *For identification purpose only*