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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2012

The board of directors (the “Board”) of Luks Group (Vietnam Holdings) Company Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2012, together with the comparative figures for the corresponding period in 2011. These interim condensed consolidated financial statements have not been audited, but have been reviewed by the Company’s audit committee.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012	2011
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE	4	339,469	401,916
Cost of sales		(206,141)	(268,303)
Gross profit		133,328	133,613
Other income and gains	4	4,005	2,866
Selling and distribution costs		(11,485)	(21,484)
Administrative expenses		(31,583)	(32,209)
Other expenses		(6,048)	(14,048)
Finance costs	5	(10,936)	(21,794)
Share of profits and losses of a jointly-controlled entity		-	37
Share of profits and losses of associates		162	162
PROFIT BEFORE TAX	6	77,443	47,143
Income tax expense	7	(18,257)	(18,898)
PROFIT FOR THE PERIOD		59,186	28,245
ATTRIBUTABLE TO:			
Owners of the parent		59,777	28,595
Non-controlling interests		(591)	(350)
		59,186	28,245
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		HK 11.7 cents	HK 5.6 cents
Diluted		HK 11.7 cents	HK 5.6 cents

Details of dividends are disclosed in note 9 to this result announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	<u>59,186</u>	<u>28,245</u>
OTHER COMPREHENSIVE INCOME/(LOSS):		
Exchange differences on translation of foreign operations	<u>3,400</u>	<u>(86,459)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>3,400</u>	<u>(86,459)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>62,586</u>	<u>(58,214)</u>
Attributable to:		
Owners of the parent	63,098	(57,619)
Non-controlling interests	<u>(512)</u>	<u>(595)</u>
	<u>62,586</u>	<u>(58,214)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2012

		30 June 2012 (Unaudited) HK\$'000	31 December 2011 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		891,087	908,685
Investment properties		1,318,084	1,315,859
Prepaid land lease payments		11,905	13,236
Investments in associates		103,966	94,986
Deposits		35,597	35,417
Property for deveopment		36,693	36,430
Total non-current assets		2,397,332	2,404,613
CURRENT ASSETS			
Inventories		106,083	103,027
Trade receivables	10	74,134	54,052
Prepayments, deposits and other receivables		16,196	24,169
Debt investments at fair value through profit or loss		1,094	1,094
Cash and cash equivalents		154,636	170,247
Total current assets		352,143	352,589
CURRENT LIABILITIES			
Trade payables	11	32,547	28,790
Other payables and accruals		83,018	102,984
Due to directors		69	69
Due to a related company		4,338	4,339
Interest-bearing bank and other borrowings		189,972	197,877
Tax payable		27,934	24,546
Total current liabilities		337,878	358,605
NET CURRENT ASSETS/(LIABILITIES)		14,265	(6,016)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,411,597	2,398,597
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		53,921	91,449
Rental deposits		17,255	15,717
Provisions		4,962	5,167
Deferred tax liabilities		219,405	216,597
Total non-current liabilities		295,543	328,930
Net assets		2,116,054	2,069,667
EQUITY			
Equity attributable to owners of the parent			
Issued capital		5,119	5,119
Reserves		2,115,415	2,068,516
		2,120,534	2,073,635
Non-controlling interests		(4,480)	(3,968)
Total equity		2,116,054	2,069,667

Notes:

1. BASIS OF PREPARATION

Luks Group (Vietnam Holdings) Company Limited (the "Company") is a limited liability company incorporated in Bermuda and whose shares are publicly traded on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The principal activities of the Company and its subsidiaries (collectively the "Group") are described in note 3 to the unaudited interim condensed consolidated financial statements.

These unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *"Interim Financial Reporting"* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2011.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2011 which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosures requirements of the Hong Kong Companies Ordinance, except for the adoption of the new and revised HKFRSs as disclosed in note 2 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties and debt investments at fair value through profit or loss, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Asset</i>

Other than as further explained below regarding the impact of HKAS 12 Amendments, the adoption of the new and revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these unaudited interim condensed consolidated financial statements.

The principal effects of adopting HKAS 12 Amendments - Amendments to HKAS 12 *Income Taxes - Deferred Tax: Recovery of Underlying Assets* are as follows:

These amendments to HKAS 12 include a rebuttable presumption that the carrying amount of investment property measured using the fair value model in HKAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale.

