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 2014

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 2014. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2014

	Notes	**2014 HK$'000**	2013 HK$'000
REVENUE	*3*	**623,184**	597,750
Cost of sales		**(392,463)**	(377,008)
Gross profit		**230,721**	220,742
Other income and gains	*3*	**11,673**	21,514
Fair value gains on investment properties, net		**26,423**	127,305
Selling and distribution expenses		**(36,254)**	(29,314)
Administrative expenses		**(82,744)**	(68,982)
Other expenses		**(28,906)**	(125,745)
Finance costs	*5*	**(2,350)**	(6,496)
Share of profits and losses of associates		**388**	215
PROFIT BEFORE TAX	*4*	**118,951**	139,239
Income tax expense	*6*	**(29,504)**	(27,301)
PROFIT FOR THE YEAR		**89,447**	111,938
Attributable to:			
Owners of the parent		**92,526**	132,718
Non-controlling interests		**(3,079)**	(20,780)
		89,447	111,938
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted		**HK 18.3 cents**	HK 26.1 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 2014

	2014 HK$'000	2013 HK$'000
PROFIT FOR THE YEAR	**89,447**	111,938
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(15,434)**	3,485
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	**9,936**	10,547
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(5,498)**	14,032
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**83,949**	125,970
Attributable to:		
Owners of the parent	**81,631**	143,449
Non-controlling interests	**2,318**	(17,479)
	83,949	125,970

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,162,533**	795,963
Investment properties		**982,038**	1,360,707
Prepaid land lease payments		**5,552**	8,173
Investment in a joint venture		**-**	-
Investments in associates		**760**	2,634
Properties for development		**33,847**	34,255
Deposits		**34,673**	34,908
Total non-current assets		**2,219,403**	2,236,640
CURRENT ASSETS			
Inventories		**77,182**	83,993
Trade receivables	*9*	**39,733**	38,221
Prepayments, deposits and other receivables		**21,504**	14,740
Debt investments at fair value through profit or loss		**-**	1,094
Cash and cash equivalents		**380,028**	328,847
		518,447	466,895
Investment properties classified as held for sale		**11,005**	95,041
Total current assets		**529,452**	561,936
CURRENT LIABILITIES			
Trade payables	*10*	**22,455**	26,110
Other payables and accruals		**111,088**	110,675
Due to directors		**55**	45
Due to a related company		**4,383**	4,588
Interest-bearing bank and other borrowings		**77,419**	131,273
Tax payable		**34,265**	42,139
Total current liabilities		**249,665**	314,830
NET CURRENT ASSETS		**279,787**	247,106
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,499,190**	2,483,746

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2014

	2014 HK$'000	2013 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,499,190**	2,483,746
NON-CURRENT LIABILITIES		
Rental deposits	**19,518**	20,197
Provisions	**5,193**	5,220
Deferred tax liabilities	**208,075**	210,187
Total non-current liabilities	**232,786**	235,604
Net assets	**2,266,404**	2,248,142
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**5,053**	5,053
Reserves	**2,291,926**	2,275,982
	2,296,979	2,281,035
Non-controlling interests	**(30,575)**	(32,893)
Total equity	**2,266,404**	2,248,142

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 (the "HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements 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 2014. 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. 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 POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and a new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group does not have any levies.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

The Group has not applied other new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of the other new and revised HKFRSs upon initial application.

