

LUXKING GROUP HOLDINGS LIMITED
(Incorporated in Bermuda)

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON THE APPOINTMENT OF INDEPENDENT DIRECTOR

The Board of Directors (the “**Board**”) of LUXKING GROUP HOLDINGS LIMITED (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the following queries raised by the SGX-ST on 12 November 2019 and would like to provide additional information in relation to the Company’s announcement on appointment of Independent Director released on 8 November 2019, as follows:

SGX-ST’s Query 1:

We note under section k of the announcement that “The HKICPA has issued a Letter of Disapproval – Failure to comply with the Code of Ethics for Professional Accountants to him for failure to identify accounting errors in the financial statements of the Company for the year ended 31 March 2011 and period ended 31 December 2011.” In this regard, please provide the Nominating Committee’s assessment on Mr Chan’ suitability in view of the Letter of Disapproval issued by HKICPA, and the bases for such assessment.

Company’s response:

Mr Chan is the AC Chairman of Sun Entertainment Group Limited (“SEG”) (formerly known as Sage International Group Limited). The Letter of Disapproval was issued to Mr Chan for failure to identify accounting errors in the financial statement of SEG for the year and period ended 31 March 2011 and 31 December 2011 respectively. Such accounting errors were accordingly adjusted in the period 31 December 2012 with the guidance of SEG’s newly appointed auditors – PriceWaterhouseCoopers Hong Kong. Mr Chan remains an Independent Non-Executive Director and AC Chairman of SEG.

The Nominating Committee (“NC”) had reviewed and considered the following –

- a) Based on the Letter of Disapproval, it did not amount to a formal disciplinary action against Mr Chan and did not disqualify him from acting as a Director of any companies. Moreover, Mr Chan was issued the Letter of Disapproval as he is a member of the HKICPA but not in his capacity as an Independent Non-Executive Director and AC Chairman of SEG.
- b) Mr Chan’s qualification as a practising certified accountant in Hong Kong, his experience as Independent Non-Executive Director of company listed on the Hong Kong Stock Exchange and his exposure and familiarity of the business environment of the companies with operations in Hong Kong and the People’s Republic of China.
- c) the appointment of Mr Chan as an Independent Non-Executive Director of the Company will enhance diversity of the Board in terms of balance of skills, experience, independence and knowledge.

The NC was of the view that the Letter of Disapproval will not hinder Mr Chan in discharging his duty as a Director of a company. The Board accepted NC’s recommendation.

SGX-ST's Query 2:

Please disclose when the Letter of Disapproval was issued by the Hong Kong Institute of Certified Public Accountants.

Company's response:

The Letter of Disapproval was issued on 15 Oct 2018 by the HKICPA.

SGX-ST's Query 3:

It is disclosed in the announcement that Mr Chan currently has 14 other principal commitments, including directorships.

Paragraph 1.5 of the Code of Corporate Governance 2018 (the "Code") states that "Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company."

Please disclose Nominating Committee's assessment on the Company's compliance with paragraph 1.5 of the Code, and its bases of assessment.

Company's response:

Although Mr Chan has 14 board representations, which consist of 1 listed company, 1 sole proprietor, 1 partnership and 11 limited companies. Of the 14 companies, only 7 (including the listed company) are active. The NC had deliberated and was of the view that Mr Chan is able to devote sufficient time and attention to the affairs of the Group to adequately discharge his duty as an Independent Non-Executive Director of the Company.

The NC will review from time to time competing commitments of Directors who serve on multiple boards, to ensure that each of them is able to and have been adequately carried out his duty as a Director of the Company. The NC will also take into account the respective Directors' actual conduct on the Board and the meeting attendance, in making this determination.

SGX-ST's Query 4:

In the Code, the Audit Committee must "review the significant financial reporting issues and judgments to ensure the integrity of the financial statements of the company" and "review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function", amongst other things. In view of the Letter of Disapproval issued by HKICPA, please explain how he is suitable for his role as a member of the Audit Committee and Remuneration Committee of the Company.

Company's response:

As mentioned earlier, the Letter of Disapproval did not amount to disciplinary action. Please refer to Company's response on SGX-ST's Query 1.

BY ORDER OF THE BOARD

Leung Chee Kwong
Executive Chairman and Chief Executive Officer

14 November 2019