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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 2015

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 2015. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2015

	Notes	**2015 HK$'000**	2014 HK$'000
REVENUE	*3*	**610,327**	623,184
Cost of sales		**(388,113)**	(392,463)
Gross profit		**222,214**	230,721
Other income and gains	*3*	**15,590**	11,673
Fair value gains on investment properties, net		**12,117**	26,423
Selling and distribution expenses		**(49,919)**	(36,254)
Administrative expenses		**(68,066)**	(82,744)
Other expenses		**(7,935)**	(28,906)
Finance costs	*5*	**(1,762)**	(2,350)
Share of profits and losses of associates		**-**	388
PROFIT BEFORE TAX	*4*	**122,239**	118,951
Income tax expense	*6*	**(33,708)**	(29,504)
PROFIT FOR THE YEAR		**88,531**	89,447
Attributable to:			
Owners of the parent		**89,580**	92,526
Non-controlling interests		**(1,049)**	(3,079)
		88,531	89,447
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted		**HK 17.7 cents**	HK 18.3 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
PROFIT FOR THE YEAR	**88,531**	89,447
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(67,506)**	(15,434)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	**-**	9,936
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(67,506)**	(5,498)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**21,025**	83,949
Attributable to:		
Owners of the parent	**22,115**	81,631
Non-controlling interests	**(1,090)**	2,318
	21,025	83,949

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,168,608**	1,162,533
Investment properties		**953,847**	982,038
Prepaid land lease payments		**2,894**	5,552
Investment in a joint venture		**-**	-
Investments in associates		**-**	760
Properties for development		**32,409**	33,847
Deposits		**33,819**	34,673
Total non-current assets		**2,191,577**	2,219,403
CURRENT ASSETS			
Inventories		**71,138**	77,182
Trade receivables	*9*	**33,267**	39,733
Prepayments, deposits and other receivables		**15,162**	21,504
Cash and cash equivalents		**294,377**	380,028
		413,944	518,447
Investment properties classified as held for sale		**-**	11,005
Total current assets		**413,944**	529,452
CURRENT LIABILITIES			
Trade payables	*10*	**8,982**	22,455
Other payables and accruals		**109,726**	111,088
Due to directors		**46**	55
Due to a related company		**4,381**	4,383
Interest-bearing bank and other borrowings		**24,948**	77,419
Tax payable		**33,603**	34,265
Total current liabilities		**181,686**	249,665
NET CURRENT ASSETS		**232,258**	279,787
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,423,835**	2,499,190

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2015

	2015 HK$'000	2014 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,423,835**	2,499,190
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**1,327**	-
Rental deposits	**17,519**	19,518
Provisions	**4,661**	5,193
Deferred tax liabilities	**203,852**	208,075
Total non-current liabilities	**227,359**	232,786
Net assets	**2,196,476**	2,266,404
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**5,053**	5,053
Reserves	**2,223,088**	2,291,926
	2,228,141	2,296,979
Non-controlling interests	**(31,665)**	(30,575)
Total equity	**2,196,476**	2,266,404

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"), 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, 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 Group for the year ended 31 December 2015. 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 standards for the first time for the current year's financial statements.

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle	
Annual Improvements to HKFRSs 2011-2013 Cycle	

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as there was no acquisition of investment properties during the year.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

