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 2012

The Board of Directors (the "Board") of Luks Group (Vietnam Holdings) Company Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
REVENUE	*3*	**669,315**	815,463
Cost of sales		**(420,123)**	(509,009)
Gross profit		**249,192**	306,454
Other income and gains	*3*	**7,913**	11,907
Fair value gains on investment properties, net		**61,433**	89,566
Selling and distribution expenses		**(22,935)**	(45,700)
Administrative expenses		**(73,043)**	(70,602)
Other expenses		**(20,276)**	(128,198)
Finance costs	*5*	**(15,917)**	(43,401)
Share of loss of a jointly-controlled entity		**-**	(3,828)
Share of profits and losses of associates		**(17,851)**	(7,440)
PROFIT BEFORE TAX	*4*	**168,516**	108,758
Income tax expense	*6*	**(40,210)**	(46,606)
PROFIT FOR THE YEAR		**128,306**	62,152
Attributable to:			
Owners of the parent		**129,361**	63,997
Non-controlling interests		**(1,055)**	(1,845)
		128,306	62,152
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**HK 25.3 cents**	HK 12.5 cents
Diluted		**HK 25.3 cents**	HK 12.5 cents

Details of the dividends for the year are disclosed in note 7 to this result announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	2012	2011
	HK$'000	HK$'000
PROFIT FOR THE YEAR	**128,306**	62,152
OTHER COMPREHENSIVE INCOME/(LOSS)		
Exchange differences on translation of foreign operations	**5,149**	(98,524)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**5,149**	(98,524)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**133,455**	(36,372)
Attributable to:		
Owners of the parent	**134,425**	(36,541)
Non-controlling interests	**(970)**	169
	133,455	(36,372)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**870,126**	908,685
Investment properties		**1,383,230**	1,315,859
Prepaid land lease payments		**22,704**	13,236
Investment in a jointly-controlled entity		**-**	-
Investments in associates		**3,786**	94,986
Deposits		**36,084**	35,417
Properties for development		**101,142**	36,430
Total non-current assets		**2,417,072**	2,404,613
CURRENT ASSETS			
Inventories		**97,305**	103,027
Trade receivables	*9*	**42,995**	54,052
Prepayments, deposits and other receivables		**16,644**	24,169
Debt investments at fair value through profit or loss		**1,094**	1,094
Cash and cash equivalents		**215,324**	170,247
Total current assets		**373,362**	352,589
CURRENT LIABILITIES			
Trade payables	*10*	**26,227**	28,790
Other payables and accruals		**104,262**	102,984
Due to directors		**58**	69
Due to a related company		**4,339**	4,339
Interest-bearing bank and other borrowings		**179,082**	197,877
Tax payable		**24,512**	24,546
Total current liabilities		**338,480**	358,605
NET CURRENT ASSETS/(LIABILITIES)		**34,882**	(6,016)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,451,954**	2,398,597
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**37,491**	91,449
Rental deposits		**14,207**	15,717
Provisions		**5,064**	5,167
Deferred tax liabilities		**232,408**	216,597
Total non-current liabilities		**289,170**	328,930
Net assets		**2,162,784**	2,069,667

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2012

	2012	2011
	HK$'000	HK$'000
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**5,092**	5,119
Reserves	**2,173,106**	2,068,516
	2,178,198	2,073,635
Non-controlling interests	**(15,414)**	(3,968)
Total equity	**2,162,784**	2,069,667

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 ("HKICPA"), 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 debt investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") 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 for the year ended 31 December 2012. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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 intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments*: *Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax*: *Recovery of Underlying Assets*

Other than as further explained below regarding the impact of amendments to HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis.

The presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale has been rebutted by the Group for its investment properties located in the People's Republic of China (the "PRC") and the Socialist Republic of Vietnam ("Vietnam") since these properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly the Group continues to measure deferred tax liabilities arising from the fair value changes of these investment properties using tax rate that would apply on recovery of the assets through use.

For the investment properties located in Hong Kong, it is expected that their carrying amounts will be recovered through sale. Therefore no provision of deferred tax liabilities is required on any fair value changes of these investment properties as there is no tax consequence for the disposal of these investment properties in Hong Kong.