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		Property investment		Property development		Corporate and others		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	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	**501,635**	475,174	**111,806**	114,062	**-**	-	**9,743**	8,514	**623,184**	597,750
Other income and gains	**740**	2,026	**251**	13,276	**-**	73	**-**	-	**991**	15,375
									624,175	613,125
Segment results	**58,525**	56,092	**95,639**	216,347	**(1,818)**	(102,394)	**(44,465)**	(37,160)	**107,881**	132,885
Reconciliation:										
Interest income									**10,682**	6,139
Share of profits and losses of associates	**388**	215	**-**	-	**-**	-	**-**	-	**388**	215
Profit before tax									**118,951**	139,239
Income tax expense	**(9,883)**	(7,403)	**(19,587)**	(19,675)	**-**	-	**(34)**	(223)	**(29,504)**	(27,301)
Profit for the year									**89,447**	111,938
Segment assets	**865,545**	955,908	**1,642,404**	1,632,307	**71,741**	74,021	**168,405**	133,706	**2,748,095**	2,795,942
Reconciliation:										
Investments in associates	**754**	2,631	**-**	-	**-**	-	**6**	3	**760**	2,634
Total assets									**2,748,855**	2,798,576
Segment liabilities	**126,985**	149,098	**315,271**	363,241	**18,443**	20,918	**21,752**	17,177	**482,451**	550,434
Total liabilities									**482,451**	550,434
Other segment information:										
Depreciation	**51,445**	45,589	**742**	1,089	**373**	488	**106**	289	**52,666**	47,455
Capital expenditure	**11,196**	1,596	**14,265**	1,143	**-**	6	**48**	7	**25,509**	2,752
Impairment of trade receivables	**264**	248	**-**	-	**-**	-	**-**	-	**264**	248
Impairment of prepayments, deposits and other receivables	**-**	-	**-**	-	**-**	3,329	**-**	-	**-**	3,329
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	**-**	-	**26,423**	127,305	**-**	-	**-**	-	**26,423**	127,305
Loss on disposal of investment properties	**-**	-	**6,760**	5,402	**-**	-	**-**	-	**6,760**	5,402
Write-off of inventories	**12,548**	-	**-**	-	**-**	-	**-**	-	**12,548**	-

Geographical information

(a) Revenue from external customers

	2014 HK$'000	2013 HK$'000
Vietnam	**599,340**	568,369
Hong Kong	**15,993**	18,218
Mainland China	**7,851**	11,163
	623,184	597,750

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

(b) Non-current assets

	2014 HK$'000	2013 HK$'000
Vietnam	**1,977,341**	2,043,952
Hong Kong	**186,290**	145,236
Mainland China	**54,499**	45,594
Mongolia	**1,273**	1,858
	2,219,403	2,236,640

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

Information about a major customer

Revenue of approximately HK$107,923,000 (2013: HK$107,311,000) 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:

	2014 HK$'000	2013 HK$'000
Revenue		
Sale of cement	**501,635**	475,174
Gross rental income	**111,806**	114,062
Sale of electronic products	**9,586**	7,808
Sale of traditional Chinese medicine products	**60**	529
Sale of plywood and other wood products	**97**	177
	623,184	597,750
Other income and gains		
Interest income	**10,682**	6,139
Gain on disposal of items of property, plant and equipment	**-**	384
Income from sale of scrap materials	**428**	524
Others	**563**	14,467
	11,673	21,514

4. PROFIT BEFORE TAX

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

	2014	2013
	HK$'000	HK$'000
Cost of inventories sold	**373,620**	360,558
Depreciation	**52,666**	47,455
Amortisation of prepaid land lease payments	**2,532**	2,553
Auditors' remuneration	**1,929**	1,978
Minimum operating lease payments in respect of land and buildings	**939**	462
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**44,405**	45,522
Pension scheme contributions	**602**	739
	45,007	46,261
Foreign exchange differences, net	**7,479**	25,465
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**18,843**	16,450
Impairment of trade receivables	**264**	248
Impairment of prepayments, deposits and other receivables	**-**	3,329
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	**12,548**	-
Loss/(gain) on disposal of items of property, plant and equipment	**1,855**	(384)
Loss on disposal of investment properties	**6,760**	5,402

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2014	2013
	HK$'000	HK$'000
Interest on bank loans wholly repayable within five years	**2,350**	6,386
Interest on finance leases	**-**	110
Total interest expense on financial liabilities not at fair value through profit or loss	**2,350**	6,496

