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 2016

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 (collectively, the "Group") for the year ended 31 December 2016. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2016

	Notes	**2016 HK$'000**	2015 HK$'000
REVENUE	*3*	**622,685**	610,327
Cost of sales		**(402,392)**	(388,113)
Gross profit		**220,293**	222,214
Other income and gains	*3*	**13,088**	15,590
Fair value gains on investment properties, net		**9,240**	12,117
Selling and distribution expenses		**(51,038)**	(49,919)
Administrative expenses		**(61,392)**	(68,066)
Other expenses		**(1,169)**	(7,935)
Finance costs	*5*	**(882)**	(1,762)
PROFIT BEFORE TAX	*4*	**128,140**	122,239
Income tax expense	*6*	**(21,274)**	(33,708)
PROFIT FOR THE YEAR		**106,866**	88,531
Attributable to:			
Owners of the parent		**111,974**	89,580
Non-controlling interests		**(5,108)**	(1,049)
		106,866	88,531
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted		**HK 22.2 cents**	HK 17.7 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016 **HK$'000**	2015 HK$'000
PROFIT FOR THE YEAR	**106,866**	88,531
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(17,256)**	(67,506)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(17,256)**	(67,506)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**89,610**	21,025
Attributable to:		
Owners of the parent	**89,361**	22,115
Non-controlling interests	**249**	(1,090)
	89,610	21,025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	**2016 HK$'000**	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,337,298**	1,168,608
Investment properties		**951,568**	953,847
Prepaid land lease payments		**1,075**	2,894
Investment in a joint venture		**-**	-
Properties for development		**32,074**	32,409
Deposits		**33,534**	33,819
Total non-current assets		**2,355,549**	2,191,577
CURRENT ASSETS			
Inventories		**68,721**	71,138
Trade receivables	*9*	**31,375**	33,267
Prepayments, deposits and other receivables		**10,334**	15,162
Equity investments at fair value through profit or loss		**58**	-
Cash and cash equivalents		**208,984**	294,377
Total current assets		**319,472**	413,944
CURRENT LIABILITIES			
Trade payables	*10*	**5,896**	8,982
Other payables and accruals		**138,625**	109,726
Due to a director		**516**	46
Due to a related company		**4,380**	4,381
Interest-bearing bank and other borrowings		**44,025**	24,948
Tax payable		**20,825**	33,603
Total current liabilities		**214,267**	181,686
NET CURRENT ASSETS		**105,205**	232,258
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,460,754**	2,423,835

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
31 December 2016

	2016 HK$'000	2015 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,460,754**	2,423,835
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**1,509**	1,327
Rental deposits	**13,960**	17,519
Provisions	**4,157**	4,661
Deferred tax liabilities	**205,572**	203,852
Total non-current liabilities	**225,198**	227,359
Net assets	**2,235,556**	2,196,476
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**5,053**	5,053
Reserves	**2,261,919**	2,223,088
	2,266,972	2,228,141
Non-controlling interests	**(31,416)**	(31,665)
Total equity	**2,235,556**	2,196,476

Notes:

1. BASIS OF PREPARATION

The 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 equity investments at fair value through profit or loss, which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

1.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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 above. 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 assessed and fully adopted, to the extent that is relevant to the Group, the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

Other than as explained below regarding the impact of Amendments to HKAS 1, the adoption of the above new and revised standards has had no significant financial effect on the financial statements.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

