

FUXING CHINA GROUP LIMITED

(Incorporated in Bermuda)

(Company Registration No.:38973)

RESPONSE TO A QUERY 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 second quarter and six months ended 30 June 2015 results announcement released to SGX-ST via SGXNet on 14 August 2015.

The following information is in response to the SGX-ST’s query dated 19 August 2015:

- 1. In paragraph 1(b)(i) of the Company’s 2Q2015 Results Announcement (“Announcement”), under the Statement of Financial Position, the Company announced that Trade and Other Receivables as at 30 June 2015 was RMB 294,549,000. This is an increase of 40.8% compared to RMB 209,174,000 as at end 2Q2014. By comparison, 2Q2015 revenue had only increased by 2 per cent to RMB 162,688,000 in comparison with 2Q2014. Please provide a breakdown of the material items under Trade and other receivables. For material items under “other receivables”, please elaborate on the underlying transactions.**

Company’s response:

The breakdown of the Trade and Other Receivables is as follows:

RMB '000	As at 30 June 2015	As at 30 June 2014	% increase/ (decrease)
Trade receivables⁽¹⁾			
Zipper segment	128,663	117,940	9
Trading segment	107,969	76,532	41
Processing segment	4,909	5,191	(5)
Sub-total	241,541	199,663	21

Other receivables			
Deposits ⁽²⁾	36,724	-	100
Bills receivables	7,702	5,109	51
Others ⁽³⁾	8,582	4,404	95
Sub-total	53,008	9,513	457
Total balance as at 30 June	294,549	209,176	41

Notes:

- 1) Trade receivables increased by RMB41.9 million or 21% to RMB241.5 million as at 30 June 2015 compared to RMB199.6 million as at 30 June 2014 was mainly due to the RMB31.4 million increase in trade receivables from the Trading segment. Trade receivables from the Trading segment increased mainly due to the increase in revenue from the trading activities. For 6M2015, revenue contributed by the Trading segment amounted to RMB108.2 million, which represented RMB54.3 million or 100.6% increase compared to RMB54.0 million for 6M2014.
- 2) Under “Other receivables”, there were deposits amounting to RMB36.7 million paid to the constructor in relation to progress payment and purchase of materials for the construction of the Group’s Xiamen headquarters. The progress payment will be transferred to cost of the investment property after the said payment has been accepted by the master builder.
- 3) “Others” which increased by 95% to RMB8.5 million as at 30 June 2015 represented tax receivables, deposit for utilities, spare parts for repairs and maintenances, etc.

BY ORDER OF THE BOARD

Hong Qing Liang

Executive Chairman and Chief Executive Officer

21 August 2015