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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 2009

The Board of Directors (the “Board”) of Luks Group (Vietnam Holdings) Company Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2009. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2009

		2009	2008
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE	3	721,833	594,746
Cost of sales		<u>(362,393)</u>	(274,677)
Gross profit		359,440	320,069
Other income and gains	3	19,521	32,846
Fair value gains on investment properties, net		53,660	255,780
Selling and distribution costs		(62,353)	(41,436)
Administrative expenses		(100,174)	(98,668)
Other expenses		(97,279)	(30,182)
Finance costs	5	(24,247)	(21,868)
Share of profits and losses of a jointly-controlled entity		1	(897)
Share of profits and losses of associates		<u>(3,995)</u>	(2,422)
PROFIT BEFORE TAX	4	144,574	413,222
Income tax expense	6	<u>(39,823)</u>	(103,469)
PROFIT FOR THE YEAR		104,751	309,753
Attributable to:			
Owners of the parent		107,055	312,384
Minority interests		<u>(2,304)</u>	(2,631)
		104,751	309,753
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		20.9 cents	56.5 cents
Diluted		20.9 cents	56.4 cents

Details of the dividends payable and proposed for the year are disclosed in note 7 below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	2009 HK\$'000	2008 HK\$'000
PROFIT FOR THE YEAR	<u>104,751</u>	<u>309,753</u>
OTHER COMPREHENSIVE LOSS:		
Exchange differences on translation of foreign operations	<u>(52,387)</u>	<u>(100,864)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR	<u>(52,387)</u>	<u>(100,864)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>52,364</u>	<u>208,889</u>
Attributable to:		
Owners of the parent	54,668	211,520
Minority interests	<u>(2,304)</u>	<u>(2,631)</u>
	<u>52,364</u>	<u>208,889</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	<i>Notes</i>	2009 HK\$'000	2008 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,136,951	939,474
Investment properties		1,289,191	1,290,968
Prepaid land lease payments		21,691	16,331
Goodwill		183	15,842
Interest in a jointly-controlled entity		2,976	2,975
Interests in associates		111,379	129,509
Available-for-sale investments		-	416
Deposits		123,495	77,276
Total non-current assets		2,685,866	2,472,791
CURRENT ASSETS			
Property for development		33,870	-
Inventories		95,641	63,687
Trade receivables	9	53,424	28,826
Prepayments, deposits and other receivables		36,097	43,736
Debt investments at fair value through profit or loss		1,094	1,094
Derivative financial instruments		-	244
Pledged deposits		25,007	65,660
Cash and cash equivalents		270,065	468,100
Total current assets		515,198	671,347
CURRENT LIABILITIES			
Trade payables	10	51,178	70,172
Other payables and accruals		183,024	51,899
Due to directors		71	30,802
Due to a related company		3,350	1,852
Interest-bearing bank and other borrowings		235,095	182,548
Derivative financial instruments		6,379	-
Tax payable		23,221	23,990
Total current liabilities		502,318	361,263
NET CURRENT ASSETS		12,880	310,084
TOTAL ASSETS LESS CURRENT LIABILITIES		2,698,746	2,782,875

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2009

	2009	2008
	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	240,071	295,201
Rental deposits	22,826	36,436
Provisions	4,819	5,056
Deferred tax liabilities	230,314	242,781
Total non-current liabilities	498,030	579,474
Net assets	2,200,716	2,203,401
EQUITY		
Equity attributable to owners of the parent		
Issued capital	5,114	5,150
Reserves	2,167,318	2,172,882
Proposed final dividend	30,684	30,684
	2,203,116	2,208,716
Minority interests	(2,400)	(5,315)
Total equity	2,200,716	2,203,401

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, 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, derivative financial instruments and certain debt investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of a subsidiary during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair

value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

1.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised HKFRSs has had no significant effect on these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment - Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 <i>Revenue - Determining whether an entity is acting as a principal or as an agent</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement - Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers (adopted from 1 July 2009)</i>
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

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

(a) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14.