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 sale of electronic 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 2016 HK$'000	Cement products 2015 HK$'000	Property investment 2016 HK$'000	Property investment 2015 HK$'000	Property development 2016 HK$'000	Property development 2015 HK$'000	Corporate and others 2016 HK$'000	Corporate and others 2015 HK$'000	Consolidated 2016 HK$'000	Consolidated 2015 HK$'000
Segment revenue:										
Sales to external customers	**501,620**	490,619	**110,792**	110,080	**-**	-	**10,273**	9,628	**622,685**	610,327
Other income and gains	**828**	6,397	**6,731**	638	**-**	-	**478**	69	**8,037**	7,104
									630,722	617,431
Segment results	**55,957**	63,819	**98,674**	87,090	**(1,776)**	(2,332)	**(29,766)**	(34,824)	**123,089**	113,753
Reconciliation:										
Interest income									**5,051**	8,486
Profit before tax									**128,140**	122,239
Income tax credit/(expense)	**(11,233)**	(10,888)	**(10,025)**	(22,879)	**-**	-	**(16)**	59	**(21,274)**	(33,708)
Profit for the year									**106,866**	88,531
Segment assets	**740,751**	782,780	**1,796,156**	1,567,979	**67,885**	68,889	**70,229**	185,873	**2,675,021**	2,605,521
Total assets									**2,675,021**	2,605,521
Segment liabilities	**79,340**	87,584	**325,507**	283,792	**14,246**	17,594	**20,372**	20,075	**439,465**	409,045
Total liabilities									**439,465**	409,045
Other segment information:										
Depreciation	**43,715**	45,240	**1,658**	737	**316**	343	**57**	57	**45,746**	46,377
Capital expenditure	**8,594**	3,275	**211,785**	83,399	**-**	7	**78**	66	**220,457**	86,747
Impairment/(reversal of impairment) of trade receivables, net	**695**	(505)	**95**	41	**-**	-	**-**	-	**790**	(464)
Fair value gains on investment properties, net	**-**	-	**9,240**	12,117	**-**	-	**-**	-	**9,240**	12,117
Gain on disposal of items of property, plant and equipment	**63**	-	**89**	-	**-**	-	**409**	-	**561**	-
Loss on deregistration of an associate	**-**	112	**-**	-	**-**	-	**-**	-	**-**	112
Loss on deregistration of subsidiaries	**-**	-	**-**	-	**-**	-	**31**	-	**31**	-
Loss on disposal of investment properties	**-**	-	**-**	801	**-**	-	**-**	-	**-**	801
Write-off of inventories	**305**	-	**-**	-	**-**	-	**-**	-	**305**	-

Geographical information

(a) Revenue from external customers

	2016	2015
	HK$'000	HK$'000
Vietnam	**600,094**	588,211
Hong Kong	**14,861**	14,498
Mainland China	**7,730**	7,618
	622,685	610,327

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

(b) Non-current assets

	2016	2015
	HK$'000	HK$'000
Vietnam	**1,837,460**	1,881,249
Hong Kong	**486,078**	269,611
Mainland China	**31,588**	39,853
Mongolia	**423**	864
	2,355,549	2,191,577

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

Information about a major customer

Revenue of HK$122,364,000 (2015: HK$114,784,000) was derived from sales by the cement products segment to a single customer.

3. REVENUE, OTHER INCOME AND GAINS

Revenue 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:

	2016	2015
	HK$'000	HK$'000
Revenue		
Sale of cement	**501,620**	490,619
Gross rental income	**110,792**	110,080
Sale of electronic products	**10,273**	9,628
	622,685	610,327
Other income and gains		
Interest income	**5,051**	8,486
Income from sale of scrap materials	**470**	104
Gain on disposal of items of property, plant and equipment	**561**	-
Others	**7,006**	7,000
	13,088	15,590

4. PROFIT BEFORE TAX

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

	2016 HK$'000	2015 HK$'000
Cost of inventories sold	**388,217**	369,682
Depreciation	**45,746**	46,377
Amortisation of prepaid land lease payments	**2,829**	2,450
Auditor's remuneration	**2,030**	1,979
Minimum operating lease payments	**977**	855
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**46,089**	44,192
Pension scheme contributions	**589**	614
	46,678	44,806
Foreign exchange differences, net*	**43**	6,836
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**14,175**	18,431
Impairment/(reversal of impairment) of trade receivables, net	**790**	(464)
Loss on deregistration of an associate*	**-**	112
Loss on deregistration of subsidiaries*	**31**	-
Loss on disposal of investment properties*	**-**	801
Gain on disposal of items of property, plant and equipment	**(561)**	-
Write-off of inventories*	**305**	-

* These items are included in "Other expenses" on the face of the consolidated statement of profit or loss.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2016 HK$'000	2015 HK$'000
Interest on bank loans	790	1,762
Interest on finance leases	92	-
	882	1,762

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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.