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

	2014	2013
	HK$'000	HK$'000
Group:		
Current charge for the year		
Hong Kong	**54**	180
Elsewhere	**24,395**	31,205
Land appreciation tax	**-**	16,265
Underprovision/(overprovision) in prior years		
Hong Kong	**(20)**	42
Elsewhere	**4,286**	(304)
Deferred	**789**	(20,087)
Total tax charge for the year	**29,504**	27,301

7. DIVIDENDS

	2014	2013
	HK$'000	HK$'000
Interim – HK6 cents (2013: HK3 cents) per ordinary share	**30,318**	15,195
Final proposed subsequent to the reporting period – HK12 cents (2013: HK7 cents) per ordinary share	**60,636**	35,371
	90,954	50,566

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 the 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 505,297,418 (2013: 508,073,478) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2014 and 2013 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

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:

	2014 **HK$'000**	2013 HK$'000
0 to 30 days	**32,175**	28,877
31 to 60 days	**3,491**	2,637
61 to 90 days	**1,413**	1,686
91 to 120 days	**1,631**	1,293
Over 120 days	**1,023**	3,728
	39,733	38,221

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:

	2014 **HK$'000**	2013 HK$'000
0 to 30 days	**14,052**	14,005
31 to 60 days	**1,113**	1,057
61 to 90 days	**167**	1,556
91 to 120 days	**80**	-
Over 120 days	**7,043**	9,492
	22,455	26,110

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

BUSINESS REVIEW AND PROSPECTS

Despite the anti-Chinese protests in May 2014, Vietnam economy managed to maintain steady growth during the year of 2014. The GDP grew 6%, comparing to 5.4% in 2013, not only beating the World Bank's estimate of 5.4% but also exceeding the government's own estimate of 5.8%. The momentum of growth came mainly from its manufacturing sector, especially industrial production for export which recorded a remarkable growth of 8.7% in the year. Domestic consumption also recorded a moderate growth of 6.1% in the year.

Meanwhile, inflation has been kept well under control to 4.1% on average of 2014, further going down from 6.04% in 2013. The inflation rate in December 2014 even dropped to the decade-lowest of 1.8%, thanks to the decline of global food and energy prices and is expected to stay moderate in 2015.

With continuing trade surplus, the exchange rate of Vietnamese Dong ("VND") to USD was relatively stable with an approximately of 1% depreciation in the year. The Central bank cut interest rates twice during the year, successfully leading to a credit growth of 12-14% for the year of 2014. With a positive and healthy macroeconomic situation, Vietnam's credit ratings were upgraded by international agencies during the year, which not only helped lowering interest costs of the government's new bonds issue, but also improving the already fragile confidence of foreign investors to invest in the market.

Although the trend of recovery seems notable, the pace of growth is still slow and moderate. The Vietnamese government estimated that the GDP growth rate and the inflation rate for 2015 will be 6.2% and 5% respectively. Bad loans of state-owned enterprises are still the major factor hindering the economic growth, especially in real estate sector. Foreseeing 2015, the engine of the economy growth shall still come from manufacturing for export, whereas construction and real estate sectors are expected to pick up slowly.

Since both the construction sector and sentiments of foreign investments were still weak in 2014, the Group's major investments in Vietnam, namely the cement business and the office leasing business did not significantly profit from it. However, when the momentum of growth becomes stronger in next few years, the Group's businesses in Vietnam are expected to benefit as a result.

For the year ended 31 December 2014, the Group recorded a turnover of HK$623,184,000, representing an increase of 4.3% as compared to HK$597,750,000 of last year. Turnover from the cement business was HK$501,635,000 representing a year-on-year increase of 5.6%, whereas turnover from the property investment was HK$111,806,000, representing a decrease of 2% as compared to 2013.

The consolidated net profit attributable to shareholders was HK$92,526,000 for the year, representing a decrease of approximately 30.3% when compared to HK$132,718,000 of 2013. Earnings per share for 2014 were HK18.3 cents (2013: HK26.1 cents).The main attributable cause for the decline in profit was due to a lesser revaluation gain on investment properties for 2014.