(b) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all

other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i> ¹
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters</i> ²
HKFRS 1 Amendment	<i>Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i> ⁴
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions</i> ²
HKFRS 3 (Revised)	<i>Business Combinations</i> ¹
HKFRS 9	<i>Financial Instruments</i> ⁶
HKAS 24 (Revised)	<i>Related Party Disclosures</i> ⁵
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> ¹
HKAS 32 Amendment	<i>Amendment to HKAS 32 Financial Instruments: Presentation - Classification of Rights Issues</i> ³
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items</i> ¹
HK(IFRIC)-Int 14 Amendments	<i>Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement</i> ⁵
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i> ¹
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i> ⁴
Amendments to HKFRS 5 included in <i>Improvements to HKFRSs</i> issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Plan to sell the controlling interest in a subsidiary</i> ¹
HK Interpretation 4 (Revised) in December 2009)	<i>Leases - Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i> ²

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

- ¹ Effective for annual periods beginning on or after 1 July 2009
- ² Effective for annual periods beginning on or after 1 January 2010
- ³ Effective for annual periods beginning on or after 1 February 2010
- ⁴ Effective for annual periods beginning on or after 1 July 2010
- ⁵ Effective for annual periods beginning on or after 1 January 2011
- ⁶ Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

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 includes the Group's manufacture and sale of cement products for use in the construction industry;
- (b) the property investment segment includes the Group's investments in industrial, commercial and residential premises for their rental income potential;
- (c) the property development segment includes the Group's development and sale of properties;
- (d) the traditional Chinese medicine products segment includes the Group's manufacture and sale of traditional Chinese medicine products; and
- (e) the corporate and others segment comprises corporate income and expense items and the Group's manufacture and sale of electronic products and plywood products.

Management monitors the results of its 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) is measured consistently with the Group's profit/(loss) except that interest income and fair value gains/(losses) from the Group's financial instruments are excluded from such measurement.

Segment assets and liabilities exclude derivative financial instruments.

Business segments

	Cement products		Property investment		Property development		Traditional Chinese medicine products		Corporate and others		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Segment revenue:												
Sales to external customers	566,828	451,994	145,845	134,012	-	-	1,757	2,486	7,403	6,254	721,833	594,746
Other income and gains	6,361	7,322	641	7,907	-	-	-	78	44	1,669	7,046	16,976
											728,879	611,722
Segment results	64,977	102,517	148,680	353,327	(2,534)	(3,080)	(5,494)	(5,371)	(62,913)	(46,722)	142,716	400,671
<i>Reconciliation:</i>												
Interest income											12,475	15,626
Fair value gains / (losses) on derivative financial instruments											(6,623)	244
Share of profits and losses of associates	(3,626)	(1,504)	-	-	(369)	(918)	-	-	-	-	(3,995)	(2,422)
Share of profits and losses of a jointly-controlled entity	-	-	1	(897)	-	-	-	-	-	-	1	(897)
Profit before tax											144,574	413,222
Income tax expense	(13,578)	(24,453)	(26,245)	(78,753)	-	-	-	-	-	(263)	(39,823)	(103,469)
Profit for the year											104,751	309,753
Segment assets	1,324,400	1,264,359	1,472,891	1,408,391	36,927	3,377	4,583	3,047	247,908	332,236	3,086,709	3,011,410
<i>Reconciliation:</i>												
Interest in associates	38,544	56,523	-	-	72,835	72,986	-	-	-	-	111,379	129,509
Interest in a jointly-controlled entity	-	-	2,976	2,975	-	-	-	-	-	-	2,976	2,975
Unallocated assets											-	244
Total assets											3,201,064	3,144,138
Segment liabilities	656,923	580,769	269,115	318,226	356	2,281	4,443	2,764	63,132	36,697	993,969	940,737
Unallocated liabilities											6,379	-
Total liabilities											1,000,348	940,737
Other segment information:												
Depreciation	30,894	24,560	2,985	1,729	79	35	170	227	1,346	1,888	35,474	28,439
Capital expenditure	303,028	340,274	3,844	379	22	373	51	693	53	1,057	306,998	342,776
Impairment of loans to an associate	7,144	-	-	-	-	-	-	-	-	-	7,144	-
Impairment of trade receivables	1,279	-	-	155	-	-	-	-	16	-	1,295	155
Fair value gains on investment properties, net	-	-	53,660	255,780	-	-	-	-	-	-	53,660	255,780
Impairment of goodwill	-	-	15,659	-	-	-	-	-	-	-	15,659	-
Impairment of available-for-sale investments	416	-	-	-	-	-	-	-	-	-	416	-