	2016	2015
	HK$'000	HK$'000
Current charge for the year		
Hong Kong	**79**	68
Elsewhere	**26,385**	27,944
Underprovision/(overprovision) in prior years		
Hong Kong	**53**	(126)
Elsewhere	**(9,503)**	(175)
Deferred	**4,260**	5,997
Total tax charge for the year	**21,274**	33,708

7. DIVIDENDS

	2016	2015
	HK$'000	HK$'000
Interim – HK4 cents (2015: HK6 cents) per ordinary share	**20,212**	30,318
Final proposed subsequent to the reporting period		
– HK6 cents (2015: HK6 cents) per ordinary share	**30,318**	30,318
	50,530	60,636

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 (2015: 505,297,418) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2016 and 2015.

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:

	2016	2015
	HK$'000	HK$'000
0 to 30 days	**20,801**	26,587
31 to 60 days	**5,701**	2,563
61 to 90 days	**1,126**	949
91 to 120 days	**756**	277
Over 120 days	**2,991**	2,891
	31,375	33,267

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:

	2016	2015
	HK$'000	HK$'000
0 to 30 days	**4,015**	8,269
31 to 60 days	**1,332**	473
61 to 90 days	**25**	2
91 to 120 days	**22**	1
Over 120 days	**502**	237
	5,896	8,982

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

BUSINESS REVIEW AND OUTLOOK

In 2016, Vietnam recorded a GDP growth rate of merely 6.21%, which was the first time in four years showing a slowdown. The main reasons attributable to the slowdown were due to declines in growth from both the agricultural sector and the mining sector. During the year, historical droughts and salinization of the Mekong River Delta happened respectively in central and the southern part of Vietnam, resulted in serious impact on the agricultural and fisheries industries. Besides, a significant drop in both price and quantity of crude oil export added to the blow to the economic growth of Vietnam in 2016.

However, if ignoring the impact from the agriculture and mining sectors, overall economic performance of the Vietnam economy was indeed robust. Among which, services sector, retails sector, information and communications sector and real estate sector all recorded the highest growth rate in five years. For the fourth quarter alone, Vietnam recorded a growth rate of 6.7%. Foreign investments were in frenzy in 2016 with foreign investments amount reaching US$15.8 billion, an increase of more than 9% compared to last year. Although facing the global economic downturn, Vietnam still managed to record a total export of US$176 billion, up 8.6% over last year. Consequentially, a trade surplus of US$2.68 billion was recorded, reversing from a deficit of US$3.2 billion in previous year.

During the year, inflation was relatively stable, with the consumer price index increased by 4.74% on a year-on-year basis. In addition, the Vietnamese Dong was also relatively stable throughout the year. As at 31 December 2016, the exchange rate of Vietnamese Dong was 1 USD to 22,773 VND, representing a slight devaluation of 1.26% comparing to the rate at the end of last year.

For the year ended 31 December 2016, the Group recorded a turnover of HK$622,685,000, representing an increase of 2.0% as compared to HK$610,327,000 of last year. The Group’s principal revenue comes from the cement business and property investment. Of which, turnover from the cement business was HK$501,620,000 representing a year-on-year increase of 2.2%, whereas turnover from the property investment was HK$110,792,000, representing an increase of 0.6% as compared to 2015.

The consolidated net profit attributable to shareholders was HK$111,974,000 for the year, representing an increase of approximately 25.0% when compared to HK$89,580,000 of 2015. Earnings per share for 2016 were HK22.2 cents (2015: HK17.7 cents).

Cement business

In 2016, driven by strong performance of Vietnam real estate market and infrastructure development, Vietnam domestic demand of cement recorded a 6.2% year-on-year increase to about 60 million tons. On the other hand, the export of cement by Vietnam, in face of stiff competition from neighboring countries such as China and Thailand, recorded a 7.1% decline to about 14.7 million tons. Since the national cement supply still exceeded the total demand including export, competition of the domestic cement market became more intense in 2016.

