

LUXKING GROUP HOLDINGS LIMITED
(Incorporated in Bermuda)

RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ("SIAS") ON ANNUAL REPORT FY2026

The Board of Directors (the "**Board**") of Luxking Group Holdings Limited ("**Company**") refers to questions raised by the SIAS on 8 October 2026 in relation to the Company's annual report for the financial year ended 30 June 2026 (the "**FY2026**") and would like to provide its responses as follows:

SIAS Question 1:

For the financial year ended 30 June 2026, the group recorded revenue of RMB555.6 million, compared with RMB 570.1 million in FY2025. Management attributed the decline to softer economic conditions in China and overseas markets.

Despite the lower revenue, gross profit increased by 1.0% to RMB 90.7 million, with gross profit margin improving from 15.8% to 16.3%. This was due to stronger sales of IS tapes, together with higher production capacity and efficiency in both the IS tapes and General tapes segments following investments in machinery and equipment.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
FOR THE YEAR ENDED 30 JUNE 2026			
	Notes	2026 RMB'000	2025 RMB'000
Revenue	7	555,561	570,149
Cost of sales		(464,900)	(480,347)
Gross profit		90,661	89,802
Other income and gains	7	3,839	2,064
Selling and distribution costs		(25,545)	(27,948)
Administrative expenses		(51,208)	(47,843)
Other operating expenses		(1,283)	(132)
Finance costs	8	(3,822)	(4,510)
Profit before income tax	9	12,642	11,433
Income tax expense	10	(9,823)	(3,677)
Profit for the year		2,819	7,756

(Source: company annual report; emphasis added)

Administrative expenses increased by 7% from RMB 47.8 million to RMB 51.2 million, with management attributing the increase largely to higher salaries and headcount and higher marketing expenses. However, total staff costs reported in Note 9 decreased during the year.

Directors' remuneration:		
- Fee	977	1,098
- Other emoluments	3,345	3,570
- Retirement scheme contributions	16	17
	4,338	4,685
Retirement scheme contributions	7,190	7,207
Other staff costs	50,430	51,707
Total staff costs	61,958	63,599

- (i) Can management reconcile these two movements? Specifically, what were the main components driving the increase in administrative expenses, and which of these were recurring versus one-off?

The group incurred more than RMB 20.9 million in cash capital expenditure on property, plant and equipment during the year, while management expects to continue investing in machinery and equipment to enhance production capacity and operational efficiency.

- (ii) What measurable improvements have resulted from the recent investments, particularly in automation, labour productivity, production yield and capacity utilisation?
- (iii) How sensitive are the group's production costs and gross margins to changes in energy prices? In the past seven months, did the group experience any material increase in electricity or other energy costs, or any supply disruptions affecting production?

Company's Answer:

Total staff costs comprise expenses allocated across cost of sales, selling and distribution expenses, and administrative expenses. Accordingly, the decrease in total staff costs for FY2026, as disclosed in Annual Report 2026 ("AR 2026") Note 9 to the financial statements, does not necessarily correspond to the movement in staff costs recognised within administrative expenses. While total staff costs decreased during the financial year, staff costs and benefits allocated to administrative expenses increased by RMB2.7 million.

The Group continues to invest in upgrading its manufacturing facilities, machinery and equipment to enhance production capacity, improve operational efficiency and support its long-term energy efficiency and sustainability objectives. These initiatives include the adoption of energy-efficient technologies and renewable energy, as well as improvements to manufacturing processes, with the aim of optimising resource utilisation and strengthening operational resilience. As disclosed on page 26 of the Sustainability Report 2026 ("SR 2026"), the Group demonstrated enhanced energy performance, with total energy consumption decreasing from 430,935.9 GJ in FY2025 to 405,767.1 GJ in FY2026. Consequently, the Group's energy intensity decreased by 3.4%, from 755.9 GJ/ million RMB in FY2025 to 730.3 GJ/million RMB in FY2026.

As energy is an important component in the Group's manufacturing process, fluctuations in energy prices will affect production costs and gross margins. Going forward, the Group will continue its efforts to enhance energy efficiency and optimise energy consumption, with the aim of reducing operating costs and minimising exposure to energy price fluctuations.

Further details on the Group's capital investments, operational developments, energy management initiatives and sustainability performance are set out in the AR 2026 and SR 2026.

SIAS Question 2:

Full year results were negatively impacted by a significant RMB 5.9 million of withholding tax charge. This arose from a first-time inter-company dividend distribution from a wholly owned subsidiary in the People's Republic of China to a non-PRC investment holding company.

The directors did not recommend any dividend for FY2026, citing the need to conserve funds for working capital in challenging business conditions. The company last paid a dividend in 2009.

- (i) Can the board confirm the statutory withholding tax rate and the gross amount of the dividend distributed to the non-PRC investment holding company?
- (ii) Was the beneficiary of the dividend distribution Excel Glory Limited in the British Virgin Islands or Tian Holdings Limited in Hong Kong? What was the commercial rationale for upstreaming the cash to that entity at this point, and in what currency was the dividend paid?
- (iii) With the cash now transferred to the investment holding company outside of China, does this improve the group's ability to return capital to shareholders? What conditions would need to be met before dividends could resume?

