

LUXKING GROUP HOLDINGS LIMITED
(Incorporated in Bermuda)

**RESPONSE TO QUERY FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED
("SGX-ST") ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD
ENDED 31 DECEMBER 2020**

The Board of Directors ("**Board**") of Luxking Group Holdings Limited ("**Company**") refers to the following query raised by the SGX-ST on 15 February 2021 and would like to provide additional information in relation to the Company's unaudited financial statements for the financial period ended 31 December 2020 ("**HY2021**"), as follows:

SGX Query:

Given the Group's significant liabilities of RMB143,162,000 and cash and bank balance of only RMB16,908,000, please disclose the Board's assessment (i) whether the Company's current assets are adequate to meet the Company's short term liabilities of RMB129,688,000, 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:

- (i) As announced in the Company's unaudited financial statements for HY2021, the Company's current assets consisted of trade and bills receivables of RMB90.6 million as at 31 December 2020.

As of this announcement date, 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. In HY2021, the debtor turnover days on an annualised basis has shortened to 66 days, as compared to 84 days in FY2020. The Group is expected to receive timely payment from trade debtors to meet the Company's short term liabilities.

All of the Group's banking facilities are short-term and of a revolving nature. Moreover, as at 31 December 2020, the utilisation rate of the Group's total available banking facilities is less than 50%. The availability of the unutilised banking facilities provides flexibility for the Group to obtain short term financing when needed.

Based on the above, the Board is of the opinion that the Group is able to meet the Company's short-term liabilities when they fall due.

- (ii) As announced in the Company's unaudited financial statements for HY2021, the Company's current liabilities mainly consisted of the bank borrowings of RMB60.5 million and trade payables of RMB49.3 million as at 31 December 2020.

For HY2021, the Group received better credit terms from suppliers which improved its working capital. As of 31 December 2020, the total bank borrowings of the Company has declined substantially from RMB91.2 million as of 30 June 2020 to RMB60.5 million.

Management conducts frequent review of the Group's cashflow position. Based on the on-going review, the Board does not foresee an issue for the Company to fulfil its debt obligations in the next 12 months.

By Order of the Board

Leung Chee Kwong
Executive Chairman and Chief Executive Officer

17 February 2021