Geographical information

(a) Revenue from external customers

	2009	2008
	HK\$'000	HK\$'000
Vietnam	701,294	577,342
Hong Kong	13,521	11,547
Mainland China	7,018	5,857
	721,833	594,746

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

(b) Non-current assets

	2009	2008
	HK\$'000	HK\$'000
Vietnam	2,186,839	2,010,449
Hong Kong	326,786	324,782
Mainland China	172,241	137,560
	2,685,866	2,472,791

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

Information about a major customer

Revenue of approximately HK\$166,789,000 (2008: HK\$128,139,000) was derived from sales by cement products segment to a single customer.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; and gross rental income received and receivable from investment properties during the year.

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

	2009	2008
	HK\$'000	HK\$'000
Revenue		
Sale of cement	566,828	451,994
Gross rental income	145,845	134,012
Sale of electronic products	4,172	2,261
Sale of traditional Chinese medicine products	1,757	2,486
Sale of plywood and other wood products	3,231	3,993
	721,833	594,746
Other income and gains		
Interest income	12,475	15,626
Fair value gains on derivative financial instruments	-	244
Gain on disposal of a subsidiary	-	10,368
Others	7,046	6,608
	19,521	32,846

4. PROFIT BEFORE TAX

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

	2009	2008
	HK\$'000	HK\$'000
Cost of inventories sold	345,659	263,313
Depreciation	35,474	28,439
Recognition of prepaid land lease payments	4,787	2,009
Foreign exchange differences, net	61,469	24,105
Rental income on investment properties less direct operation expenses of HK\$8,432,000 (2008: HK\$7,049,000)	(137,413)	(126,963)
Impairment of loans to an associate	7,144	-
Impairment of trade receivables	1,295	155
Impairment of available-for-sale investments	416	-
Impairment of goodwill	15,659	-
Fair value losses on derivative financial instruments	6,623	-

5. FINANCE COSTS

	2009	2008
	HK\$'000	HK\$'000
Interest on overdrafts and bank loans wholly repayable within five years	33,546	43,704
Interest on finance leases	117	61
Total interest expense on financial liabilities not at fair value through profit or loss	33,663	43,765
Less: Interest capitalised	(9,416)	(21,897)

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 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.

	2009	2008
	HK\$'000	HK\$'000
Group:		
Current – elsewhere	20,755	22,232
Deferred	19,068	81,237
Total tax charge for the year	39,823	103,469

7. DIVIDENDS

	2009	2008
	HK\$'000	HK\$'000
Interim – HK 4.5 cents (2008: HK 4 cents) per ordinary share	23,013	21,788
Proposed final – HK 6 cents (2008: HK 6 cents) per ordinary share	30,684	30,684
	53,697	52,472

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 511,778,584 (2008: 552,483,742) in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2009	2008
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	107,055	312,384
	Number of shares	
	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	511,778,584	552,483,742
Effect of dilution – weighted average number of ordinary shares: Share options	523,966	1,142,949
	512,302,550	553,626,691

9. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, and net of impairment, is as follows:

	Group	
	2009	2008
	HK\$'000	HK\$'000
0 - 30 days	37,104	14,844
31 - 60 days	6,832	4,715
61 - 90 days	4,374	2,061
91 - 120 days	2,676	1,188
Over 120 days	2,438	6,018
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	53,424	28,826
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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.

