FUXING CHINA GROUP LIMITED
(Incorporated in Bermuda)
(Company Registration No.: 38973)

PROPOSED CAPITAL REORGANISATION

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1. INTRODUCTION

1.1 The Board of Directors (the "**Board**") of Fuxing China Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") refer to its announcement dated 14 March 2024 in relation to the Proposed Capital Reorganisation (the "**Announcement**").

1.2 Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Announcement.

2. UPDATES IN RELATION TO THE PROPOSED CAPITAL REORGANISATION

2.1 The Board wishes to update shareholders that the Company is intending to reduce the par value of each Share from S$5.00 to S$0.02 (instead of S$0.10 as earlier disclosed in the Announcement). This will also provide the Company with more flexibility to issue new Shares in the future should fund raising opportunities or requirements arise and facilitate corporate actions which may require the issuance of new Shares, such as a rights issue or private placement. Apart from issuing new Shares to facilitate the proposed ADS offering and listing of the ADS on the NASDAQ as recently announced, there are currently no plans to issue any new Shares.

2.2 In light of the foregoing, the Board wishes to update shareholders in respect of the following consequential changes to the relevant information disclosed earlier in the Announcement as follows (updated figures are underlined for ease of reference):

DETAILS OF THE PROPOSED CAPITAL REORGANISATION

(a) The reduction of the issued and paid-up share capital of the Company of a sum of S$87,066,126.84 will be by the cancellation of the paid-up share capital of the Company to the extent of S$4.98 on each of the Shares with a par value of S$5.00 in issue on the Proposed Capital Reorganisation Effective Date so that each issued Share with a par value of S$5.00 shall be treated as one (1) fully paid Share with a par value of S$0.02 as at the Proposed Capital Reorganisation Effective Date.

(b) upon the Capital Reduction taking effect, the cancellation of all of the authorised but unissued 22,516,842 Shares with a par value of S$5.00 each in the share capital of the Company (which shall include, without limitation, the authorised but unissued share capital resulting from the Capital Reduction) and the diminution of the authorised share capital of the Company of S$200,000,000 by S$199,650,336.84 representing the amount of Shares so cancelled, and forthwith upon such Authorised Capital Diminution, the authorised share capital of the Company be increased from S$349,663.16 divided into 17,483,158 Shares (including treasury shares) of a par value of S$0.02 each to S$200,000,000 divided into 10,000,000,000 Shares of a par value of S$0.02 each by the

creation of 9,982,516,842 Shares with a par value of S$0.02 each (representing the difference between 10,000,000,000 Shares with a par value of S$0.02 each and the number of Shares with a par value of S$0.02 each in issue after the Capital Reduction), as it is not intended for the par value reduction to lead to a reduction in the authorised share capital, which is currently S$200,000,000;"

(c) the share premium account of the Company be reduced from S$53,642,088 to zero by cancelling the entire sum of S$53,642,088 standing to the credit of the share premium account as at the date of the Announcement;

(d) subject to and forthwith upon the Capital Reduction and the Share Premium Reduction taking effect, the amount of credit arising from the Capital Reduction in the sum of S$87,066,126.84 (equivalent to approximately RMB476,861,177) and the amount of credit arising from the Share Premium Reduction in the sum of S$53,642,088 (equivalent to approximately RMB293,797,718) be credited to the contributed surplus account of the Company.

Shareholders are to note that such aggregate sum of S$140,708,214.84 in the contributed surplus account of the Company will be utilised to set-off against any accumulated losses of the Group in full.

3. UPDATED FINANCIAL EFFECTS OF THE PROPOSED CAPITAL REORGANISATION

The Board also wishes to update the illustrative financial effects of the Proposed Capital Reorganisation on the Group based on the audited financial statements of the Group for FY2023 as set out below.

The financial effects set out below are set out solely for illustrative purposes and may not give a true picture of the financial effects of the Proposed Capital Reorganisation. Such financial effects are based primarily on the following assumptions:

(i) the financial effects on the consolidated net tangible assets ("**NTA**") per Share of the Group and the gearing of the Group is computed on the assumption that the Proposed Capital Reorganisation were completed on 31 December 2023;

(ii) the financial effects on the earning per share ("**EPS**") of the Group is computed on the assumption that the Proposed Capital Reorganisation were completed on 1 January 2023; and

(iii) no additional Shares are issued by the Company.

3.1 Share Capital

Based on the assumptions set out above, the effect of the Proposed Capital Reorganisation on the issued and paid-up share capital of the Company would have been as set out below:

	Before the Proposed Capital Reorganisation	**After the Proposed Capital Reorganisation**

Share Capital (RMB'000)	772,574	1,915
Number of issued Shares (excluding treasury shares)	17,205,438	17,205,438

3.2 Net Tangible Assets per Share

Based on the assumptions set out above, the effect of the Proposed Capital Reorganisation on the consolidated NTA per Share of the Group are set out below:

	Before the Proposed Capital Reorganisation	**After the Proposed Capital Reorganisation**
NTA of the Group (RMB'000)	573,722	573,722
Number of issued Shares (excluding treasury shares)	17,205,438	17,205,438
NTA per Share (RMB)	33.35	33.35

3.3 Earnings per Share

Based on the assumptions set out above, the financial effects on the EPS of the Group are set out below:

	Before the Proposed Capital Reorganisation	**After the Proposed Capital Reorganisation**
Earnings for FY2023 (RMB'000)	(7,610)	(7,610)
Number of issued Shares (excluding treasury shares)	17,205,438	17,205,438
Earnings attributable to Shareholders (RMB'000)	(0.44)	(0.44)

3.4 Gearing

Based on the assumptions set out above, the financial effects on the gearing of the Group are set out below:

	Before the Proposed Capital Reorganisation	After the Proposed Capital Reorganisation
Total Borrowings of the Group (RMB'000)	87,300	87,300
Shareholders' Equity (RMB'000)	586,203	586,203
Gearing Ratio	0.15	0.15

4. CIRCULAR TO SHAREHOLDERS

Further details of the Proposed Capital Reorganisation, among others, will be announced and/or included in the circular to be despatched to Shareholders. The circular will also enclose the notice of the SGM for the Proposed Capital Reorganisation, among others.

5. CAUTIONARY STATEMENT

Shareholders should note that there is no certainty or assurance as at the date of this announcement that approval for the Proposed Capital Reorganisation will be obtained or if the Proposed Capital Reorganisation will be undertaken at all. Shareholders are advised to exercise caution in trading their Shares and should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

FOR AND ON BEHALF OF THE BOARD

Hong Qing Liang
Executive Chairman
26 September 2024