

LUXKING GROUP HOLDINGS LIMITED
(Incorporated in Bermuda)

**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED
("SGX-ST") ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD
ENDED 31 DECEMBER 2023**

The Board of Directors (the "**Board**") of Luxking Group Holdings Limited ("**Company**") refers to the following queries raised by the SGX-ST on 27 February 2024 and would like to provide additional information in relation to the Company's unaudited financial statements for the financial period ended 31 December 2023 (the "**HY2024**"), as follows:

SGX Query 1:

Given the Group's significant short-term liabilities of RMB161,036,000 and cash and bank balance of only RMB19,243,000 for the period ended 31 December 2023, please disclose the Board's assessment (i) whether the Company's current assets are adequate to meet the Company's short term liabilities of RMB161,036,000, including its bases of assessment; and (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

Company's Response 1:

- (i) As of today, the debtor turnover of the Group's trade receivables is in a healthy position and no significant bad debt or impairment of trade receivables is expected. The debtor turnover days is approximately 60 days for HY2024. The Group is expected to receive timely payment from trade debtors to meet the Company's short-term liabilities. In addition, all of the Group's banking facilities are short-term and of a revolving nature. As of today, there is availability of the unutilised banking facilities which provides flexibility for the Group to obtain short term financing when needed. Based on the above, the Management and the Board are of the opinion that the Group is able to meet the short-term liabilities when they fall due.
- (ii) As announced in the Company's unaudited financial statements for HY2024, the Company's current liabilities mainly consisted of the bank borrowings of RMB 95.0 million and trade payables of RMB 45.3 million. As of this announcement, the Group is able to meet its payment obligation when they fall due.

There is no repayment plan. Management performs frequent review of the Group's cashflow position, and repay its bank borrowings as and when appropriate.

Based on the on-going review, the Management and the Board do not foresee any issue to fulfil its debt obligations in the next 12 months.

SGX Query 2:

2) It is disclosed on page 10 of the unaudited financial statements that, major customers with whom transactions have exceeded 10% of the Group's revenue include customer A (Manufacture of BOPP films) which contributed RMB 26,607,000 in 2022. However, no amount has been disclosed for FY2023. Please clarify if there was a loss of a major customer or a significant reduction of business with a major customer. If yes, please clarify what led to the loss of major customer or contract, as well as the financial impact on the Company, if any.

Company's Response 2:

Customer A is still a major customer. The reduction of business with them that led to less than 10% of the Group revenue was due to changes in market demand. The Group has adopted an adaptive marketing approach by balancing its sales mix of standard and high-end BOPP films. Hence the BOPP films segment posted relatively stable sales of RMB103.3million in HY2024 compared to RMB102.0 million in HY2023. There is no negative financial impact on the Company.

By Order of the Board

Leung Chee Kwong
Executive Chairman and Chief Executive Officer

29 February 2024