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:

	Group	
	2009	2008
	HK\$'000	HK\$'000
0 - 30 days	28,475	17,802
31 - 60 days	4,063	15,668
61 - 90 days	5,242	16,368
91 - 120 days	248	7,161
Over 120 days	13,150	13,173
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	51,178	70,172
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The trade payables are non-interest-bearing and normally settled on terms of 7 to 60 days.

Included in the trade payables is an amount of HK\$1,952,000 due to associates as at 31 December 2009 (2008: HK\$5,360,000), which is non-interest-bearing and is normally settled on term of 60 days.

BUSINESS REVIEW AND PROSPECTS

During the first half of 2009, Vietnam's economy deteriorated dramatically and severely as a result of the global financial crisis. However, when the government decisively adopted measures to stimulate the economy, together with the bounced back of the global economy, Vietnam's economic situation was seen improving significantly in the second half of 2009. According to the State Statistics Bureau, Vietnam achieved a growth rate of 5.3% in 2009, which is only a bit lower than the 6.18% growth rate in 2008. The growth pace was notably stronger in the second half of 2009.

Benefited from the expansion policy of the government's investments in infrastructure projects, the Group's cement plant recorded a significant growth of sales volume in the second half of 2009, following the economic recovery.

During the year, Vietnam's government suddenly depreciated the Vietnamese currency ("VND") in November 2009 by 5.4%, from VND17,034 to 1 USD to VND17,961 to 1 USD. This resulted in a significant exchange loss for the Group's operations in Vietnam for the year ended 2009.

Apart from that, due to a reduction in valuation of the Saigon Trade Centre as at year-end of 2009, the Group's profits contributed from gains on property revaluation on investment properties substantially declined for the year.

Foreseeing 2010, Vietnam's Ministry of Planning and Investments estimated that Vietnam could achieve a growth rate of 6.5% for 2010, according to Vietnam Economic Times. The economy will gradually be back to normal growing level. Yet, concerns on depreciation of VND, inflationary pressure and trade deficit all attributed to uncertainties to the Vietnam's economy.

For the year ended 31 December 2009, the Group recorded a turnover of HK\$721,833,000, representing an increase of 21.4% as compared to HK\$594,746,000 of 2008. Turnover from the cement business was HK\$566,828,000 representing a year-on-year increase of 25.4%, whereas turnover from the property investment was HK\$145,845,000, representing an increase of 8.8% as compared to 2008.

The consolidated net profit attributable to shareholders was HK\$107,055,000 for the year, representing a decrease of approximately 65.7% when compared to HK\$312,384,000 of 2008. Earnings per share in 2009 was HK 20.9 cents, representing a decrease of 63.0% when compared to HK 56.5 cents of 2008.

Cement Business

In 2009, the Group achieved a total sales of 1,693,000 tonnes of cement and clinkers, representing a growth of 32.9% as compared to 2008, whereas the sales amount was recorded at HK\$566,828,000, representing a year-on-year growth of 25.4%.

The Group strived to encounter negative impacts to, firstly, the cement manufacturing cost as a result of the increase in fuel costs, and secondly, to the cement sales quantity as a result of the delay in most of the foreign invested projects being affected by the international financial crisis. On one hand, the Group's cement plant focused on internal control in production aiming at reducing costs and increasing efficiency. On the other hand, the cement plant explored opportunities in expanding sales channels and the market network. The new 3000 tonnes-per-day clinkers' production line has been in commercial operation since mid-2009 and so far running smooth, whereas the newly built grinding plant in Ninh Thuan, Central Vietnam has also joined in the production since October 2009. The sales target of 1.7 million tonnes for the year of 2009 was thus closely achieved.

