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 2017

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 2017. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2017

	Notes	**2017 HK$'000**	2016 HK$'000
REVENUE	*3*	**665,072**	622,685
Cost of sales		**(431,106)**	(402,392)
Gross profit		**233,966**	220,293
Other income and gains	*3*	**6,313**	13,088
Fair value gains on investment properties, net		**34,272**	9,240
Selling and distribution expenses		**(75,820)**	(51,038)
Administrative expenses		**(72,484)**	(61,392)
Other expenses		**(548)**	(1,169)
Finance costs	*5*	**(1,383)**	(882)
PROFIT BEFORE TAX	*4*	**124,316**	128,140
Income tax expense	*6*	**(30,220)**	(21,274)
PROFIT FOR THE YEAR		**94,096**	106,866
Attributable to:			
Owners of the parent		**94,417**	111,974
Non-controlling interests		**(321)**	(5,108)
		94,096	106,866
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted		**HK 18.7 cents**	HK 22.2 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	2017	2016
	HK$'000	HK$'000
PROFIT FOR THE YEAR	**94,096**	106,866
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	**19,491**	(17,256)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	**3,690**	-
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	**23,181**	(17,256)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**117,277**	89,610
Attributable to:		
Owners of the parent	**119,293**	89,361
Non-controlling interests	**(2,016)**	249
	117,277	89,610

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,228,161**	1,337,298
Investment properties		**1,146,947**	951,568
Prepaid land lease payments		**12,893**	1,075
Properties for development		**31,401**	32,074
Deposits		**-**	33,534
Total non-current assets		**2,419,402**	2,355,549
CURRENT ASSETS			
Inventories		**63,264**	68,721
Trade receivables	*9*	**37,077**	31,375
Prepayments, deposits and other receivables		**47,178**	10,334
Equity investments at fair value through profit or loss		**59**	58
Cash and cash equivalents		**198,434**	208,984
Total current assets		**346,012**	319,472
CURRENT LIABILITIES			
Trade payables	*10*	**7,226**	5,896
Other payables and accruals		**139,258**	138,625
Due to a director		**-**	516
Due to a related company		**-**	4,380
Interest-bearing bank and other borrowings		**60,538**	44,025
Tax payable		**21,769**	20,825
Total current liabilities		**228,791**	214,267
NET CURRENT ASSETS		**117,221**	105,205
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,536,623**	2,460,754

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2017

	2017	2016
	HK$'000	HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,536,623**	2,460,754
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**971**	1,509
Rental deposits	**24,567**	13,960
Provisions	**4,101**	4,157
Deferred tax liabilities	**206,279**	205,572
Total non-current liabilities	**235,918**	225,198
Net assets	**2,300,705**	2,235,556
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**5,053**	5,053
Reserves	**2,325,629**	2,261,919
	2,330,682	2,266,972
Non-controlling interests	**(29,977)**	(31,416)
Total equity	**2,300,705**	2,235,556

Notes:

1. BASIS OF PREPARATION

This financial information has 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 Hong Kong Companies Ordinance. It has 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 consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand ("**HK$'000**") except when otherwise indicated.

1.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2017. 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 adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

None of the above amendments to HKFRSs has had a significant financial effect on the consolidated financial statements. While the amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five 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 and provision of property management and related services;

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

(d) the hotel operation segment represents the Group's hotel operations (newly commenced during the year); and

(e) 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.

During the year, the Group commenced its hotel business upon the completion of the construction of its hotel property in Hong Kong and management presented the results, assets and liabilities of the hotel operation in a separate reportable segment. Accordingly, comparative figures of the results, assets and liabilities of the hotel operation segment, which was included as part of the property investment segment in prior years, have been restated to conform to the current year's presentation.

