

# Southern Packaging Group Limited

Unaudited Condensed Full Year Financial Statements for the Period Ended 31 December 2023

## PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

### A. Condensed full year consolidated statement of profit or loss and other comprehensive income

	Note	Group	Group	Change	Group	Group	Change
		2H	2H		Jan-Dec	Jan-Dec	
		2023	2022		2023	2022	
		RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	4	376,911	327,904	14.9%	691,561	603,536	14.6%
Cost of sales		(314,324)	(287,334)	9.4%	(570,490)	(512,526)	11.3%
Gross profit		62,587	40,570	54.3%	121,071	91,010	33%
Gross profit margin		16.6%	12.37%	34.2%	17.5%	15.1%	15.9%
Other operating income		8,039	4,761	68.9%	12,492	7,560	65.3%
Distribution expenses		(22,065)	(20,980)	5.2%	(42,651)	(43,775)	(2.6%)
Administrative expenses		(44,525)	(42,247)	5.4%	(83,261)	(81,011)	2.8%
Finance costs		(10,952)	(10,043)	9.1%	(21,506)	(19,931)	7.9%
Loss before income tax	6	(6,916)	(27,939)	(75.2%)	(13,855)	(46,147)	(70%)
Income tax (expense)/credit	7	(1,189)	6,638	(117.9%)	344	9,858	(96.5%)
Loss for the period		(8,105)	(21,301)	(62%)	(13,511)	(36,289)	(62.8%)
Other comprehensive income: <i>Items to be reclassified to profit or loss in subsequent periods</i>							
Exchange differences on translation of foreign operations		(360)	674	NM	142	930	(84.7%)
Total comprehensive expense for the period, representing loss for the period attributable to owners of the parent.		(8,465)	(20,627)	(59%)	(13,369)	(35,359)	(62.2%)
Loss per share							
- Basic and diluted (RMB in cent)		(12)	(30)	(60%)	(19)	(52)	(63.5%)

## B. Condensed full year statements of financial position

		Group	Group	Company	Company
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Note	RMB'000	RMB'000	RMB'000	RMB'000
<b><u>Current assets:</u></b>					
Cash and cash equivalents		90,220	67,245	995	441
Fixed deposits		1,441	2,661	-	-
Trade receivables	12	152,902	142,739	-	-
Other receivables and prepayments		42,860	45,660	1,307	1,306
Inventories	13	362,829	397,875	-	-
Total current assets		650,252	656,180	2,302	1,747
<b><u>Non-current assets:</u></b>					
Investments in subsidiaries		-	-	465,933	465,933
Property, plant and equipment	10	395,607	438,355	-	-
Investment properties	11	91,515	94,017	-	-
Land use rights		36,478	37,556	-	-
Right of use assets		3,108	2,627	-	-
Deferred tax assets	14	18,430	16,208	-	-
Total non-current assets		545,138	588,763	465,933	465,933
<b>Total assets</b>		<b>1,195,390</b>	<b>1,244,943</b>	<b>468,235</b>	<b>467,680</b>

## B. Condensed full year statements of financial position(Cont'd)

		Group	Group	Company	Company
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Note	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current liabilities:</b>					
Trade payables		201,677	273,136	-	-
Other payables		34,529	34,396	28,907	45,370
Borrowings	16	329,845	318,864	-	-
Current income tax payable		4,983	4,498	-	-
Deferred government subsidies		1,139	1,139	-	-
Lease liabilities	15	2,349	2,621	-	-
<b>Total current liabilities</b>		<b>574,522</b>	<b>634,654</b>	<b>28,907</b>	<b>45,370</b>
<b>Non-current liabilities:</b>					
Deferred government subsidies		8,295	9,435	-	-
Borrowings	16	87,607	63,332	-	-
Deferred tax liabilities	14	1,000	1,000	-	-
Lease liabilities	15	813	-	-	-
<b>Total non-current liabilities</b>		<b>97,715</b>	<b>73,767</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>672,237</b>	<b>708,421</b>	<b>28,907</b>	<b>45,370</b>
<b>Equity attributable to equity holders of the Company:</b>					
Share capital	17	230,593	230,593	230,593	230,593
Capital contribution		12,639	12,639	-	-
Statutory reserve		64,124	58,546	-	-
Foreign currency translation account		(1,008)	(1,150)	-	-
Retained earnings		216,805	235,894	208,735	191,717
<b>Total equity</b>		<b>523,153</b>	<b>536,522</b>	<b>439,328</b>	<b>422,310</b>
<b>Total liabilities and equity</b>		<b>1,195,390</b>	<b>1,244,943</b>	<b>468,235</b>	<b>467,680</b>