During 2009, Vietnam's government suddenly depreciated the Vietnamese currency by 5.4%, largely out of the market's expectation. On the other hand, coal price was increased twice in September and December of 2009 for an extent of 20% (per ton CIF price from USD63 up to USD75) and 15% respectively. In addition, sales of cement were especially slower when matched with the rainy season starting from September of 2009. Being affected by all the above factors, namely, the exchange loss, the increase in cement sales price not being matched with the pace of the increase in coal price, and the increase in costs of sales and transportation, and therefore, although the sales target on quantity was achieved, the increase in profits of the cement business were unable to match with the increase in quantity of sales accordingly.

Looking forward to 2010, recovering of the market fundamentals has been obvious. Projects being delayed as a result of the financial crisis were seen kicked start again. In March 2010, Vietnam's government held the online national conference on investments and constructions. The Prime Minister emphasized on the necessary to accelerate the pace of construction on all investment projects, whereas the local governments were actively supporting roads construction projects in rural areas. Besides, it has been in the season of strong sales for cement in central Vietnam since March and the Group has since raised its cement price for 4% so far.

According to Vietnam's Ministry of Construction, national demand for cement will reach 55 million tonnes for 2010, representing an increase of 11% as compared to 2009. Yet, the supply and demand of cement in geographical distribution is not even in Vietnam, in which the southern part is in shortage whereas the northern part is in over-supply. Since there are a number of foreign participated large scale construction projects in central Vietnam, which are either under construction or about to kick start, such as thermal power plant, steel manufacturing plant, aluminum plant, nuclear power plant and etc., it is expected that the demand of cement in the central part of Vietnam will be growing continuously.

The expansion plans of the Group's cement production lines have been gradually achieved, resulting in the current maximum capacity of the plant reaching 2.8 million tonnes of cement per annum. However, since the removal and relocation problems of the site for the cement grinding plant in Hochiminh City has not yet been resolved, the total sales of cement and clinkers for 2010 are expected to be 2.4 million tonnes only. The Group continues to focus on costs control and the expansion of sales channels. Foreseeing 2010, presuming VND remains stable, due to an increase in production and sales volume, it is optimistically expected that profits will grow as a result.

Saigon Trade Centre and Property Investment

In 2009, Vietnam recorded the newly increased foreign direct investments of USD21.5 billion, representing a substantial drop of 70% on a year-on-year basis. As a result, the leasing situation of the Saigon Trade Centre suffered a relatively harder hit and the performance was far worse than expected. As at 31 December 2009, the occupancy rate dropped to 76% (2008: 90%). However, since the average rental rate for newly signed and renewal leasing contracts rose as compared to 2008, the annual rental income for 2009 still recorded a growth of 9%.

It is estimated that the newly increased foreign direct investments shall be back to increase in 2010. Yet, there are also some negative factors posed to the economic uncertainty as mentioned before. Foreseeing 2010, the rental income of Saigon Trade Centre shall remain stable, possibly with a slight growth. On the other hand, the tax concession period of Saigon Trade Centre ended in 2009. Starting from 2010, the profits tax rate increases from 15% to 25%, which thus shall have certain impact to the profits after tax attributing to the Group.

The rental income of the Group's other investment properties located in Hong Kong and the PRC have been stable during the year.

Property Development

Land transactions and property market in Vietnam were stagnant in the first half of 2009, being affected by the financial crisis. But land price surged in the second half of 2009 as a result of the inflationary expectation and the depreciation of the Vietnamese Dong. Land speculations were heat, but the property development market was growing very slowly. It was mainly attributable to the complicated procedures in obtaining relevant licenses for property development, as well as the immature title system for property ownership. The Group's both projects, each in Binh Thanh District and Binh Chanh District of Hochiminh City were progressing slowly during the year. Besides, the Group is actively seeking other property development opportunities or land reserve for future development in Hochiminh City.