In 2016, the total cement and clinker sales of the Group’s cement plant recorded 1,308,000 tons, an increase of 9.2% as compared with that of last year. Sales revenue translating into Hong Kong dollars recorded an increase of about 2.2%. Profit after tax translating into Hong Kong dollars was HK$ 45.33 million, a year-on-year decrease of about 14.8%.

In response to keen competition in the domestic cement market in 2016, strategy of the Group’s cement plant is to expand its market share in the central Vietnam’s cement market. As such, the cement plant has generally lowered its ex-factory prices of cement and thus achieved a substantial increase in sales volume of cement during the year.

On the production side, due to stable inflation throughout the year, most of the production costs were relatively flat. Consequential to an increase in sales volume, the cement output as well as the efficiency of production was lifted. The production cost of cement per ton recorded a drop of 3% comparing to last year. However, on the other hand, increase in transportation cost during the year attributed most to the profit decline of the cement plant.

Foreseeing 2017, the Group targets to increase the annual total sales quantity of cement and clinker to 1.45 million tons. Besides, the Group will put investment in upgrading part of the equipment of the cement plant, aiming to increase its overall production efficiency. Yet, on the other hand, both the coal price and salary are expected to have an increase of 5-10% during 2017. As a result, it is expected that the profit of the cement plant will remain stable in 2017.

Vietnam Property Investment and Development

During 2016, foreign investors were keen on investing in Vietnam, with newly increase foreign investments reaching US$15.8 billion, representing a year-on-year increase of 9%. South Korea became the top investing country with new projects invested by big corporations including Samsung and LG. Improved investment laws, cheap labour cost and various tax benefits were among the major causes in attracting foreign investments. However, foreign investments were mainly concentrated on manufacturing and real estate business, whereas financial and services sectors were relatively being ignored. Therefore, the Group's Saigon Trade Center, with most of its clientele mainly coming from financial and services sectors, was not much benefited.

As at 31 December 2016, the lease-out rate of Saigon Trade Center was 72%, a slight decrease of a percentage point from 73% recorded as at the end of 2015. Yet, the average rental income recorded an increase during the year and thus the overall rental income of the Saigon Trade Center increased as a result when comparing to the same period of last year.

Foreseeing 2017, from figures released by the General Statistics Office of Vietnam, foreign investments kept pouring in Vietnam in Q4 of 2016 and Q1 of 2017. Moreover, investors also showed diversifying investments in various sectors apart from manufacturing and real estate business, which leads to a higher demand for office spaces. Therefore, it is expected that the rental performance of the Saigon Trade Center shall be more optimistic in 2017.

During 2016, the supply of residential apartments was abundant in Ho Chi Minh City, having surpassed the current market absorbing ability. The Group, as a result, will not kick start its development in the residential project for the land in Binh Thanh District in Ho Chi Minh City in a short period of time.

Hong Kong Hotel Project and Other Investment Properties

The structural and internal fitting out works of the Group's hotel project in Tuen Mun of Hong Kong have basically been completed. It is currently pending for the government's granting of the hotel operation license and the grand opening is expected to be taken place in the second half of 2017.

Currently, hotel industry as well as retail business is a bit sluggish in Hong Kong. Under this situation, the hotel operation as well as the leasing of the shopping areas is expected to be slow growing in its beginning. Yet, the management is confident that when the hotel is running smooth, the hotel and its retail areas will bring long term and stable cashflow and income to the Group.

The Group has utilized its own cash reserve, as well as bank borrowing to finance the hotel construction. Considering the funding need for the construction, the board of directors recommended the final dividend to remain same as last year. It is expected that when the construction cost has been fully settled and income from the hotel having become stable, the dividend paid out of the Group will be increased accordingly.

Dividend

The Board recommended to distribute a final dividend of HK6 cents per share to the shareholders and together with the interim dividend of HK4 cents per share already distributed, the total dividend for the full year of 2016 will be HK10 cents per share.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's cash, bank balances and time deposits as at 31 December 2016 amounted to HK$208,984,000 (31 December 2015: HK$294,377,000). The Group's total borrowings amounted to HK$45,534,000 (31 December 2015: HK$26,275,000), of which HK$44,025,000 (31 December 2015: HK$24,948,000) was repayable within 1 year and HK$1,509,000 (31 December 2015: HK$1,327,000) was repayable from 2 to 5 years.

