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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

The board of directors (the "Board") of Luks Group (Vietnam Holdings) Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2007, together with the comparative figures for the corresponding period in 2006. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

		For the six months ended 30 June	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
REVENUE	*3*	**243,320**	178,618
Cost of sales		**(111,570)**	(83,382)
Gross profit		**131,750**	95,236
Other income and gains	*3*	**4,960**	6,208
Selling and distribution costs		**(19,698)**	(11,759)
Administrative expenses		**(40,627)**	(33,193)
Other expenses		**(2,725)**	(6,447)
Finance costs		**(6,153)**	(5,938)
Share of profits and losses of jointly-controlled entities		**(962)**	(1,244)
PROFIT BEFORE TAX	*4*	**66,545**	42,863
Tax	*5*	**(4,117)**	(4,401)
PROFIT FOR THE PERIOD		**62,428**	38,462
ATTRIBUTABLE TO:			
Equity holders of the parent		**62,944**	38,462
Minority interests		**(516)**	-
		62,428	**38,462**
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY HOLDERS OF THE PARENT	*6*		
Basic		**12.1 cents**	7.8 cents
Diluted		**12.0 cents**	7.8 cents
DIVIDEND PER SHARE	*7*	**3.0 cents**	3.0 cents

CONDENSED CONSOLIDATED BALANCE SHEET
30 June 2007

	Notes	30 June 2007 (Unaudited) HK$'000	31 December 2006 (Aaudited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**542,945**	460,164
Investment properties		**901,343**	899,441
Prepaid land lease payments		**21,168**	22,174
Goodwill		**15,842**	15,842
Interests in jointly-controlled entities		**2,489**	2,824
Available-for-sale investments		**517**	657
Time deposit		**-**	15,600
Total non-current assets		**1,484,304**	1,416,702
CURRENT ASSETS			
Inventories		**11,009**	19,496
Trade receivables	*8*	**46,666**	24,879
Prepayments, deposits and other receivables		**34,911**	20,843
Debt investments at fair value through profit or loss		**1,094**	1,094
Pledged deposits		**7,901**	20,869
Cash and cash equivalents		**833,961**	90,162
Total current assets		**935,542**	177,343
CURRENT LIABILITIES			
Trade payables	*9*	**29,855**	19,911
Tax payable		**36,545**	35,903
Other payables and accruals		**41,256**	71,239
Due to directors		**60**	901
Due to a related company		**3,834**	4,334
Interest-bearing bank and other borrowings		**95,351**	77,419
Total current liabilities		**206,901**	209,707
NET CURRENT ASSETS / (LIABILITIES)		**728,641**	(32,364)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,212,945**	1,384,338

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
30 June 2007

	30 June 2007 (Unaudited) HK$'000	31 December 2006 (Audited) HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,212,945**	1,384,338
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**59,722**	38,419
Rental deposits	**30,107**	25,416
Provisions	**4,888**	4,533
Deferred tax liabilities	**99,212**	97,255
Total non-current liabilities	**193,929**	165,623
Net assets	**2,019,016**	1,218,715
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**5,732**	4,999
Reserves	**1,997,861**	1,190,158
Proposed dividend	**17,199**	25,650
	2,020,792	1,220,807
Minority interests	**(1,776)**	(2,092)
Total equity	**2,019,016**	1,218,715

Notes:

1. ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2006, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements:

HKAS 1 Admendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 "Financial Reporting in Hyperinflationary Economies"
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of the above new and revised HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated financial statements.

2. SEGMENT INFORMATION

The Group's operating business are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. The following table presents revenue and results for the Group's primary segments for the six months ended 30 June 2007 and 2006.

	Cement products		Property investment		Traditional Chinese medicine products		Investment		Corporate		Others		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	HK$'000	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:														
External sales	183,384	134,228	54,171	41,112	2,585	1,849	-	-	-	-	3,180	1,429	243,320	178,618
Other income and gains	1,379	722	993	1,811	-	16	-	1,183	-	-	244	-	2,616	3,732
	184,763	134,950	55,164	42,923	2,585	1,865	-	1,183	-	-	3,424	1,429	245,936	182,350
Segment results	51,515	37,184	32,629	24,722	(1,727)	(4,345)	-	874	(10,554)	(9,518)	(548)	(1,348)	71,315	47,569
Interest income													2,345	2,476
Finance costs													(6,153)	(5,938)
Share of profits and losses of jointly-controlled entities													(962)	(1,244)
Profit before tax													66,545	42,863
Tax													(4,117)	(4,401)
Profit for the period													62,428	38,462

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 period.

