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 2013

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 2013. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
REVENUE	*3*	**597,750**	669,315
Cost of sales		**(377,008)**	(420,123)
Gross profit		**220,742**	249,192
Other income and gains	*3*	**21,514**	7,913
Fair value gains on investment properties, net		**127,305**	61,433
Selling and distribution expenses		**(29,314)**	(22,935)
Administrative expenses		**(68,982)**	(73,043)
Other expenses		**(125,745)**	(20,276)
Finance costs	*5*	**(6,496)**	(15,917)
Share of profits and losses of associates		**215**	(17,851)
PROFIT BEFORE TAX	*4*	**139,239**	168,516
Income tax expense	*6*	**(27,301)**	(40,210)
PROFIT FOR THE YEAR		**111,938**	128,306
Attributable to:			
Owners of the parent		**132,718**	129,361
Non-controlling interests		**(20,780)**	(1,055)
		111,938	128,306
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted		**HK 26.1 cents**	HK 25.3 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 2013

	2013	2012
	HK$'000	HK$'000
PROFIT FOR THE YEAR	**111,938**	128,306
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**3,485**	5,149
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	**10,547**	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**14,032**	5,149
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**125,970**	133,455
Attributable to:		
Owners of the parent	**143,449**	134,425
Non-controlling interests	**(17,479)**	(970)
	125,970	133,455

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	**2013 HK$'000**	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**795,963**	870,126
Investment properties		**1,360,707**	1,383,230
Prepaid land lease payments		**8,173**	22,704
Investment in a joint venture		**-**	-
Investments in associates		**2,634**	3,786
Deposits		**34,908**	36,084
Properties for development		**34,255**	101,142
Total non-current assets		**2,236,640**	2,417,072
CURRENT ASSETS			
Inventories		**83,993**	97,305
Trade receivables	*9*	**38,221**	42,995
Prepayments, deposits and other receivables		**14,740**	16,644
Debt investments at fair value through profit or loss		**1,094**	1,094
Cash and cash equivalents		**328,847**	215,324
		466,895	373,362
Investment properties classified as held for sale		**95,041**	-
Total current assets		**561,936**	373,362
CURRENT LIABILITIES			
Trade payables	*10*	**26,110**	26,227
Other payables and accruals		**110,675**	104,262
Due to directors		**45**	58
Due to a related company		**4,588**	4,339
Interest-bearing bank and other borrowings		**131,273**	179,082
Tax payable		**42,139**	24,512
Total current liabilities		**314,830**	338,480
NET CURRENT ASSETS		**247,106**	34,882
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,483,746**	2,451,954
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**-**	37,491
Rental deposits		**20,197**	14,207
Provisions		**5,220**	5,064
Deferred tax liabilities		**210,187**	232,408
Total non-current liabilities		**235,604**	289,170
Net assets		**2,248,142**	2,162,784

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
31 December 2013

	2013 **HK$'000**	2012 HK$'000
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**5,053**	5,092
Reserves	**2,275,982**	2,173,106
	2,281,035	2,178,198
Non-controlling interests	**(32,893)**	(15,414)
Total equity	**2,248,142**	2,162,784

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 2013. 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 on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. 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, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and 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 – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amounts Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009 – 2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009 – 2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

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

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

The application of HKFRS 11 does not change the equity accounting conclusion of the Group in respect of its investments in a joint venture.

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(e) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments will have affected the presentation only and have had no impact on the financial position or performance of the Group. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

(g) HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

(h) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

(i) *Annual Improvements 2009 – 2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassification, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distribution to equity holders.