### C. Condensed full year statements of changes in equity

	Share capital RMB'000	Statutory reserve RMB'000	Capital contribution RMB'000	Retained earnings RMB'000	Foreign currency translation account RMB'000	Total equity RMB'000
<b>Group</b>						
Balance as at 1.1.2022	230,593	58,546	12,639	273,711	(2,080)	573,409
Loss for the financial year	-	-	-	(36,289)	-	(36,289)
Other comprehensive income for the financial year						
- Exchange differences on translation of foreign operations	-	-	-	-	930	930
Total comprehensive loss for the financial year	-	-	-	(36,289)	930	(35,359)
Distributions to owners of the parent dividends	-	-	-	(1,528)	-	(1,528)
Balance as at 31.12.2022	230,593	58,546	12,639	235,894	(1,150)	536,522
Balance as at 1.1.2023	230,593	58,546	12,639	235,894	(1,150)	536,522
Loss for the financial year	-	-	-	(13,511)	-	(13,511)
Other comprehensive income for the financial year						
- Exchange differences on translation of foreign operations	-	-	-	-	142	142
Total comprehensive loss for the financial year	-	-	-	(13,511)	142	(13,369)
Others						
- Transfer to statutory reserve	-	5,578	-	(5,578)	-	-
Balance as at 31.12.2023	230,593	64,124	12,639	216,805	(1,008)	523,153

### C. Condensed full year statements of changes in equity(cont'd)

	<b>Share Capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Company</b>			
Balance as at 1.1.2022	230,593	205,228	435,821
Loss for the financial year, representing total comprehensive loss for the financial year	-	(11,983)	(11,983)
Distributions to owners of the parent - dividends	-	(1,528)	(1,528)
Balance as at 31.12.2022	<u>230,593</u>	<u>191,717</u>	<u>422,310</u>
Balance as at 1.1.2023	230,593	191,717	422,310
Profit for the financial year, representing total comprehensive income for the financial year	-	17,018	17,018
Balance as at 31.12.2023	<u>230,593</u>	<u>208,735</u>	<u>439,328</u>

## D. Condensed full year consolidated statement of cash flows

	Group 2023 RMB'000	Group 2022 RMB'000
<b><u>Cash flows from operating activities</u></b>		
<b>Loss before income tax</b>	<b>(13,855)</b>	<b>(46,147)</b>
Adjustments for:		
Depreciation of property, plant and equipment	54,000	54,156
Depreciation of investment properties	2,047	2,296
Amortisation of deferred government subsidies	(1,139)	(1,139)
Amortisation of land use rights	1,078	1,078
Amortisation of right-of-use assets	2,499	2,385
Interest income	(324)	(426)
Interest expense	21,506	19,931
Unrealised foreign currency exchange loss	668	1,182
(Reversal of)/Allowance made for inventories obsolescence	(254)	111
Loss on property, plant and equipment written off	-	278
Gain on de-recognition of lease	(4)	(7)
(Reversed of )/ allowance made for loss allowance of trade receivables	(33)	319
Loss on disposal of property, plant and equipment	268	486
Operating cash flows before working capital changes	<b>66,457</b>	<b>34,503</b>
Working capital changes:		
Trade receivables	(10,485)	92,582
Other receivables and prepayments	3,398	881
Inventories	35,318	576
Trade payables	(72,700)	(45,746)
Other payables	85	(11,055)
<b>Cash generated from operations</b>	<b>22,073</b>	<b>71,741</b>
Income tax paid	(1,398)	(771)
<b>Net cash generated from operating activities</b>	<b>20,675</b>	<b>70,970</b>
<b><u>Cash flows from investing activities</u></b>		
Purchase of property, plant and equipment	(11,141)	(59,274)
Proceeds from disposal of property, plant and equipment	76	323
Interest received	324	426
<b>Net cash used in investing activities</b>	<b>(10,741)</b>	<b>(58,525)</b>

#### D. Condensed full year consolidated statement of cash flows(Cont'd)

	<b>Group 2023 RMB'000</b>	<b>Group 2022 RMB'000</b>
<b><u>Cash flows from financing activities</u></b>		
Interest paid	(21,506)	(19,931)
Proceeds from borrowings	467,598	437,137
Repayment of borrowings	(432,232)	(444,532)
Lease payment	(2,435)	(2,372)
Decrease in pledged fixed deposits	730	3,994
Dividends paid	-	(1,528)
<b>Net cash from/(used in) financing activities</b>	<b><u>12,155</u></b>	<b><u>(27,232)</u></b>
Increase/(Decrease) in cash and cash equivalents	22,089	(14,787)
Cash and cash equivalents at the beginning of the financial year	67,735	80,464
Effect of foreign exchange rate changes on cash and cash equivalents in foreign currencies	396	2,058
Cash and cash equivalents at the end of the financial year (Note A)	<b><u>90,220</u></b>	<b><u>67,735</u></b>

