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)

PROPOSED SHARE PREMIUM REDUCTION

The Board intends to put forward for approval by the Shareholders at the AGM a proposal to reduce the credit standing to the share premium account of the Company in the sum of HK$738,495,515 (as of 29 February 2020) with the credit arising therefrom to be entirely transferred to the contributed surplus account of the Company.

A circular of the Company containing, inter alia, details of the Proposed Share Premium Reduction and a notice convening the AGM for the purpose of considering (among other things) and, if thought fit, passing the special resolution to approve the Proposed Share Premium Reduction will be despatched to the Shareholders in April 2020.

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According to Bermuda law, where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premiums on those shares shall be transferred to the share premium account. A company shall not declare or pay a dividend out of share premium. On the other hand, a company can declare or pay a dividend out of contributed surplus provided that the company is, or would after the payment be, able to pay its liabilities as they become due and the realisable value of the company's assets would thereby exceed its liabilities.

Reason for the Proposed Share Premium Reduction

The Board considers that the Proposed Share Premium Reduction will give the Company greater flexibility to declare dividends or make distribution to the Shareholders in the future as and when the Board considers appropriate. The Board therefore considers that the Proposed Share Premium Reduction is in the interests of the Company and the Shareholders as a whole.

Effects of the Proposed Share Premium Reduction

The implementation of the Proposed Share Premium Reduction does not involve any reduction in the authorised or issued share capital of the Company nor does it involve any reduction in the nominal value of the Ordinary Shares or the trading arrangements concerning the Ordinary Shares. Other than the expenses incurred by the Company in relation to the Proposed Share Premium Reduction, the implementation of the Proposed Share Premium Reduction will not, of itself, alter the underlying assets, liabilities, business operations, management or financial position of the Company or affect the interests of the Shareholders as a whole or the share capital of the Company.

Upon the completion of the Proposed Share Premium Reduction, the balance of the share premium account of the Company will be reduced by an amount of HK$738,495,515 and the balance will become nil (assuming the balance of the share premium account of the Company will not change from that as at the date of this announcement).

Conditions of the Proposed Share Premium Reduction

The Proposed Share Premium Reduction will be conditional upon:

(a) the passing of a special resolution by the Shareholders approving the Proposed Share Premium Reduction at the AGM; and

(b) compliance with Section 46(2) of the Companies Act 1981 of Bermuda (as amended), including (a) publication of a notice in relation to the Proposed Share Premium Reduction in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the Effective Date; and (b) the Board being satisfied that on the Effective Date, there are no reasonable grounds for believing the Company is, or after the Proposed Share Premium Reduction would be, unable to pay its liabilities as they become due.

Assuming that the above conditions are fulfilled, it is expected that the Proposed Share Premium Reduction will become effective on the date of the AGM, at which the relevant special resolution approving the Proposed Share Premium Reduction will be considered and, if thought fit, passed by the Shareholders.

GENERAL

A circular of the Company containing, inter alia, details of the Proposed Share Premium Reduction and a notice convening the AGM for the purpose of considering (among other things) and, if thought fit, passing the special resolution to approve the Proposed Share Premium Reduction will be despatched to the Shareholders in April 2020. As no Shareholder has an interest in the Proposed Share Premium Reduction which is different from other Shareholders, no Shareholder is required to abstain from voting at the AGM.

Shareholders and potential investors should also be aware of and take note that the Proposed Share Premium Reduction is conditional upon satisfaction of the conditions set out in this announcement. Therefore, the Proposed Share Premium Reduction may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Ordinary Shares and other securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

"AGM"	an annual general meeting of the Company to be held on 10 June 2020, to consider and, if thought fit, approve, among other things, the Proposed Share Premium Reduction contemplated thereunder
"Board"	the board of Directors
"Company"	Luks Group (Vietnam Holdings) Company Limited, a company incorporated in Bermuda with limited liability, the Ordinary Shares of which are listed and traded on the Main Board of the Stock Exchange under stock code 366
"Directors"	the directors of the Company
"Effective Date"	the date on which the Proposed Share Premium Reduction shall become effective, being the date of the AGM at which the relevant special resolution approving the Proposed Share Premium Reduction will be considered by the Shareholders
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Ordinary Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company carrying voting rights at general meetings of the Company

"Proposed Share Premium Reduction"	the proposed reduction of HK$738,495,515 standing to the credit of the share premium account of the Company
"Shareholder(s)"	holders of the Ordinary Shares from time to time
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
Luks Group (Vietnam Holdings) Co., Ltd.
Martin Fan
Company Secretary

Hong Kong, 25 March 2020

As at the date of this announcement, the Board of Directors comprises Mdm. Cheng Cheung, Mr. Luk Yan, Mr. Luk Fung, Mr. Fan Chiu Tat, Martin and Ms. Luk Sze Wan, Monsie (who are executive directors), and Mr. Liu Li Yuan, Mr. Liang Fang and Mr. Lam Chi Kuen (who are independent non-executive directors).

* For identification purpose only