FUXING CHINA GROUP LIMITED

(Incorporated in Bermuda)
(Company Registration No.: 38973)

RESPONSES TO QUERIES RECEIVED FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The Board of Directors (the "Board" or "Directors") of the Company (together with its subsidiaries, the "Group") refers to the queries raised by Securities Investors Association (Singapore) ("SIAS") on 20 April 2026 in relation to the annual report of the Group for the financial year ended 31 December 2025. The Company wishes to provide its responses to the queries below:

Q1. The group reported operating profit of RMB27.1 million, the highest in the past three years, despite revenue declining to a five-year low of RMB672.3 million.

(i) How does the board assess the long-term resilience of the group's core zipper manufacturing business given the slide in revenue?

Company's response:

The zipper industry represents a resilient and essential segment within the global apparel and accessories supply chain. As a critical component used across garments, luggage, and footwear, demand for zippers remains stable and consistent, with increasing use of zippers in functional and technical applications – such as lifestyle products, outdoor gears, and protective equipments, among others.

As the 4th largest zipper manufacturer globally, Fuxing China remains cognisant of the challenges ahead and, through the ongoing adoption of automation and digitalisation, we aim to enhance production efficiency, elevate product quality, and achiever higher margins to improve our financial performance.

(ii) What is the group's digital transformation roadmap, and how are investments in automation and artificial intelligence expected to structurally improve margins, productivity and product differentiation over the medium term?

Company's response:

The Group's key objectives of its digital transformation roadmap are to reduce manpower resources, improve quality and enhance cost efficiencies. In terms of automation, the Group has accelerated the pace in recent years and we have seen

manpower resources dipped from a workforce of approximately 3,000 in early 2000 to 1,152 as at 31 December 2025.

The use of artificial intelligence across the Group's operations enables more precise tracking and real-time monitoring of the efficiency of each business unit, asset, and workflow. By leveraging data-driven insights, the Group is able to identify performance gaps, optimise resource allocation, and enhance decision-making at both operational and strategic levels.

Building on this foundation, the integration of AI-driven analytics and automation has streamlined processes, reduced operational redundancies, and improved product quality and overall productivity.

The Group is also exploring on the enhancement of its Customer Relationship Management system that will further allow the Group to anticipate demand patterns, manage risks proactively, and respond swiftly to changing market conditions.

Over time, these digitalisation and technology initiatives are expected to deliver meaningful improvements in operational efficiency, cost optimisation, product quality and overall productivity across the Group's businesses.

(iii) In addition, how has the Middle East conflict affected the group's operations and supply chain, particularly in relation to the availability of key inputs such as polyester, zinc and dyes? How is management mitigating any resulting volatility in input costs and logistics?

Company's response:

The Group has not experienced any significant disruption to its operations or supply chain arising from the ongoing Middle East conflict. China remains a key global production hub for apparels and bags, and the Group continues to benefit from its well-established and diversified network of suppliers domestically, which supports the stable sourcing of key inputs such as polyester, zinc and dyes.

In addition, the Group maintains close and proactive engagement with its suppliers to monitor supply conditions and pricing trends. Where appropriate, the Group also undertakes forward planning and inventory management to mitigate short-term disruptions, ensuring continuity in production and timely fulfilment of customer orders.

According to a 2023 Euromonitor report, the group is ranked as the fourth largest zipper manufacturer.

(iv) Has the board evaluated opportunities for industry consolidation, whether globally or with like-minded peers in Fujian, and what role does the group intend to play in such consolidation, whether as acquirer, partner or target?

Company's response:

The Company remains open to opportunities to unlock value for shareholders and will carefully assess any merger and acquisition initiatives that are aligned with its long-term growth objectives. Any such considerations will be guided by disciplined capital allocation, strategic fit, and the potential to deliver sustainable value creation for shareholders. As of now, the Management remains focussed on strengthening the financial position and improving the financial performance of the Group to enhance shareholders' value.

Q2. "Allowance for receivables" is a key audit matter (KAM) highlighted by the independent auditors in their report on the audit of the financial statements. Key audit matters are those matters that, in the professional judgement of the Independent Auditor, were of most significance in the audit of the financial statements of the current period.