The Group has not applied other new and revised HKFRSs that have been issued but are not yet effective. The Group is in 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 2015 HK$'000	Cement products 2014 HK$'000	Property investment 2015 HK$'000	Property investment 2014 HK$'000	Property development 2015 HK$'000	Property development 2014 HK$'000	Corporate and others 2015 HK$'000	Corporate and others 2014 HK$'000	Consolidated 2015 HK$'000	Consolidated 2014 HK$'000
Segment revenue:										
Sales to external customers	**490,619**	501,635	**110,080**	111,806	**-**	-	**9,628**	9,743	**610,327**	623,184
Other income and gains	**6,397**	740	**638**	251	**-**	-	**69**	-	**7,104**	991
									617,431	624,175
Segment results	**63,819**	58,525	**87,090**	95,639	**(2,332)**	(1,818)	**(34,824)**	(44,465)	**113,753**	107,881
Reconciliation:										
Interest income									**8,486**	10,682
Share of profits and losses of associates	**-**	388	**-**	-	**-**	-	**-**	-	**-**	388
Profit before tax									**122,239**	118,951
Income tax credit/(expense)	**(10,888)**	(9,883)	**(22,879)**	(19,587)	**-**	-	**59**	(34)	**(33,708)**	(29,504)
Profit for the year									**88,531**	89,447
Segment assets	**782,780**	865,545	**1,567,979**	1,642,404	**68,889**	71,741	**185,873**	168,405	**2,605,521**	2,748,095
Reconciliation:										
Investments in associates	**-**	754	**-**	-	**-**	-	**-**	6	**-**	760
Total assets									**2,605,521**	2,748,855
Segment liabilities	**87,584**	126,985	**283,792**	315,271	**17,594**	18,443	**20,075**	21,752	**409,045**	482,451
Total liabilities									**409,045**	482,451
Other segment information:										
Depreciation	**45,240**	51,445	**737**	742	**343**	373	**57**	106	**46,377**	52,666
Capital expenditure	**3,275**	11,196	**83,399**	14,265	**7**	-	**66**	48	**86,747**	25,509
Impairment/(reversal of impairment) of trade receivables, net	**(505)**	264	**41**	-	**-**	-	**-**	-	**(464)**	264
Fair value gains on investment properties, net	**-**	-	**12,117**	26,423	**-**	-	**-**	-	**12,117**	26,423
Loss on deregistration of an associate	**112**	-	**-**	-	**-**	-	**-**	-	**112**	-
Loss on disposal of investment properties	**-**	-	**801**	6,760	**-**	-	**-**	-	**801**	6,760
Write-off of inventories	**-**	12,548	**-**	-	**-**	-	**-**	-	**-**	12,548

Geographical information

(a) Revenue from external customers

	2015	2014
	HK$'000	HK$'000
Vietnam	**588,211**	599,340
Hong Kong	**14,498**	15,993
Mainland China	**7,618**	7,851
	610,327	623,184

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

(b) Non-current assets

	2015	2014
	HK$'000	HK$'000
Vietnam	**1,881,249**	1,977,341
Hong Kong	**269,611**	186,290
Mainland China	**39,853**	54,499
Mongolia	**864**	1,273
	2,191,577	2,219,403

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

Information about a major customer

Revenue of approximately HK$114,784,000 (2014: HK$107,923,000) 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:

	2015	2014
	HK$'000	HK$'000
Revenue		
Sale of cement	**490,619**	501,635
Gross rental income	**110,080**	111,806
Sale of electronic products	**9,628**	9,586
Sale of traditional Chinese medicine products	**-**	60
Sale of plywood and other wood products	**-**	97
	610,327	623,184
Other income and gains		
Interest income	**8,486**	10,682
Income from sale of scrap materials	**104**	428
Others	**7,000**	563
	15,590	11,673

4. PROFIT BEFORE TAX

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

	2015	2014
	HK$'000	HK$'000
Cost of inventories sold	**369,682**	373,620
Depreciation	**46,377**	52,666
Amortisation of prepaid land lease payments	**2,450**	2,532
Auditors' remuneration	**1,979**	1,929
Minimum operating lease payments	**855**	939
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**44,192**	44,405
Pension scheme contributions	**614**	602
	44,806	45,007
Foreign exchange differences, net*	**6,836**	7,479
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**18,431**	18,843
Impairment/(reversal of impairment) of trade receivables, net	**(464)**	264
Write-off of inventories*	**-**	12,548
Loss on deregistration of an associate*	**112**	-
Loss on disposal of items of property, plant and equipment*	**-**	1,855
Loss on disposal of investment properties*	**801**	6,760

* 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:

	2015	2014
	HK$'000	HK$'000
Interest on bank loans	**1,762**	2,350

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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.