#### **Note A: Cash and Cash Equivalents**

	<b>2023 RMB'000</b>	<b>2022 RMB'000</b>
Cash and cash equivalents	91,661	69,906
Less: Fixed deposits pledged	<u>(1,441)</u>	<u>(2,171)</u>
Cash and cash equivalents at the end of the financial year	<b><u>90,220</u></b>	<b><u>67,735</u></b>

## **E. Notes to the condensed full year consolidated financial statements**

### **1. General corporate information**

Southern Packaging Group Limited (the “Company”) (Registration Number: 200313312N) is a public company limited by shares, incorporated and domiciled in the Republic of Singapore with its registered office at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619 and principal place of business at No. 9 Foping Four Road, Gui Cheng, Nanhai, Foshan City, Guangdong 528251, the People’s Republic of China. The Company is listed on the Main Board of Singapore Exchange Securities Trading Limited (“SGX-ST”). These condensed full year financial statements as at and for the 12 months ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the Group). The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are trading and manufacturing of packaging products for foodstuff, medical and cosmetic products, and property development.

### **2. Basis of Preparation**

The condensed full year financial statements for the 12 months ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 *Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the 2023 annual report. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

There are no changes in the accounting policies adopted, which were consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

#### *Impact of accounting standards to be applied in future periods*

There are a number of standards and interpretations which have been issued by the ASC that are effective for periods beginning subsequent to 31 December 2023 (the date on which the Company’s next annual financial statements will be prepared up to) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

The condensed full year financial statements are presented in RMB which is the Company’s functional currency, and all values are rounded to the nearest thousand (RMB’000) unless otherwise stated.

### **2.2. Use of judgements and estimates**

In preparing the condensed full year financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There is no critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements.

## **2. Basis of Preparation (Cont'd)**

### **2.2. Use of judgements and estimates (Cont'd)**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 10 – Impairment of property, plant and equipment and land use rights.
- Note 12 – Loss allowance for impairment of trade receivables
- Note 13 – Allowance for slow moving and obsolete inventories
- Note 14 – Recognition of deferred tax assets and liabilities

### **3. Seasonal operations**

The Group's businesses were not affected significantly by seasonal or cyclical factors during the financial period.

### **4. Segment and revenue information**

The Group is organized into the following main business segments:

- Segment 1: Rigid packaging;
- Segment 2: Flexible packaging; and
- Segment 3: Properties development

These operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker who are responsible for allocating resources and assessing performance of the operating segments.

#### 4.1. Reportable segments

	Rigid packaging	Rigid packaging	Flexible packaging	Flexible packaging	Property sale	Property sale	Consolidated	Consolidated
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>REVENUE</b>								
External sales	440,438	380,478	219,044	216,943	32,079	6,115	691,561	603,536
<b>RESULTS</b>								
Segment gross profit	92,344	64,921	25,251	24,777	3,476	1,312	121,071	91,010
Allocated expenses	(79,128)	(74,241)	(33,776)	(37,763)	(3,258)	(2,872)	(116,162)	(114,876)
Allocated income	2,554	833	1,842	752	70	-	4,466	1,585
Segment result	15,770	(8,487)	(6,683)	(12,234)	288	(1,560)	9,375	(22,281)
Unallocated expenses							(9,750)	(9,909)
Unallocated income							7,702	5,549
Interest income							324	426
Interest expense							(21,506)	(19,931)
Loss before income tax							(13,855)	(46,147)
Income tax credits							344	9,858
Loss for the financial year attributable to owners of the Parent							(13,511)	(36,289)
<b>ASSETS</b>								
Segment assets	496,183	519,540	214,476	222,525	367,270	399,586	1,077,929	1,141,651
Unallocated corporate assets							117,461	103,292
Consolidated total assets							1,195,390	1,244,943

#### 4.1. Reportable segments (cont'd)

	Rigid packaging	Rigid packaging	Flexible packaging	Flexible packaging	Property sale	Property sale	Consolidated 2023	Consolidated 2022
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>LIABILITIES</b>								
Segment liabilities	104,020	113,709	81,182	73,020	49,908	118,837	235,110	305,566
Unallocated corporate liabilities							437,127	402,855
Consolidated total liabilities							672,237	708,421