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

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Revenue		
Sale of cement	**183,384**	134,228
Gross rental income	**54,171**	41,112
Sale of electronic products	**498**	753
Sale of traditional Chinese medicine products	**2,585**	1,849
Sale of plywood and other wood products	**2,682**	676
	243,320	178,618
Other income and gains		
Interest income	**2,345**	2,476
Write back of other payables	**-**	2,927
Foreign exchange differences, net	**966**	-
Gain on disposal of scrap materials	**1,128**	-
Others	**521**	805
	4,960	6,208

4. PROFIT BEFORE TAX

Profit before tax was determined after charging the following:

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Cost of inventories sold	**111,106**	83,050
Depreciation	**17,001**	10,266

5. TAX

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current - Overseas	**2,160**	3,439
Deferred	**1,957**	962
Total tax charge for the period	**4,117**	4,401

No provision for Hong Kong profits tax has been made as the relevant Hong Kong subsidiaries did not generate any assessable profits arising in Hong Kong during the period (2006: Nil).

Taxes on the profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

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

The calculations of basic and diluted earnings per share attributable to ordinary equity holders of the parent are based on:

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**62,944**	38,462

	Number of shares	
	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**518,818,880**	490,713,918
Effect of dilution – weighted average number of ordinary shares: Share options	**4,453,295**	398,300
	523,272,175	491,112,218

7. INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK 3 cents (2006: HK 3 cents) per ordinary share in issue in respect of the six months ended 30 June 2007 payable on or before 16 October 2007 to shareholders whose names are on the Registers of Members on 5 October 2007.

8. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on an average credit, except for new customers, where payment in advance is normally required. The Group allows an average credit period of 60 days to its trade debtors. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

An aged analysis of the trade receivables as at the balance sheet date, based on payment due date, net of provision for impairment, is as follows:

	30 June 2007 (Unaudited) HK$'000	31 December 2006 (Audited) HK$'000
0 - 30 days	**24,708**	15,000
31 - 60 days	**4,410**	3,487
61 - 90 days	**1,649**	1,486
91 - 120 days	**964**	370
Over 120 days	**14,935**	4,536
	46,666	24,879

9. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on payment due date, is as follows:

	30 June 2007 (Unaudited) HK$'000	31 December 2006 (Audited) HK$'000
0 - 30 days	**11,778**	11,395
31 - 60 days	**250**	324
61 - 90 days	**77**	294
91 - 120 days	**80**	21
Over 120 days	**17,670**	7,877
	29,855	19,911

MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW AND PROSPECTS

Vietnam was formally admitted to the World Trade Organization ("WTO") on 11th January 2007, which has not only accelerated the economy's growth pace but also resulted in dramatic and substantial increase in foreign investments. The two major investments of the Group in Vietnam, namely cement manufacturing and sales, and property investment were therefore directly benefited and recorded significant growth during the period.

For the six-month period ended 30 June 2007, the Group recorded a turnover of HK$243,320,000, representing an increase of 36% as compared to HK$178,618,000 for the corresponding period of last year. The main sources of the Group's turnover came from its cement business and property investment business. The cement business recorded a turnover of HK$183,384,000, representing an increase of 37% as compared to that of last year. While the property investment business recorded a turnover of HK$54,171,000, representing an increase of 32% as compared to that of last year.

The unaudited consolidated net profit from ordinary activities attributable to shareholders for the first half of 2007 was HK$62,944,000, representing an increase of 64% as compared to HK$38,462,000 for the same period in 2006.

Cement Business

For the first half of the year, the Group's cement plant achieved total sales of 572,000 tonnes of cement, representing an increase of 32% as compared to the same period of last year. Profits before tax of the cement plant recorded a growth of 44% as compared to that of last year.

As a new production line came into operation in the end of last year, the total capacity of the Group's cement plant has been uplifted to 1,500,000 tonnes per annum. It attributed to an increase in the total quantity of cement produced and sold during the period. At the beginning stage of production or so-called the trial period, the production was yet to be stable. It is anticipated that the total quantity of cement produced and sold shall be more stable and increased in the second half of the year.

Cement price has increased for about 2% as compared to that of year-end 2006, which could offset the effect of increase in production cost during the period. The gross profit margin of the Group's cement plant has maintained at around 41% during the period.

