

Southern Packaging Group Limited

Unaudited Half Year Financial Statements for the Period Ended 30 June 2025

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2), HALF-YEAR AND FULL YEAR RESULTS

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

| | Note | Group | Group | Change |
|---|------|---------------|---------------|----------|
| | | Jan-June 2025 | Jan-June 2024 | |
| | | RMB'000 | RMB'000 | |
| Revenue | 4 | 285,080 | 333,694 | (14.57%) |
| Cost of sales | | (242,604) | (265,882) | (8.75%) |
| Gross profit | | 42,476 | 67,812 | (37.36%) |
| Gross profit margin | | 14.90% | 20.32% | |
| Other operating income | | 4,945 | 5,655 | (12.56%) |
| Distribution expenses | | (21,366) | (23,250) | (8.10%) |
| Administrative expenses | | (39,154) | (39,388) | (0.59%) |
| Finance costs | | (9,434) | (10,626) | (11.22%) |
| (Loss)/Income before income tax | 6 | (22,533) | 203 | NM |
| Income tax credit | 7 | (188) | 300 | NM |
| (Loss)/Income for the period | | (22,721) | 503 | NM |
| Other comprehensive income: <i>Items to be reclassified to profit or loss in subsequent periods</i> Exchange differences on translation of foreign operations | | (136) | 62 | NM |
| Total comprehensive (expense)/income or the period, representing (expense)/income for the period attributable to owners of the parent. | | (22,857) | 565 | NM |
| (Loss)/ Earnings per share | | | | |
| - Basic and diluted (RMB) | | (0.33) | 0.01 | NM |

B. Condensed interim statements of financial position

| | | Group | Group | Company | Company |
|-----------------------------------|------|------------------|------------------|----------------|----------------|
| | | 30.06.2025 | 31.12.2024 | 30.06.2025 | 31.12.2024 |
| | Note | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| <u>Current assets:</u> | | | | | |
| Cash and cash equivalents | | 66,484 | 62,422 | 992 | 1,385 |
| Fixed deposits | | 7,563 | 10,741 | - | - |
| Trade receivables | 12 | 142,733 | 152,852 | - | - |
| Other receivables and prepayments | | 45,077 | 41,421 | 19 | 16 |
| Inventories | 13 | 346,983 | 355,493 | - | - |
| Total current assets | | 608,840 | 622,929 | 1,011 | 1,401 |
| | | | | | |
| <u>Non-current assets:</u> | | | | | |
| Investment in subsidiaries | | - | - | 465,933 | 465,933 |
| Property, plant and equipment | 10 | 339,783 | 354,412 | - | - |
| Investment property | 11 | 88,266 | 89,349 | - | - |
| Land use rights | | 34,861 | 35,400 | - | - |
| Right of use assets | | 2,310 | 2,323 | - | - |
| Deferred tax assets | 14 | 10,921 | 10,921 | - | - |
| Total non-current assets | | 476,141 | 492,405 | 465,933 | 465,933 |
| | | | | | |
| Total assets | | 1,084,981 | 1,115,334 | 466,944 | 467,334 |

B. Condensed interim statements of financial position(Cont'd)

| | | Group | Group | Company | Company |
|---|------|------------|------------|------------|------------|
| | | 30.06.2025 | 31.12.2024 | 30.06.2025 | 31.12.2024 |
| | Note | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | | | | |
| <u>Current liabilities:</u> | | | | | |
| Trade payables | | 143,432 | 166,172 | - | - |
| Other payables | | 35,147 | 32,557 | 44,352 | 39,590 |
| Borrowings | 16 | 337,273 | 349,271 | - | - |
| Current income tax payable | | 4,432 | 4,245 | - | - |
| Deferred government subsidies | | 1,139 | 1,139 | - | - |
| Lease liabilities | 15 | 2,359 | 2,372 | - | - |
| Total current liabilities | | 523,782 | 555,756 | 44,352 | 39,590 |
| | | | | | |
| <u>Non-current liabilities:</u> | | | | | |
| Deferred government subsidies | | 7,157 | 7,157 | - | - |
| Borrowings | 16 | 71,477 | 46,999 | - | - |
| Deferred tax liabilities | 14 | 1,000 | 1,000 | - | - |
| Total non-current liabilities | | 79,634 | 55,156 | - | - |
| | | | | | |
| <u>Total liabilities</u> | | 603,416 | 610,912 | 44,352 | 39,590 |
| | | | | | |
| <u>Equity attributable to equity holders of the Company:</u> | | | | | |
| Share capital | 17 | 230,593 | 230,593 | 230,593 | 230,593 |
| Capital contribution | | 12,639 | 12,639 | - | - |
| Statutory reserve | | 64,124 | 64,124 | - | - |
| Foreign currency translation account | | (980) | (844) | - | - |
| Retained earnings | | 175,189 | 197,910 | 191,999 | 197,151 |
| Total equity | | 481,565 | 504,422 | 422,592 | 427,744 |
| | | | | | |
| Total liabilities and equity | | 1,084,981 | 1,115,334 | 466,944 | 467,334 |