#### 4.1. Reportable segments (cont'd)

	Rigid packaging	Rigid packaging	Flexible packaging	Flexible packaging	Property sale	Property sale	Consolidated	Consolidated
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Jul-Dec	Jul-Dec	Jul-Dec	Jul-Dec	Jul-Dec	Jul-Dec	Jul-Dec	Jul-Dec
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>REVENUE</b>								
External sales	228,340	206,830	116,492	114,959	32,079	6,115	376,911	327,904
<b>RESULTS</b>								
Segment gross profit	48,460	30,549	10,651	8,709	3,476	1,312	62,587	40,570
Allocated expenses	(42,246)	(38,299)	(18,345)	(16,600)	(1,498)	(2,872)	(62,089)	(57,771)
Allocated income	1,681	-	797	206	44	-	2,522	206
Segment result	7,895	(7,750)	(6,897)	(7,685)	2,022	(1,560)	3,020	(16,995)
Unallocated expenses							(4,501)	(5,549)
Unallocated income							5,245	4,421
Interest income							271	227
Interest expense							(10,952)	(10,043)
Loss before income tax							(6,917)	(27,939)
Income tax credits							(1,189)	6,639
Loss for the financial year attributable to owners of the Parent							(8,106)	(21,300)
<b>ASSETS</b>								
Segment assets	496,183	519,540	214,476	222,525	367,270	399,586	1,077,929	1,141,651
Unallocated corporate assets							117,461	103,292
Consolidated total assets							1,195,390	1,244,943
<b>LIABILITIES</b>								
Segment liabilities	104,020	113,709	81,182	73,020	49,908	118,837	235,110	305,566
Unallocated corporate liabilities							437,127	402,855
Consolidated total liabilities							672,237	708,421

#### 4.2. Disaggregation of Revenue

	<b>The Group</b>			
	<b>12 months ended 31 December 2023</b>			
	<b>Rigid packaging</b>	<b>Flexible packaging</b>	<b>Property sale</b>	<b>Consolidated</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Types of goods or service:</b>				
<b>Sales of goods</b>	440,438	219,044	32,079	691,561
<b>Total revenue</b>	440,438	219,044	32,079	691,561
<b>Timing of revenue recognition:</b>				
<b>At a point in time</b>	440,438	219,044	32,079	691,561
<b>Total revenue</b>	440,438	219,044	32,079	691,561
<b>Geographical information:</b>				
<b>PRC</b>	403,589	197,150	32,079	632,818
<b>Australia</b>	19,482	-	-	19,482
<b>America</b>	1,670	3,008	-	4,678
<b>Phillipines</b>	10,228	-	-	10,228
<b>Thailand</b>	295	14,105	-	14,400
<b>Asia(excluding PRC)</b>	5,174	4,781	-	9,955
<b>Total revenue</b>	440,438	219,044	32,079	691,561

	<b>The Group</b>			
	<b>12 months ended 31 December 2022</b>			
	<b>Rigid packaging</b>	<b>Flexible packaging</b>	<b>Property sale</b>	<b>Consolidated</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Types of goods or service:</b>				
<b>Sales of goods</b>	380,478	216,943	6,115	603,536
<b>Total revenue</b>	380,478	216,943	6,115	603,536
<b>Timing of revenue recognition:</b>				
<b>At a point in time</b>	380,478	216,943	6,115	603,536
<b>Total revenue</b>	380,478	216,943	6,115	603,536
<b>Geographical information:</b>				
<b>PRC</b>	336,686	197,423	6,115	540,224
<b>Australia</b>	21,870	-	-	21,870
<b>America</b>	330	1,562	-	1,892
<b>Europe</b>	5,762	-	-	5,762
<b>Phillipines</b>	10,405	-	-	10,405
<b>Thailand</b>	1,073	11,818	-	12,891
<b>Asia(excluding PRC)</b>	4,352	6,140	-	10,492
<b>Total revenue</b>	380,478	216,943	6,115	603,536

	<b>The Group</b>			
	<b>2H 2023</b>			
	<b>Rigid packaging</b>	<b>Flexible packaging</b>	<b>Property sale</b>	<b>Consolidated</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Types of goods or service:</b>				
<b>Sales of goods</b>	228,340	116,492	32,079	376,911
<b>Total revenue</b>	228,340	116,492	32,079	376,911
<b>Timing of revenue recognition:</b>				
<b>At a point in time</b>	228,141	116,492	32,079	376,911
<b>Total revenue</b>	228,141	116,492	32,079	376,911
<b>Geographical information:</b>				
<b>PRC</b>	209,802	104,579	32,079	346,460
<b>Australia</b>	9,271	-	-	9,271
<b>America</b>	1,525	1,451	-	2,976
<b>Phillipines</b>	4,979	-	-	4,979
<b>Thailand</b>	150	7,868	-	8,018
<b>Asia(excluding PRC)</b>	2,613	2,594	-	5,207
<b>Total revenue</b>	228,340	116,492	32,079	376,911