Business segments

Year ended 31 December	Cement products		Property investment		Hotel Operation		Property development		Corporate and others		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:												
Sales to external customers	**511,166**	501,620	**119,525**	110,792	**23,633**	-	**-**	-	**10,748**	10,273	**665,072**	622,685
Other income and gains	**25**	828	**108**	6,731	**-**	-	**-**	-	**740**	478	**873**	8,037
											665,945	630,722
Segment results	**49,842**	55,957	**123,728**	99,271	**(21,532)**	(597)	**(2,921)**	(1,776)	**(30,241)**	(29,766)	**118,876**	123,089
Reconciliation:												
Interest income											**5,440**	5,051
Profit before tax											**124,316**	128,140
Income tax expense	**(10,787)**	(11,233)	**(19,362)**	(10,025)	**-**	-	**-**	-	**(71)**	(16)	**(30,220)**	(21,274)
Profit for the year											**94,096**	106,866
Segment assets	**727,931**	740,751	**1,298,766**	1,081,663	**648,866**	714,493	**66,717**	67,885	**23,134**	70,229	**2,765,414**	2,675,021
Total assets											**2,765,414**	2,675,021
Segment liabilities	**83,320**	79,340	**231,352**	232,373	**119,990**	93,134	**14,754**	14,246	**15,293**	20,372	**464,709**	439,465
Total liabilities											**464,709**	439,465
Other segment information:												
Depreciation	**41,304**	43,715	**1,914**	1,658	**12,333**	-	**281**	316	**51**	57	**55,883**	45,746
Capital expenditure	**8,040**	8,594	**2,881**	2,584	**79,361**	209,201	**-**	-	**5**	78	**90,287**	220,457
Impairment of trade receivables	**181**	695	**-**	95	**-**	-	**-**	-	**-**	-	**181**	790
Fair value gains on investment properties, net	**-**	-	**34,272**	9,240	**-**	-	**-**	-	**-**	-	**34,272**	9,240
Loss / (gain) on disposal of items of property, plant and equipment, net	**576**	(63)	**(468)**	(89)	**-**	-	**-**	-	**-**	(409)	**108**	(561)
Loss on deregistration of subsidiaries	**-**	-	**-**	-	**-**	-	**-**	-	**-**	31	**-**	31
Gain on disposal of subsidiaries	**-**	-	**-**	-	**-**	-	**-**	-	**740**	-	**740**	-
Write-off of inventories	**-**	305	**-**	-	**-**	**-**	**-**	-	**-**	-	**-**	305

Geographical information

(a) Revenue from external customers

	2017 HK$'000	2016 HK$'000
Vietnam	**617,857**	600,094
Hong Kong	**39,305**	14,861
People's Republic of China ("PRC")	**7,910**	7,730
	665,072	622,685

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

(b) Non-current assets

	2017 HK$'000	2016 HK$'000
Vietnam	**1,389,233**	1,409,651
Hong Kong	**1,000,356**	913,887
PRC	**29,656**	31,588
Mongolia	**157**	423
	2,419,402	2,355,549

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

Information about a major customer

Revenue of HK$136,867,000 (2016: HK$122,364,000) 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; gross rental income received and receivable from investment properties; and the value of services rendered during the year.

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

	2017 HK$'000	2016 HK$'000
Revenue		
Sale of cement	**511,166**	501,620
Gross rental income	**99,418**	92,530
Property management and related service income	**20,107**	18,262
Hotel operation income	**23,633**	-
Sale of electronic products	**10,748**	10,273
	665,072	622,685
Other income and gains		
Interest income	**5,440**	5,051
Income from sale of scrap materials	**-**	470
Gain on disposal of items of property, plant and equipment	**-**	561
Gain on disposal of subsidiaries	**740**	-
Others	**133**	7,006
	6,313	13,088

4. PROFIT BEFORE TAX

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

	2017 HK$'000	2016 HK$'000
Cost of inventories sold	**380,626**	388,217
Cost of services rendered	**38,941**	2,598
Depreciation	**55,883**	45,746
Amortisation of prepaid land lease payments	**1,435**	2,829
Auditor's remuneration	**2,248**	2,030
Minimum operating lease payments	**919**	977
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**63,627**	46,089
Pension scheme contributions	**1,008**	589
	64,635	46,678
Foreign exchange differences, net*	**259**	43
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**11,539**	11,577
Impairment of trade receivables*	**181**	790
Loss on deregistration of subsidiaries*	**-**	31
Loss / (gain) on disposal of items of property, plant and equipment, net	**108**	(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:

	2017 HK$'000	2016 HK$'000
Interest on bank loans	**1,288**	790
Interest on finance leases	**95**	92
	1,383	882

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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.