C. Condensed interim statements of changes in equity

| Group | 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 |
|---|-----------------------------|---------------------------------|------------------------------------|---------------------------------|--|----------------------------|
| Balance as at 1.1.2024 | 230,593 | 64,124 | 12,639 | 216,805 | (1,008) | 523,153 |
| Profit for the financial period | - | - | - | 503 | - | 503 |
| Other comprehensive income for the financial period | | | | | | |
| - Exchange differences on translation of foreign operations | - | - | - | - | 62 | 62 |
| Total comprehensive income for the financial period | - | - | - | 503 | 62 | 565 |
| Balance as at 30.06.2024 | 230,593 | 64,124 | 12,639 | 217,308 | (946) | 523,718 |
| Balance as at 1.1.2025 | 230,593 | 64,124 | 12,639 | 197,910 | (844) | 504,422 |
| Loss for the financial period | - | - | - | (22,721) | - | (22,721) |
| Other comprehensive income for the financial period | | | | | | |
| - Exchange differences on translation of foreign operations | - | - | - | - | (136) | (136) |
| Total comprehensive expense for the financial period | - | - | - | (22,721) | (136) | (22,857) |
| Balance as at 30.06.2025 | 230,593 | 64,124 | 12,639 | 175,189 | (980) | 481,565 |

C. Condensed interim statements of changes in equity(cont'd)

| | Issued Capital RMB'000 | Retained earnings RMB'000 | Total equity RMB'000 |
|--|------------------------------|---------------------------------|----------------------------|
| Company | | | |
| Balance as at 1.1.2024 | 230,593 | 208,735 | 439,328 |
| Loss for the financial period, presenting total comprehensive expense for the financial period | - | (5,763) | (5,763) |
| Balance as at 30.06.2024 | 230,593 | 202,972 | 433,565 |
| Balance as at 1.1.2025 | 230,593 | 197,151 | 427,744 |
| Loss for the financial period, presenting total comprehensive expense for the financial period | - | (5,152) | (5,152) |
| Balance as at 30.06.2025 | 230,593 | 191,999 | 422,592 |

D. Condensed interim consolidated statement of cash flows

| | Group Jan-Jun 2025 RMB'000 | Group Jan-Jun 2024 RMB'000 |
|--|-------------------------------------|-------------------------------------|
| <u>Cash flows from operating activities</u> | | |
| (Loss)/Profit before income tax | (22,533) | 203 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 23,193 | 22,083 |
| Depreciation of investment property | 1,082 | 1,096 |
| Amortisation of prepaid lease payments | 539 | 539 |
| Interest income | (120) | (163) |
| Interest expense | 9,434 | 10,626 |
| Unrealised foreign currency exchange gain | (12) | (383) |
| Loss on PPE written off | 54 | - |
| Operating profit before working capital changes | 11,637 | 34,001 |
| Trade receivables | 9,424 | 641 |
| Other receivables and prepayments | (4,463) | 675 |
| Inventories | 8,510 | 4,692 |
| Trade payables | (21,194) | (26,044) |
| Other payables | 2,654 | 650 |
| Cash generated from operations | 6,568 | 14,615 |
| Income tax paid | (1) | (557) |
| Net cash generated from operating activities | 6,567 | 14,058 |
| <u>Cash flows from investing activities</u> | | |
| Purchase of property, plant and equipment | (8,619) | (5,656) |
| Interest received | 120 | 163 |
| Net cash used in investing activities | (8,499) | (5,493) |