	<b>The Group</b>			
	<b>2H 2022</b>			
	<b>Rigid packaging</b>	<b>Flexible packaging</b>	<b>Property sale</b>	<b>Consolidated</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Types of goods or service:</b>				
<b>Sales of goods</b>	206,830	114,959	6,115	327,904
<b>Total revenue</b>	206,830	114,959	6,115	327,904
<b>Timing of revenue recognition:</b>				
<b>At a point in time</b>	206,830	114,959	6,115	327,904
<b>Total revenue</b>	206,830	114,959	6,115	327,904
<b>Geographical information:</b>				
<b>PRC</b>	188,625	105,721	6,115	300,461
<b>Australia</b>	5,923	-	-	5,923
<b>America</b>	245	1,562	-	1,807
<b>Europe</b>	5,762	-	-	5,762
<b>Phillipines</b>	5,033	-	-	5,033
<b>Thailand</b>	373	7072	-	7,445
<b>Asia(excluding PRC)</b>	869	604	-	1,473
<b>Total revenue</b>	206,830	114,959	6,115	327,904

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 31 December 2022:

	The Group		The Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial Assets</b>				
Cash and bank balances and trade and other receivables* (Amortised cost)	255,022	223,024	2,302	1,747
<b>Financial Liabilities</b>				
Trade and other payables and borrowings** (Amortised cost)	638,894	673,338	28,907	45,370

\*Excluding advances to suppliers, prepayments and value added tax.

\*\* Excluding contract liabilities and other taxes.

## 6. Loss before income tax

### Significant items

	Group	Group	Group	Group
	2H 2023	2H 2022	Jan-Dec 2023	Jan-Dec 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Sales of raw materials and moulds	(82)	(911)	(2,691)	(1,585)
Interest income	(169)	(145)	(324)	(426)
Government grants	(4,791)	(1,909)	(5,383)	(2,954)
Foreign currency exchange (gain)/loss	(2,202)	2,637	215	3,083
Depreciation on property, plant and equipment	27,630	26,737	54,000	54,156
Depreciation of investment properties	818	2,287	2,047	2,296
Amortisation of land use rights	539	539	1,078	1,078
(Reversal of)/Allowance made for loss allowances for trade receivables	(33)	319	(33)	319
Addition/(reversal) of loss allowance of inventories obsolescence	(254)	111	(254)	111
Research and development costs (included R&D staff cost)	18,381	15,067	33,042	31,217
Finance costs	10,952	10,043	21,506	19,931
Directors' remuneration				
- Director's fees	347	346	665	644
- Salaries, bonuses and allowances	1,869	1,818	3,728	3,569
- Contributions to defined contribution plans	30	22	46	40

## 7. Taxation

	2H 2023	2H 2022	12 months ended 31 December 2023	12 months ended 31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current income tax expense	1,879	73	1,879	73
Deferred income tax	(690)	(6,711)	(2,223)	(9,931)
Income tax (credit)/expense	1,189	(6,638)	(344)	(9,858)

## 8. Dividends

	The Group	
	12 months ended 31 December 2023	12 months ended 31 December 2022
Ordinary dividends paid:	RMB'000	RMB'000
First and final exempt dividend for FY2022: Nil (2022: First and final exempt dividend of S\$0.0045 per share for FY2021)	-	1,528
	RMB	RMB
Dividend per share (net of tax)	-	0.02

## 9. Net asset value( "NAV")

	Group		Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RMB	RMB	RMB	RMB
Net asset value per ordinary share	7.44	7.63	6.25	6.01

The NAV per share as at 31 December 2023 was calculated based on the number of shares in issue of 70,319,164 shares (31 December 2022: 70,319,164 shares).

## 10. Property, plant and equipment

Following is a reconciliation of changes in the balances of property, plant and equipment:

	RMB'000
Property, plant and equipment, 1 January 2023	438,355
Less: depreciation	(54,000)
Less: disposal	(344)
Reclassified from investment property	455
Add: purchases	11,141
Property, plant and equipment, 31 December 2023	<u>395,607</u>

During the year ended 31 December 2023, the addition of property, plant and equipment amounted to RMB11,141,000 (31 December 2022: RMB59,273,555).

## 11. Investment properties

Following is a reconciliation of changes in the balances of investment properties:

	<b>FY2023</b>
	<b>RMB'000</b>
Cost	
Balance as at 1.1.2023	96,678
Transfer to Property, plant and equipment	(455)
Balance as at 31.12.2023	96,223
Accumulated depreciation	
Balance as at 1.1.2023	2,661
Depreciation for the financial year	2,047
Balance as at 31.12.2023	4,708
Carrying Amount	91,515

## 12. Trade receivables

The Group has segregated its customers by geographical areas and considered the historical loss pattern for each geographical area and relevant forward-looking information in order to determine the lifetime expected credit loss ("ECL") for its trade receivables.