The adoption of the amendments did not have any impact on the financial position or performance of the Group.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the cement products segment represents the Group's manufacture and sale of cement products for use in the construction industry;

(b) the property investment segment represents the Group's investments in industrial, commercial and residential premises for their rental income potential;

(c) the property development segment represents the Group's development and sale of properties; and

(d) the corporate and others segment represents corporate income and expense items and the Group's manufacture and sale of electronic products, plywood products and traditional Chinese medicine products.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income is excluded from such measurement.

Business segments

Year ended 31 December	Cement products 2012 HK$'000	Cement products 2011 HK$'000	Property investment 2012 HK$'000	Property investment 2011 HK$'000	Property development 2012 HK$'000	Property development 2011 HK$'000	Corporate and others 2012 HK$'000	Corporate and others 2011 HK$'000	Consolidated 2012 HK$'000	Consolidated 2011 HK$'000
Segment revenue:										
Sales to external customers	**536,828**	677,428	**124,299**	128,034	**-**	-	**8,188**	10,001	**669,315**	815,463
Other income and gains	**1,985**	4,714	**921**	29	**-**	-	**13**	2,273	**2,919**	7,016
									672,234	822,479
Segment results	**84,550**	51,909	**154,781**	191,935	**(21,526)**	(99,656)	**(36,432)**	(29,053)	**181,373**	115,135
Reconciliation:										
Interest income									**4,994**	4,891
Share of profits and losses of associates	**401**	761	**-**	-	**(18,252)**	(8,201)	**-**	-	**(17,851)**	(7,440)
Share of loss of a jointly-controlled entity	**-**	-	**-**	(3,828)	**-**	-	**-**	-	**-**	(3,828)
Profit before tax									**168,516**	108,758
Income tax expense	**(21,550)**	(7,315)	**(18,524)**	(39,264)	**-**	-	**(136)**	(27)	**(40,210)**	(46,606)
Profit for the year									**128,306**	62,152
Segment assets	**1,025,959**	1,049,790	**1,471,455**	1,428,387	**167,794**	75,997	**121,440**	108,042	**2,786,648**	2,662,216
Reconciliation:										
Investments in associates	**3,783**	7,628	**-**	-	**-**	87,353	**3**	5	**3,786**	94,986
Total assets									**2,790,434**	2,757,202
Segment liabilities	**193,364**	350,864	**392,053**	319,321	**25,021**	1,074	**17,212**	16,276	**627,650**	687,535
Total liabilities									**627,650**	687,535
Other segment information:										
Depreciation	**46,794**	50,370	**1,452**	2,021	**241**	537	**485**	211	**48,972**	53,139
Capital expenditure	**3,617**	13,954	**598**	-	**-**	-	**77**	94	**4,292**	14,048
Impairment of loans to associates	**-**	2,184	**-**	-	**-**	-	**-**	-	**-**	2,184
Impairment of trade receivables	**956**	635	**-**	-	**-**	-	**-**	-	**956**	635
Impairment of a deposit and other receivables	**2,710**	-	**-**	-	**-**	96,373	**-**	597	**2,710**	96,970
Fair value gains on investment properties, net	**-**	-	**61,433**	89,566	**-**	-	**-**	-	**61,433**	89,566
Impairment of goodwill	**-**	183	**-**	-	**-**	-	**-**	-	**-**	183
Loss on acquisition of a subsidiary	**-**	-	**-**	-	**14,120**	-	**-**	-	**14,120**	-

Geographical information

(a) Revenue from external customers

	2012 HK$'000	2011 HK$'000
Vietnam	**642,603**	791,051
Hong Kong	**17,325**	16,066
Mainland China	**9,387**	8,346
	669,315	815,463

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2012 HK$'000	2011 HK$'000
Vietnam	**1,713,079**	1,758,395
Hong Kong	**414,655**	417,246
Mainland China	**208,300**	228,972
Mongolia	**81,038**	-
	2,417,072	2,404,613

The non-current asset information above is based on the locations of the assets.