Cement Business

In 2014, total quantity of sales of cement and clinkers achieved by the Group's cement plant was 1,190,000 tons, representing a slight increase of 2.3% as compared to 2013, whereas sales amount was HK$501,635,000 representing an increase of 5.6%. The net profit after tax of the cement business attributable to the Group was HK$49,493,000, being flat to last year. An attributed cause was the Group having written off certain obsolete spares parts and raw materials of HK$12,548,000 during the year.

During 2014, the national production of cement and clinkers in Vietnam were 71 million tons, of which domestic consumption totaling 51 million tons, with the remaining 20 million tons being exported. Domestic consumption increased 11% as compared to 2013. With the economic environment improved, construction and infrastructure development were seen picking up. Yet, real estate market was still sluggish, resulted in an insufficient demand growth on domestic consumption market and thus the oversupply situation persisted. In particular, a new cement plant with 5000-ton daily production capacity has commenced operation in Hue Province at year end of 2014, bringing new supply to the market and intensifying competition in the central market.

Along with the market recovery, performance of the Group's cement plant improved slightly in 2014. The Group's cement selling price also recorded a minor increment, which however could only cover costs increase during the year. The cost of cement bags, selling cost and transportation cost recorded a larger extent of increase during the year, whereas other costs of production were comparatively stable. In addition, the government imposed a mining rights tax during the year, which also led to an increase in the production cost. Since most of the cashflow generated from the cement operation was utilized to repay outstanding loans, both its debt ratio and finance expenses dropped significantly during the year.

Foreseeing 2015, although the cement market for domestic consumption continues to improve, competition is expected to be getting keener especially from the newly operated cement plant in central Vietnam. The global slowdown and currencies depreciation among Southeast Asian countries also posing threat to the export of cement from Vietnam cement plants, which thus adds to the uncertainties of the Vietnam cement market outlook in 2015.

However, as a result of the government's suspension on granting new licenses to cement projects in previous years, there will only be very limited cement plants coming into operation in Vietnam for the next two years. It is anticipated that in medium term, when the economy returns to its full recovery, the outlook of the Vietnam cement market will become more positive.

Saigon Trade Centre

Suffered from the anti-Chinese protests in May 2014, the total registered FDI capital fell in 2014 although FDI disbursement recorded an increase of 7% compared to last year. Foreign investors were still cautious investing in Vietnam. While most of the foreign investors concentrated investing in the manufacturing sector, the office leasing market was not benefited and thus office leasing situation in main cities, like Ho Chi Minh City was still sluggish during the year.

During the year, there was new supply of office spaces in the market intensifying competition in the office leasing market. As at 31 December 2014, the occupancy rate of the Group's Saigon Trade Center dropped slightly to 71%, a reduction of 2% as compared to 73% of year-end 2013. The average rental rate remained the same as last year.

Foreseeing 2015, seeing a stable and recovering economy, interests of foreign investors in Vietnam were seen increasing. FDI in the first month of 2015 reached US$663 million, a remarkable increase of 67% compared to the same period of last year. If the growth persists, the demand of office spaces shall be expected to become stronger in 2015.

Hotel project in Hong Kong and other investment properties

Further to the actualization of the Group's hotel project in Tuen Mun, the preliminary design plan of the project has been approved by the Hong Kong government. The plan consists of a hotel with approximately 300 rooms and a shopping mall with an area of approximately 20,000 square feet. While construction has been kick-started by the fourth quarter of 2014, the hotel is expected to commence operation by the third quarter of 2016.

The Group intended to seek for a prestigious brand operator to operate the hotel and the selection process is in the finalizing stage. Seeing the rapid development of Tuen Mun areas for tourists from mainland China and drastic improvement of the transportation networks in coming years, the management is confident that the hotel will provide stable contributions to the Group's revenue and cashflow when it comes to operation.

For 2014, with a termination of the leasing income from the Tuen Mun industrial building due to the hotel revitalizing project, together with a disposal of the apartments in Shanghai, the Group recorded a drop in income generated from investment properties in Hong Kong and China. Yet, it is estimated that the income from the hotel operation will substantially exceed the decrease in income from investment properties when the hotel comes into a full-year operation in 2017.