	2017	2016
	HK$'000	HK$'000
Current charge for the year		
Hong Kong	**71**	79
Elsewhere	**27,770**	26,385
Underprovision/(overprovision) in prior years		
Hong Kong	**-**	53
Elsewhere	**(52)**	(9,503)
Deferred	**2,431**	4,260
Total tax charge for the year	**30,220**	21,274

7. DIVIDENDS

	2017	2016
	HK$'000	HK$'000
Interim – HK5 cents (2016: HK4 cents) per ordinary share	**25,265**	20,212
Final proposed subsequent to the reporting period – HK6 cents (2016: HK6 cents) per ordinary share	**30,318**	30,318
	55,583	50,530

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 (2016: 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 2017 and 2016.

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 ageing 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:

	2017	2016
	HK$'000	HK$'000
0 to 30 days	**32,215**	20,801
31 to 60 days	**3,615**	5,701
61 to 90 days	**514**	1,126
91 to 120 days	**173**	756
Over 120 days	**560**	2,991
	37,077	31,375

10. TRADE PAYABLES

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

	2017	2016
	HK$'000	HK$'000
0 to 30 days	**6,995**	4,015
31 to 60 days	**3**	1,332
61 to 90 days	**-**	25
91 to 120 days	**-**	22
Over 120 days	**228**	502
	7,226	5,896

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

BUSINESS REVIEW AND OUTLOOK

In 2017, Vietnam's economy was performing well in general with shinning indexes of performance in all spectrums. The economic growth was particularly robust in the second half of 2017, resulted in a GDP growth rate of 6.8% for 2017, beating both the government and the IMF's estimates. It was also the highest figure since 2011. The growth was noticeable throughout all economic sectors according to the General Statistics Office of the government. Tourists' arrival increased 29% to 13 million visitors for 2017 comparing to last year, with China and South Korea being the major sources of visitors. On the other hand, a total of 35.9 billion US dollars pledged foreign direct investments ("FDI") was recorded in 2017, a remarkably increase of about 45% comparing to last year.

According to the General Department of Vietnam Customs Statistics, Vietnam had a trade surplus of USD2.7 billion for 2017, with US and EU being the major export markets. The Vietnam's CPI averaged 3.5% for the whole year showing a stable inflation rate throughout the year, which was also under the government's target of 4% for 2017. The currency of Vietnam was stable against the US dollar during 2017. The exchange rate was 1 USD to 22,711 VND as at 31 December 2017, with a slight appreciation as compared to the rate as at 31 December 2016.

In line with the Vietnam's economic growth, total sales and revenue for both of the Group's cement plant and the Saigon Trade Center in Vietnam also recorded increment for the year of 2017. However, only the Saigon Trade Center recorded a profit growth, whereas the cement operation recorded a profit decline as comparing to the last year figures. With the Group's hotel in Hong Kong came into operation in July 2017, the Group showed a new source of revenue from hotel business in this year.

For the year ended 31 December 2017, the Group recorded a turnover of HK$665,072,000, representing an increase of 6.8% as compared to HK$622,685,000 of last year. The Group's principal revenue comes from the cement business, property investment and hotel business. Of which, turnover from the cement business was HK$511,166,000 representing a year-on-year increase of 1.9%, and turnover from the property investment was HK$119,525,000, representing an increase of 7.9% as compared to 2016, whereas turnover from hotel operation was HK$23,633,000.

The consolidated net profit attributable to shareholders was HK$94,417,000 for the year, representing a decrease of approximately 15.7% when compared to HK$111,974,000 of 2016. Earnings per share for 2017 were HK18.7 cents (2016: HK22.2 cents).