Information about a major customer

Revenue of approximately HK$144,520,000 (2011: HK$157,250,000) was derived from sales by the cement products segment to a single customer.

3. REVENUE, OTHER INCOME AND GAINS

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 gains is as follows:

	2012 HK$'000	2011 HK$'000
Revenue		
Sale of cement	**536,828**	677,428
Gross rental income	**124,299**	128,034
Sale of electronic products	**6,665**	5,489
Sale of traditional Chinese medicine products	**775**	1,229
Sale of plywood and other wood products	**748**	3,283
	669,315	815,463
Other income and gains		
Interest income	**4,994**	4,891
Income from sale of scrap materials	**359**	4,369
Others	**2,560**	2,647
	7,913	11,907

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2012 HK$'000	2011 HK$'000
Cost of inventories sold	**403,140**	487,884
Depreciation	**48,972**	53,139
Amortisation of prepaid land lease payments	**2,523**	2,662
Research and development costs	**570**	240
Auditors' remuneration	**1,987**	1,791
Minimum operating lease payments in respect of land and buildings	**352**	686
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**46,372**	48,107
Pension scheme contributions	**555**	602
	46,927	48,709
Foreign exchange differences, net	**144**	26,707
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**16,983**	21,125
Impairment of loans to associates	**-**	2,184
Impairment of trade receivables	**956**	635
Impairment of a deposit and other receivables	**2,710**	96,970
Impairment of goodwill	**-**	183
Write-off of inventories	**2,830**	-
Loss on disposal of items of property, plant and equipment	**1,531**	-
Loss on acquisition of a subsidiary	**14,120**	-

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2012 HK$'000	2011 HK$'000
Interest on bank loans wholly repayable within five years	**15,789**	43,277
Interest on finance leases	**128**	124
Total interest expense on financial liabilities not at fair value through profit or loss	**15,917**	43,401

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) 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.

	2012	2011
	HK$'000	HK$'000
Group:		
Current charge for the year		
Hong Kong	**147**	-
Elsewhere	**25,457**	27,620
Underprovision/(overprovision) in prior years		
Hong Kong	**(12)**	-
Elsewhere	**146**	1,185
Deferred	**14,472**	17,801
Total tax charge for the year	**40,210**	46,606

7. DIVIDENDS

	2012	2011
	HK$'000	HK$'000
Interim - HK 2 cents (2011: HK 2 cents) per ordinary share	**10,185**	10,240
Final proposed subsequent to the reporting period - HK 3.5 cents (2011: HK 3 cents) per ordinary share	**17,823**	15,358
	28,008	25,598

The final dividend proposed subsequent to the reporting period is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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 of 510,562,046 (2011: 511,942,295) 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 of all dilutive potential ordinary shares into ordinary shares.

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

	2012	2011
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**129,361**	63,997

	Number of shares	
	2012	2011
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**510,562,046**	511,942,295
Effect of dilution - weighted average number of ordinary shares: Share options	**-**	201,363
	510,562,046	512,143,658

9. TRADE RECEIVABLES

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 end of the reporting period, based on the invoice date, and net of provision, is as follows:

	2012	2011
	HK$'000	HK$'000
0 to 30 days	**19,494**	37,007
31 to 60 days	**5,931**	5,507
61 to 90 days	**4,352**	2,469
91 to 120 days	**4,638**	4,048
Over 120 days	**8,580**	5,021
	42,995	54,052

10. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2012	2011
	HK$'000	HK$'000
0 to 30 days	**11,364**	14,892
31 to 60 days	**1,472**	3,941
61 to 90 days	**706**	1,164
91 to 120 days	**56**	350
Over 120 days	**12,629**	8,443
	26,227	28,790

The trade payables are non-interest-bearing and normally settled on terms of 7 to 60 days.