Mongolia's economic situation has been improving since the second half of 2009, thanks to the increasing prices of natural mineral resources. The Group will increase its pace of development in its property project in Ulanbaatar in an appropriate timing in according to the market condition.

Traditional Chinese Medicine ("TCM") Business

The Group's TCM business recorded a turnover of HK\$1,757,000 in 2009. For the year ended 31 December 2009, the operating loss of the TCM business before deducting minority interest was HK\$5,494,000 (2008: HK\$5,371,000).

Dividend

The board of directors recommended to distribute a final dividend of HK 6 cents per share to the shareholders and together with the interim dividend of HK 4.5 cents per share already distributed, the total dividend for the full year of 2009 will be HK 10.5 cents per share.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank balances and time deposits as at 31 December 2009 amounted to HK\$295,072,000 (31 December 2008: HK\$533,760,000). The Group's total borrowings amounted to HK\$475,166,000 (31 December 2008: HK\$477,749,000), of which HK\$235,095,000 (31 December 2008: HK\$182,548,000) was repayable within 1 year and HK\$240,071,000 (31 December 2008: HK\$295,201,000) was repayable from 2 to 5 years.

The percentage of the Group's borrowings denominated in HK\$, US\$ and Vietnamese Dong ("VND") were 16.4%, 34.3% and 49.3% respectively. Of the total borrowings, about 31.6% were at fixed interest rates.

The gearing ratio, which is net debt divided by the equity attributable to owners of the parent, was 18% as at 31 December 2009 (31 December 2008: 9%).

Share Capital

During the year, the Company has repurchased a total number of 3,760,000 shares of the Company's own shares in the Hong Kong Stock Exchange, resulting in a decrease in the Company's issued share capital as at the year-end of 2009.

Besides, for the year ended 31 December 2009, a total number of 200,000 share options have been exercised resulting in the issuance of 200,000 new shares of the Company and thus also attributed to an increase in new shares of the Company. As at 31 December 2009, there were 5,320,000 outstanding share options of the Company yet to be exercised.

As at 31 December 2009, the total number of issued shares of the Company was 511,393,418 shares (as at 31 December 2008 : 514,953,418 shares).

Employees and Remuneration Policy

As at 31 December 2009, the Group had approximately 1,630 employees. Most of them were in Vietnam. The total staff cost (excluding directors remuneration) was approximately HK\$37,184,000 for the year ended 31 December 2009 (31 December 2008: HK\$40,125,000). The Company operates a share options scheme and options are granted to certain employees in order to encourage their contribution to the Group. There was no significant change in the Group's remuneration policy as compared to last financial year.

Details of charges

As at 31 December 2009, the Group pledged certain fixed assets at a net book value of HK\$924,221,000, prepaid land lease payments at a net book value of HK\$16,481,000 and certain investment properties at a carrying value of HK\$141,000,000. In addition, bank deposits of HK\$25,007,000 of the Group have been pledged to bank for the purchase of fixed assets.

Exposure to fluctuations in exchange rates and related hedges

The Group has exposed to the risk of exchange rate's fluctuation in VND for its investments in Vietnam. The exchange rate of VND to USD was comparatively volatile throughout the accounting period, with a devaluation of 5.3% as at 31 December 2009 when compared to the rate as at 31 December 2008. As at 31 December 2009, the Company held several interest rates Swap contracts for an aggregate principal value of US\$8,000,000, in order to hedge for the interest difference from the low interest rate of USD against the high interest rate of VND. As at 31 December 2009, the Swap contracts were valued at a negative value of HK\$6,379,000. Apart from that, the Company has not employed any hedged instrument to hedge against the exchange risk. In order to minimize exposure to the exchange risk, most of the expenditure of the cement plant and the Saigon Trade Centre are in VND. For the Saigon Trade Centre, over 90% of the leasing contracts are denominated in USD.

Details of contingent liabilities

As at 31 December 2009, the Group has no significant contingent liability (31 December 2008: Nil).