On the other hand, a new cement production line with an annual capacity of 1,300,000 tonnes has been purchased and is about ready for shipping to the site for installation, and with the related infrastructure works of the production line undergoing as scheduled. However, the construction works for the planned cement grinding station in Hochiminh City has been affected by the slow relocation and removal process on the site. Besides, the Group has also planned to build another cement grinding station with an annual capacity of 1,500,000 tonnes in the central part of Vietnam in order to satisfy the growing demand in the Central market.

Saigon Trade Centre and other investment properties

Following with substantial increase in foreign investors in Vietnam and rapid growth of the local companies, the demand for office spaces in Hochiminh City has been very keen during the period. The occupancy rate of the Group's Saigon Trade Centre in the city center of Hochiminh City has reached 100% as at 30 June 2007, comparing to that of 95% as at 31 December 2006.

The gross revenue of Saigon Trade Centre has increased for more than 40% as compared to the same period of last year, whereas the EBITA has also increased for more than 30%. Since the supply of office spaces is still very limited, especially with most of the original planned new supply in 2007 and 2008, having been delayed to 2009 and 2010 before it can be launched to the market. Therefore, it is expected that the rental rate shall further go up in the coming two years.

The rental income for the Group's other investment properties situated in Hong Kong and the PRC has been stable during the period.

Property Development

Besides for the memorandums having been signed, during the period, the Group has also been actively exploring other opportunities in property development and land reserve in Hochiminh City of Vietnam. Since the admission of Vietnam into the WTO, foreign and local investments in Vietnam have been in frenzy and a period of overwhelming excitement has been experienced in Vietnam's investments market. During the period, asking price for property projects suitable for long-term investment purpose was too high and thus increased the difficulties in negotiation. However, maybe due to the effect of the "Second Mortgage Crisis" in the USA, terms asked by Vietnamese counterparts recently are seen more reasonable. It is expected that the Group shall be able to obtain some prospective property projects in the second half of the year.

The Group's investment strategy in Vietnam is long-term. As Vietnam has just been admitted to the WTO, there are great potentials in its development. The Group is optimistic to the future and economic development of Vietnam. However, at this current stage, it is experiencing a trial period in the learning curve of adapting to the rules and practices in trade and business of the international community. New policies and laws to accommodate the admission into the WTO are being seen promulgated from time to time. At this stage, the process, whether it is for the government procedures or commercial development, would be slower than usually expected, and patience is required.

Traditional Chinese Medicine (TCM) Business

For the first half of 2007, the operating loss of the TCM business before minority interest was HK$1,727,000, representing a decrease of approximately 60% as compared to HK$4,345,000 of the corresponding period in last year.

Dividend

The Group has achieved a stable cash inflow and yet it also has to retain cash for investment purpose, the board of directors has thus resolved to declare an interim dividend of HK$0.03 per share to the shareholders.

FINANCIAL REVIEW
LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank balances as at 30 June 2007 amounted to HK$841,862,000 (as at 31 December 2006: HK$126,631,000). The Group's cash and bank balances increased substantially mainly due to the issuance of new shares during the period. The Group's total borrowings amounted to HK$155,073,000 (as at 31 December 2006: HK$115,838,000), of which HK$95,351,000 was repayable within 1 year, HK$59,722,000 repayable over 1 year. The percentage of the Group's borrowings denominated in HK$ and Vietnamese Dong ("VND") were 23% and 77% respectively.

The gearing ratio, expressed as the percentage of long-term debt to equity, was 3% as at 30 June 2007 (as at 31 December 2006: 3%).

Share Capital

On 29 May 2007, the Company issued 60,000,000 new shares at HK$12.80 per share, resulting in a significant increase in issued shares during the period. The net proceed of the issuance after deducting expenses was approximately HK$743,000,000.

Besides, for the first six months of 2007, a total number of 13,270,000 share options have been exercised resulting in the issuance of 13,270,000 new shares of the Company and thus also attributed to an increase in new shares of the Company. As at 30 June 2007, there were 5,300,000 outstanding share options of the Company not yet to be exercised.

As at 30 June 2007, the total number of issued shares of the Company was 573,205,418 shares (as at 31 December 2006：499,935,418 shares).

