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 half year ended 30 June 2021 ("1H2021") results announcement ("the Results Announcement") released to SGX-ST via SGXNet on 13 August 2021. The following information is in response to the SGX-ST's queries dated 20 August 2021:

1. **Reversal of allowance for doubtful trade receivables amounted to RMB5.2 million arose from settlement of long outstanding balances by customers. The written back of allowance for advances to suppliers amounted to RMB1.1 million following the receipt of raw materials in 1H2021.**
   - **(i) Please disclose an ageing analysis in bands of 3 months (including the FY in which these debts were incurred) of these debts and the factors which resulted in these customers settling outstanding balance when they previously were unable to.**
   - **(ii) Please disclose whether these customers had continued to trade with the Company during the intervening period till now and whether they are related parties.**

Company's response:

(i) The reversal of allowance for doubtful trade receivables is as follows:

As at 30 June 2021	Within 3 months	4 to 6 months	6 to 9 months	More than 9 months	Reversal / (allowance)	Note
Reversal of allowance for doubtful trade receivables:	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
石狮市利華紡織貿易有限公司	-	-	-	6,942	6,942	<1>
Allowance for doubtful trade receivables						
普宁市盛腾织造有限公司	-	-	(50)	(370)	(420)	<2>
晋江市宏翔服饰织造有限公司	-	-	(50)	(550)	(600)	<2>
石狮市亨祥服饰配件有限公司	-	-	(22)	(223)	(245)	<2>
宁波市鄞州瑞合贸易有限公司	-	-	(193)	-	(193)	<2>
晋江市鸿兴拉链织造有限公司	-	-	(50)	(115)	(165)	<2>
Others	-	-	(124)	-	(124)	<3>
Total	-	-	(489)	(1,258)	(1,747)	
Net reversal of allowance for doubtful trade receivables	-	-	(489)	5,684	5,195	

Notes:

1) The customer settled the long outstanding debts subsequent to personal visit by the sales manager for collection. The debts were incurred in FY2020.
2) According to the Group's accounting policy, allowances for doubtful trade receivables will be made when receivables remained outstanding for more than 6 months. The debts were incurred in FY2020.
3) Others representing allowance for doubtful trade receivables with balance less than RMB0.1 million which were outstanding for more than 6 months. The debts were incurred in FY2020.

(ii) Save for subsequent transactions made with 石獅市利華紡織貿易有限公司, which is one of the Group's non-related major customers, the Company did not continue to transact with customers with more than 6 months outstanding receivables under the above-mentioned list during the intervening period. These customers were not related parties to the Company.

2. Noting that the Group's revenue for 6 months amounted to RMB341 million and trade and other receivables at RMB227.6 million is significant in comparison to the Group's revenue,

(i) Please provide a breakdown of trade and other receivables and an aging analysis in bands of 3 months (including the FY in which these were incurred).

(ii) Please disclose the nature and details of the underlying transactions for "other receivables", and provide the reasons for the significant balances, where applicable.

(iii) Please disclose the Company's credit and collection policies and what the Board of Directors has done to ensure that sales to customers are collectible and whether the Company is still doing business with these customers who have outstanding debts to the Company.

Company's response:

(i) Breakdown of trade and other receivables with aging analysis is as follows:

As at 30 June 2021	Within 3 months* RMB'000	4 to 6 months* RMB'000	More than 6 months** RMB'000	Total RMB'000	Note
Trade receivables:					
金天（厦门）进出口贸易有限公司	42,906	31,174	7,754	81,834	<1>
信誠染織(福建)有限公司	25,049	9,501	-	34,550	<2>
晉江遠豐織造有限公司	20,982	6,705	-	27,687	<2>
石獅市利華紡織貿易有限公司	13,622	3,415	-	17,037	<2>
厦门永鸿佳国际贸易有限公司	4,190	-	-	4,190	<2>
泉州琛兴拉链有限公司	1,000	1,143	627	2,770	<3>
东莞市昌浩五金拉链有限公司	1,971	732	-	2,703	<2>
Others customers	34,421	4,005	633	39,059	<4>

Total trade receivables	144,141	56,675	9,014	209,830	
Bills receivables	14,088	-	-	14,088	<5>
Other receivables	3,664	-	-	3,664	<6>
Total trade and other receivables	161,893	56,675	9,014	227,582	

*The debts were incurred in 1H2021

**The debts were incurred in FY2020

Notes:

1) This is a major customer of the Group, in order to maintain the good relationship, the credit period was extended to around 180 days.
2) These customers were trade nature and transacted within 6 months.
3) This is a long-term customer of the Company. In order to maintain cordial relationship, the credit period was extended.
4) Other trade receivables were trade nature with outstanding less than RMB2 million, which were mostly transacted within 3 months.
5) All Bills receivables were interest-free and guaranteed by banks in the People's Republic of China ("PRC") with maturities of less than 6 months.
6) Other receivables represented the VAT (value-added tax) receivable, please refer to (ii) for details.

(ii) VAT receivables represented value-added tax receivables on purchase of goods and it will be settled with the tax authority in 3Q2021.

(iii) The Group's credit terms to its customers are normally between 90 days to 120 days. On a case-by-case basis, credit terms may be extended taking into account the tenure of working relationships with the customers. The credit limits will be assessed and determined by the sales manager taking into account the customers' financial abilities and scales of the respective customer's operations and other factors. The credit limits will then be submitted to the general manager for his approval. Management is closely monitoring the collections of these customers and the Group's sale representatives would be approaching the customers with long outstanding personally for collection.

Management will prepare and table the trade receivables aging analysis at the Audit Committee meetings for review. The recoverability of the trade receivables and the provision made for doubtful debts will be highlighted by Management and discussed at the Audit Committee meetings. For long outstanding debts, the sales representatives will personally approach the customers at their respective offices for collection of debts.

3. The increase in revenue from zipper segment for 1H2021 by RMB21.7 million was mainly due to the increase in demand from the customers who has previously purchased from Vietnam and India but shifted their orders to China in light of the COVID-19 situation in Vietnam and India. Please reconcile this information with the segment reporting table where there is an increase in revenue from the PRC but decreased for Hong Kong, and that there were no other geographic locations where revenue was reported.

Company's response:

Segment revenue analysis extracted from business segments under note 4 of the 1H2021 Results Announcement is as follows:

	30 June 2021 Unaudited	30 June 2020 Unaudited	Increase/ (Decrease)	Note
REVENUE	**RMB'000**	**RMB'000**	**%**	
Zipper segment	203,538	181,772	12	<1>
Processing segment	29,116	22,474	30	<1>
Total	232,654	204,246	14	
Trading segment	108,574	132,982	(18)	<2>
Total Group Revenue	341,228	337,228	1	

Notes:

1) The total revenue of RMB232.7 million generated from the Zipper and Processing segments were derived from the customers based in the PRC. As explained in the 1H2021 Results Announcement, the PRC customers were unable to procure the zippers from Vietnam and India due to the severeness of the COVID-19 situation in the said countries which resulted in orders shifted to the Group.
2) The revenue for the Trading segment was derived from customers based in Hong Kong. The decrease in revenue from the Trading segment was mainly due to the decrease in sales volume during 1H2021 as a result of reduced demand.

FOR AND ON BEHALF OF THE BOARD

Hong Qing Liang
Executive Chairman and Chief Executive Officer
24 August 2021