The Group has investment properties located in Hong Kong, People's Republic of China (the "PRC") and Vietnam measured at fair value. The investment properties located in Vietnam and the PRC are held with the objective to consume substantially all of their economic benefits over time rather than through sales. Accordingly, the Group continues to measure deferred tax liabilities arising from the fair value changes of their investment properties using tax rate that would apply on recovery of the assets through use. For the investment properties located in Hong Kong, it is expected that its carrying amount will be recovered through sales. Accordingly, no provision of deferred tax liabilities is required on any fair value changes of these investment properties as there is no tax consequence for disposal of these investment properties in Hong Kong. While the amendments are applicable to the Group, they have no impact on the financial statements of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. OPERATING 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 operating segments for the six months ended 30 June 2012 and 2011.

	Cement products		Property investment		Property development		Corporate and others		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	(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
Segment revenue:										
Sales to external customers	273,265	332,741	62,414	64,929	-	-	3,790	4,246	339,469	401,916
Other income and gains	468	1,224	514	10	9	-	42	75	1,033	1,309
	273,733	333,965	62,928	64,939	9	-	3,832	4,321	340,502	403,225
Segment results	42,791	7,833	49,372	50,979	(1,310)	(515)	(16,544)	(12,910)	74,309	45,387
<u>Reconciliation:</u>										
Interest income									2,972	1,557
Share of profits and losses of associates	732	402	-	-	(570)	(240)	-	-	162	162
Share of profits and losses of a jointly-controlled entity	-	-	-	37	-	-	-	-	-	37
Profit before tax									77,443	47,143
Income tax expense	(6,099)	(6,716)	(12,051)	(12,182)	-	-	(107)	-	(18,257)	(18,898)
Profit for the period									59,186	28,245

4. 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:

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Sale of cement	273,265	332,741
Gross rental income	62,414	64,929
Sale of electronic products	3,191	2,368
Sale of traditional Chinese medicine products	214	440
Sale of plywood and other wood products	385	1,438
	339,469	401,916
Other income and gains		
Interest income	2,972	1,557
Gain on disposal of scrap materials	-	1,224
Others	1,033	85
	4,005	2,866

5. FINANCE COSTS

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expense on:		
Bank loans wholly repayable within five years	10,874	21,732
Finance leases	62	62
	10,936	21,794

6. PROFIT BEFORE TAX

Profit before tax was determined after charging the following:

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	200,460	261,395
Depreciation	25,194	28,298
Amortisation of land lease payments	1,359	1,334
Impairment of other receivables	2,707	-
Written-off of inventories to net realisable value	2,829	-
Written-off of items of property, plant and equipment	1,334	-

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on the profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current - Hong Kong	107	-
Current - elsewhere	15,397	15,494
Deferred	2,753	3,404
Total tax charge for the period	18,257	18,898

During six months ended 30 June 2012, the share of tax charges attributable to associates amounting to HK\$85,000 (six months ended 30 June 2011: HK\$5,000) are included in "Share of profits and losses of associates" in the consolidated income statements.

8. 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:

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	59,777	28,595

	Number of shares	
	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	511,385,605	511,901,110
Effect of dilution – weighted average number of ordinary shares: Share options	-	112,715
Weighted average number of ordinary shares used in the diluted earnings per share calculation	511,385,605	512,013,825

9. DIVIDEND

The Board has resolved to declare an interim dividend of HK 2 cents (six months ended 30 June 2011: HK 2 cents) per ordinary share in issue in respect of the six months ended 30 June 2012 payable on or before 9 October 2012 to shareholders whose names are on the Registers of Members on 26 September 2012.

10. 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 impairment, is as follows:

	30 June 2012 (Unaudited) HK\$'000	31 December 2011 (Audited) HK\$'000
0 to 30 days	47,907	37,007
31 to 60 days	8,804	5,507
61 to 90 days	3,958	2,469
91 to 120 days	3,917	4,048
Over 120 days	9,548	5,021
	74,134	54,052

11. 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:

	30 June 2012 (Unaudited) HK\$'000	31 December 2011 (Audited) HK\$'000
0 to 30 days	12,228	14,892
31 to 60 days	1,227	3,941
61 to 90 days	463	1,164
91 to 120 days	154	350
Over 120 days	18,475	8,443
	32,547	28,790

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

For the first six months of 2012, Vietnam's economy was still on a downward trend. Economic activities continuously slowed down. In order to tame the rallied inflation rate, Vietnam's government has kept the monetary and fiscal policies tight. Under circumstance of high interest rates, surging costs and lowered demand, operations and survival of local enterprises became very difficult. According to official statistics, over 26,000 companies were dissolved during the first six months of the year. For the first half of 2012, Vietnam only recorded a GDP growth rate of 4.38%, a drop of 1.22% from 5.6% of same period in last year. Under the harsh economic situation, foreign direct investment also shrank to only US\$4.76 billion for the six month ended 2012.