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 2013 HK$'000	Cement products 2012 HK$'000	Property investment 2013 HK$'000	Property investment 2012 HK$'000	Property development 2013 HK$'000	Property development 2012 HK$'000	Corporate and others 2013 HK$'000	Corporate and others 2012 HK$'000	Consolidated 2013 HK$'000	Consolidated 2012 HK$'000
Segment revenue:										
Sales to external customers	475,174	536,828	114,062	124,299	-	-	8,514	8,188	597,750	669,315
Other income and gains	2,026	1,985	13,276	921	73	-	-	13	15,375	2,919
									613,125	672,234
Segment results	56,092	84,550	216,347	154,781	(102,394)	(21,526)	(37,160)	(36,432)	132,885	181,373
Reconciliation:										
Interest income									6,139	4,994
Share of profits and losses of associates	215	401	-	-	-	(18,252)	-	-	215	(17,851)
Profit before tax									139,239	168,516
Income tax expense	(7,403)	(21,550)	(19,675)	(18,524)	-	-	(223)	(136)	(27,301)	(40,210)
Profit for the year									111,938	128,306
Segment assets	955,908	1,025,959	1,632,307	1,471,455	74,021	167,794	133,706	121,440	2,795,942	2,786,648
Reconciliation:										
Investments in associates	2,631	3,783	-	-	-	-	3	3	2,634	3,786
Total assets									2,798,576	2,790,434
Segment liabilities	149,098	193,364	363,241	392,053	20,918	25,021	17,177	17,212	550,434	627,650
Total liabilities									550,434	627,650
Other segment information:										
Depreciation	45,589	46,794	1,089	1,452	488	241	289	485	47,455	48,972
Capital expenditure	1,596	3,617	1,143	598	6	-	7	77	2,752	4,292
Impairment of trade receivables	248	956	-	-	-	-	-	-	248	956
Impairment of prepayments, deposits and other receivables	-	2,710	-	-	3,329	-	-	-	3,329	2,710
Impairment of prepaid land lease payments	-	-	-	-	13,498	-	-	-	13,498	-
Impairment of properties for development	-	-	-	-	61,887	-	-	-	61,887	-
Impairment of property, plant and equipment	15,916	-	-	-	-	-	-	-	15,916	-
Fair value gains on investment properties, net	-	-	127,305	61,433	-	-	-	-	127,305	61,433
Loss on disposal of investment properties	-	-	5,402	-	-	-	-	-	5,402	-
Loss on acquisition of a subsidiary	-	-	-	-	-	14,120	-	-	-	14,120

Geographical information

(a) Revenue from external customers

	2013	2012
	HK$'000	HK$'000
Vietnam	**568,369**	642,603
Hong Kong	**18,218**	17,325
Mainland China	**11,163**	9,387
	597,750	669,315

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

(b) Non-current assets

	2013	2012
	HK$'000	HK$'000
Vietnam	**2,043,952**	1,713,079
Hong Kong	**145,236**	414,655
Mainland China	**45,594**	208,300
Mongolia	**1,858**	81,038
	2,236,640	2,417,072

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

Information about a major customer

Revenue of approximately HK$107,311,000 (2012: HK$144,520,000) 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:

	2013	2012
	HK$'000	HK$'000
Revenue		
Sale of cement	**475,174**	536,828
Gross rental income	**114,062**	124,299
Sale of electronic products	**7,808**	6,665
Sale of traditional Chinese medicine products	**529**	775
Sale of plywood and other wood products	**177**	748
	597,750	669,315
Other income and gains		
Interest income	**6,139**	4,994
Gain on disposal of items of property, plant and equipment	**384**	-
Income from sale of scrap materials	**524**	359
Others	**14,467**	2,560
	21,514	7,913

4. PROFIT BEFORE TAX

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

	2013	2012
	HK$'000	HK$'000
Cost of inventories sold	**360,558**	403,140
Depreciation	**47,455**	48,972
Amortisation of prepaid land lease payments	**2,553**	2,523
Research and development costs	**-**	570
Auditors' remuneration	**1,978**	1,987
Minimum operating lease payments in respect of land and buildings	**462**	352
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**45,522**	46,372
Pension scheme contributions	**739**	555
	46,261	46,927
Foreign exchange differences, net	**25,465**	144
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**16,450**	16,983
Impairment of trade receivables	**248**	956
Impairment of prepayments, deposits and other receivables	**3,329**	2,710
Impairment of prepaid land lease payments	**13,498**	-
Impairment of properties for development	**61,887**	-
Impairment of property, plant and equipment	**15,916**	-
Write-off of inventories	**-**	2,830
Loss/(gain) on disposal of items of property, plant and equipment	**(384)**	1,531
Loss on disposal of investment properties	**5,402**	-
Loss on acquisition of a subsidiary	**-**	14,120

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2013	2012
	HK$'000	HK$'000
Interest on bank loans wholly repayable within five years	**6,386**	15,789
Interest on finance leases	**110**	128
Total interest expense on financial liabilities not at fair value through profit or loss	**6,496**	15,917

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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.

