

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.



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 2014

The board of directors (the “Board”) of Luks Group (Vietnam Holdings) Company Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2014, together with the comparative figures for the corresponding period in 2013. These interim condensed consolidated financial statements have not been audited, but have been reviewed by the Company’s audit committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE	4	310,071	299,289
Cost of sales		(192,235)	(188,024)
Gross profit		117,836	111,265
Other income and gains	4	5,421	3,758
Selling and distribution expenses		(17,322)	(14,349)
Administrative expenses		(35,646)	(31,188)
Other expenses		(21,425)	(94,593)
Finance costs	5	(1,325)	(3,943)
Share of profits and losses of associates		383	(382)
PROFIT/(LOSS) BEFORE TAX	6	47,922	(29,432)
Income tax expense	7	(17,436)	(27,151)
PROFIT/(LOSS) FOR THE PERIOD		30,486	(56,583)
ATTRIBUTABLE TO:			
Owners of the parent		32,711	(38,705)
Non-controlling interests		(2,225)	(17,878)
		30,486	(56,583)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		HK6.5 cents	HK(7.6 cents)
Diluted		HK6.5 cents	HK(7.6 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 2014

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	30,486	(56,583)
OTHER COMPREHENSIVE LOSS:		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(7,043)	(17,757)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	(7,043)	(17,757)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	23,443	(74,340)
Attributable to:		
Owners of the parent	23,291	(56,965)
Non-controlling interests	152	(17,375)
	23,443	(74,340)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2014

		30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		756,074	795,963
Investment properties		1,356,354	1,360,707
Prepaid land lease payments		6,818	8,173
Investment in a joint venture		-	-
Investments in associates		983	2,634
Deposits		34,642	34,908
Properties for development		33,896	34,255
Total non-current assets		2,188,767	2,236,640
CURRENT ASSETS			
Inventories		88,594	83,993
Trade receivables	10	57,856	38,221
Prepayments, deposits and other receivables		16,678	14,740
Debt investments at fair value through profit or loss		-	1,094
Cash and cash equivalents		304,276	328,847
		467,404	466,895
Investment properties classified as held for sale		48,564	95,041
Total current assets		515,968	561,936
CURRENT LIABILITIES			
Trade payables	11	28,235	26,110
Other payables and accruals		90,876	110,675
Due to directors		65	45
Due to a related company		4,583	4,588
Interest-bearing bank and other borrowings		68,065	131,273
Tax payable		41,701	42,139
Total current liabilities		233,525	314,830
NET CURRENT ASSETS		282,443	247,106
TOTAL ASSETS LESS CURRENT LIABILITIES		2,471,210	2,483,746

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*30 June 2014*

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	2,471,210	2,483,746
NON-CURRENT LIABILITIES		
Rental deposits	16,346	20,197
Provisions	5,227	5,220
Deferred tax liabilities	213,421	210,187
Total non-current liabilities	234,994	235,604
Net assets	2,236,216	2,248,142
EQUITY		
Equity attributable to owners of the parent		
Issued capital	5,053	5,053
Reserves	2,263,904	2,275,982
	2,268,957	2,281,035
Non-controlling interests	(32,741)	(32,893)
Total equity	2,236,216	2,248,142

Notes:

1. BASIS OF PREPARATION

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 Group are described in note 3 below.

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 2013.

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 2013 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 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

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 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 2014 and 2013.

	Cement products		Property investment		Property development		Corporate and others		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(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	248,532	236,910	56,832	58,938	-	-	4,707	3,441	310,071	299,289
Other income and gains	405	1,968	219	8	-	38	-	-	624	2,014
	248,937	238,878	57,051	58,946	-	38	4,707	3,441	310,695	301,303
Segment results	33,059	30,889	40,314	44,423	(10,910)	(90,149)	(19,721)	(15,957)	42,742	(30,794)
<i>Reconciliation:</i>										
Interest income									4,797	1,744
Share of profits and losses of associates	383	(382)	-	-	-	-	-	-	383	(382)
Profit/(loss) before tax									47,922	(29,432)
Income tax expense	(6,813)	(5,526)	(10,623)	(21,625)	-	-	-	-	(17,436)	(27,151)
Profit/(loss) for the period									30,486	(56,583)

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	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Sale of cement	248,532	236,910
Gross rental income	56,832	58,938
Sale of electronic products	4,549	3,168
Sale of traditional Chinese medicine products	60	211
Sale of plywood and other wood products	98	62
	310,071	299,289
Other income and gains		
Interest income	4,797	1,744
Gain on disposal of items of property, plant and equipment	-	354
Gain on disposal of scrap materials	329	478
Others	295	1,182
	5,421	3,758

5. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expense on:		
Bank loans wholly repayable within five years	1,325	3,874
Finance leases	-	69
	1,325	3,943

6. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax was determined after charging the following:

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	186,354	179,969
Depreciation	26,323	24,961
Amortisation of land lease payments	1,271	1,260
Loss on disposal of investment properties	2,202	308
Loss on disposal of items of property, plant and equipment	1,848	-
Impairment of prepayments and other receivables	-	3,526
Impairment of prepaid land lease payments	-	14,296
Impairment of properties for development	-	65,161

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2013: 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	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current charge for the period		
Elsewhere	14,627	11,741
Land appreciation tax	5,817	248
Underprovision in prior years		
Elsewhere	595	226
Deferred	(3,603)	14,936
Total tax charge for the period	17,436	27,151

During six months ended 30 June 2014, the share of tax charges attributable to associates amounting to HK\$43,000 (six months ended 30 June 2013: HK\$85,000) are included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	32,711	(38,705)
	Number of shares	
	Six months ended 30 June 2014 (Unaudited)	2013 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings/(loss) per share calculation	505,297,418	509,237,418

9. DIVIDEND

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interim – HK6 cents (six months ended 30 June 2013: HK3 cents) per ordinary share	30,318	15,277

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 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
0 to 30 days	50,912	28,877
31 to 60 days	2,557	2,637
61 to 90 days	2,009	1,686
91 to 120 days	690	1,293
Over 120 days	1,688	3,728
	57,856	38,221

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 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
0 to 30 days	14,571	14,005
31 to 60 days	153	1,057
61 to 90 days	131	1,556
91 to 120 days	6	-
Over 120 days	13,374	9,492
	28,235	26,110

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

Vietnam economy continued to improve but in a slow pace during the first half of 2014. Vietnam recorded a GDP growth rate of 5.18% for the first half of 2014 as compared to 4.9% of the same period of last year. Among the contributors to the GDP growth, industrial production and export sectors were performing strongly, whereas domestic consumption appeared to be relatively weak.

Although anti-Chinese protests in May 2014 had adversely affected the Vietnam's economy, its impact was minimized with the government's swift responses. Some administrative measures including an acceleration of insurance claims and compensations to the damaged factories and a devaluation of the Vietnamese Dong ("VND") by the State Bank for 1 percent in June 2014 resulted in a positive support to the economy. Consequently, Vietnam economy could still maintain a continuous growth of 5.25% in the second quarter of 2014, according to the GDP figures released by the Vietnamese government, surpassing that of 5.09% in the first quarter of 2014. Yet, economic figures in the third quarter of this year shall be more clear to reflect the extent of the protests' impact to the economy.

On the other hand, the high inflation having distressed Vietnam economy for years has been under control with the inflation rate having been kept below 5% throughout the first half of the year.

With the effect of the anti-Chinese protests gradually dissipating, it is estimated that Vietnam economy will continue to grow slowly in the second half of the year. The Vietnamese government expected the GDP growth rate of the economy to reach 5.8% for the full year of 2014, a bit higher than the World Bank's estimate of 5.4%.

Along with a steady recovering economy, the Group's businesses in Vietnam also recorded a slight growth in the first half of 2014 as compared to the same period of last year.

For the six-month period ended 30 June 2014, the Group recorded a turnover of HK\$310,071,000, representing an increase of 3.6% as compared to HK\$299,289,000 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\$248,532,000, representing an increase of 4.9% as compared to that of last year. While the property investment business recorded a turnover of HK\$56,832,000, representing a decrease of 3.6% as compared to that of last year, mainly attributable to a decline of rental income from investment properties in Hong Kong and China.

The Group recorded an unaudited consolidated net profit from ordinary activities attributable to the owners of the parent of HK\$32,711,000 for the first half of 2014, whereas an unaudited consolidated net loss of HK\$38,705,000 was recorded for the same period of 2013. The basic earnings per share for the six months of 2014 were HK\$0.065, comparing to a loss per share of HK\$0.076 for the same period of last year.

Cement Business

In the first half of 2014, cement industry in Vietnam showed signs of slight recovery after having continuously declined for the past 3 years. According to statistics of the Vietnamese government, total cement production in Vietnam was 29.5 million tons for the first six months of 2014, representing an increase of 7% when compared to the same period of last year. Whereas total consumption of cement was approximately 33 million tons as according to the Vietnam Cement Association, an increase of 10% from the same period of last year.

However, an increase in export of cement during the period was seen as a major contributor to the increase in total consumption. Domestic market remained weak in the first half of 2014. As a result of the stagnant real estate market and an inactive construction sector, domestic demand for cement improved only slightly during the period.

For the first half of 2014, the Group's cement plant recorded total sales of 584,000 tons of cement, representing a slight increase of 3.4% as compared to the same period of last year. The selling price of the Group's cement products also recorded an increase of 5% as compared to the corresponding period of last year.

On the other hand, production costs of the cement plant were relatively stable in general, thanks to the tamed inflation during the period. Since a large part of the cashflow generated from the cement operation was utilized to repay outstanding loans, the debt level of the Group's cement plant was significantly lowered, resulting in the financial cost being trimmed substantially during the period.

