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 2019 ("1Q2019") results announcement ("the results announcement") released to SGX-ST via SGXNet on 9 May 2019.

The following information is in response to the SGX-ST's queries dated 16 May 2019:

1. **Please provide a breakdown of Other income and expenses for 3 months ended 31 March 2019 against the corresponding period and explain for the variance.**

Company's response:

Breakdown of Other income and expenses:

	31 March 2019 RMB'000	31 March 2018 RMB'000	%	Notes
Foreign exchange loss, net	(3,104)	(5,715)	(46)	<1>
Rental and management fee income	5,526	433	>100	<2>
Other income/(expenses)	1	(1)	NM	
Net other income/(expenses)	2,423	(5,283)	NM	

Notes :

1) The foreign exchange loss arose from the appreciation of RMB against USD and SGD in the Group's foreign currencies denominated bank balances and from the translation of HK dollar denominated balances owing from the Group's subsidiaries in the Company's book due to appreciation of RMB against HK dollar

2) The rental and management fee income from the Group's Xiamen Headquarters ("Xiamen HQ") increased was mainly due to the improvement in the leasing rate in 1Q2019. As at 31 March 2019, the Group had leased out all the office area of its Xiamen HQ except for the office area occupied for the Group's usage compared to a leasing rate of approximately 9% as at 31 March 2018.

2. Please provide a breakdown of General and administrative expenses for 3 months ended 31 March 2019 against the corresponding period and explain for the variance.

Company's response:

Breakdown of General and Administrative expenses:

	31 March 2019 RMB'000	31 March 2018 RMB'000	%	Notes
Salaries	3,983	5,578	(29)	<1>
Depreciation	1,511	1,518	0	
Tax expenses	1,428	649	120	<2>
Legal and professional fee	763	822	(7)	
Repair and maintenance	464	128	263	<4>
Bank charges	421	156	170	<5>
Rent and rates	287	265	8	
Amortisation	226	226	-	
Staff welfare	212	162	31	<3>
Insurance	177	24	638	<6>
Allowance for prepayment	147	4,248	(97)	<7>
Office expenses	90	87	3	
Entertainment	89	123	(28)	<8>
Travelling expenses	84	182	(54)	<8>
Others	2	1	100	
Allowance for trade receivables	(205)	3,332	NM	<9>
Total	9,679	17,501	45	

Notes :

1) The decrease in salaries was due to the decrease in the number of administrative staff arising from their resignations. The Company is in the process of finding their replacements.
2) Tax expenses comprised stamp duty, property tax, land use rights tax, environment protection tax, and motor car tax etc. The significant increase in tax expenses was mainly due to the new environment protection tax implemented in 1Q2019.
3) Staff welfare increased due to higher amounts spent on water and meal supports for the staff for improvement of their welfare.
4) The increase in Repair and maintenance expenses was mainly due to cleaning materials purchased for maintenance of Xiamen HQ and repairs of the machinery in the factories.
5) The increase in Bank charges was due to the increase in bills payables in 1Q2019.
6) The increase in Insurance was mainly due to the new insurance plan purchased for valuable property, plant and equipment in 1Q2019.

7) The decrease in Prepayments was mainly due to receipt of raw materials.
8) The decrease in Entertainment and travelling expenses was a result of cost controls.
9) This was mainly due to the written back of doubtful trade receivables of RMB 0.2 million in 1Q2019 following the settlement of outstanding balance by customers while allowance for doubtful trade receivables which amounted to RMB 3.3 million was provided in 1Q2018.

3. In relation to the write back of doubtful trade receivables of RMB0.2 million in 1Q2019, please disclose the identity of customers who made settlement of its outstanding balance and explain how long these debts were outstanding and the reason why these customers were able to make the payments now.

Company's response:

Customers who made settlement of their outstanding balances during 1Q2019 were as follows :

Names of customers	RMB'000	Aging by No. of months
1) 晋江市鸿兴拉链织造有限公司 Jinjiang Hongxing Zipper Weaving Co., Ltd	100	9
2) 厦门博翊贸易有限公司 Xiamen Boyi Trading Co., Ltd	50	9
3) 石狮市永盛达五金饰品有限公司 Shishi Yongshengda Hardware Decoration Co., Ltd	30	>24
4) 晋江市四季红拉链制造有限公司 Jinjiang Sijihong Zipper Manufacturing Co., Ltd	19	18
5) 江西百盛奥服饰有限公司 Jiangxi Baisheng Ao Clothing Co., Ltd	6	12
Total	205	

The Group's sales team had expended considerable efforts in following up closely on the collections including personal visits to the customers' offices and the customers were only allowed to place new orders after settlements of the outstanding balances.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Chairman and Chief Executive Officer
21 May 2019