	2015	2014
	HK$'000	HK$'000
Current charge for the year		
Hong Kong	**68**	54
Elsewhere	**27,944**	24,395
Underprovision/(overprovision) in prior years		
Hong Kong	**(126)**	(20)
Elsewhere	**(175)**	4,286
Deferred	**5,997**	789
Total tax charge for the year	**33,708**	29,504

7. DIVIDENDS

	2015	2014
	HK$'000	HK$'000
Interim – HK6 cents (2014: HK6 cents) per ordinary share	**30,318**	30,318
Final proposed subsequent to the reporting period – HK6 cents (2014: HK12 cents) per ordinary share	**30,318**	60,635
	60,636	90,953

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 amount 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 (2014: 505,297,418) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2015 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2015 and 2014.

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:

	2015 **HK$'000**	2014 HK$'000
0 to 30 days	**26,587**	32,175
31 to 60 days	**2,563**	3,491
61 to 90 days	**949**	1,413
91 to 120 days	**277**	1,631
Over 120 days	**2,891**	1,023
	33,267	39,733

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:

	2015 **HK$'000**	2014 HK$'000
0 to 30 days	**8,269**	14,052
31 to 60 days	**473**	1,113
61 to 90 days	**2**	167
91 to 120 days	**1**	80
Over 120 days	**237**	7,043
	8,982	22,455

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

IMPORTANT CHANGES TO THE GROUP'S MANAGEMENT AND BOARD OF DIRECTORS

Mr. Luk King Tin, the Group's founder and former Chairman and Chief Executive Officer, passed away peacefully on 29 August 2015. Mr. Luk had founded the Group in 1975. Being the leader in formulating the Group's development strategies, Mr. Luk also led the group to become a listing company in Hong Kong. Thereafter, Mr. Luk led the Group into diversification and laid important foundations for a stable development of the Group's businesses in the coming future. The management and staff will always remember and thank Mr. Luk for his enormous contributions to the Group.

With effect from 29 August 2015, I was appointed Chairman and Chief Executive Officer of the Company. Moreover, on 1 December 2015, Miss Luk Sze Wan Monsie was appointed Executive Director of the Company. The board of directors will uphold strategies and directions formulated by Mr. Luk King Tin and continue to lead the Group in a stable pace of development.

BUSINESS REVIEW AND PROSPECTS

As the United States began interest rates hiking cycle, global economic situations became fluctuated and seemingly headed to a downward trend. While both European and Japanese economies were struggling from contraction, foreign capital kept flowing out of developing countries. Coupled with a devaluation of the Chinese RMB, the Southeast Asian economies suffered a hard hit during 2015. Fortunately, the Group's major investments were located in Vietnam, where its economy was still able to maintain steady growth during the year. Being second only to India, Vietnam became one of the best performing Asian economies in 2015.

In 2015, Vietnam recorded a GDP growth rate of 6.7%, with its manufacturing and domestic consumption sectors recording remarkable growth rates of 9% and 8.4% respectively. Newly registered foreign investments recorded an increase of 12.5% in 2015, reaching a total of US$22.8 billion. The inflation rate was at a very low level with the consumer price index recording an increase of merely 0.63% for December 2015. However, decline in export of agricultural products and raw materials, together with a surge in import in 2015, resulted in a trade deficit of US$3.2 billion for the year, turning from a surplus recorded in 2014. As at 31 December 2015, the exchange rate was HK$1 to 2,902 Vietnamese Dong ("VND"), a year-on-year depreciation of about 4.9%, though the extent of depreciation was among the least in the Southeast Asian countries.

On 1 July 2015, Vietnamese government promulgated a series of new legislations, including Laws on Investment and Enterprises, Laws on Housing and Laws on Real Estate Business. The new legislations have not only improved the legal system of Vietnam, but also offer a better protection to foreign investors investing in Vietnam. It thus has enhanced the confidence and interests of foreign investors investing in Vietnam. In addition, Vietnam entered into various free trade agreements with the European Union, South Korea and Eurasian Economic Union respectively during 2015. Vietnam has also officially become a member of the Trans-Pacific Partnership Agreement (TPP) and the ASEAN Economic Community (AEC), which has significantly increased its foreign trade opportunities and also strengthened the attractiveness of Vietnam to foreign investors.

Looking to 2016, Vietnam's economy is expected to sustain its growth in a steady pace. But the global financial turmoil and economic downturn, coupled with the trend of RMB devaluation, are having negative impact and posing uncertainties to the recovering economy of Vietnam.