The Group does not account for ECL allowance arising from non-credit impaired receivables as the amount is insignificant.

Credit impaired receivables refer to those debtors that are in significant financial difficulties and have defaulted on payment.

Movement in the loss allowance for credit impaired trade receivables were as follows:

	<b>Group</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Balance as at the beginning of the financial year	694	375
Loss allowance (reversed)/made during the financial year	(33)	319
Balance as at the end of the financial year	<u>661</u>	<u>694</u>

### 13. Inventories

The breakdown of inventories is as follows:

	Group	
	31.12.2023	31.12.2022
	RMB'000	RMB'000
Properties held for sale	275,755	305,570
Inventories for packaging business	87,074	92,305
Total	362,829	397,875

Management reviews the Group's inventory levels in order to identify slow-moving and obsolete merchandise and identifies items of inventory which have a market price that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the sale ability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2023 was RMB362,829,000 (31 December 2022: RMB397,875,000).

During the 12 months ended 31 December 2023, the Group carried out a review of the realisable values of its inventories and have a reverse of allowance for inventories obsolescence of RMB 254,000 (31 December 2022: Made an allowance for inventories obsolescence of RMB 111,000)

### 14. Deferred tax assets and liabilities

The Group recognises deferred tax assets for unutilised tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which these tax benefits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies.

Deferred tax liabilities are recognised based on their best estimates of the likely taxes due. This includes the determination of estimated unremitted earnings for dividend distribution on which deferred tax liability is to be provide for. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made.

As at 31 December 2023, the carrying amounts of the Group's deferred tax assets and deferred tax liabilities were RMB18,430,000 (31 December 2022: RMB16,208,000) and RMB1,000,000 (31 December 2022: RMB1,000,000) respectively.

### 15. Lease liability

The Group leases warehouse spaces, office and residential premises from external parties and related parties. Included in the lease arrangements, there are extension held and exercisable only by the Group. In determining the lease term, management considers the likelihood of either to exercise the extension option based on facts and circumstances that create an economic incentive to extend the lease.

The assessment on lease terms is reviewed at the end of each reporting period if there is a significant change in the Group's intentions, business plan or other circumstances unforeseen since it was first estimated. During the 12 months ended 31 December 2023, the weighted average incremental borrowing rate applied to lease liabilities was 5.20% per annum (31 December 2022: 5.01%) per annum.

## 16. Borrowings

### Amount repayable in one year or less, or on demand

As at 31/12/2023		As at 31/12/2022	
RMB'000		RMB'000	
Secured	Unsecured	Secured	Unsecured
329,845	-	308,864	10,000

### Amount repayable after one year

As at 31/12/2023		As at 31/12/2022	
RMB'000		RMB'000	
Secured	Unsecured	Secured	Unsecured
87,607	-	63,332	-

### Details of any collateral

The bank loans are secured as follows:

- Secured by property, plant and machinery, land use rights, investment property and pledged fixed deposits;
- Corporate guarantees by the Company and a subsidiary; and
- Personal guarantee by a director/shareholder of the Company.

## 17. Share capital

	The Group and the Company			
	31 December 2023		31 December 2022	
	Number of shares	Amount	Number of shares	Amount
	'000	RMB'000	'000	RMB'000
Beginning of Interim period	70,319	230,593	70,319	230,593
Issue of ordinary shares by virtue of exercise of share options	-	-	-	-
End of interim period	70,319	230,593	70,319	230,593

The Company did not hold any treasury shares as at 31 December 2023.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2023 and 31 December 2022.

## 18. Related party transactions

During the 12 months ended 31 December 2023, the Group entities entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group	
	Jan-Dec 2023	Jan-Dec 2022
	RMB	RMB
<u>With certain Director of the Company</u>		
Rental expense	830,670	790,206
<u>With companies in which certain Director have control</u>		
Rental expense	2,039,168	2,018,712
Property management fee	787,464	-

## 19. Fair value of financial assets and financial liabilities

The carrying amounts of the Group and the Company's current financial assets and current financial liabilities approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

The fair values of the Group's non-current financial liabilities in relation to borrowings approximates its carrying amount as these financial instruments are at floating interest rates. For the fixed rate non-current borrowings, the management estimates that the carrying amount approximate its fair value as the interest rate of the borrowings approximate the market lending rate for similar types of loan at the end of the reporting period. The carrying amount of current borrowings is a reasonable approximation of its fair value due to its relatively short-term maturity.

## 20. Events after reporting period

There are no known subsequent events which have led to adjustments to this set of full year financial statements.

## Other information required by Listing Rule Appendix 7.2

### 1. Review

The condensed consolidated statement of financial position of Southern Packaging Group Limited and its subsidiaries as at 31 December 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the full year period then ended and certain explanatory notes have not been audited or reviewed.