Up to the reporting date, the Group has successfully disposed all of the 28 apartments in Shanghai. The net proceeds of the full disposal shall be around HK$125 million and be used to finance part of the revitalization cost of the hotel project.

The Group recorded a fair value gain of HK$26,423,000 from its investment properties in 2014, whereas a gain of HK$127,305,000 was recorded in 2013. The difference, after deducting the impairment made to the investments in Mongolia of approximately HK$75 million last year, mainly contributed to a decline of the Group's profit in 2014.

Property Development

There were signs that the real estate market in Vietnam was on the road of recovery in 2014. With the economy back to stable and interest rates cut substantially, demand from buyers was getting keener. Property prices were much more affordable over the last five years triggering demand for smaller-sized units from both self-users and investors. Moreover, the government's promulgation of laws on foreign ownership in residential housing also stimulated market demand. Sales momentum is expected to become stronger in 2015. The Group will still hold the land for property development project in Ho Chi Minh City as a reserve and consider for its development when the property market comes to a full recovery.

Dividend

With an abundant cashflow and the gearing ratio at zero level, the board of directors recommended to distribute a final dividend of HK12 cents per share to the shareholders and together with the interim dividend of HK6 cents per share already distributed, the total dividend for the full year of 2014 will be HK18 cents per share. The Group shall maintain a stable dividend policy in the coming years if cashflow allows.

FINANCIAL REVIEW

The Group's cash, bank balances and time deposits as at 31 December 2014 amounted to HK$380,028,000 (31 December 2013: HK$328,847,000). The Group's total borrowings amounted to HK$77,419,000 (31 December 2013: HK$131,273,000), of which HK$77,419,000 (31 December 2013: HK$131,273,000) was repayable within 1 year.

The percentage of the Group's borrowings denominated in HK$ and Vietnamese Dong ("VND") were 67.3% and 32.7% respectively. Of the total borrowings, about 32.7% 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% as at 31 December 2014 (31 December 2013: 0%).

Significant investments held

As at 31 December 2014, the Group has no significant investment held.

Employees and Remuneration Policy

As at 31 December 2014, the Group had approximately 1,100 employees. Most of them were in Vietnam. The total staff cost (excluding directors remuneration) was approximately HK$45,007,000 for the year ended 31 December 2014 (31 December 2013: HK$46,261,000). There was no significant change in the Group's remuneration policy as compared to last financial year.

Details of charges

As at 31 December 2014, the Group pledged certain plant and machinery at a net carrying value of HK$77,088,000 and certain construction in progress situated in Hong Kong at a net carrying value of HK$424,261,000.

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 1.4% as at 31 December 2014 when compared to the rate as at 31 December 2013. The Group suffered an exchange loss in VND depreciation of HK$3,777,000 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.

Details of contingent liability

As at 31 December 2014, the Group has no significant contingent liability (31 December 2013: Nil).

PROPOSED FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors recommended a final dividend of HK12 cents (2013: HK7 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 Wednesday, 29 April 2015 to Thursday, 30 April 2015, 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration before 4:30 p.m. on Tuesday, 28 April 2015.

(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 Thursday, 7 May 2015 to Friday, 8 May 2015, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before 4:30 p.m. on Wednesday, 6 May 2015.

The payment date of the dividend is expected to be 22 May 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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 2014.

CORPORATE GOVERNANCE PRACTICES

Throughout the financial year ended 31 December 2014, 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 29 April 2014 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 2014 Annual Report to be despatched to the shareholders in late March 2015.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 31 December 2014, 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 2014 and 31 December 2014.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at InterContinental Grand Stanford Hong Kong Hotel, Monet Room, B1 Level, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong at 3:00 p.m. on Thursday, 30 April 2015.

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, 24 March 2015

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. Chan Kam Fuk (who are independent non-executive directors).