BUSINESS REVIEW AND PROSPECTS

While other Southeast Asian countries were enjoying strong inflow of foreign capital boosting their economies, Vietnam was left alone in its economic woes and difficulties in 2012. Only ahead of Cambodia, Vietnam was ranked the second-lowest among the eight members of ASEAN and 75th in the world (a drop from 59th of last year), by the “Global Competitiveness Report 2012” for its competitiveness. Vietnam had indeed the worst economic performance in a decade for the year of 2012, with its GDP growth rate dropped to a 13-year low of 5.03%. Foreign direct investments (“FDI”) continued to decline 4.9% to US$10.46 billion when compared to last year, which was accounted for only about one-seventh of its peak in 2008 of US$71 billion.

During 2012, in order to control surging inflation, the government adopted tightened measures throughout the year, leading to operations and survival of local enterprises become very difficult. There were over 55,000 companies dissolved in 2012 according to official statistics. Moreover, as a by-product of the stagnant real estate sector, bad debts in banking sector were mounting to as high as 9% of total outstanding loans. As a result, credit growth in 2012 recorded its lowest rate of 6.45% since a decade.

Nevertheless, encouraging figures were also notable in Vietnam economy during the year. With dedicated efforts by the government, inflation rate dramatically went down to 6.81% as compared to 18.13% of 2011. Bank’s commercial lending rate was generally lowered to 11% as at December 2012 from that of 18.5% of December 2011. Besides, there was a surprising turn from decade-long trade deficit to surplus of US$284 million in 2012, which was mainly attributable to an increase in exports and a shrink in demand for import. As a consequence of the trade surplus, national foreign exchange reserve increased and Vietnam dong (“VND”) was stable during the year. Foreseeing 2013, with the government’s pledge to boost the economy while it has become more stable, it is hope that Vietnam economy will be back to a steady upward track from 2013 onwards. The government has forecasted a mild GDP growth rate of 5.5% for 2013.

Under the harsh economic environment in 2012, both the major investments of the Group in Vietnam, namely cement business and office leasing business inevitably got hit by different extent. Looking forward to 2013, although general situation of Vietnam economy has been back to stable, recovery has yet seen obvious. Business environment for the first half of 2013 shall still be tough while improvement shall be expected for the second half of the year.

For the year ended 31 December 2012, the Group recorded a turnover of HK$669,315,000, representing a decrease of 17.9% as compared to HK$815,463,000 of last year. Turnover from the cement business was HK$536,828,000 representing a year-on-year decrease of 20.8%, whereas turnover from the property investment was HK$124,299,000, representing a decrease of 2.9% as compared to 2011.

The consolidated net profit attributable to shareholders was HK$129,361,000 for the year, representing an increase of approximately 102.1% when compared to HK$63,997,000 of 2011. Earnings per share for 2012 was HK 25.3 cents (2011: HK 12.5 cents).

Cement Business

In 2012, the total quantity sales of cement and clinkers achieved by the Group’s cement plant was 1,306,000 tons, representing a decrease of 26.9% as compared to 2011, whereas the sales amount was HK$536,828,000, representing a year-on-year decrease of 20.8%. Although sales of cement recorded a significant drop in 2012, net profit after tax of the cement business attributable to the Group was HK$63,401,000, representing an increase of approximately 40% as compared to last year.

In 2012, real estate sector remained stagnant and thus demand for civil consumption of cement was low. As a result of the government austerity measures, public spending was substantially cut. Most of the infrastructure projects and constructions were suspended. Even worst, due to revelation of high bad debts ratio of the banking sector, the government started to tighten control of bank’s lending on the second half of 2012. As a whole, Vietnam domestic demand for cement was weak in 2012. According to Vietnam Cement Association (“VCA”), domestic consumption of cement in 2012 declined to 45.5 million tons from 49.3 million tons of 2011.

During the year, production cost was still on rising although in a moderate manner as compared to the past 2 years. Electricity and coal price increased for 10% and 4.3% respectively in 2012. The Group strived to control costs during the year and successfully reduced administrative and distribution expenses of the cement plant. Besides, seeing a more stable VND, the Group refinanced most of the high-interest VND borrowings of the cement plant with low-interest HKD loans, resulted in a substantial saving of interest expense of the cement plant during the year. Whereas, the exchange rate of VND to HKD was stable throughout the year, significant exchange loss as recorded in last financial year was not recurred in 2012. Therefore, when compared to last year, the net profit of the Group’s cement business recorded a significant increase despite the unsatisfactory sales for 2012.