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Nil

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31 December 2023	31 December 2022
Total number of issued shares	70,319,164	70,319,164

**1(d)(iv) 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.

**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.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) Updates on the efforts taken to resolve each outstanding audit issue. (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is material uncertainty relating to going concern.**

Not applicable as the Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as compared with those used in the audited financial statements for the year ended 31 December 2023.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group Jan-Dec 2023 RMB	Group Jan-Dec 2022 RMB
Earnings per ordinary share for the period based on net profit attributable to shareholders (RMB):	(0.19)	(0.52)

The calculation of the earnings per share is based on the Group's profit after tax attributable to owners of the Company of the respective years divided by 70,319,164 ordinary shares excluding treasury shares.

7. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

## **Review of Group Performance**

### **Revenue**

The Group's revenue increased by RMB49 million (14.9%) from RMB327.9 million in 2H FY2022 to RMB376.9 million in 2H FY2023. The Group's revenue increased by RMB88.1 million (14.6%) from RMB603.5 million in FY2022 to RMB691.6 million in FY2023. The increase of sales is mainly due to the increase orders from an existing packaging customer and the increase of sales of properties also contributed a significant portion of the increase of sales.

### **Gross Profit**

The Group's gross profit increased by RMB22 million (54.3%) from RMB40.6 million in 2H FY2022 to RMB62.6 million in 2H FY2023. The Group's gross profit increased by RMB30 million (33%) from RMB91 million in FY2022 to RMB121 million in FY2023. The increase in gross profit was mainly attributable to the increase in sales revenue and gross margin.

### **Other operating income**

Other operating income increased by RMB3.2 million to RMB8 million in 2H FY2023 compared to RMB4.8 million in the previous corresponding period. Other operating income increased by RMB4.9 million to RMB12.5 million in FY2023 compared to RMB7.6 million in the previous corresponding period. This is mainly due to increase in government grant and sales of raw materials and moulds.

### **Loss before income tax**

The Group's loss before income tax is RMB13.8 million in FY2023 compared to RMB46.1 million in FY2022. The decrease in loss before income tax was mainly due to:

- Gross profit increased by RMB30 million as mentioned above;
- Other operating income increased by RMB4.9 million as mentioned above;
- Distribution expenses decreased by RMB1.1 million mainly due to the decrease of oversea freight costs
- Administrative expenses increased by RMB2.3 million mainly due to the increase in R&D expense during the year; and
- Finance costs increased by RMB1.6 million mainly due to increase in borrowings.

The Group's loss before income tax is RMB6.9 million in 2H FY2023 compared to RMB27.9 million in 2H FY2022. The decrease in loss before tax was mainly due to:

- Gross profit increased by RMB22 million as mentioned above;
- Other operating income increased by RMB3.2 million;
- Distribution expenses increased by RMB1.1 million mainly due to the increase of domestic freight costs
- Administrative expenses increased by RMB2.3 million mainly due to the increase in R&D expense during the year; and
- Finance costs slightly increased by RMB0.9 million mainly due to increase in borrowings.

### **Income Tax Credit**

Income tax credit of RMB0.3 million in FY2023 is due to the recognition of deferred tax assets during the financial year.

### **Current Assets**

Current assets decreased by RMB5.9 million when compared to the end of FY2022. This was mainly due to the following:

- a) Cash and bank balances increased by RMB23 million;
- b) Fixed deposits decreased by RMB1.2 million;
- c) Trade receivables increased by RMB10.1 million due to the increase sales during the year;
- d) Inventories decreased by RMB35 million mainly due to the sales of Apex tower properties during the year;
- e) Other receivables and prepayments decreased by RMB2.8 million.

	Group 31 Dec 2023 RMB'000	Group 31 Dec 2022 RMB'000
(i) Other receivables and deposits	10,460	10,379
(ii) Advances to suppliers and prepayment	25,047	18,120
(iii) Value added tax	7,353	17,161
Total	42,860	45,660

### **Non-Current Assets**

Non-current assets decreased by RMB43.7 million to RMB545.1 million from RMB588.8 million mainly due to the depreciation charges and the purchase of PPE during the year.

### **Current Liabilities**

Current liabilities decreased by RMB59.4 million from RMB634.7 million to RMB575.3 million mainly due to the following:

- Trade payables decreased by RMB71.4 million mainly due to the payment of suppliers related to Apex Tower during the year;
- Short-term bank borrowing increased by RMB10.9 million;
- Current income tax payable increased slightly by RMB0.5 million; and
- Other payables increased by RMB0.1 million due to the followings:

;

	Group 31 Dec 2023 RMB'000	Group 31 Dec 2022 RMB'000
(i) Accrued expenses	22,615	21,511
(ii) Other payables	6,303	8,540
(iii) Advances to customers	5,611	4,345
Total	34,529	34,396

## **Long-Term Liabilities**

Long-term liabilities increased by RMB23.1 million mainly due to the increase of long term borrowings.