In 2015, the Group's principal businesses located in Vietnam, namely cement business and office leasing business remained stable, with a slight growth being noted. However, due to the depreciation of VND to HK$ during the year, the Group's revenue and profits recorded a slight setback after converted into HK$.

For the year ended 31 December 2015, the Group recorded a turnover of HK$610,327,000, representing a decrease of 2.1% as compared to HK$623,184,000 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$490,619,000 representing a year-on-year decrease of 2.2%, whereas turnover from the property investment was HK$110,080,000, representing a decrease of 1.5% as compared to 2014.

The consolidated net profit attributable to shareholders was HK$89,580,000 for the year, representing a decrease of approximately 3.2% when compared to HK$92,526,000 of 2014. Earnings per share for 2015 were HK17.7 cents (2014: HK18.3 cents).

Cement business

In 2015, the national cement production and sales of Vietnam were about 72 million tons, an increase of about 1.4% compared with last year. Domestic cement consumption increased approximately 10.8% to 56.5 million tons compared with last year, attributed to the continuous economic recovery. However, due to the economic slowdown of other Southeast Asian countries, demand for export fell, so that the total quantity of cement export in 2015 was only 16.3 million tons, down 18.5% over last year. Consequently, some of the export-oriented cement producers also turned into the domestic market and thus intensified domestic competition in the cement market.

The Group's cement plant recorded total sales quantity of 1,198,000 tons of cement in the year 2015, a slight increase of about 0.7% over last year. Total sales amount was HK$490,619,000, a decrease of 2.2% compared with a year earlier, primarily due to the depreciation of VND. The cement business contributed a profit after tax of HK$53,235,000, a year on year increase of 7.6%.

Production costs remained broadly stable during the year. As the Vietnamese government implemented strict control on trucks carrying capacity on roads, the quantity of cement that could be carried per truck has been reduced significantly, and thus resulting in an increase in transportation cost of the cement plant. Besides, since there were new cement plants entering into the market in central Vietnam and intensified the region's competition, the Group's cement plant was required to put in additional resources into sales and promotions during the year, resulted in a higher selling expenses compared with last year.

Looking to 2016, Vietnam's economy has been recovering steadily, with the real estate market becoming active. Constructions and infrastructure activities are notably increasing. The domestic market demand for cement continues to rise, which gives a strong support to the Group's cement sales. On the other hand, economies of the Southeast Asian countries remained weak, resulted in a decline in Vietnam's cement export and intensifying local competition. Moreover, the unstable global economic situation also added to uncertainties to the cement market of Vietnam in 2016.

Saigon Trade Centre

In 2015, Vietnam attracted newly registered foreign direct investments totaling to US$22.8 billion, an increase of 12.5% compared with last year. Ho Chi Minh City was still the first choice of localities for foreign investors, and absorbed the biggest portion of foreign capital. As a result, it has also driven up the demand for office spaces in Ho Chi Minh City. During 2015, demand for offices at all levels rose generally, whereas occupancy rate and average rental rate also recorded a slight increase.

As at 31 December 2015, the occupancy rate of the Group's Saigon Trade Centre was 73%, rose by 2% in comparing to the rate of 71% by the end of 2014. The average rental rate compared with 2014 also recorded a slight increase of about 2.8%.

Looking to 2016, with Vietnamese economy in recovery, foreign investors are keener on investing in Vietnam. More and more foreign companies are expected to set up offices in Ho Chi Minh City, driving up demand for office spaces. Whereas new supply of high-quality office spaces is limited in the market during 2016, both occupancy rate and average rent are expected to increase driven by an increase in demand.

Hotel project in Hong Kong and other investment properties

Construction of the Group's hotel project located in Tuen Mun is expected to be completed in the third quarter of this year. The hotel is expected to be officially opened in the first quarter of 2017 once the hotel operating license is obtained. The arcade of the hotel shall be available before the end of this year and is currently under the leasing stage. Although the occupancy rate of hotel rooms in Hong Kong today is generally sluggish, supply of hotels in northwest New Territories is very limited. Moreover, the Group's hotel is favorably located next to the Tuen Mun West Rail Station and a Light Rail station. In addition, when Hong Kong Zhuhai Macau Bridge and Tuen Mun-Chek Lap Kok Link Road are completed in coming years, Tuen Mun will become a major transportation hub connecting to northwest New Territories and the mainland China, with only about 15 minutes riding distance from the HK airport. The management is confident that the hotel, when it is fully operational, will bring stable income and cash flow to the Group.

