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 for the financial year ended 31 December 2023 ("FY2023") (the "Annual Report") issued on 11 April 2024.

The following information is in response to the SGX-ST's queries dated 22 April 2024:

Query 1

We note that the Group has outsourced its internal audit function to Xiamen De Cheng Accounting Co. Ltd ("IA").

(a) Please disclose (i) the size of the IA and IA engagement team; (ii) the qualifications, experience and track record of the IA and the IA Partner; (iii) whether the IA Partner is a member of any professional body for internal auditors and if so, please provide the relevant details; and (iv) the experience and track record of the professionals involved in the IA function of the Group; and

Company's response:

(i) Xiamen Decheng was restructured from Jinjiang Certified Public Accountants Co., Ltd. which was established in 1990 and under Jinjiang Finance Bureau. It obtained the practicing certificate of Certified Public Accountant ("**CPA**") that was approved by Fujian Provincial Department of Finance on 20 January 2000. In August 2023, the firm moved to Quanzhou city and changed its name to Quanzhou Decheng United Accounting firm ("Quanzhou Decheng").

Currently, the firm has 30 staff, out of which 8 are CPA whereby 3 are partners, and 22 staff in the internal and external audit and finance support functions. It is engaged in the provision of accounting and internal and external audit, asset valuation, financial advisory and tax consulting services to its various customers in various industries of manufacturing, investment, real estate etc.

The IA engagement team for the Group comprised of the signing partner, Mr Ke Jianming, who is well supported by a team of 4 internal audit professionals whereby their respective experience and track record are disclosed under (iv) below.

(ii) Current and past internal audit track record of Quanzhou Decheng and the IA partner is shown under the table as follows:

Period of engagement	**Company's name**	**Company's profile**
(i) Listed entities in the PRC		
1) From 2016 till now	福建省百川资源再生科技股份有限公司	Listed on the Bejing Stock Exchange, stock code: 835634
2) From 2013 till now	福建省夜光达反光材料股份有限公司	Listed on the Bejing Stock Exchange, stock code: 838321
ii) Not listed, entities of similar industry and size of operations as the Company		
1) From 2012 to 2019	福建省希源纸业有限公司	It is a large-scale paper products industrial company, specializing in the production of paper products and is one of the largest paper products manufacturing and research and development company in Fujian Province.
iii) Not listed, entities with big scale operations		
1) From 2021 till now	泉州鲤城文旅投资集团有限公司	State-owned enterprises, mainly engaged in the development of old urban areas, the development of cultural and tourism projects, medical services, education industry, state-owned assets management, etc.
2) From 2019 till now	福建石狮国有投资发展集团有限责任公司	State-owned enterprises, mainly engaged in capital market services.

The partner who signed the IA report, the IA partner, Mr Ke Jianming, is the chief auditor of Quanzhou Decheng. He obtained his qualification as senior auditor in Fujian Province in 2003. Since 1991, he has been engaged in the CPA profession for 33 years, mainly in auditing (including internal control audit), asset valuation, financial due diligence, financial advisory and professional guidance for listing exercises etc. With his wealth of more than 30 years of experience in internal and external audit through the various audit assignments he was engaged in, he has demonstrated his professional competency in the audit field. He was the signing partner for the IA work conducted in listed entities in the PRC and in entities of similar industry and size of operations as the Company and entities with big scale operations as illustrated in the table above.

(iii) He is not a member of any professional body for internal auditors. But as PRC registered CPA, he is qualified to sign IA reports. In addition, he has accumulated extensive internal

audit working experiences from the various internal audit assignments he was engaged in over the years.

(iv) The experience and track record of the professionals involved in the IA function of the Group are as follows:

1) Mr Qiu Yongsheng

PRC registered CPA. Audit manager of the audit department I of Quanzhou Decheng. He has been engaged in the CPA industry for 19 years since 2005, mainly engaged in audit (including internal control audit), assets evaluation, financial due diligence, and financial advisory. With his rich experience and professional knowledge, he has demonstrated his professional competency in the audit field.

2) Ms Zeng Jinglian

PRC registered CPA. Audit manager of the audit department II of Quanzhou Decheng. She has been engaged in the CPA industry for 24 years since 2000, mainly engaged in the audit (including internal control audit), assets evaluation, financial due diligence, financial advisory. With her rich experience and professional knowledge, she has demonstrated his professional competency in the audit field.

3) Ms Xu Danni

Auditor. Staff member of the audit department of Quanzhou Decheng. She has been engaged in the CPA industry for 10 years since 2013, mainly engaged in auditing (including internal control audit), asset evaluation, financial due diligence, financial advisory.