Cement Business

Although the Vietnam construction sector recorded a strong growth of 9.6% in 2017, the domestic demand of cement grew only mildly. Vietnam domestic demand of cement for 2017 was 62 million tonnes, according to the Ministry of Construction, representing a growth of mere 3% comparing to last year. The reasons were partly due to an exceptional bad weather in the fourth quarter of 2017 and delays in a number of sizeable national infrastructure projects in 2017. The average cement price was flat comparing to last year as a result of the moderate demand growth.

In 2017, the Group's cement operation recorded total cement and clinker sales of 1,487,000 tonnes, a year-on-year increase of approximately 13.7%. Sales revenue translating into Hong Kong dollars was HK$511,166,000, represented an increase of about 1.9%. Profit after tax translating into Hong Kong dollars was HK$40,994,000, a year-on-year decrease of about 9.6%.

Of the Group's cement sales in 2017, the market in central provinces recorded an obvious growth for the first three quarters, attributed to the flourishing development of real estates and infrastructure projects in the region. But the persistent rains and storms in the 4th quarter of 2017 largely affected the sales performance of the cement plant. On the other hand, sales in southern provinces were seen underperformed as a result of fierce market competition and high transportation costs during the year.

The overall production cost slightly increased in 2017, mainly due to the increase in costs of electricity, raw materials and packaging. Yet, the gross profit margin remained stable in 2017 as a result of increase in production quantity. However, transportation and selling expenses increased substantially during the year as a result of the sales to the southern markets.

Foreseeing 2018, the Group will focus on developing the central market and reduce its sales to the southern markets. The Group is also studying the opportunity of exporting its clinkers to overseas market, like Philippines. On the production side, the production kilns and grinding machines will be upgraded so as to improve its efficiency, which may result in an increase in cost of repairs and maintenance in 2018. The Group will strive to control costs of production, transportation and selling expenses in 2018. It is estimated that the sales and revenue of the cement operation will be stable in 2018.

Vietnam Property Investment and Development

Along with the momentum of economic growth in Vietnam, both newly registered enterprises and foreign direct investments grew remarkably in 2017. As a result, the demand of office spaces in Ho Chi Minh City was seen on a rise in all grades and districts during the year. This was especially intensified by a limit of new supply of office spaces in the market in 2017.

In 2017, the Group's Saigon Trade Center in Ho Chi Minh City was also performing well, with both the occupancy rate and the rental rate recorded an increase. As at 31 December 2017, the lease-out rate of Saigon Trade Center was 76%, an increase of four percentage point from 72% as at 31 December 2016. The annual rental income recorded an increase of about 10% comparing to last year.

Foreseeing 2018, Vietnam's economy is expected to grow continuously, whereas foreign investments are still keen on investing in the Vietnamese market. Consequently, the momentum for the demand of office spaces in Ho Chi Minh City remains strong in 2018. However, there will be several new office blocks completed in 2018, which will add to the supply of office spaces in the market. It is estimated that rental performance of the Saigon Trade Center will continue to improve modestly in 2018.

Regarding to the property development project in Binh Thanh District in Ho Chi Minh City, the Group will continue to keep it as land reserve and not develop in this year. Although the residential property market in Ho Chi Minh City has been active in these few years, the absorbing capacity is in doubt with thousands of apartments flooding the market in a short period of time. The Group will continue to keep an eye on the market development, so as to seek for the best timing to develop the project in Binh Thanh District.

On the other hand, in 2017, the Group has invested into a small-sized property development project in Hue Province, situated in central Vietnam. The project named Hue Square is located in the prime city center of Hue Province. The land area is about 10,000 square feet. An initial plan of the Hue Square is to build a shopping and office composite building with a gross floor area of around 60,000 square feet. Total investment is estimated to be around HK$52 million and the completion date is targeted to be at the end of 2019.

Hong Kong Hotel Project and Other Investment Properties

In 2017, the Group is pleased to welcome the grand opening of the Group's first hotel in Hong Kong, the PENTAHOTEL HONG KONG, TUEN MUN. The hotel, located next to the MTR-West Rail Terminal Station in Tuen Mun, has a total number of 298 rooms. The stylish hotel is managed by Pentahotel Management Group.