However, the harsh economic situation may appear, as did Deputy Prime Minister Mr. Nguyen Xuan Phuc say, that "the toughest period has passed". The IMF also agreed that Vietnam's economy has already been stabilized. The IMF further estimated that Vietnam could achieve an annual growth rate of 6% and a lowering inflation rate of 10.75% for the full year of 2012. According to official statistics, inflation rate for the first six months of 2012 has gone down to about 12%.

Besides, one of the most concerned problems of Vietnam, trade deficit dramatically dropped as compared to the same period of last year when its export jumped over 22% to US\$53.3 billion, with its import growing only 6%. Consequently, the nation's foreign exchange reserve recorded an impressive US\$10 billion top up for the first six months of the year, bringing it back to a more healthy level. Meanwhile, having experienced time-to-time depreciations in last year, the Vietnamese Dong ("VND") has been steady throughout the period.

With a more stable economy, the government has tried to shift its primary goal from solely inflation curbing to the balance of growth stimulating and inflation controlling. The State Bank of Vietnam has cut interest rates several times during the period. The borrowing rate of the Group's cement plant for VND loans has also been reduced to 13.5% from 21% in mid-2011.

Foreseeing the coming future, as Vietnam's economic situation is expected to be stable and recovering, the operating environment of the Group's cement plant and property investment in Vietnam shall also be expected to improve gradually.

For the six-month period ended 30 June 2012, the Group recorded a turnover of HK\$339,469,000, representing a decrease of 15.5% as compared to HK\$401,916,000 for the corresponding period of last year. Main sources of the Group's turnover came from its cement business and property investment business. The cement business recorded a turnover of HK\$273,265,000, representing a decrease of 17.9% as compared to that of last year. While the property investment business recorded a turnover of HK\$62,414,000, representing a decrease of 3.9% as compared to that of last year.

The profit attributable to owners of the parent for the first half of 2012 was HK\$59,777,000, representing an increase of 109% as compared to HK\$28,595,000 for the same period in 2011.

Cement Business

The Groups' cement plant recorded total sales of 689,000 tonnes of cement and clinkers for the first six months of 2012, representing a drop of 28.4% on a year-on-year basis. Under the government's tightened measures, property development and construction related businesses became stagnant. Most infrastructure projects slowed down drastically. The demand for cement declined as a result. Whereas on the other hand, some cement production lines invested in earlier years, have been completed and put into operation, leading to an oversupply situation in the cement market. The Group's cement plant is therefore facing tough competition on its sales of cement.

During the period, cement production costs kept surging along with the high inflation rate. Electricity and coal price, in particular, increased for over 10% and 20% respectively for the first six months. The Group's cement plant strived for costs controlling and successfully reduced headcounts for about 20% and also slashed transportation expenses significantly during the period. Besides, seeing a more stable VND's exchange rate, the Group replaced the cement plant's high interest rate VND borrowings with low interest rate HKD borrowings at the beginning of the year and thus notably trimmed the financial cost of the cement plant during the period.

Meanwhile, since VND's exchange rate has been stable since the beginning of 2012, the cement plant has saved from its material loss on foreign exchange as happened in the same period of last year. As a result, despite a drop of sales, the cement plant recorded a profit after tax and interest expenses of HK\$37,424,000, showing a remarkable improvement when compared with the profit of HK\$1,519,000 in the same period of last year.

Looking forward, although the economy is expected to recover gradually in the second of the year, the real estates development and construction related industries may not be benefited immediately. As the oversupply situation persists, the cement industry in Vietnam shall still have to experience a tough period of time in near future.