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors recommended a final dividend of HK 6 cents (2008: HK 6 cents) per share. The Register of Members will be closed from 14 May 2010 to 18 May 2010, both days inclusive during which period no transfer of shares will be registered. In order to qualify for the final dividend, lodging of all transfers accompanied by the relevant share certificates must be delivered to the Company's Hong Kong Branch Registrar, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 13 May 2010. The payment date of the dividend is expected to be 7 June 2010.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2009, the Company had repurchased from the market a total of 3,760,000 shares at price per share ranging from HK\$2.07 to HK\$2.30 with a total amount of about HK\$8,327,000.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold or redeemed any of the Company's listed securities during the year ended 31 December 2009.

CODE ON 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.

Following the issue of the Code on Corporate Governance Practices, as set out in Appendix 14 to the Hong Kong Listing Rules, the Company has carefully reviewed and considered its provisions, and carried out a detailed analysis on the corporate governance practices of the Company against the requirements of the Code. Throughout the financial year ended 31 December 2009, except for the requirements that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual (code provision A.4.1) and all directors should retire and rotate for at least every three years (code provision A.4.2), the Company has complied with all code provisions of the Code on Corporate Governance Practices.

Currently, the roles of Chairman and Chief Executive Officer of the Company are performed by Mr. Luk King Tin. Mr. Luk is the founder of the Company, has been the Chairman and the Chief Executive Officer of the Company and in charge of the overall management of the Company. The Company considers that the combination of the roles of Chairman and Chief Executive Officer can promote the efficient formulation and implementation of the Company's strategies which will enable the Group to seize business opportunities efficiently and promptly. The Company considers that through the supervision of its Board and its independent non-executive directors, checks and balances exist so that the interests of the shareholders are adequately and fairly represented.

According to the Company's Bye-laws, the Chairman of the Board and the Managing Director of the Company were not subject to retirement by rotation, which thus constitutes a deviation from the code provision A.4.2. Since the Chairman is responsible for the formulation and implementation of the Company's strategies, which is essential to the stability of the Company's business and thus the Board considers that the deviation is acceptable.

AUDIT COMMITTEE

The Company has established the audit committee, which is comprised solely of independent non-executive directors, namely Mr. LIANG Fang, Mr. LIU Li Yuan and Mr. TAM Kan Wing. All members of our audit committee have many years of finance and business management experience and expertise. The audit committee's primary responsibilities include, among other things, making recommendation to the board of directors on the appointment, reappointment and removal of the external auditors, approving the remuneration and terms of engagement of the external auditors, reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit procedure in accordance with applicable standards, developing and implementing policies on the engagement of external auditors to provide non-audit services, monitoring the integrity of the Company's report and financial statements and overseeing the Company's financial reporting system and internal control procedures.

In 2009, the audit committee met twice, and mainly reviewed the integrity of the Company's financial statements, annual report and accounts, interim report and the significant financial reporting judgments contained in such financial statements and reports, discussed and approved the budgets and remuneration of, and services provided by, the external auditors, reviewed the Company's internal audit procedures and reports, reviewed and the compliance situation with relevant laws and regulations. All members attended all meetings.

CODE ON 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 2009 and 31 December 2009.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Company (www.luks.com.hk) and the designated issuer website of Stock Exchange (www.hkexnews.hk).

By Order of the Board
Luks Group (Vietnam Holdings) Co., Ltd.
Luk King Tin
Chairman

Hong Kong, 16 April 2010

As at the date of this announcement, the Board of Directors comprises Mr. Luk King Tin, Ms. Cheng Cheung, Mr. Luk Yan, Mr. Fan Chiu Tat, Martin and Mr. Luk Fung (who are executive directors), and Mr. Liu Li Yuan, Mr. Liang Fang and Mr. Tam Kan Wing (who are independent non-executive directors).

* *For identification purpose only*