



SOUTHERN PACKAGING GROUP LIMITED
(Company Registration No.: 200313312N)
(Incorporated in the Republic of Singapore on 30 December 2003)

RESPONSE TO QUERIES FROM SGX-ST

The Board of Directors (the “**Board**”) of Southern Packaging Group Limited (the “**Company**”) refers to the queries from Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 21 August 2019 in relation to the Company’s unaudited financial statements for the period ended 30 June 2019 released on 14 August 2019 as follows:

Query 1 from SGX-ST

- (a) With reference to the unaudited financial statements for the period ended 30 June 2019, please provide an explanation for
- (i) Increase in property under development from RMB65,125,000 for the year ended 31 December 2018 to RMB113,817,000 for the period ended 30 June 2019
 - (ii) Decrease in trade payables from RMB109,633,000 for the year ended 31 December 2018 to RMB96,876,000 for the period ended 30 June 2019

Company’s Response

- (i) The increase of property under development is due to the additional construction costs for San Shan project. It consists of over 89,000 meter square of office and shop spaces and will be used for re-location of our headquarters as well as for future sale and rental. The construction of the property under development is in progress and it is expected to enter the sales phase within the next 12 months.
- (ii) The decrease in trade payables is mainly due to two reasons. Firstly, the purchase volume decreases as the sales volume decreases in the current period. Secondly, the price of raw material decreases due to weaken market demand.

Query 2 from SGX-ST

Paragraph 1(d)(v) of Appendix 7.2 Financial Statements and Dividend Announcement states that in the case of half-year and full year announcements, issuers must present the following statements in the form presented in the issuer’s most recently audited annual financial statements:

A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Please provide the details required under Paragraph 1(d)(v) of Appendix 7.2.

Company's Response

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable

BY ORDER OF THE BOARD

PAN SHUN MING

Executive Chairman and Chief Executive Officer
23 August 2019