Foreseeing the second half of this year, there are good signs that the real estate market of Vietnam is getting warmer and thus shall in turn stimulate the domestic cement consumption. However, consequences of the anti-Chinese protests have yet to be seen and thus bring uncertainty to the economy in the second half of 2014. Besides, new cement plants entering into the market during the second half of this year shall also intensify competition in the cement market.

Saigon Trade Centre

Seeing a prolonged depressing economic environment, foreign investors were no longer keen in investing in Vietnam during the first half of 2014. In particular, other new markets such as Myanmar and Cambodia were actively competing for foreign investments. According to statistics of the Vietnamese government, Vietnam managed to attract merely US\$6.85 billion of foreign direct investments (FDI) in the first half of 2014, a drop of 35% as compared to the same period of last year. FDI's disbursement, however, recorded a 1% increase as compared to the same period of last year. South Korea, China (together with HK) and Japan ranked the top three investors' countries respectively.

Without a strong inflow of foreign investors into Vietnam market, the leasing market for office space was in lackluster. Under-demand situation persisted during the first six months of the year resulted in a lowering rate of occupancy in the office market.

As at 30 June 2014, the occupancy rate of the Saigon Trade Centre was 73%, same as that of 31 December 2013. Yet, the average rental rate of the Saigon Trade Centre recorded a slight rebound for the first six months of 2014 and resulted in a slight increase in the total rental income for the six months ended 30 June 2014 when comparing to the corresponding period of last year.

As a consequence to the anti-Chinese protests, foreign investments are expected to drop further in the third quarter of the year, especially a substantially shrinking of investments is expected from the China (together with HK) investors which ranked second among the FDI in the first half of the year. It is therefore expected that the office leasing market will remain sluggish in the second half of 2014.

Hotel Project in Hong Kong and other investment properties

As mentioned in the Group's 2013 Annual Report, the Group obtained a waiver from the Hong Kong government to revitalize its Luks Industrial Building in Tuen Mun, Hong Kong into a hotel with approximately 300 rooms and a mall of 15,000 square feet. Following an expiry of the tenancy agreement at the beginning of the year, the Group resumed the building and conducted preliminary structural works for the building. Construction for the formal transformation is scheduled to be taken place in the fourth quarter of this year.

On the other hand, the Group continued to dispose apartments previously held for rental purpose in Shanghai whenever tenancy agreements matured and certain units were sold during the period.

During the period, as a result of the termination of tenancy agreements of the aforesaid investment properties in Hong Kong and China, rental income coming from the Group's investment properties in Hong Kong and China declined and thus resulted in a drop of income generated from property investment of the Group as a whole.

Property Development

During the first half of 2014, although the property market of Vietnam still looked gloomy, sign of warming was noticeable. Property transactions increased especially for the low-priced apartments with price around US\$700 per square meter. However, in general, the market confidence was still weak. Although the State Bank had granted an approximately US\$1.4 billion low-interest home loan in May last year, home-buyers applying for the loan were not seen enthusiastic.

It is estimated that at least one to two years of transitional period are required before the property market of Vietnam to be back to a recovery. Only until then, the Group will consider to resume its residential project in Binh Thanh District of Ho Chi Minh City.

Dividend

The board of directors resolved to declare an interim dividend of HK6 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 2014 amounted to HK\$304,276,000 (as at 31 December 2013: HK\$328,847,000). The Group's total borrowings amounted to HK\$68,065,000 (as at 31 December 2013: HK\$131,273,000), all of which were repayable within 1 year. All of the Group's borrowings were denominated in HK\$.

The gearing ratio, which is net debt divided by the equity attributable to equity holders of the parent, was 0% as at 30 June 2014 (31 December 2013: 0%).

Employees and Remuneration Policy

As at 30 June 2014, the Group had approximately 1,110 employees. Most of them were working in Vietnam. The total staff cost (including directors' remuneration) was approximately HK\$25,869,000 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 2013.

Details of charges

As at 30 June 2014, the Group has pledged certain investment properties at a carrying value of HK\$414,044,000 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. Most of the borrowings of the Group's cement plant are denominated in HKD and USD, resulting in the Group's exposure to foreign exchange risk of devaluation of VND. The exchange rate of VND to HKD recorded a depreciation of 1.2% as at 30 June 2014 when compared to the rate as at 31 December 2013. The Group suffered an exchange loss of HK\$17,319,000 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 2013.

Details of contingent liabilities

As at 30 June 2014, the Group had no significant contingent liabilities (31 December 2013: Nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 24 September 2014 to Friday, 26 September 2014, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 23 September 2014. Cheques for interim dividends will be dispatched on or before 9 October 2014.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased or sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

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.
- (iii) In respect of code provision A.6.7, all three Non-executive Directors did not attend the annual general meeting of the Company held on 29 April 2014 due to their other business commitments.

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 2014 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 2014 and 30 June 2014.

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, 28 August 2014

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