The performance, as a start-up hotel, was promising for the first several months of operation in 2017, with occupancy rate of around 90%. The hotel generated total revenue of HK$23,633,000 to the Group for the year ended 31 December 2017, which was a new stream of income for the Group starting from the financial year. After charging of the pre-operating expenses and depreciation, the hotel operation recorded a loss of HK$21,532,000 for the year ended 31 December 2017.

Foreseeing 2018, the hotel is expected to contribute positive cashflow to the Group, whereas profit contribution may still be in lack due to the depreciation charge of the hotel property. However, the management is optimistic about the profitability of the hotel operation, especially as demand of hotel rooms in the district is expected to increase after the opening of the Tuen Mun-Chek Lap Kok Link Road of the Hong Kong-Zhuhai-Macau in 2020, according to the schedule of the Hong Kong Government.

The Group's rental revenue from other investment properties in Hong Kong and China was stable during the year.

Dividend

The Board recommended to distribute a final dividend of HK6 cents per share to the shareholders. Together with the interim dividend of HK5 cents per share already distributed, the total dividend for the year of 2017 will be HK11 cents per share.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's cash, bank balances and time deposits as at 31 December 2017 amounted to HK$198,434,000 (31 December 2016: HK$208,984,000). The Group's total borrowings amounted to HK$61,509,000 (31 December 2016: HK$45,534,000), of which HK$60,538,000 (31 December 2016: HK$44,025,000) was repayable within 1 year and HK$971,000 (31 December 2016: HK$1,509,000) was repayable from 2 to 5 years.

All of the Group's borrowings were denominated in HK$. Of the total borrowings, about 2.5% 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 2017 (31 December 2016: 0%).

Significant investments held

As at 31 December 2017, the Group has no significant investment held.

Details of charges

As at 31 December 2017, a hotel property situated in Hong Kong including the related land and building with a carrying amount of HK$614,998,000 and certain investment properties with fair value of HK$153,000,000 were pledged to secure the above bank loans and general banking facilities granted to the Group.

Exposure to fluctuations in exchange rates and related hedges

The Group is exposed to the risk of exchange rate fluctuation's 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 an appreciation of 1.03% as at 31 December 2017 when compared to the rate as at 31 December 2016. The Group recorded an exchange loss of HK$259,000 during the year. Since VND is not a freely convertible currency, hedging instruments in the market are very limited and is not cost efficient to do so. The interest deviation between VND and HKD is also a barrier for setting up an effective hedge 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 2017, the Group has no significant contingent liability (31 December 2016: Nil).

Employees and Remuneration Policy

As at 31 December 2017, the Group had approximately 1,225 employees, of which over 90% were situated in Vietnam. Approximately 80 staff from the hotel operation were added to the total staff of the Group starting from this financial year. The total staff cost (excluding directors remuneration) was approximately HK$64,635,000 for the year ended 31 December 2017 (31 December 2016: HK$46,678,000). The significant increment of the total staff cost for the financial year was largely due to the addition of the hotel staff. Remuneration packages and salary adjustments of the hotel employees were made reference to the market conditions and recommendation of the hotel management company. Apart from this, 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 (2016: 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 Thursday 24 May 2018 to Tuesday 29 May 2018, 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 Wednesday 23 May 2018.

(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 Monday 4 June 2018 to Thursday 7 June 2018, 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 Friday 1 June 2018.

The payment date of the dividend is expected to be Thursday 21 June 2018.

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 2017.

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 2017, 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. LAM Chi Kuen, the other two Non-executive Directors did not attend the annual general meeting of the Company held on 25 May 2017 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 2017 Annual Report to be despatched to the shareholders in mid-April 2018.

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 and independent auditor for 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 2017. The relevant financial information are prepared under the Hong Kong Financial Reporting Standards, in respect of which Ernst & Young will issue 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 2017 and 31 December 2017.

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 3:30 p.m. on Tuesday 29 May 2018.

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, 26 March 2018

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).