D. Condensed interim consolidated statement of cash flows(Cont'd)

| | Group Jan-Jun 2025 RMB'000 | Group Jan-Jun 2024 RMB'000 |
|--|-------------------------------------|-------------------------------------|
| <u>Cash flows from financing activities</u> | | |
| Interest paid | (9,434) | (10,626) |
| Proceeds from bank borrowings | 223,388 | 202,651 |
| Repayments of bank borrowings | (210,865) | (233,956) |
| Lease payment | 13 | (11) |
| Increase in pledged fixed deposits | 3,178 | (10,055) |
| Net cash generated from /(used in) financing activities | 6,280 | (51,997) |
| Increase/(Decrease) in cash and cash equivalents | 4,348 | (43,432) |
| Cash and cash equivalents at the beginning of the financial period | 62,422 | 90,220 |
| Effect of foreign exchange rate changes on cash and cash equivalents in foreign currencies | (286) | 55 |
| Cash and cash equivalents at the end of the financial period (Note A) | 66,484 | 46,843 |
| Note A: Cash and Cash Equivalents | 30.06.2025 RMB'000 | 30.06.2024 RMB'000 |
| Cash and bank balances | 74,047 | 58,339 |
| Less: Fixed deposits pledged | 7,563 | 11,496 |
| Cash and cash equivalents at the end of the financial period | 66,484 | 46,843 |

E. Notes to the condensed interim 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 36 Robinson Road, #20-01 City House, Singapore 068877 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 interim financial statements as at and for the six months ended 30 June 2025 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 interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with SFRS(I) 1-34 *Interim 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 2024 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 2024.

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

The standards, amendments to standards and interpretations, that will apply for the first time by the Group are not expected to impact on the group as they are either not relevant to the Group’s business activities or require accounting which is consistent with the Group’s current accounting policies.

At the date of authorisation of these financial statements, the following standards were issued but not yet effective, and have not been adopted early in these financial statements:

| | | Effective date (annual periods beginning on or after) |
|---|---|--|
| SFRS(I) 10 and SFRS(I) 1-28 (Amendments) | : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |
| SFRS(I) 1-21 (Amendments) | : Lack of Exchange ability | 1 January 2025 |
| SFRS(I) 9 and SFRS(I) 7 | : Amendments to the Classification and Measurement of Financial Instruments | 1 January 2026 |
| SFRS(I) 9 and SFRS(I) 7 (Amendments) | : Amendments to the Contract Referencing Nature-dependent Electricity | 1 January 2026 |
| Various | : Annual Improvements to SFRS(I)s | 1 January 2026 |
| SFRS(I) 18 | : Presentation and Disclosure in Financial Statements | 1 January 2027 |
| SFRS(I) 19 | : Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |

Consequential amendments were also made to various standards as a result of these new or revised standards.

Management anticipates that the adoption of the above SFRS(I)s, where relevant, in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except as

2.Basis of Preparation(Cont'd)

disclosed below:

SFRS(I) 18 Presentation and Disclosure in Financial Statements

The SFRS(I) 18 replaces SFRS(I) 1-1 Presentation of Financial Statements and provides guidance on presentation and disclosure in financial statements, focus on the statement of profit or loss.

SFRS(I) 18 introduces:

- New structure on statement of profit or loss with defined subtotals;
- Disclosure related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by accounting standards with adjustments made (e.g. 'adjusted profit or loss'). A reconciliation of MPMs to the nearest total or subtotal calculated in accordance with accounting standards; and
- Enhanced principles on aggregation and disaggregation of financial information which apply to the primary financial statements and notes in general.

The condensed interim financial statements are presented in RMB which is the Company's functional currency.

SFRS(I) 18 will take effect on 1 January 2027 and management anticipates that the new requirements will change the current presentation and disclosure in the financial statements. An impact assessment regarding the adoption of SFRS(I)18 is still underway and has not yet been completed.

