FUXING CHINA GROUP LIMITED

(Incorporated in Bermuda)
(Company Registration No.: 38973)

MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Board of Directors (the "Board") of Fuxing China Group Limited ("Fuxing China" or together with its subsidiaries, the "Group") refers to its audited financial statements for the financial year ended 31 December 2023 ("**FY2023**") in the Group's Annual Report 2023 (the "**Audited Financial Statements**") and the announcement on the Unaudited Financial Statements and Dividend Announcement for the Financial Year Ended 31 December 2023 released on 29 February 2024 (the "**Unaudited Financial Statements**").

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Board wishes to announce and explain the material variances between the Audited Financial Statements and the Unaudited Financial Statements after the completion of the financial audit by the Company's external auditor.

1) Extract of Consolidated Income Statement of the Group for FY2023

	Audited Financial Statements RMB'000	Unaudited Financial Statements RMB'000	Variance RMB'000	Note
Other items of income				
Other income	18,253	14,793	3,460	1
Income tax expense	(3,113)	(2,248)	(865)	2
Loss for the year	(10,723)	(13,318)	(2,595)	3
Total comprehensive loss for the year	(12,252)	(14,847)	(2,595)	3

Notes:

(1) The variance in other income was due to the RMB3.5 million gain recorded in FY2023 arising from change in the fair value of investment property whereby there was no such gain recorded in FY2022.

(2) The variance in income tax expense was due to the deferred tax charge of RMB0.9 million arising from the fair value adjustment on investment property in FY2023 whereby there was no such deferred tax charge recorded in FY2022.

(3) As the result of the net adjustment of other income and income tax expense, net loss and total comprehensive loss for the year per Audited Financial Statements was RMB2.6 million lower as compared to the net loss and total comprehensive loss for the year per Unaudited Financial Statements.

2) Extract of Statements of Financial Position of the Group as at 31 December 2023

The material variances between the Group's Unaudited Financial Statements and Audited Financial Statements is set out below:

	Audited Financial Statements RMB'000	Unaudited Financial Statements RMB'000	Variance RMB'000	Note
Non-current assets				
- Investment property	42,060	38,600	3,460	1
Non-current liability				
- Deferred tax liabilities	(19,870)	(19,005)	(865)	2
Total equity	573,722	571,127	(2,595)	
- Accumulated losses	(171,754)	(174,349)	(2,595)	3

Notes:

(1) The variance in investment property was due to the RMB3.5 million gain recorded in FY2023 arising from change in the fair value of investment property whereby there was no such gain recorded in FY2022. Investment property was stated at fair value based on Management's intention to resale the property, which has been determined based on valuation performed as at 31 December 2023. The valuation of investment property was performed by an independent valuer on the reporting date.

(2) The variance in deferred tax liabilities was due to the deferred tax charge of RMB0.9 million arising from the fair value adjustment on investment property in FY2023 whereby there was no such deferred tax charge recorded in FY2022.

(3) The variance in total equity of RMB2.6 million at 31 December 2023 was due to the variance in accumulated losses at 31 December 2023. The variance in accumulated losses at 31 December 2023 was due to the reduction of net loss for the year by RMB2.6 million as explained under the above note 3 under Consolidated Income Statement of the Group.

3) Extract of Cash Flow Statement of the Group as at 31 December 2023

The material variance between the Group's Audited Financial Statements and the Unaudited Financial Statements is set out below:

	Audited Financial Statements RMB'000	Unaudited Financial Statement RMB'000	Variance RMB'000	Note
Cash flows from operating activities				
Loss before tax	(7,610)	(11,070)	3,460	1
Adjustments for:				
- Fair value change of investment property	(3,460)	-	(3,460)	1
Operating cash flows before changes in working capital	35,577	35,577	-	

Note:

(1) The variance in loss before tax was due to the fair value change of investment property which was recorded as non-cash adjustment under adjustments for.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Chairman

11 April 2024