	2013	2012
	HK$'000	HK$'000
Group:		
Current charge for the year		
Hong Kong	**180**	147
Elsewhere	**31,205**	25,457
Land appreciation tax	**16,265**	-
Underprovision/(overprovision) in prior years		
Hong Kong	**42**	(12)
Elsewhere	**(304)**	146
Deferred	**(20,087)**	14,472
Total tax charge for the year	**27,301**	40,210

7. DIVIDENDS

	2013	2012
	HK$'000	HK$'000
Interim – HK 3 cents (2012: HK 2 cents) per ordinary share	**15,195**	10,185
Final proposed subsequent to the reporting period – HK 7 cents (2012: HK 3.5 cents) per ordinary share	**35,371**	17,823
	50,566	28,008

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 508,073,478 (2012: 510,562,046) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

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

	2013	2012
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**132,718**	129,361

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**508,073,478**	510,562,046

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:

	2013	2012
	HK$'000	HK$'000
0 to 30 days	**28,877**	19,494
31 to 60 days	**2,637**	5,931
61 to 90 days	**1,686**	4,352
91 to 120 days	**1,293**	4,638
Over 120 days	**3,728**	8,580
	38,221	42,995

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:

	2013	2012
	HK$'000	HK$'000
0 to 30 days	**14,005**	11,364
31 to 60 days	**1,057**	1,472
61 to 90 days	**1,556**	706
91 to 120 days	**-**	56
Over 120 days	**9,492**	12,629
	26,110	26,227

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

BUSINESS REVIEW AND PROSPECTS

In order to combat the skyrocketed inflation rate, the Vietnamese government adopted tightened macro-economic measures and monetary policies in recent years. After years of struggling, Vietnam economy was seen stabilized in 2013. Most of the economic figures demonstrated that the economy had touched the bottom in 2012 and set for a slow recovery in 2013. The Consumer Price Index, reflecting the country's inflationary pressure, was recorded in its lowest since a decade at 6.04%. On the other hand, the banks' lending rates to local businesses declined 2-5% to the level of 7-10% when compared to 2012. During 2012, Vietnam GDP growth rate hit its lowest record since 1999 of 5.03%, whereas in 2013 the GDP growth rate recorded a rebound to 5.42%. Besides, Vietnam recorded a trade surplus of over US$860 million in 2013, representing an increase of over 15% as compared to 2012, which was attributed to an increase in export during the year. While national foreign exchange reserve increased, foreign exchange rate of Vietnamese Dong ("VND") to USD was seen stable during the year. Moreover, during the year, the government strived for the clearance of bad debts of the banking sector, by merging some of the local commercial banks and having achieved in equitizing four stated-owned commercial banks in the year. In addition, the government purchased over US$1.6 billion bad debts from the banking sector during 2013 through the purposely set-up Vietnam Asset Management Company.

Although Vietnam economy was seen coming out from the bottom, its momentum remained weak. The pace of recovery was slow. Foreign investors were still in wary investing in Vietnam market. Seeing newly registered foreign direct investments ("FDI") bounced back to US$22.3 billion in 2013, yet the FDI disbursement during the year was only US$11.5 billion, a slight increase of 10% as compared to 2012. Major contributors to the economic growth in 2013 mainly came from industrial production and services sectors, whereas real estate development and construction sectors remained stagnant. As a result, the Group's major investments in Vietnam, namely the cement business and the office leasing business were not able to be benefitted. On the contrary, as a result of increasing supplies in the markets, both businesses were under pressure, resulting in drop of turnover and profits during the year.

Foreseeing the future, since Vietnam economy has just bottomed out, it is estimated that at least a year or two are required before the real estate market to pick up momentum and foreign investors to regain confidence investing in Vietnam. With its full recovery then, the Group's cement business, office leasing business and property development business shall be able to benefit from the accelerating growth of Vietnam economy.

For the year ended 31 December 2013, the Group recorded a turnover of HK$597,750,000, representing a decrease of 10.7% as compared to HK$669,315,000 of last year. Turnover from the cement business was HK$475,174,000 representing a year-on-year decrease of 11.5%, whereas turnover from the property investment was HK$114,062,000, representing a decrease of 8.2% as compared to 2012.

The consolidated net profit attributable to shareholders was HK$132,718,000 for the year, representing an increase of approximately 2.6% when compared to HK$129,361,000 of 2012. Earnings per share for 2013 were HK 26.1 cents (2012: HK25.3 cents).

Cement Business

In 2013, total sales quantity of cement and clinkers achieved by the Group's cement plant was 1,163,000 tons, representing a decrease of 10.9% as compared to 2012, whereas sales amount was HK$475,174,000, representing a year-on-year decrease of 11.5%. The net profit after tax of the cement business attributable to the Group was HK$49,604,000, representing a decrease of 21.8% as compared to last year. The net profit of the cement business for the year was achieved after deducting a provision of HK$11,282,000, being written off of an obsolete bags packaging production line.