2.1. Use of judgements and estimates

In preparing the condensed interim 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 2024.

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.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

2.1. Use of judgements and estimates

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: Property under 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 Development | Property Development | Consolidated | Consolidated |
|--|--------------------|--------------------|-----------------------|-----------------------|-------------------------|-------------------------|--------------|--------------|
| RMB'000 | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| | Jan-June | Jan-June | Jan-June | Jan-June | Jan-June | Jan-June | Jan-June | Jan-June |
| REVENUE | | | | | | | | |
| External sales | 197,675 | 228,446 | 87,405 | 105,248 | - | - | 285,080 | 333,694 |
| | | | | | | | | |
| RESULTS | | | | | | | | |
| Segment gross profit | 36,756 | 52,505 | 5,720 | 15,307 | - | - | 42,476 | 67,812 |
| Allocated expenses | (36,809) | (40,728) | (17,417) | (14,311) | (1,302) | (1,525) | (55,528) | (56,564) |
| Allocated income | 1,958 | 413 | 3 | 382 | 77 | 20 | 2,038 | 815 |
| Segment result | 1,905 | 12,190 | (11,694) | 1,378 | (1,225) | (1,505) | (11,014) | 12,063 |
| Unallocated expenses | | | | | | | (4,992) | (5,913) |
| Unallocated income | | | | | | | 2,787 | 4,516 |
| Interest income | | | | | | | 120 | 163 |
| Interest expense | | | | | | | (9,434) | (10,626) |
| Profit/(Loss) before income tax | | | | | | | (22,533) | 203 |
| Income tax (expense)/credits | | | | | | | (188) | 300 |
| (Loss)/ Profit for the financial year attributable to owners of the Parent | | | | | | | (22,721) | 503 |
| | | | | | | | | |
| ASSETS | | | | | | | | |
| Segment assets | 507,163 | 496,010 | 183,367 | 205,571 | 364,020 | 365,834 | 1,054,550 | 1,067,415 |
| Unallocated corporate assets | | | | | | | 30,431 | 71,168 |
| Consolidated total assets | | | | | | | 1,084,981 | 1,138,583 |
| | | | | | | | | |
| Expenditures for segment non-current assets | | | | | | | | |
| Additions to non-current assets | 6,884 | 3,265 | 1,735 | 2,391 | - | - | 8,619 | 5,656 |

4.1. Reportable segments (Continued)

| | Rigid | Rigid | Flexible | Flexible | Property | Property | Consolidat ed | Consolida ted |
|-----------------------------------|---------------|---------------|---------------|---------------|-----------------|-----------------|------------------|------------------|
| | packagin g | packagi ng | packagin g | packagi ng | Develop ment | Develop ment | | |
| RMB'000 | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| | Jan-June | Jan-June | Jan-June | Jan-June | Jan-June | Jan-June | Jan-June | Jan-June |
| Segment liabilities | 149,501 | 106,074 | 93,272 | 68,121 | 45,062 | 48,765 | 287,835 | 222,960 |
| Unallocated corporate liabilities | | | | | | | 315,581 | 391,905 |
| Consolidated total liabilities | | | | | | | 603,416 | 614,865 |

4.2. Disaggregation of Revenue

| | The Group | | | |
|---------------------------------------|-----------------------------|--------------------|----------------------|--------------|
| | 6 months ended 30 June 2025 | | | |
| | Rigid packaging | Flexible packaging | Property development | Consolidated |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Types of goods or service: | | | | |
| Sales of goods | 197,675 | 87,405 | - | 285,080 |
| Total revenue | 197,675 | 87,405 | - | 285,080 |
| | | | | |
| Timing of revenue recognition: | | | | |
| At a point in time | 197,675 | 87,405 | - | 285,080 |
| Total revenue | 197,675 | 87,405 | - | 285,080 |
| | | | | |
| Geographical information: | | | | |
| PRC | 179,115 | 77,992 | - | 257,107 |
| Australia | 12,667 | - | - | 12,667 |
| America | 576 | 1,222 | - | 1,798 |
| Philippines | 4,343 | - | - | 4,343 |
| Thailand | 142 | 6,246 | - | 6,388 |
| Asia(excluding PRC) | 832 | 1,945 | - | 2,777 |
| Total revenue | 197,675 | 87,405 | - | 285,080 |