As the hotel project will be completed within 2016, the funding need is huge for the year. The Group will finance part of the construction cost with a bank's loan. In addition, the Board also recommended reducing the final dividend for this year so as to fulfill part of the funding need of the hotel project. When the hotel is completed, the Board expects the dividend level will be increased.

In 2015, the Group recorded a fair value gain on investment properties of approximately HK$12,117,000, whereas a fair value gain of HK$26,423,000 was recorded in 2014. A lesser revaluation gain in 2015 was the main attributable cause to a decline in contributed profit from investment properties for the year 2015.

Property Development

Following a well-performed Vietnam's economy in 2015, people's income has been seen increasing. With a rising number of middle-class populations and the new legislation permitting foreigners to buy properties in Vietnam, demand in the Vietnam's housing market surged in 2015. Housing prices also recorded an increase during the year. Yet on the other hand, supply of housing especially apartments is abundant, the market will need a period of time in order to digest all the supply and stocks. It is expected that the momentum in the housing market will continue in 2016. The Group is keeping an eye on the development of the housing market in Ho Chi Minh City, yet its project in Binh Thanh District will not be kick started shortly in the next year or two.

Dividend

Considering the funding need of the hotel project in 2016, the Board recommended to distribute a final dividend of HK6 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 2015 will be HK12 cents per share.

FINANCIAL REVIEW

The Group's cash, bank balances and time deposits as at 31 December 2015 amounted to HK$294,377,000 (31 December 2014: HK$380,028,000). The Group's total borrowings amounted to HK$26,275,000 (31 December 2014: HK$77,419,000), of which HK$24,948,000 (31 December 2014: HK$77,419,000) was repayable within 1 year.

All of the Group's borrowings were denominated in HK$. Of the total borrowings, about 6.3% 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 2015 (31 December 2014: 0%).

Significant investments held

As at 31 December 2015, the Group has no significant investment held.

Employees and Remuneration Policy

As at 31 December 2015, the Group had approximately 1,070 employees. Most of them were in Vietnam. The total staff cost (excluding directors remuneration) was approximately HK$44,806,000 for the year ended 31 December 2015 (31 December 2014: HK$45,007,000). There was no significant change in the Group's remuneration policy as compared to last financial year.

Details of charges

As at 31 December 2015, the Group pledged certain construction in progress situated in Hong Kong at a net carrying value of HK$505,292,000.

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 volatile throughout the year, with a depreciation of 4.9% as at 31 December 2015 when compared to the rate as at 31 December 2014. The Group suffered an exchange loss in VND depreciation of HK$6,331,000 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 2015, the Group has no significant contingent liability (31 December 2014: Nil).

PROPOSED FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors recommended a final dividend of HK6 cents (2014: HK12 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, 19 May 2016 to Friday, 20 May 2016, 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, 18 May 2016.

(b) To ascertain shareholder's entitlement to the proposed final dividend upon the passing of the resolution no. 2 set out in the notice, the register of members of the Company will be closed from Friday, 27 May 2016 to Monday, 30 May 2016, 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 Thursday, 26 May 2016.

The payment date of the dividend is expected to be Tuesday 14 June 2016.

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 2015.

CORPORATE GOVERNANCE PRACTICES

Throughout the financial year ended 31 December 2015, 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 Mdm. CHENG Cheung (appointed on 29 August 2015). During the period between 1 January 2015 to 29 August 2015, the roles of Chairman and Chief Executive Officer of the Company were performed by Mr. Luk King Tin (passed away on 29 August 2015).

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, except Mr. Chan Kam Fuk, the other two Non-executive Directors did not attend the annual general meeting of the Company held on 30 April 2015 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 2015 Annual Report to be despatched to the shareholders in mid-April 2016.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 31 December 2015, 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 2015 and 31 December 2015.

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 Friday, 20 May 2016.

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, 24 March 2016

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