

LUXKING GROUP HOLDINGS LIMITED
(Incorporated in Bermuda)

BUSINESS UPDATE AND IMPACT DUE TO NOVEL CORONAVIRUS PNEUMONIA

The Board of Directors (the “**Board**”) of LUXKING GROUP HOLDINGS LIMITED (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to update shareholders and potential investors of the Company of the impact on its business in the People’s Republic of China (“**PRC**”) due to the recent Novel Coronavirus Pneumonia (the “**NCP**”) outbreak.

The Guangdong Province Government of PRC had issued a directive on 28 January 2020 that all enterprises are not allowed to operate and will have to close until 9 February 2020. Subsequently, the Zhongshan City Municipal Government of PRC had on 7 February 2020 issued a directive that all enterprises are required to apply to the relevant departments for permission to resume operations subject to conditions.

As directed by the Zhongshan City Municipal Government of PRC, the Group has applied to the Xiaolan Town Government of PRC and has received the approval to resume operations of its factory today, 10 February 2020. In accordance with the resumption approval, the Group has to abide by the condition that only a maximum of 250 employees will allowed during the restarting of the factory. The Group’s normal workforce is around 420 employees. The choice of employees is complicated by the fact that with the travel restrictions across the PRC, some employees who left Zhongshan for the Chinese New Year holidays, are not able to return to the Zhongshan factory at present.

Sales derived from PRC customers accounted for approximately 78% of the Group’s revenue for the financial year ended 30 June 2019. Currently, most of the Group’s domestic customers and suppliers have not resumed operations. Thus, there is less immediate new orders and the Group is focusing on deliveries of outstanding orders. The Group is in active discussions with its customers in the PRC and has also reached out to its customers in overseas markets to update them on the status of its operations.

Given that the situation relating to the spread of the NCP remains uncertain, and depending on the length of time of the disruption, there may be a negative impact on the Group’s performance for FY2020. This impact may not be ascertained at this juncture.

The Group will continue to monitor closely the situation including updates and/or directives issued by the municipal authorities and shall keep shareholders informed of any material developments.

BY ORDER OF THE BOARD

Leung Chee Kwong
Executive Chairman and Chief Executive Officer

10 February 2020