| | The Group | | | |
|---------------------------------------|-----------------------------|--------------------|----------------------|--------------|
| | 6 months ended 30 June 2024 | | | |
| | Rigid packaging | Flexible packaging | Property development | Consolidated |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Types of goods or service: | | | | |
| Sales of goods | 228,446 | 105,248 | - | 333,694 |
| Total revenue | 228,446 | 105,248 | - | 333,694 |
| | | | | |
| Timing of revenue recognition: | | | | |
| At a point in time | 228,446 | 105,248 | - | 333,694 |
| Total revenue | 228,446 | 105,248 | - | 333,694 |
| | | | | |
| Geographical information: | | | | |
| PRC | 211,999 | 92,739 | - | 304,738 |
| Australia | 8,925 | - | - | 8,925 |
| America | 712 | 1,500 | - | 2,212 |
| Philippines | 6,069 | - | - | 6,069 |
| Thailand | - | 8,394 | - | 8,394 |
| Asia(excluding PRC) | 741 | 2,615 | - | 3,356 |
| Total revenue | 228,446 | 105,248 | - | 333,694 |

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2025 and 31 December 2024:

| | The Group | | The Company | |
|---|--------------|------------------|--------------|------------------|
| | 30 June 2025 | 31 December 2024 | 30 June 2025 | 31 December 2024 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Financial Assets | | | | |
| Cash and bank balances and trade and other receivables (Amortised cost) | 224,027 | 235,648 | 1,011 | 1,401 |
| Financial Liabilities | | | | |
| Trade and other payables and borrowings (Amortised cost) | 570,908 | 580,684 | 44,352 | 39,590 |

6. Profit/(Loss) before taxation

Significant items

| | Group | Group |
|--|--------------|--------------|
| | Jan-Jun 2025 | Jan-Jun 2024 |
| | RMB'000 | RMB'000 |
| Sales of raw materials and moulds | (2,030) | (1,609) |
| Interest income | (120) | (163) |
| Government grants | (982) | (1,974) |
| Foreign currency exchange loss | 826 | 383 |
| Depreciation on property, plant and equipment | 23,193 | 22,083 |
| Amortisation of prepaid lease payments | 539 | 539 |
| Research and development costs (included R&D staff cost) | 13,830 | 14,874 |
| Interest on borrowings | 9,434 | 10,626 |
| Employee benefits expense | 49,959 | 50,600 |
| Directors' remuneration | | |
| - Director's fees | 336 | 360 |
| - Salaries, bonuses and allowances | 1,941 | 1,900 |
| - Contributions to defined contribution plans | 22 | 19 |

7. Taxation

| | 6 months ended 30 June 2025 | 6 months ended 30 June 2024 |
|----------------------------|-----------------------------|-----------------------------|
| | RMB'000 | RMB'000 |
| Current income tax expense | 188 | - |
| Deferred income tax | - | (300) |
| Income tax credit | - | (300) |

8. Dividends

| | The Group | |
|--|-----------------------------|-----------------------------|
| | 6 months ended 30 June 2025 | 6 months ended 30 June 2024 |
| | RMB'000 | RMB'000 |
| Ordinary dividends paid relating to prior year | - | - |
| Interim dividend | - | - |
| Interim dividend per share-net of tax) | NA | NA |

9. Net Asset Value

| | Group | | Company | |
|------------------------------------|--------------|------------------|--------------|------------------|
| | 30 June 2025 | 31 December 2024 | 30 June 2025 | 31 December 2024 |
| | RMB | RMB | RMB | RMB |
| Net asset value per ordinary share | 6.85 | 7.17 | 6.01 | 6.08 |

The NAV per share as at 30 June 2025 was calculated based on the number of shares in issue of 70,319,164 shares (31 December 2024: 70,319,164 shares).