During 2013, Vietnam as a whole produced 61 million tons of cement, in which domestic consumption was only 46 million, with the remaining 15 million tons for export. As the government continued to adopt austerity economic measures during the year, the real estate market remained stagnant. Most of the infrastructure development and construction projects were withheld. As a consequence, demand for cement in the domestic market was weak. With the under-demand situation persisted, some of the early planned cement plants came into operation in the year, resulted in aggravating competitiveness of the market. Fortunately, Vietnam government has stopped granting new license to new cement plants and is in the process of reviewing and cancelling licenses which have not yet been kick-started. According to the Ministry of Construction, there will not be any new cement plant coming into operation in 2015.

During 2013, the sales price of the Group's cement and clickers was rather stable. Benefit from the tamed inflation, the cost of production of the cement plant also came to stabilize in 2013. Except for the costs of electricity and labour, which recorded an increase of approximately 5%, most of the production costs remained stable, whereas coal price recorded a slight decline during the year.

Foreseeing 2014, while seeing Vietnam has been back to the recovery track, infrastructure and construction activities are expected to increase gradually. Domestic demand for cement shall therefore be back to an upward trend although probably in a slow pace. Yet on the other hand, some of the early planned cement plants will also come into operation in 2014 which will intensify the competition and thus create uncertainty in the cement market of 2014.

Saigon Trade Centre

Since 2008, foreign investments entering in Vietnam had been shrinking and only until 2013, the newly registered FDI was noted with a rebound. Yet, after the economy having been devastated for a number of years, foreign investors were very cautious in actualizing their investments in Vietnam market. Besides, a major of the foreign investments investing in the year were mainly in the sector of industrial production for export purpose only. Thus, demand for office spaces in the market remained sluggish during the year. Whereas on the other hand, an additional supply of office spaces from some newly completed office buildings has intensified the office leasing market competition. As a consequence, both the rental rate and the occupancy rate of the Saigon Trade Center suffered decline during the year.

As at 31 December 2013, the occupancy rate of the Saigon Trade Centre was 73%, a reduction of 6% as compared to 79% of year-end 2012. The overall rental income dropped about 11% when compared to last year.

Foreseeing 2014, the new supply of office spaces in the market will still pose a pressure on the leasing situation of the Saigon Trade Center. Only until the economy comes to a full scale recovery with foreign investors regaining confidence an interests investing in Vietnam, office leasing market will then have a stronger demand growth.

Hotel project in Hong Kong and other investment properties

Pursuant to the Hong Kong government policy of revitalization of old industrial buildings, the Group has a scheme to re-develop its industrial building in Tuen Mun, the “Luks Industrial Building”, into a hotel project. The Building consists of a gross floor area of approximately 200,000 sq. ft. It is located next to the Tuen Mun station of the West Rail Line and quite near to the newly opened V-City Mall. Benefit from the substantial increase in mainlanders travelling to Hong Kong, the Northwestern New Territories rapidly developed, yet hotels in the region are in a lack of. The management believes that the proposed hotel project will enhance return of the Building to the Group. The Group has already obtained approval from the government to revitalize the Building into a hotel project. The construction for its transformation is expected to start in the second half of 2014 and is scheduled to be completed at the end of 2016. The preliminary plan of the hotel project consists of approximately 300 hotel rooms and two floors of shopping mall with a total of approximately 15,000 square feet.

In China, the Group has held 28 units of apartment in Mandarine City, Hongqiao District of Shanghai for investment purpose since a decade ago. Since prices of the apartment units went up substantially in recent years, return from rental incomes became unattractive. Therefore, the Group started to dispose the apartment units in the market during 2013 and has successfully disposed a total of 20 units up to now.

Benefit by the capital value appreciation of the Group’s property in Hong Kong, the Group recorded an increase in the property revaluation surplus of HK$127,305,000 in 2013, representing an increase of 107.2% as compared to HK$61,433,000 of last year.

Property Development

During 2013, the real estate market in Ho Chi Minh City remained stagnant. The Group’s residential project in Binh Thanh District of Ho Chi Minh City was still on hold, pending for suitable timing to develop. During the year, the Vietnam government tried to revive the real estate market by launching some incentive measures, such as to offer a total sum equivalent to US$1.4 billion of credit package in order to assist the public to purchase their own flats. Moreover, the government also pronounced to review the laws so as to uplift certain restrictions on foreign institutions and individuals in purchasing local properties in Vietnam. However, the effectiveness of those measures was yet to be seen during the year.