Foreseeing 2013, the oversupply situation of Vietnam cement market persists although demand of cement is expected to bounce back to 48-49 million tons in 2013 per VCA's estimation. Competition remains fierce. Whereas production cost is expected to be more stable as inflation has become under control.

Saigon Trade Center and Property Investments

In 2012, appetite of foreign investments in Vietnam continued to remain low. Indeed, foreign direct investments in Vietnam from most countries dropped significantly, except Japan. Japan's investments surged 40% during the year which largely compensated the drop of other countries' investments in 2012. Vietnam recorded a mere 10.46 billion FDI in 2012, a drop of 4.9% comparing to last year.

With only limited inflow of foreign investors, demand for office spaces was generally weak. On the other hand, new supply of office spaces seeping into the market resulted in fiercer competition during the year.

As at 31 December 2012, occupancy rate of Saigon Trade Centre declined to 79%, as compared to 82% of 2011. Average rental rate also dropped for about 3% on a year-on-year comparison. The total rental income from Saigon Trade Centre decreased for about 3% as compared to last year.

Looking forward to 2013, increasing new supply of office spaces in the market continues to pose pressure on both the occupancy rate and the rental rate of Saigon Trade Centre. Only if foreign investors become keener in investing in Vietnam market can we see a better demand growth of office spaces in Ho Chi Minh City.

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

Benefit by capital value appreciation of the Group's property in China and Hong Kong, the Group recorded an increase in property revaluation surplus of HK$61,433,000 in 2012, representing a decrease of 31.4% as compared to HK$89,566,000 of last year.

Property Development

The property market in Vietnam remained stagnant in 2012. The Group's project in Binh Thanh District, Ho Chi Minh City has been put on hold and construction is not expected to kick start until the market shows clear signs of improvement.

Apart from Vietnam, the Group has also a residential property development project in Ulaanbaatar of Mongolia. The first phase comprising of 20 units of independent villa and townhouse was largely completed. The Group has launched marketing and sales of the units during 2012. Yet, sales up-to-date have yet to be promising.

Dividend

The board of directors recommended to distribute a final dividend of HK 3.5 cents per share to the shareholders and together with the interim dividend of HK 2 cents per share already distributed, the total dividend for the full year of 2012 will be HK 5.5 cents per share.

FINANCIAL REVIEW

The Group's cash, bank balances and time deposits as at 31 December 2012 amounted to HK$215,324,000 (31 December 2011: HK$170,247,000). The Group's total borrowings amounted to HK$216,573,000 (31 December 2011: HK$289,326,000), of which HK$179,082,000 (31 December 2011: HK$197,877,000) was repayable within 1 year and HK$37,491,000 (31 December 2011: HK$91,449,000) was repayable from 2 to 5 years.

The percentage of the Group's borrowings denominated in HK$, US$ and Vietnamese Dong ("VND") were 54.0%, 31.7% and 14.3% respectively. Of the total borrowings, about 14.7% were at fixed interest rates.

The gearing ratio, which is net debt divided by the equity attributable to equity holders of the parent, was 0.1% as at 31 December 2012 (31 December 2011: 5.8%).

Significant investments held

As at 31 December 2012, the Group has no significant investment held.

Employees and Remuneration Policy

As at 31 December 2012, the Group had approximately 1,430 employees. Most of them were in Vietnam. The total staff cost (excluding directors remuneration) was approximately HK$46,927,000 for the year ended 31 December 2012 (31 December 2011: HK$48,709,000). There was no significant change in the Group's remuneration policy as compared to last financial year.

Details of charges

As at 31 December 2012, the Group pledged certain fixed assets at a net carrying value of HK$400,752,000, prepaid land lease payments at a net carrying value of HK$7,942,000 and certain investment properties at a carrying value of HK$252,000,000.

