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 Annual Report ("FY2019 Annual Report") for the financial year ended 31 December 2019 ("FY2019") released to SGX-ST via SGXNet on 14 April 2020.

The following information is in response to the SGX-ST's queries dated 28 April 2020 on the Company's FY2019 Annual Report:

Query 1:

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle

(i) We note that the Company had not complied with Provision 3.1 of the Code as the Company's Chairman and CEO position is filled by the same person, and there were no explanations were provided for in your FY2019 annual report on how it is consistent with the intent of Principle 3 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 3 of the Code, which requires a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

(ii) We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of remuneration, and there were no explanations were provided for in your FY2019 annual report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company's response:

(i) As explained under pages 15 to 16 of the Corporate Governance Report ("CGR") in the FY2019 Annual Report, the Board opined that vesting the roles of both Chairman and Chief Executive Officer ("CEO") on the same person who is knowledgeable in the business of the

Group provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies. Mr. Hong Qing Liang's dual roles as Executive Chairman and CEO will enable the Group to conduct its business more efficiently. As further explained under page 16 of FY2019 Annual Report, all major decisions made by the Executive Chairman cum CEO are reviewed by the Board. The Independent Directors made up a majority of the Board to ensure appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. The Board believes that there are adequate safeguards and checks in place to ensure that decision making process by the Board is independent and based on collective decision making of all the Directors without Mr. Hong Qing Liang being able to exercise considerable concentration of power or influence and no one individual has unfettered powers of decision making.

(ii) In accordance with Provision 8.1 of the Code, the Company has tabled and disclosed the remuneration breakdown of each individual Director and the CEO for FY2019 and the top five key management personnel ("KMP") (who are not Directors or the CEO) on pages 20 and 21 of FY2019 Annual Report respectively.

In view of the confidentiality and commercial sensitivity associated with remuneration matters, the Board has decided that the exact remuneration disclosure of each individual KMP would not be in the interest of the Company due to the competition for talents in the industry. Hence, the breakdown of remuneration of top five KMP (who are not Directors or the CEO) in bands no wider than S$250,000 was disclosed.

The Remuneration Committee ("RC") has carried out the annual review of the FY2019 remuneration packages of the Executive Directors and KMP. As explained under page 19 of the FY2019 Annual Report, the Group's remuneration policy takes into account the individual's responsibilities, skills, expertise as well as the Group's performance. The Executive Directors' variable compensation are based on their achievement of certain key performance indicators and the actual results of the Group.

The RC seeks to ensure that the remuneration packages of the Executive Directors and KMP are set adequately and linked to the achievement of the business performance target of the Group.

Query 2:

The Company recorded RMB29.8 million for net cash generated from financing activities in its unaudited full yearly results announced on 28 February 2020, which has a material discrepancy with the audited figures of RM14.3 million as stated in the Annual Report. Please explain the material discrepancies between the unaudited and audited accounts required under Listing Rule 704(6).

Company's response:

The discrepancy arose, mainly because the interest paid of RMB15.0 million had been inadvertently classified as outflow under operating activities in the Company's Unaudited Full Year results announcement for FY2019 released on 28 February 2020 ("FY2019 Result Announcement"). The Audited Financial Statements in FY2019 Annual Report had rectified the classification by classifying the interest paid to outflow under financing activities, resulting in a lower net cashflow from financing activities of RMB14.2 million in FY2019 Annual Report compared to RMB29.8 million net cashflow from financing activities in FY2019 Results Announcement.

FOR AND ON BEHALF OF THE BOARD

Hong Qing Liang
Executive Chairman and Chief Executive Officer
30 April 2020