Company's Answer:

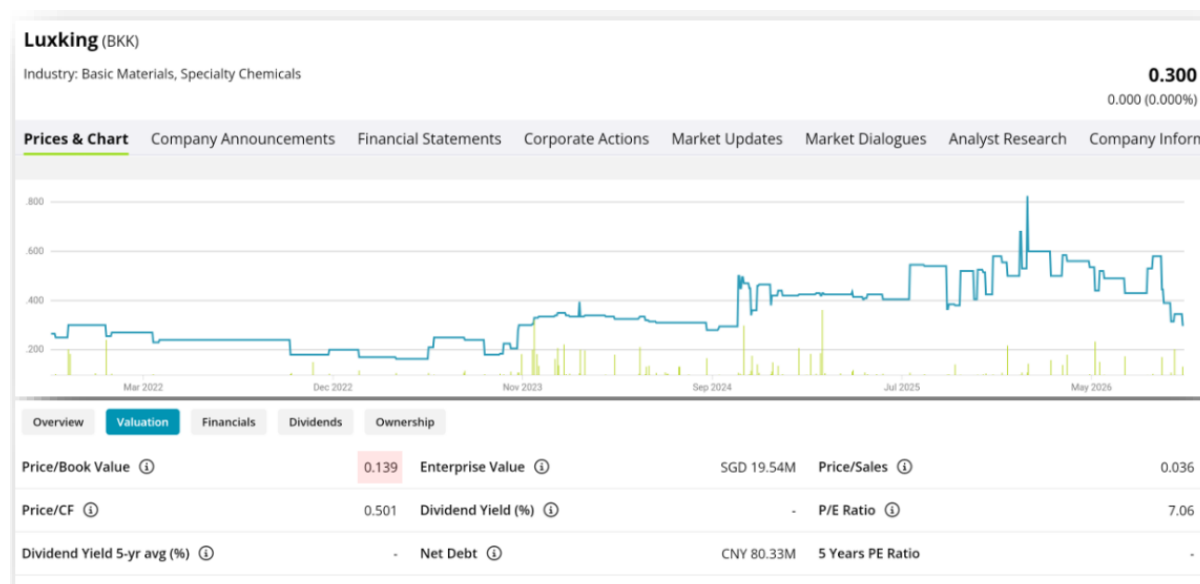
The gross dividend amount is approximately RMB59 million, subject to a 10% withholding tax rate, as disclosed in the audited financial statements on page 62 of the AR 2026.

The dividend was paid to Tian Holdings Limited. As the Group's principal business operations are located in mainland China, its entities outside the PRC primarily serve administrative functions. These entities incur expenses such as SGX listing-related expenses (including legal and professional fees), audit fees, directors' fees and staff costs. The dividend received by Tian Holdings Limited is currently used to fund these administrative expenses incurred outside the PRC.

With the cash now transferred to the investment holding company outside of China, this does not affect the Company's current ability to return capital to shareholders. Should the Company decide to pay dividends to shareholders in the future, the same tax implications would apply.

SIAS Question 3:

According to SGX StockFacts, the company trades at a valuation of less than 0.15 times book value.



(Source: <https://investors.sgx.com/market/securities?code=BKK&type=stocks&lang=en>)

The Monetary Authority of Singapore's Equities Market Review Group has introduced a \$30 million "Value Unlock" programme to support listed companies in strengthening corporate strategy, capital optimisation and investor engagement.

- (i) Has the board undertaken a detailed assessment of the factors contributing to the company's substantial discount to book value?
- (ii) Has the board assessed whether the group could benefit from any of the initiatives under the programme, particularly in strengthening its strategy, capital allocation and investor engagement? If so, what specific measures is the board considering?

At the AGM, the board is seeking shareholders' approval for a general mandate to issue new units, but is not proposing a share buyback mandate.

- (iii) Has the board considered repurchasing the company's shares? If so, why is a share buyback mandate not being proposed at the AGM? How does the board compare the potential risk-adjusted return from buying back shares at a discount of more than 85% with the expected returns from deploying capital into business expansion or acquisitions?

Company's Answer:

The Board recognises the importance of enhancing shareholder value and maintaining investor confidence. The Company's share price and market valuation are influenced by various factors, including its financial performance, business outlook, prevailing market conditions and investor sentiment.

The Board remains focused on the Group's long-term business strategy, prudent capital allocation and sustainable value creation for shareholders. The Company will continue to review its business performance and strategic priorities, while keeping shareholders and the investment community informed of the Group's business developments and prospects.

In this regard, the Company will assess the relevance of the "Value Unlock" Programme to the Group and consider whether its initiatives may support the Group's strategic development, capital optimisation and investor engagement.

At present, the Company does not intend to undertake a share buyback programme. The Board considers it appropriate to preserve the Group's financial flexibility and prioritise the allocation of capital towards its business operations and strategic objectives. The Board will continue to review the Group's capital allocation strategy in light of its financial position, operational requirements and prevailing market conditions, and consider all meaningful programmes including share buyback programme.

By Order of the Board

Leung Chee Kwong
Executive Chairman and Chief Executive Officer

21 October 2026