10. Property, plant and equipment

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

| | Group RMB'000 |
|-----------------------------|------------------|
| Cost | |
| Balance as at 1.1.2025 | 1,152,800 |
| Additions for the period | 8,619 |
| Disposals for the period | (578) |
| Balance as at 30.06.2025 | 1,160,841 |
| Accumulated depreciation | |
| Balance as at 1.1.2025 | 798,177 |
| Depreciation for the period | 23,193 |
| Disposals for the period | (524) |
| Balance as at 30.06.2025 | 820,846 |
| Accumulated impairment loss | |
| Balance as at 1.1.2025 | 211 |

| | |
|--------------------------|-----|
| Balance as at 30.06.2025 | 211 |
|--------------------------|-----|

Net book amount

| | |
|--------------------------|----------------|
| Balance as at 30.06.2025 | <u>339,784</u> |
|--------------------------|----------------|

During the half year ended 30 June 2025, the addition of property, plant and equipment amounted to RMB 8,619,000 (31 December 2024: RMB10,753,000).

11. Investment property

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

| | FY2025 |
|---------------------------------------|---------|
| | RMB'000 |
| Cost | |
| Balance as at 1.1.2025 and 30.06.2025 | 96,211 |
| Accumulated depreciation | |
| Balance as at 1.1.2025 | 6,863 |
| Depreciation for the period | 1,082 |
| Balance as at 30.06.2025 | 7,945 |
| Carrying amount | 88,266 |

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 is as follows:

| | Group | |
|---|------------|------------|
| | 30.06.2025 | 30.06.2024 |
| | RMB'000 | RMB'000 |
| Balance as at the beginning of the financial year | 166 | 661 |
| Addition recognised in profit or loss | - | - |
| Balance as at the end of the financial year | <u>166</u> | <u>661</u> |

During the six months ended 30 June 2025, the Group has not recognized any loss allowance for trade receivables (31 December 2024: loss allowance of RMB166,455)

13. Inventories

The breakdown of inventories is as follows:

| | Group | |
|------------------------------------|------------|------------|
| | 30.06.2025 | 31.12.2024 |
| | RMB'000 | RMB'000 |
| Properties held for sale | 275,755 | 275,755 |
| Inventories for packaging business | 71,228 | 79,738 |
| Total | 346,983 | 355,493 |

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 30 June 2025 was RMB346,983,261(31 December 2024: RMB355,493,147).

During the six months ended 30 June 2025, the Group carried out a review of the realisable values of its inventories and has not recognized any allowance for inventories obsolescence. (31 December 2024: Reversal of allowance for slow moving and obsolete inventories by RMB17,635).

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 30 June 2025, the carrying amounts of the Group's deferred tax assets and deferred tax liabilities were RMB10,920,777 (31 December 2024: RMB10,920,777) and RMB1,000,000 (31 December 2024: RMB1,000,000) respectively.

15. Lease liabilities

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 six months ended 30 June 2025, the weighted average borrowing rate applied to lease liabilities was 5.20% per annum (31 December 2024: 5.20%).

16. Borrowings

Amount repayable in one year or less, or on demand

| Group | | Group | |
|------------------|-----------|------------------|-----------|
| As at 30/06/2025 | | As at 31/12/2024 | |
| RMB'000 | | RMB'000 | |
| Secured | Unsecured | Secured | Unsecured |
| 337,273 | - | 349,271 | - |

Amount repayable after one year

| Group | | Group | |
|------------------|-----------|------------------|-----------|
| As at 30/06/2025 | | As at 31/12/2024 | |
| RMB'000 | | RMB'000 | |
| Secured | Unsecured | Secured | Unsecured |
| 71,477 | - | 46,999 | - |

Details of any collateral

The bank loans are secured as follows:

- (a) Secured by property, plant and machinery, prepaid lease payments, investment property, property under development and pledged fixed deposits;
- (b) Corporate guarantees by the Company; and
- (c) Personal guarantee by a director/shareholder of the Company.

17. Share capital

| | Group and Company | | | |
|---|--------------------------|-------------------|--------------------------|-------------------|
| | 30 June 2025 | | 31 December 2024 | |
| | Number of shares '000 | Amount RMB'000 | Number of shares '000 | Amount 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 30 June 2025.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2025 and 31 December 2024.