All of the Group's borrowings were denominated in HK$. Of the total borrowings, about 4.4% were at fixed interest rate.

The gearing ratio, which is net debt divided by the equity attributable to equity holders of the parent, was 0% as at 31 December 2016 (31 December 2015: 0%).

Significant investments held

As at 31 December 2016, the Group has no significant investment held.

Details of charges

As at 31 December 2016, the Group pledged certain construction in progress situated in Hong Kong at a carrying value of HK$714,493,000.

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 HKD was comparatively stable throughout the year, with a depreciation of 1.19% as at 31 December 2016 when compared to the rate as at 31 December 2015. The Group recorded an exchange loss of HK$43,000 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. As such, the Group has not employed any currency hedging instrument during the financial year.

Details of contingent liability

As at 31 December 2016, the Group has no significant contingent liability (31 December 2015: Nil).

Employees and Remuneration Policy

As at 31 December 2016, the Group had approximately 1,050 employees. Most of them were in Vietnam. The total staff cost (excluding directors remuneration) was approximately HK$46,678,000 for the year ended 31 December 2016 (31 December 2015: HK$44,806,000). There was no significant change in the Group's remuneration policy as compared to last financial year.

Environmental, Social and Corporate Responsibility

As a responsible organization, the Group is committed to maintain high environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including employment, workplace conditions, health and safety and the environment. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

The Group maintains strong relationship with its employees, enhances cooperation with its vendors and provides high quality products and services to its customers and dealers so as to ensure sustainable development.

PROPOSED FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors recommended a final dividend of HK6 cents (2015: HK6 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 22 May 2017 to Thursday 25 May 2017, 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 Friday 19 May 2017.

(b) To ascertain shareholder's entitlement to the proposed final dividend upon the passing of the resolution no. 2 set out in the notice of the Annual General Meeting, the register of members of the Company will be closed from Thursday 1 June 2017 to Monday 5 June 2017, 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 31 May 2017.

The payment date of the dividend is expected to be Monday 19 June 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

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.

Throughout the financial year ended 31 December 2016, 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 separated and should not be performed by the same individual. Currently, the roles of Chairman and Chief Executive Officer of the Company are performed by Mdm. CHENG Cheung.

According to the Company's Bye-laws, the Chairman of the Board and the Chief Executive Officer 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 deviations from the code provision A.4.1 and A.4.2 are acceptable.

In respect of code provision A.6.7, except Mr. CHAN Kam Fuk (resigned and replaced by Mr. LAM Chi Kuen on 15 September 2016), the other two Non-executive Directors did not attend the annual general meeting of the Company held on 20 May 2016 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 2016 Annual Report to be despatched to the shareholders in mid-April 2017.

AUDIT COMMITTEE

The Group's audit committee ("Audit Committee") has reviewed with the accounting principles and practices adopted by the Group, and discussed with the management the internal control and financial reporting matters. The Audit Committee also reviewed and confirmed the audited consolidated financial statements of the Group for the year ended 31 December 2016. The relevant financial information are prepared under the Hong Kong Financial Reporting Standards, in respect of which Ernst & Young issued an auditor's report with standard unqualified opinion.

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 2016 and 31 December 2016.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at InterContinental Grand Stanford Hong Kong Hotel, Academy Room III, 1/F, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong at 3:30 p.m. on Thursday 25 May 2017.

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.
Cheng Cheung
Chairman

Hong Kong, 31 March 2017

As at the date of this announcement, the Board of Directors comprises Ms. Cheng Cheung, Mr. Luk Yan, Mr. Fan Chiu Tat, Martin, Mr. Luk Fung, and Ms. Luk Sze Wan, Monsie (who are executive directors), and Mr. Liu Li Yuan, Mr. Liang Fang and Mr. Lam Chi Kuen (who are independent non-executive directors).