As noted in the KAM, the carrying amount of trade and other receivables and prepayments as at 31 December 2025 is RMB278.3 million. The group applies the simplified approach under SFRS(I) 9, recognising lifetime expected credit losses for trade and bill receivables.

(i) For significantly overdue trade receivables, can management provide a breakdown of trade receivables by ageing (including upper limit), customer profiles and geography?

Company's response:

Aging analysis of the trade receivables as at 31 December 2025:

	1 to 3 months RMB'000	4 to 6 months RMB'000	7 to 12 months RMB'000	>1 year RMB'000	Total RMB'000	Note
Company A	33,950	31,700	6,262	5,952	77,864	(a)
Company B	19,648	3,693	-	-	23,341	(b)
Company C	18,473	605	-	-	19,078	(b)
Company D	14,100	4,105	-	-	18,205	(b)
Others*	54,515	12,650	8,122	39,243	114,530	(c)
Total	140,686	52,753	14,384	45,195	253,018	

* Others represented balances owing from customers that were less than RMB1 million.

Notes:

As the names of the major customers of the Group are commercial sensitive information, the top 4 customers of the Group are disclosed as A, B, C and D respectively.

(a) The customers' principal activity was trading with foreign countries and operation in Xiamen, the PRC.
(b) The customers' principal activity was garment manufacturer and operation in Hong Kong and the PRC.

(c) Others represented balances owing from customers that were less than RMB 1 million. These customers' operation were in the PRC.

(ii) What specific recovery actions has management taken to address long outstanding receivables? Is there a material concentration of overdue balances with specific counterparties? Does management see any discernible differences in the payment behaviour between direct-to-brand customers and other customer segments?

Company's response:

As shown in the table above, a significant 55.6% of the trade receivables was outstanding for less than 3 months, and 20.9% in the more than 3 months but less than 6 months range. Receivables outstanding more than 6 months amounted to approximately 23.5% of the total receivables outstanding, with the majority from others which represented balances owing that were less than RMB1 million. A significant percentage of the balances outstanding from the top 4 customers was still within the 6 months' period.

Management continues to closely monitor collections from these customers that are outstanding for more than 6 months. For long-outstanding balances, the Group's sales team conducts on-site visits to follow up directly and facilitate settlement, including cash collection where appropriate. To date, the majority of these receivables have been successfully recovered following such engagements and no significant write off of receivables noted insofar.

Following the Group's assessment of the trade receivables outstanding as at 31 December 2025,there was no material concentration of overdue balances of more than 6 months with any specific counterparties.

Following a comprehensive review of our recent financial data and transactional metrics, Management has concluded that there are no material discernible differences in payment behavior between direct-to-brand customers and other customer segments

(iii) How does the group's receivables turnover and days sales outstanding compare with industry peers, and what target has the board set for management?

Company's response:

The Group's receivables turnover stands at 2.9 times, with days sales outstanding ("DSO") of approximately 125 days.

For industry peers comparison, there is no listed directly comparable peer if taking into account the Group's business segments and size of operation and revenue. For the purpose of benchmarking industry comparison against industry leaders, Fujian SBS Zipper Science & Technology Co.,Ltd, ("**Fujian SBS**") an A-share listed

company on the Shenzhen Stock Exchange stock (stock code:002098, website: https://www.sbs-zipper.com/) which is currently one of the top zipper manufacturing company globally with several production bases located in China is used as benchmarking reference for public available financial information of top zipper manufacturing companies based in China. Based on the FY2024 annual report released on the Shenzen Stock Exchange, Fujian SBS recorded revenue of RMB2,628,556,979 in FY2024 and average trade receivable amounted to RMB448,445,479 during FY2024. Accordingly, the receivables turnover computed was 5.9 times with DSO of approximately 62 days.

The Board acknowledged that the Group's receivables turnover and days sales outstanding can be improved further. Fujian SBS's size of operations and revenue is bigger and higher than the Group to serve as very meaningful direct comparison. The Company will continue to monitor the transactional metrics and aging analysis closely, especially for trade receivables outstanding for more than 6 months. In the quarterly presentation of the financial results to the Audit Committee, the aging analysis of the trade receivables was presented by Management and any material variances would be flagged out and explained to the Audit Committee.

