

LUXKING GROUP HOLDINGS LIMITED
(Incorporated in Bermuda)

REPLY TO SGX QUERY REGARDING THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

The Board of Directors (the "Board") of LUXKING GROUP HOLDINGS LIMITED (the "Company") refers to the following queries raised by the Singapore Exchange Securities Trading Limited on 16 October 2014 and would like to provide additional information in relation to the Company's Annual Report for the financial year ended 30 June 2014, as follows:

SGX-ST's Query 1:

Guideline 2.4 of the Code of Corporate Governance 2012 (the "Code") states that, "the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent." (emphasis added)

The Company has disclosed on page 15 of the Annual Report that "the Board has accepted the NC's recommendation that all the 3 Independent and Non-Executive Directors (namely, Mr Chng Hee Kok, Mr Chan Kin Sang and Mr Tan Tew Han) be considered independent and will continue to exercise independent judgment in the best interest of the Company in the discharge of their duties as Directors, despite their extended tenure in office."

In this regard, please provide more details on the rigorous review undertaken and explanations why the 3 Independent Directors are considered independent despite their tenure of more than 9 years.

Company's response:

The Nominating Committee ("NC") noted that for the year under review, the 3 Independent and Non-Executive Directors (namely Mr Chng Hee Kok, Mr Chan Kin Sang and Mr Tan Tew Han) have served on the Board for more than 9 years.

The NC is of the view that the length of service has not compromised the objectivity of the three INEDs and their commitment and ability to discharge their duties as Independent Directors, having noted and taken into account:-

- (a) The 3 Directors' independent mindedness, conduct and objective views expressed at Board and Board Committee meetings; and
- (b) Their ability to continue exercising independent judgement in the best interests of the Company, in the absence of any other circumstances that might compromise their independence.

The Board concurred with the NC and is of the view that the 3 Independent Directors have the ability to continue exercising independent judgement in the best interests of the Company in discharging their duties objectively as Directors, despite their extended tenure in office.

SGX-ST's Query 2:

Pursuant to Guideline 11.3 of Code, the Board should comment, in the Annual Report, on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems. (emphasis added)

The Company has disclosed on page 20 of the Annual Report that “the Board, with the concurrence of the AC is of the opinion that the Group’s internal controls in place are adequate to address financial, operational and compliance and information technology risks as at 30 June 2014.

In this regard, please disclose the Board’s opinion on the adequacy and effectiveness of the risk management systems as recommended under the Code or provide an explanation for deviation.

Company’s response:

During the financial year under review, the AC has reviewed the adequacy and effectiveness of the Group’s internal controls and risk management systems. Based on the reviews conducted by Management, work performed by the internal and external auditors, assurances from the Executive Chairman and Chief Executive Officer and Group Financial Controller (equivalent to CFO) on the financial records and effectiveness of the Company’s risk management and internal control systems, the Board, with the concurrence of the AC, is of the opinion that the risk management systems and internal controls in place are adequate and effective in addressing the Group’s financial, operational, compliance and information technology risks as at 30 June 2014.

BY ORDER OF THE BOARD

Leung Chee Kwong
Chief Executive Officer

20 October 2014