18. Related party transactions

During the six months ended 30 June 2025, the Group entities entered into the following transactions with related parties at rates and terms agreed between the parties:

| | Group | |
|--|---------------------|---------------------|
| | Jan-Jun 2025 | Jan-Jun 2024 |
| | RMB | RMB |
| <u>With certain Director of the Company</u> | | |
| Rental expense | 425,844 | 418,952 |
| <u>With companies in which certain Director have control</u> | | |
| Rental expense | 1,176,472 | 1,081,874 |
| Property management fee | 515,057 | 360,000 |

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 interim 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 30 June 2025 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 six-month period then ended and certain explanatory notes have not been audited or reviewed.

- 2(i) 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

- 2(ii) 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.**

| | 30 June 2025 | 31 December 2024 |
|-------------------------------|---------------------|-------------------------|
| Total number of issued shares | 70,319,164 | 70,319,164 |

- 2(iii) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2(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.

- 3. 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.

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

Not applicable.

- 4A. 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.

- 5. 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 2024.

- 6. 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.

- 7. 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-Jun 2025 RMB | Group Jan-Jun 2024 RMB |
|--|------------------------------|------------------------------|
| (Loss)/Earnings per ordinary share for the period based on net profit attributable to shareholders | (0.33) | 0.01 |

The calculation of the (Loss)/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.

- 8. 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 decreased by RMB48.61 million (14.57%) from RMB333.69 million in the first half of FY2024 to RMB285.08 million in the first half of FY2025 primarily due to a combination of external and industry-specific factors. Domestic demand remained weak throughout the period, while the impact of tariffs significantly disrupted export activities, leading to increased pressure on the domestic market and a noticeable imbalance between supply and demand. In addition, recent adjustments to national healthcare policies adversely affected the sales of pharmaceutical and health supplement products. Meanwhile, sales from key customers in the confectionary and condiment also saw a sharp decline, further contributing to the overall drop in revenue.

Gross Profit

The Group's gross profit decreased by RMB25.33 million (37.36%) from RMB67.81 million for the first half of FY2024 to RMB42.48 million for the first half of FY2025. The lower gross profit were mainly attributable to the decrease in sales revenue as explained above. The decline in revenue led to an increase in unit manufacturing costs, while the reduction in average selling prices further compressed margins. Both factors contributed to the decrease in gross profit margin for the period.

Other Operating Income

Other operating income decreased by RMB0.71 million to RMB4.95 million for the first half of FY2025 compared to RMB5.66 million in the previous corresponding period mainly due to the decrease in Government grants during the period.

(Loss)/Income before Income Tax

The Group's net loss before income tax was RMB22.53 million in the first half of FY2025 compared to a income before income tax of RMB0.2 million in the first half of FY2024 manly due to the followings:

- Gross profit decreased by RMB25.34 million as mentioned above;
- Other operating income decreased by RMB0.71 million as mentioned above;
- Distribution expenses decreased by RMB1.88 million mainly due to the decrease of freight costs during the period;
- Administrative expenses decreased by RMB0.23 million;
- Finance costs decreased by RMB1.19 million mainly due to during the period.

Income Tax credit

Income tax expense was RMB0.19 million in the first half of FY2025 compared to a income tax credit of RMB0.3 million in the first half of FY2024 mainly due to the decrease in deferred tax accrued during the period.

Current Assets

Current assets decreased by RMB14.09 million when compared to the end of FY2024. This was mainly due to the following:

- a) Cash and cash equivalents increased by RMB4.1 million;
- b) Fixed deposits decreased by RMB3.18 million;
- c) Trade receivables decreased by RMB10.12 million;
- d) Inventories decreased by RMB8.5 million;

e) Other receivables increased by RMB3.7 million mainly due to the following:

| | Group 30 June 2025 RMB'000 | Group 31 Dec 2024 RMB'000 |
|---|----------------------------------|---------------------------------|
| (i) Other receivables and deposits | 7,247 | 7,094 |
| (ii) Advances to suppliers and prepayment | 28,803 | 28,405 |
| (iii) Value added tax | 9,027 | 5,922 |
| Total | 45,077 | 41,421 |

Non-Current Assets

Non-current assets decreased by RMB16.3 million to RMB476.1 million in the first half of FY2025 from RMB492.4 million mainly due to the decrease in purchase of PPE and depreciation charges during the year.