## **The Consolidated Statement of Cash Flows**

In FY2023, the Group recorded cash flows generated from operating activities amounted to RMB20.7 million as compared to RMB71 million in FY2022 mainly due to:

- a) operating cash flows (before working capital changes) amounted to RMB66.5 million;
- b) Decrease in inventories amounted to RMB35.3 million;
- c) Cash outflows from trade and other receivable amounted to RMB7.1million
- d) Cash outflows from trade and other payables amounted to RMB72.6 million; and
- e) Cash outflows from income tax paid amounted to RMB1.4 million.

The net cash used in investing activities had decreased by RMB47.7 million from RMB58.5 million in FY2022 to RMB10.8 million in FY 2023 mainly due to the decrease of purchase of property, plant and equipment during the year.

The Group recorded a net cash inflow in financing activities amounting to RMB12.2 million in FY2023 as compared with a net cash outflow amounting to RMB27.2 million in FY2022. It was mainly due to the increase of bank borrowings and additional interest payment during the year.

### **8. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

### **9. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Our group's plastic packaging customisation and processing industry is currently facing rapid changes due to environmental policy shifts, increased consumer demand for sustainable products, and technological innovations that enhance production efficiency. These factors are propelling the industry into a period of intense competition and rapid transformation.

Over the next 12 months, we anticipate that fluctuations in raw material prices, changes in international trade policies, advancements in technology, and rapid shifts in market demand will be the main factors affecting our group's performance. We plan to respond to these challenges by adopting flexible procurement strategies, strengthening our investment in research and development, and closely monitoring market trends. Despite the challenges, we believe that through strategic adjustments and continuous innovation, our group can seize industry opportunities and achieve steady growth.

The Group managed to sell of certain units of Apex Tower during the year despite the quiet market conditions. The Group will continue to market Apex Tower and strive to improve sales from the remaining property portfolio.

**10. Dividend**

***(a) Current Financial Period Reported On***

None

***(b) Corresponding Period of the Immediately Preceding Financial Year***

None.

***(c) Date payable***

Not applicable.

***(d) Record date***

Not applicable.

**11. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision**

No dividend has been declared or recommended as the Company recorded a loss for the financial year ended 31 December 2023.

**12. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

The Company has not obtained a general mandate from shareholders for interested person transactions (“IPTs”) pursuant to Rule 920 of the Listing Manual.

The IPTs entered into by the Company or the Group during the financial year 31 December 2023 were as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to <u>Rule 920</u> ) 31 December 2023	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to <u>Rule 920</u> (excluding transactions less than S\$100,000) 31 December 2023
Guangdong Xing Hua Health Drink Co. Ltd. <sup>(1)</sup>	RMB2,039,168 (S\$388,154)	-
Pan Shun Ming, Mai Shu Ying <sup>(2)</sup>	RMB 830,670 (S\$158,117)	-
Foshan Jia Bei Le property management Co. Ltd. <sup>(3)</sup>	RMB787,464 (S\$149,893)	-

**Notes:**

- (1) Rental payment to Guangdong Xing Hua Health Drink Co. Ltd, an associate company of Pan Shun Ming (Executive Chairman, CEO and Substantial Shareholder) and Mai Shu Ying (Substantial Shareholder), for factory occupied by Foshan Southern Packaging Co., Ltd., a wholly-owned subsidiary of the Company.
- (2) Rental payment for Office occupied by Southern (HK) Packaging Company Limited, a wholly-owned subsidiary of the Company.
- (3) Property management fee of Apex Tower.

**13. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Pan Zhaojin	41	Son of Mr Pan Shun Ming (Executive Chairman and CEO, and substantial shareholder) and Madam Mai Shuying (substantial shareholder)	Vice President (Property Development) since 14 October 2019  - responsible for overseeing the property development activities of the Group's property investment.	No Change
Mai Shuying	67	Spouse of Mr Pan Shun Ming (Executive Chairman and CEO, and substantial shareholder) and parent of Mr Pan Zhaojin (substantial shareholder)	Chief Financial Officer since 30 August 2019  - in-charge of the Group's finance department and is responsible in managing financial and tax matters, in particular, overseeing the fund disbursement and administrative matters.	No Change

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirms that all the required undertakings under the Rule 720(1) of the Listing Manual have been obtained from its Directors and Executive Officers in the format set out in Appendix 7.7.

**BY ORDER OF THE BOARD**

Mr Pan Shun Ming  
Executive Chairman and Chief Executive Officer  
28 February 2024