FUXING CHINA GROUP LIMITED
(Incorporated in Bermuda)
(Company Registration No.:38973)

RESPONSES TO FURTHER QUERIES FROM SGX-ST

The Board of Directors ("the Board") of Fuxing China Group Limited ("the Company" or together with its subsidiaries, "the Group") refers to the Group's announcement "Responses to Queries From SGX-ST" (the "Responses") released to SGX-ST via SGXNet on 12 April 2017.

The following information is in response to the SGX-ST's queries dated 18 April 2017:

1. **In the Company's Responses to SGX Query 1(c), the Company disclosed that "the prepayments to suppliers were to ensure supply of raw materials at competitive prices for the year. This would result in cost savings for the Group in the event of raw materials prices fluctuations." Please provide details on the cost savings and the terms of the agreement relating to competitive prices and how the prices were determined.**

Company's response:

1. The Company would normally be granted a 2% to 3% discount on its purchases of raw materials as part of the prepayment terms. The raw materials prices are determined by their market prices nearer to the signing of the purchase agreements.

2. **In the Company's Responses to SGX Query 1(d), the Company had disclosed that "For major suppliers, the Group will make full prepayments to these suppliers after the agreement have been signed." Please disclose the following :-**
   a. **the size of each of these major suppliers and how significant are their operations such that the Company has to make full prepayments to secure the raw materials;**
   b. **how long in advance were these prepayments made to the suppliers; and**
   c. **how long in advance were the agreements to secure supply of raw materials at competitive prices signed.**

Company's response:

2(a) The below table from the Company's Responses on 12 April 2017 is re-produced here for easy reference whereby their respective percentage of the prepaid balances are shown:

	Prepaid Balances as at 31 Dec 2016	%	Notes
Major suppliers for raw materials	RMB'000		
福建百宏聚纤科技实业有限公司 Fujian Billion High-Tech Material Industrial Co. Ltd. ("Fujian Billion")	29,167	47.4	<1>
福建省金纶高纤股份有限公司 Fujian Jinlun Fuber Shareholding Co. Ltd. ("Fujian Jinlun")	17,817	29.0	<2>
上海安泰科物贸发展有限公司 Shanghai Antaike Materials & Trading Co. Ltd ("Shanghai Antaike")	14,502	23.6	<3>
Total	61,486	100.0	

Notes:

1) Fujian Billion is a subsidiary of Billion Industrial Holdings Limited ("BIH"), which is one of the largest developers and manufacturers of polyester filament yarns in China, with several production sites in Jinjiang City, Fujian Province. BIH is listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code 2299). As at 31 December 2016, BIH and its subsidiaries employed a total of 4,102 employees and reported revenue of RMB 6.1 billion and profit of RMB315.4 million for FY2016. *(Source: BIH's FY2016 annual report uploaded on the Hong Kong Stock Exchange, www.hkex.com.hk).*

As the Company is not major customer of Fujian Billion, it is a requirement to make full prepayment to secure supply of raw materials and discount on each purchase.

2) Fujian Jinlun was incorporated in 2003 in China as a private company and its principal activity is that of a manufacturer of chemical fibers. Fujian Jinlun has been a supplier to the Company for more than 5 years and it always delivers the raw materials promptly to the Company within the stipulated delivery dates once the Company has made its full prepayment. The full prepayment is a requirement under the purchase agreements in order to obtain the discount.

3) Shanghai Antaike was incorporated in 1998 in China as a private company and its principal activity is that of a trading company in metal and chemical raw materials. Shanghai Antaike has been a supplier to the Company for more than 5 years and it always delivers the raw materials promptly to the Company within the stipulated delivery dates once the Company has made its full prepayment. The full prepayment is a requirement under the purchase agreements in order to obtain the discount.

2(b) The Company will make the advance payments upon the signing of purchase agreements. After the receipt of the advance payments, the suppliers will take approximately 1 to 2 months to make full delivery of the raw materials to the Company's warehouse.

2(c) The validity of the agreements to secure supply of raw materials at competitive prices is approximately 1 to 2 months until all raw materials have been fully delivered to the Company's warehouse.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Chairman and Chief Executive Officer
21 April 2017