Future Development Plan and Commitment

On 5 January 2007, Luks Land Development Ltd., a wholly-owned subsidiary of the Company entered into a conditional Memorandum with Hong Phuc Investment and Trading Joint Stock Company in connection with a proposal to establish a JVC in Vietnam for the Project with a proposed total share capital of US$9.5 million (approximately HK$74,100,000). Luks Land Development and Hong Phuc shall own 90% and 10% of the proposed JVC respectively. The setting up of the proposed JVC is conditional upon, inter alias, the obtaining of Land Use Right Certificate of the Land Area by Hong Phuc, all necessary written approvals for developing the Land Area into the Project and the licenses for the formation of the JVC by the relevant authorities of Vietnam having been granted.

On 5 February 2007, the Group entered into the 2 respective conditional agreements with China National Aero-Technology Import & Export Corporation Beijing Company in connection with the Purchase of Cement Production Equipment to be installed in Vietnam namely, (i) the Facilities of a 3000TPD clinkers' production line at a consideration of US$17,166,000 approximately HK$133,894,800) and (ii) the Facilities of a 1.5 million TPY cement grinding mill at a consideration of US$8,390,000 (approximately HK$65,442,000) respectively. The aggregate consideration will be paid partially from bank's borrowings and partially from the Company's internal resources. Upon completion of the new production line, the Group's annual cement production capacity of will be increased for 1.3 million tonnes.

On 18 May 2007, Luks Industrial Co., Ltd. a wholly owned subsidiary of the Company entered into a conditional Memorandum with CNS which belongs to the Industry Department of Ho Chi Minh City, Vietnam in connection with the proposed cooperation in various fields of investments in Vietnam including but not limited to a proposal to set up two joint stock companies in Vietnam for the respective investment of Cement Project and Property Development Project. Other proposed projects of cooperation in Vietnam included (i) investment in a thermal power plant; (ii) construction of industrial zones and (iii) investment in an ecological resort. Formal agreements in respect of each project will be signed upon all necessary approvals for each project having been obtained from the relevant authorities in Vietnam. Details of the Memorandum were stated in the circular of the Group dated 12 June 2007.

Employees and Remuneration Policy

As at 30 June 2007, the Group had approximately 1,040 employees. Most of them were working in Vietnam. The total staff cost (including directors' remuneration) was approximately HK$16,702,000 for the period. The Group has granted share options to certain employees in order to encourage their contributions to the Group during the period. Save for the above, there was no significant change on the Group's remuneration policy as compared to that disclosed on the Group's annual report for the year ended 31 December 2006.

Details of charges

As at 30 June 2007, the Group has pledged certain fixed assets at a net book value of HK$363,320,000 to secure banking facilities. In addition, bank deposits of HK$7,901,000 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's investments in Vietnam are subject to the exchange fluctuation, and especially that from the risk of devaluation of VND. As VND is a restricted currency, there is a lack of hedging instruments in the market. The exchange rate of VND to USD recorded a devaluation of 0.2% as at 30 June 2007 when compared to the rate as at 31 December 2006. The Group's measures to minimize its exposure to the risk have not been changed from those disclosed on its annual report for the year ended 31 December 2006.

Details of contingent liabilities

As at 30 June 2007, the Group had no significant contingent liabilities (31 December 2006: Nil).

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK 3 cents (2005: HK 3 cents) per ordinary share in issue in respect of the six months ended 30 June 2007 payable on or before 16 October 2007 to shareholders whose names are on the Registers of Members on 5 October 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 4 October 2007 to Friday, 5 October 2007, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 3 October 2007. Cheques for interim dividends will be dispatched on or before 16 October 2007.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company complied with the code provisions (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the accounting period covered by the interim report, except for the following:–

(i) The Company has not separated the roles of the Chairman of the Board and the Chief Executive Officer of the Group as required under code provision A.2.1 of the Code. Currently, the roles of Chairman and Chief Executive Officer of the Company are performed by Mr. Luk King Tin. Mr. Luk being 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 since the beginning. 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.

(ii) According to the Company's Bye-laws, the Chairman or Managing Director of the Company is not subject to retirement by rotation. 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Mode Code throughout the accounting period covered by the interim report.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company. These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2007 now reported have been reviewed by the Company's audit committee.

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

Hong Kong, 24 September 2007

As at the date of this announcement, the Board composition is set out below:

Executive Directors:	*Independent non-executive Directors:*
Mr. Luk King Tin	Mr. Liang Fang
Ms Cheng Cheung	Mr. Liu Li Yuan
Mr. Luk Yan	Mr. Tam Kan Wing
Mr. Luk Fung	
Mr. Fan Chiu Tat, Martin	

* *For identification purpose only*