

LUXKING GROUP HOLDINGS LIMITED
(Incorporated in Bermuda)

**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING
LIMITED ("SGX-ST") ON THE ANNUAL REPORT FY2021**

The Board of Directors (the "**Board**") of Luxking Group Holdings Limited ("**Company**") refers to the following queries raised by the SGX-ST on 27 October 2021 and would like to provide additional information in relation to the Company's annual report for the financial year ended 30 June 2021 (the "**AR FY2021**"), as follows:

SGX Query 1:

Listing Rule 1207(10C) states that the annual report must contain enough information for a proper understanding of the performance and financial conditions of the issuer and its principal subsidiaries, including audit committee's comment on whether the internal audit function is independent, effective and adequately resourced.

Please clarify whether and how Listing Rule 1207(10C) has been complied with.

Company's Response 1:

The Company has on page 31 of the AR FY2021 disclosed that Weide Certified Public Accountants Guangdong, the PRC ("**IA**"), who is independent of the Group's business activities, has been appointed as the Company's Internal Auditors to undertake the internal audit function.

The IA is registered as a Certified Public Accountants with the Ministry of Finance of the PRC since Year 2006, with over 10 years of internal audit experiences. The internal audit services provided by the IA are in accordance with the Basic Internal Control Norms for Enterprises (2008 No.7) and its related regulations by the Ministry of Finance of PRC and Auditing standard No. 3101 - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and Internal Control Audit Guidance by the Chinese Institute of Certified Public Accountants. The IA engagement team in-charge of the Group's internal audit function comprise three members and the leader is a Certified Public Accountant in PRC, who has over 10 years of experiences in internal audit function. The engagement members have over 5 years of experiences in internal audit function.

The IA has adopted a risk-based auditing approach in their internal audit review carried out in the financial year and presented the finalised audit report (incorporating Management's response) to the AC for their review and discussion at meetings on a half-yearly basis.

Accordingly, the AC is satisfied that the IA is staffed with suitably qualified and experienced professionals with the relevant experience and have carried out their work independently. Accordingly, the Company has complied with Listing Rule 1207(10C).

SGX Query 2:

Provision 8.1 of the Code of corporate governance 2018 (the “**Code**”) states that “The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- a) each individual director and the CEO; and
- b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.” (emphasis added)

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regard to the disclosure of the amounts of remuneration of each individual director and the CEO. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Company’s Response 2:

The Company has on page 26 of the AR FY2021 disclosed the names, amounts and breakdown of remunerations of each individual director, the CEO and the key management personnel (who are not directors or the CEO) of the Company, in percentage breakdown with respect of salary/Directors’ fees, pension and bonus, and in remuneration bands of S\$250,000. In additions, the remuneration of both executive directors (which are also substantial shareholder and his immediate family) are disclosed in bands of S\$100,000 on page 27 of the AR FY2021.

The Company has also on page 77 of the AR2021, disclosed the information of the directors’ remuneration (for executive directors) for FY2021, and the directors’ fees (for independent and non-executive directors) for FY2021 of up to S\$151,415 (which was approved by the shareholders in the Company’s last year annual general meeting) are within the market range.

As disclosed in page 26 of the AR FY2021, the Board, taking into consideration the competitive business environment and the confidentiality and sensitivity of the remuneration matters, decided to deviate from complying with the recommendation for not disclosing the exact details of the remuneration of each individual Director, Executive Chairman/CEO and key management personnel. The Company is of the view that providing full details of the remuneration of each Director, Executive Chairman/CEO and key management personnel is not in the best interests of the Company and may adversely affect talent attraction and retention and may seriously affect the competitive edge of the Group. The Company has, however, disclosed the remuneration of the Directors and key management personnel in bands of S\$250,000.

The Company has on page 25 of the AR FY2021 disclosed the Company's remuneration policies, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Based on the abovementioned disclosures, the Company is therefore of the view that the practices it has adopted are consistent with the intent of Principle 8 of the Code as a balance is struck between the requirement for transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation, vis-à-vis the Group's need to maintain confidentiality of remuneration matters.

By Order of the Board

Leung Chee Kwong
Executive Chairman and Chief Executive Officer

28 October 2021