Saigon Trade Centre and Other investment properties

Under the economic environment comprising of high inflation rate, high interest rates and low growth rate, appetite of foreign investment investing in Vietnam's market was low. Vietnam recorded a newly registered foreign direct investment of only US\$4.76 billion for the first six months of 2012, which has been sliding to the lowest since its peak of US\$71 billion recorded in 2008. A lack of new foreign investment implicates a lack of demand growth for office spaces in Ho Chi Minh City. On the other hand, supply from newly completed office buildings is filtrating into the market and pressing on the rental performance of the Group's Saigon Trade Center. For the first six months of 2012, Saigon Trade Centre recorded a slight drop of both the occupancy rate and the average rental rate.

As at 30 June 2012, Saigon Trade Centre recorded an occupancy rate of 79%, a drop of 3% from that of 82% as at 31 December 2012. Moreover, the total rental income decreased 4.1% as compared to the same period of last year.

Foreseeing the second half of the year, it is expected that Vietnam's economy is recovering gradually and thus hope it will bring in more inflow of foreign investment. An increasing demand for office spaces from foreign companies thus may probably be able to set off the pressure from the new supply of office spaces in the market

Property Development

As a consequence to the government's tightened measures, market for property development was stagnant during the period.

The Group has suspended the development of its residential project in Binh Thanh District of Ho Chi Minh City in this tough market conditions. The development of the project will be resumed whenever timing is suitable

Besides, for the Group's residential property development project in Ulaanbaatar of Mongolia, the first phase comprising of 20 units of independent villa and townhouse shall be completed in October this year. The Project is currently under pre-sale process, though preliminary response for the pre-sales is not yet promising.

Dividend

The board of directors resolved to declare an interim dividend of HK 2 cents per share to the shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's cash, bank balances and time deposits as at 30 June 2012 amounted to HK\$154,636,000 (as at 31 December 2011: HK\$170,247,000). The Group's total borrowings amounted to HK\$243,893,000 (as at 31 December 2011: HK\$289,326,000), of which HK\$189,972,000 was repayable within 1 year and HK\$53,921,000 repayable in the second to fifth year. The percentage of the Group's borrowings denominated in HK\$, US\$ and Vietnamese Dong ("VND") were 54.5%, 34.6% and 10.9% respectively.

The gearing ratio, which is net debt (equal to interest-bearing and other borrowings less cash and cash equivalents) divided by total equity, was 4.2% as at 30 June 2012 (as at 31 December 2011:5.8%).

Employees and Remuneration Policy

As at 30 June 2012, the Group had approximately 1,530 employees. Most of them were working in Vietnam. The total staff cost (including directors' remuneration) was approximately HK\$22,889,000 for the period. 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 2011.

Details of charges

As at 30 June 2012, the Group has pledged certain property, plant and equipment with a net carrying amount of HK\$902,553,000, certain prepaid land lease payments with a net carrying amount of HK\$12,215,000 and certain investment properties with a carrying amount of HK\$186,000,000 to secure banking facilities.

Exposure to fluctuations in exchange rates and related hedges

The Group's investments in Vietnam are subject to the foreign exchange fluctuation, and especially that from the risk of devaluation of VND. As VND is a restricted currency, hedging instruments are limited in the market 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. Whereas seeing a more stable VND's exchange rate, the Group has replaced the cement plant's high interest rate VND borrowings with low interest rate HKD borrowings at the beginning of the year and thus notably trimmed the financial cost of the cement plant during the period. Yet, it has also increased the Group's exposure to the foreign exchange risk of devaluation of VND. The exchange rate of VND to HKD recorded an appreciation of 1.5% as at 30 June 2012 when compared to the rate as at 31 December 2011. The Group suffered an exchange loss of HK\$1,969,000 during the period. 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 2011.

Details of contingent liabilities

As at 30 June 2012, the Group had no significant contingent liabilities (31 December 2011: Nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 24 September 2012 to Wednesday, 26 September 2012, 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 Friday, 21 September 2012. Cheques for interim dividends will be dispatched on or before 9 October 2012.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2012, the Company has repurchased from the market a total of 570,000 shares at price per share ranging from HK\$1.37 to HK\$1.52 with a total amount of about HK\$841,000.

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 six months ended 30 June 2012.

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 Listing Rules throughout the accounting period covered by the unaudited interim condensed consolidated financial statements, 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.

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 interim condensed consolidated financial statements for the six months ended 30 June 2012 now reported have been reviewed by the Company's audit committee.

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 2012 and 30 June 2012.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM 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, 29 August 2012

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).