4) Ms Ye Zhenzhen

Auditor. Staff member of the audit department of Quanzhou Decheng. She has been engaged in the CPA industry for 12 years since 2011, mainly engaged in auditing (including internal control audit), asset evaluation, financial due diligence, financial advisory.

(b) Please disclose whether the IA Partner has prior experience providing IA services to SGX listed entities and entities of similar industry and size of operations as the Company;

Company's response:

The IA Partner has no prior experience in providing IA services to SGX listed entities as the IA is located and based in China. Notwithstanding the above, he has extensive experience of more than 30 years in internal audit through the various audit assignments he was engaged in and his past and current record of internal audit involvement as signing partner for internal audit work conducted in listed entities in the PRC and entities of similar industry and size of operations as the Company and

entities with big scale operations was illustrated under the track record of the IA and IA partner tabled under (ii) above.

(c) Please disclose whether the standards applied by the IA comply with the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors;

Company's response:

The Management has checked with Quanzhou Decheng and Quanzhou Decheng has confirmed to the Company that the IA standards applied by Quanzhou Decheng for its internal audit of the Company are in compliance with the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

(d) Please disclose (i) details of the IA cycle; (ii) how many times had the Audit Committee met with the IA in FY2023; and (iii) whether there were any material findings in FY2023; and

Company's response:

(i) IA cycle - the Company conducted the IA on a yearly basis, covering significant areas of operations of the Group. Each year, the IA was conducted on significant operating subsidiaries of the Group on rotation basis. The IA report for FY2023 covered the Company's financial year from 1 January 2023 to 31 December 2023;

(ii) The Audit Committee has met with the IA without the presence of the Management on a yearly basis, once in FY2023 in the Audit Committee meeting held in February 2024; and

(iii) There were no material findings in FY2023 that was brought to the attention of the AC Committee on any significant internal control weakness of the Group.

(e) Please justify how is the IA suitable to be appointed as internal auditors for the Group. To provide the basis for the Audit Committee's views.

Company's response:

The Audit Committee is of the opinion that the IA is suitable to be appointed as internal auditors for the Group based on the following considerations:

1) Past internal audit track record of the IA and the IA partner with experience in listed entities in the PRC and entities of similar industry and size of operations as the Company and entities with big scale operations;

2) The extensive internal audit experience and track record of the IA signing partner and professionals involved in the IA function of the Group; and

3) Familiarity of the IA with the business and operations of the Group as the signing partner and professionals involved in the internal audit has remained the same for the recent years and the IA engagement team has communicated to the Management recommendations on internal control improvements over the years and the Management has adopted the recommendations where practicable after assessment.

Query 2

We note that both Mr. Lim Cheng Kee and Mr. Qiu Qing Yuan have served on the Board for more than 9 years and will step down at the conclusion of the AGM on 29 April 2024 ("FY2023 AGM"). Taking this into account, Mr. Low See Lien (whose appointment is subject to shareholders' approval at the FY2023 AGM) would be the only independent director on the Board of the Company.

Provision 2.1 of the Code of Corporate Governance 2018 requires independent directors to make up majority of the Board where the Chairman is not independent. Additionally, Listing Rules 210(10)(i) and 221 require (i) majority of each of the committees performing the functions of an audit committee, a nominating committee and a remuneration committee, including the respective chairmen, must be independent; and (ii) a foreign issuer to have at least 2 independent directors resident in Singapore. Please disclose whether the Company will be in compliance with these requirements following the cessation of Mr. Lim Cheng Kee and Mr. Qiu Qing Yuan. If not, please provide details of the Board's plan and an indicative timeline to comply such requirements.

Company's response:

Upon cessation of Mr Lim Cheng Kee as the Independent Director and Chairman of the Audit Committee, Mr Low See Lien who is a practicing public accountant with extensive experience in the audit field, will be appointed as the Chairman of the Audit Committee in May 2024.

The Nominating Committee had interviewed and assessed 2 candidates for the appointment as Independent Directors of the Company at the Nominating Committee held on 28 February 2024 and had recommended to the Board their proposed appointments. The Board had approved their proposed appointments and they will be appointed by end May 2024. Following their respective appointments by end May 2024, the Board will be reconstituted and the respective Chairs of the Nominating and Remuneration committee will be filled.

Accordingly, by end May 2024, the Company will be in compliance with Listing Rules 210(10)(i) and 221, whereby majority of each of the committees performing the functions of an audit committee, a nominating committee and a remuneration committee, including the respective chairman, is Independent and the Company will have 2 Independent Directors resident in Singapore.

FOR AND ON BEHALF OF THE BOARD

Hong Qing Liang
Executive Chairman
24 April 2024