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

RESPONSES TO QUERIES FROM SGX-ST

The Board of Directors of Fuxing China Group Limited ("the Company" or together with its subsidiaries, the "Group") refers to the Group's first quarter ended 31 March 2017 results announcement released to SGX-ST via SGXNet on 3 May 2017.

The following information is in response to the SGX-ST's queries dated 31 May 2017:

1. **Under the Company's Income Statement, we note that the Company's allowance for doubtful trade receivables increased to RMB4.62 million for 1QFY2017, from RMB3.54 million in 1QFY2016 while still making substantial prepayments amounting to RMB77.1 million to its suppliers. Please disclose:-**
   a. **The aging schedule for the allowance for doubt trade receivables;**
   b. **The Company's credit terms and reasons as to why the Company is unable to collect these debts; and**
   c. **Whether the Company is still trading with these trade debtors.**

Company's response:

a. According to the Group's accounting policy, allowance for doubtful trade receivables will be made when receivables are outstanding for more than 6 months. Hence, the allowance for doubtful trade receivables in 1QFY2017 was a provision made for trade receivables aged over 6 months.

b. The Company's credit terms to customers are between 90 days to 120 days. Due to the economy slowdown in the People's Republic of China ("PRC"), some of the Group's customers had requested for longer credit terms. The Group had obliged to its customers' request for longer credit terms in order to retain the customers. The Company is confident in collecting back the overdue debts. On a prudent basis and in accordance with the Group's accounting policy that doubtful debts provisions are provided for trade receivables aged over 6 months, the balances owing under the extended credit period will be accounted for as allowance for doubtful debts.

c. These customers are solvent and continue to trade with the Group on a regular basis. Management is closely monitoring the collections of these customers and for cases of long outstanding debts, the Group's sale representatives would collect the outstanding balances from them in person. So far, there are no cases of default on payments from these customers.

2. The Company recorded an amount of RMB1.08 million for write back of prepayments. Please provide more details and the reasons for the write back of prepayments.

Company's response:

As at 31 December 2016, the Company had accumulated allowance for write off of advances to suppliers amounting to RMB 6.28 million. During 1QFY2017, the prepayments to suppliers amounting to RMB 1.08 million were netted off following the receipt of raw materials.

3. Under the Company's balance sheet, we note that the Company's Prepayments increased from RMB73.73 million in 1QFY2016 to RMB77.12 million for 1QFY2017. Please provide the aging analysis of the Prepayment of RMB 77.12 million.

Company's response:

The aging analysis of the Prepayments is as follow:

Aging	RMB'000	Notes
Within 3 months	51,366	<1>
4 to 6 months	12,847	<1>
6 to 12 months	9,843	<1>
More than 12 months	3,063	<2>
Total	77,119	

Notes:

1) The balance represented the prepayment to suppliers for purchases of raw materials. The Company expects to convert the prepayment into purchases by 30 September 2017.

2) The balance represented the prepayment for construction cost for Xiamen Headquarter and purchases of raw materials. The Company expects to convert the prepayment into purchases by 30 September 2017.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Chairman and Chief Executive Officer
5 June 2017