Current Liabilities

Current liabilities decreased by RMB31.97million from RMB555.75 million to RMB523.78 million mainly due to the following:

- Trade payables decreased by RMB22.74 million mainly due to the repayment of suppliers;
- Short-term bank borrowing decreased by RMB12.00 million mainly due to the repayment of bank during the period;
- Current income tax payable slightly increased by RMB0.19 million.
- Other payables increased by RMB2.59 million due to the followings:

| | Group 30 June 2025 RMB'000 | Group 31 Dec 2024 RMB'000 |
|----------------------------|----------------------------------|---------------------------------|
| (i) Accrued expenses | 18,010 | 19,377 |
| (ii) Other payables | 9,707 | 6,944 |
| (iii) Contract liabilities | 7,430 | 6,236 |
| Total | 35,147 | 32,557 |

Long-Term Liabilities

Long-term liabilities increased by RMB24.4 million from RMB55.2 million to RMB79.6 million mainly due to the increase of the long-term borrowing during the period.

The Consolidated Statement of Cash Flows

In the first half of FY2025, the Group recorded cash inflows in operating activities amounted to RMB8.1 million as compared to cash generated in operating activities of RMB14.1 million in the first half of FY2024 mainly due to:

- a) Operating cash flows (before working capital changes) amounted to RMB11.6 million;
- b) Cash inflows from Inventories amounted to RMB8.5 million;
- c) Cash inflows from trade receivable and other receivable amounted to RMB5 million;
- d) Cash outflows from trade payables and other payables amounted to RMB17 million.

The net cash used in investing activities had increased by RMB 4.6 million from RMB5.5 million in the first half of FY2024 to RMB 10.1 million in the first half of FY2025 mainly due to the increase of new investment of PPE during the period.

The Group recorded a net cash inflows in financing activities amounting to RMB6.3 million in the first half of FY2025 as compared to cash outflow of RMB52 million in the first half of FY2024. It was mainly due to the increase of bank borrowing during the period.

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

Not applicable.

10. 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.

In the first half of 2025, the Group experienced a decline in order volume and pricing from existing customers, reflecting continued softness in downstream demand and intense industry competition. Although raw material prices slightly decreased, overall margin pressure remained due to overcapacity and aggressive pricing across the market.

Amid these challenges, the Group advanced product innovation by developing new customer products and upgrading existing ones, which will contribute positively to future sales and gross profit. Going forward, the Group will focus on product mix optimization, cost efficiency through lean production and digital systems, and the expansion of both domestic and export channels to gradually restore growth and profitability.

Visitor traffic at Apex Tower continued to improve during the first half of 2025, and efforts to achieve sales targets remain ongoing. However, no units have been sold year-to-date, highlighting the need to expand our marketing outreach and engage a broader base of potential investors.

11. Dividend

(a) Current Financial Period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial Year

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended as the Company has recorded loss for the half year ended 30 June 2025.

13. 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 period 30 June 2025 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>) 30 June 2025 | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to <u>Rule 920</u> (excluding transactions less than S\$100,000) 30 June 2025 |
|---|--|---|
| Guangdong Xing Hua Health Drink Co. Ltd ⁽¹⁾ | RMB1,176,472 (S\$217,386) | - |
| Pan Shun Ming, Mai Shu Ying ⁽²⁾ | RMB425,845 (S\$78,687) | - |
| Foshan Jia Bei Le property management Co.Ltd ⁽³⁾ | RMB515,057 (S\$95,171) | - |

- (1) Rental payment to Guangdong Xing Hua Health Drink Co. Ltd, an associate company of Mr Pan Shun Ming (Executive Chairman 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.

14. Negative Assurance Confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

The Board of Directors confirms that to the best of its knowledge, nothing has come to the attention of the Board of Directors of Southern Packaging Group Limited which may render these interim financial results for the half year ended 30 June 2025 to be materially false or misleading.

15. 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
August 14, 2025