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, especially the income and foreign currency loans of the cement plant, as well as the income of Saigon Trade Center. The exchange rate of VND to USD was comparatively stable throughout the year, with an appreciation of 0.8% as at 31 December 2012 when compared to the rate as at 31 December 2011. The Group suffered an exchange loss of HK$144,000 during the year. Since VND is not a freely convertible currency, hedging instruments in the market are very limited or the hedging is not cost efficient to do so. The high interest deviation between VND and HKD is also a barrier for setting up an effective hedging for the VND devaluation. On the contrary, seeing a more stable VND's exchange rate, the Group replaced the cement plant's high interest rate VND borrowings with low interest rate HKD borrowings at the beginning of the year and thus notably trimmed the financial cost of the cement plant during the year. Yet, the move has also increased the Group's exposure to the foreign exchange risk of devaluation of VND.

Details of contingent liability

As at 31 December 2012, the Group has no significant contingent liability (31 December 2011: Nil).

PROPOSED FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors recommended a final dividend of HK 3.5 cents (2011: HK 3 cents) per share and the Register of Members will be closed for the following periods:

(a) To ascertain shareholder's eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Thursday, 25 April 2013 to Friday, 26 April 2013, both dates inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending and voting at the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on Wednesday, 24 April 2013.

(b) To ascertain shareholder's entitlement to the proposed final dividend upon the passing of the resolution no.2 set out in the notice, the register of members of the Company will be closed from Friday, 3 May 2013 to Monday, 6 May 2013, both dates inclusive, during which period no transfers of shares shall be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on Thursday, 2 May 2013.

The payment date of the dividend is expected to be 16 May 2013.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2012, the Company had repurchased from the market a total of 2,694,000 shares at price per share ranging from HK$1.37 to HK$1.70 with a total amount of about HK$4,319,000. All of the repurchased shares were subsequently cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold or redeemed any of the Company's listed securities during the year ended 31 December 2012.

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. The Company adopted the Code on Corporate Governance as stated in Appendix 14 of the Listing Rules.

During 2012, amendments were made to the Code on Corporate Governance. The revised Corporate Governance Code (the "Code") came into effect in 2012 and in light of the change, the Company has adopted the revised Code during the year.

Throughout the financial year ended 31 December 2012, the Company has complied with the code provisions set out in the Code the except for code provisions of A.4.1, A.4.2 and A.6.7.

According to code provision A.4.1, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. 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.

In respect of code provision A.6.7, all three Non-executive Directors did not attend the annual general meeting of the Company held on 11th May 2012 due to their other business commitments.

AUDIT COMMITTEE

The Company has set up an Audit Committee, comprised solely of all three independent non-executive directors, namely Mr. LIANG Fang, Mr. LIU Li Yuan and Mr. TAM Kan Wing. Mr. LIANG Fang is the chairman of the Audit Committee. All members of the Audit Committee have many years of finance and business management experience and expertise.

The main responsibilities of the Audit Committee are to review the financial statements and the auditors' reports and monitor the integrity of the financial statements. Other responsibilities include the appointment of auditor, approval of the auditor's remuneration, discussion of audit procedures and any other matters arising from the above. The Audit Committee is also charged with the overseeing the financial reporting system and internal control procedures and their effectiveness.

On 30 March 2012, the Board adopted a set of the revised terms of reference of the Audit Committee, which has included changes in line with the Revised Code requirements effective from 1 April 2012. The revised terms of reference setting out the Audit Committee's authority, duties and responsibilities are available on both the websites of the Company and the Stock Exchange.

In 2012, the audit committee met twice and all members attended both meetings. During the year, the Audit Committee performed the works as summarized below:

(i) reviewed and recommended 2012 final results, audit findings and draft final results announcement for the Board's approval;
(ii) reviewed and considered various accounting issues and new accounting standards and their financial impacts;
(iii) considered the audit fee for the Year 2012;
(iv) reviewed and recommended 2012 interim results, audit findings, draft management discussion and analysis section of the interim report for the Board's approval;
(v) reviewed and recommended the revised terms of reference of the Audit Committee for the Boards approval;
(vi) reviewed and recommended the Report on Internal Control for the Board's approval.

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 2012 and 31 December 2012.

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, 21 March 2013

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).