For the Group’s Mongolia investment, as disclosed in the announcement of the company on 19th May 2013, the land use rights of the Group’s residential project in Mongolia (“the Mongolia Project”) were cancelled by an administrative directive of the Mongolia government. As a result the Group had to make a full impairment of HK$78,714,000 for its investments in the Mongolia Project during the year. The Group is currently working with the local partner to seek for possible resolutions with the aim of minimizing the loss of the Group in the Project.

Dividend

Seeing an abundant cash reserve and the gearing ratio lowered to zero level, the board of directors recommended to distribute a final dividend of HK 7 cents per share to the shareholders and together with the interim dividend of HK 3 cents per share already distributed, the total dividend for the full year of 2013 will be HK 10 cents per share.

FINANCIAL REVIEW

The Group's cash, bank balances and time deposits as at 31 December 2013 amounted to HK$328,847,000 (31 December 2012: HK$215,324,000). The Group's total borrowings amounted to HK$131,273,000 (31 December 2012: HK$216,573,000), of which HK$131,273,000 (31 December 2012: HK$179,082,000) was repayable within 1 year and HK$0 (31 December 2012: HK$37,491,000) was repayable from 2 to 5 years.

The percentage of the Group's borrowings denominated in HK$, US$ and Vietnamese Dong ("VND") were 64.0%, 20.4% and 15.6% respectively. Of the total borrowings, about 15.6% 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% as at 31 December 2013 (31 December 2012: 0.1%).

Significant investments held

As at 31 December 2013, the Group has no significant investment held.

Employees and Remuneration Policy

As at 31 December 2013, the Group had approximately 1,150 employees. Most of them were in Vietnam. The total staff cost (excluding directors remuneration) was approximately HK$46,261,000 for the year ended 31 December 2013 (31 December 2012: HK$46,927,000). There was no significant change in the Group's remuneration policy as compared to last financial year.

Details of charges

As at 31 December 2013, the Group pledged certain property, plant and equipment at a net carrying value of HK$546,931,000, prepaid land lease payments at a net carrying value of HK$6,256,000 and certain investment properties at a carrying value of HK$410,000,000.

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 a depreciation of 1.2% as at 31 December 2013 when compared to the rate as at 31 December 2012. The Group suffered an exchange loss in VND depreciation of HK$4,405,000 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 since 2012 and thus notably trimmed the financial cost of the cement plant. Yet, the move has also increased the Group’s exposure to the foreign exchange risk of devaluation of VND. Besides, the Group recorded an exchange loss of HK$20,243,000 for the fund advanced to its Mongolia subsidiary as a result of the depreciation of Mongolian currency (“MNT”) during the year.

Details of contingent liability

As at 31 December 2013, the Group has no significant contingent liability (31 December 2012: Nil).

PROPOSED FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors recommended a final dividend of HK 7 cents (2012: HK 3.5 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 Monday, 28 April 2014 to Tuesday, 29 April 2014, 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 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong (to be moved to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) for registration before 4:30 p.m. on Friday, 25 April 2014.

(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 Wednesday, 7 May 2014 to Thursday, 8 May 2014, 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 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong (to be moved to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) for registration before 4:30 p.m. on Monday, 5 May 2014.

The payment date of the dividend is expected to be 20 May 2014.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2013, the Company had repurchased from the market a total of 3,940,000 shares at price per share ranging from HK$1.80 to HK$2.05 with a total amount of about HK$7,557,340. 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 2013.

CORPORATE GOVERNANCE PRACTICES

Throughout the financial year ended 31 December 2013, the Company has complied with the code provisions set out in the Code, 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 26 April 2013 due to their other business commitments.

Further information of the Company's corporate governance practices is set out in the corporate governance report in the 2013 Annual Report to be despatched to the shareholders in early April 2014.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2013, including the accounting principles and accounting standards adopted and discussed matters relating to audit, internal controls and financial reporting.

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 2013 and 31 December 2013.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Hotel Nikko Hongkong, Chairman's Place, M/F, 72 Mody Road, Tsimshatsui East, Kowloon, Hong Kong at 3:00 p.m. on Tuesday, 29 April 2014.

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, 25 March 2014

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).