Management is cognisant of the need to improve collection efficiency where practicable, while taking into account production cycles, contractual payment terms, and customer profiles. The longer credit periods granted to certain customers was due to the more challenging business climate in China. The focus remains on maintaining a prudent balance between supporting business growth and managing credit risk.

Q3. According to SGX StockFacts, the company trades at a discount of more than 85% to its book value even though the share price has recovered over the past year. The company is trading at approximately $0.75 per share, compared with a net asset value per share of RMB29.6 (estimated to be S$5.40).

Historically, when a company's valuation reaches these depressed levels, the market is pricing in either acute financial distress or a structural impairment of the business model.

(i) What has been the total shareholder return over the last 5, 10, 15 and 19 years (since the IPO in September 2007)?

Company's response:

The Company's IPO was priced at S$0.46 per share in September 2007. Following a minimum trading price requirement announced by the Singapore Exchange in 2014, the Company undertook a share consolidation of 50 shares into 1 share in 2015 and post share consolidation, the share price unfortunately had fallen at a bigger percentage than the share consolidation share price adjustment.

The Board acknowledged that the Company's share price performance and shareholder return over the past decade has been disappointing for shareholders and has not reflected the intrinsic value of the Group's underlying assets and the enterprise value of the Group's business. Management is now committed on improving the performance of the Group's operating business to narrow the gap between the Company's market valuation and its intrinsic value. In addition, on 31 March 2026, the Company has announced the adoption of formal dividend policy which is pegged to the Group's profit attributable to shareholders to reward shareholders.

(ii) Given the persistent and significant discount to book value, has the board undertaken a formal review to identify the key drivers of this valuation gap? What specific and measurable actions are being taken to narrow the discount?

Company's response:

The Company believes that the following measures and actions will help to narrow the valuation gap over time:

i) Improvement in the financial performance targeted to achieve higher dividend payout to shareholders;
ii) Improvement in investor relations initiatives and step up engagement with the analysts and outreach to the investing community; and
iii) Execution of corporate action initiatives like the adoption of formal dividend policy and share buyback mandate.

Lastly, we believe that the recent capital market revitalisation initiatives introduced by the Monetary Authority of Singapore and the Singapore Exchange—particularly the Equity Market Development Programme aimed at enhancing market liquidity—should contribute positively to improving the Company's market valuation within a more active and vibrant trading environment.

For investor relations initiatives, the Company has engaged a professional public and investor relations firm, 8PR Asia Pte Ltd, to enhance market communication and improve investor engagement. This includes a more structured approach to investor outreach, clearer articulation of the Group's strategy and performance, and efforts to increase market awareness of the underlying value and fundamentals of the business.

The Company has also reached out to analysts proactively and recently there has been increased analysts' coverage of the Company following analysts' visit to the Company's operations in China, Jinjiang City, Fujian Province in January 2026.

For more active engagement with our stakeholders, we have launched a new online IR website https://www.3fzipper-ir.com/ in January 2026 to provide a centralised hub of investor-related information free of charge. The online platform is designed to provide stakeholders with a more efficient and structured way to

access key information on our business operations, performance, and disclosures. We are committed to continuously enhancing the website to ensure it remains user-friendly, intuitive, and responsive to the needs of investors and other stakeholders.

We will continue to monitor the situation closely and assess additional corporate action initiatives where appropriate, with the objective of progressively narrowing the valuation gap over time.

(iii) Other than establishing a dividend policy, how is the board assessing capital management options such as share buybacks, special distributions, asset monetisation or portfolio restructuring to enhance capital efficiency and unlock value for shareholders.

Company's response:

The Board regularly reviews the Group's capital structure and overall capital efficiency as part of its ongoing governance process, with the objective of ensuring that capital is deployed in a manner that supports sustainable growth while also delivering long-term value to shareholders.

We are adopting a share buyback mandate that is to be tabled for shareholders' approval at the forthcoming annual general meeting. We believe that by buying back the Company's shares that are trading at significant discount to the Company's underlying net asset value, shareholders' value will be enhanced over time.

Any consideration of such capital management options would take into account prevailing market conditions, funding requirements for growth opportunities, and the long-term strategic direction and interests of the Group.

FOR AND ON BEHALF OF THE BOARD

Hong Qing Liang
Executive Chairman
24 April 2026