

SOUTHERN PACKAGING GROUP LIMITED

(the “Company”)

(Company Registration No. 200313312N)

(Incorporated in the Republic of Singapore)

Minutes of the Annual General Meeting of the Company (the “AGM”) (the “Meeting”)

Date : Monday, 29 June 2020
Time : 12.00 p.m.
Place : by way of electronic means
Present : As per webcast attendees report
(due to the restriction on the use of personal data pursuant to the provision of the Personal Data Protection Act 2012, the names of the attendees of this Meeting will not be published in this minutes)
Chairman : Mr Yeung Koon Sang @ David Yeung (“DY”)

WELCOME ADDRESS

The Executive Chairman of the Board of Directors (the “Board”), Mr Pan Shun Ming (“Mr Pan”), welcomed the attendees who had joined the virtual AGM.

Mr Pan explained that due to current Covid-19 situation, the 2020 Annual General Meeting of the Company was convened and held by way of electronic means via “live” webcast (“Live Webcast”). He apologised for not being able to chair the AGM due to travel restrictions; and informed that the Board had appointed DY (“Chairman”), Lead Independent Director, to chair this Meeting. He then passed the Meeting to Chairman.

QUORUM

The Chairman thanked shareholders for their registration and attendance at this AGM electronically to watch or listen to the AGM proceedings through Live Webcast. He then acknowledged the shareholders’ attendance at the AGM by electronic means.

There being a quorum, the Chairman called the Meeting to order.

The Chairman introduced his fellow Board members (Mr Pan, Mr Chen Xiang Zhi, Mr Chia Chor Leong, Dr Chung Tang Fong) and senior management, Mr Pu JinBo (Deputy Chief Executive Officer) and Mr Li Yonghua (Chief Operating Officer), who attended the Meeting remotely by electronic means. He added that the Company’s auditors, BDO LLP (“BDO”), Company Secretary, Polling Agent and Scrutineer had also joined this Meeting electronically.

NOTICE OF MEETING

With the concurrence of the Meeting, the notice convening the AGM dated 5 June 2020 (“Notice”) having been published on the SGXNet and the Company’s corporate website on 5 June 2020, was taken as read.

The Chairman informed that as mentioned in the Notice, shareholders would not be able to vote online on the resolutions tabled for approval at the AGM but could exercise their voting rights at the AGM by appointing the Chairman of the Meeting as their proxy. As shareholders had appointed Chairman of the Meeting as their proxy to vote on their behalf, he would vote in accordance with their instructions.

The Meeting was explained that Rule 730A(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) requires all resolutions at general meeting to be conducted by way of poll. The Chairman, pursuant to the Constitution of the Company, demanded all proposed resolutions detailed in the Notice be voted by way of poll. He informed the Meeting that (a) Boardroom Corporate & Advisory Services Pte. Ltd. and DrewCorp Services Pte Ltd were appointed as Polling

Agent and Scrutineer respectively; and (b) the Polling Agent had counted the proxy votes received as at the cut-off date and the Scrutineer had verified the results of the proxy voting and prepared a report on the poll results. The poll results would be announced immediately after each motion had been formally proposed.

QUESTIONS AND ANSWERS

The Company's responses to the questions from shareholder received prior to this AGM had been uploaded on the SGXNet on 26 June 2020 (annexed hereto as Appendix 1).

The Chairman then proceeded with items on the Agenda.

MEETING AGENDA**ORDINARY BUSINESS****ORDINARY RESOLUTION 1****Audited Financial Statements, Directors' Statement together with the Auditors' Report**

The first item on the Agenda was to receive and adopt the Audited Financial Statements for the financial year ended 31 December 2019 ("FY2019") together with the Directors' Statement and the Auditors' Report thereon.

The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results; and he announced the poll results as follows:

	Number of votes	Percentage
FOR	45,652,234	100.00%
AGAINST	0	0%

Accordingly, the Chairman declared Ordinary Resolution 1 carried.

It was **RESOLVED** that the Audited Financial Statements of the Company for the financial year ended 31 December 2019 and the Directors' Statement together with the Auditors' Report be hereby received and adopted.

ORDINARY RESOLUTION 2**Declaration of First and Final Dividend**

The second item on the Agenda was to approve the declaration of first and final dividend for FY2019.

The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results; and he announced the poll results as follows:

	Number of votes	Percentage
FOR	45,652,234	100.00%
AGAINST	0	0%

Accordingly, the Chairman declared Ordinary Resolution 2 carried.

It was **RESOLVED** that the first and final one-tier tax exempt dividend of 0.25 Singapore cents per ordinary share for the year ended 31 December 2019 be hereby approved.

ORDINARY RESOLUTION 3

Directors' Fees

The Meeting was explained that this Agenda was to approve the payment of Directors' fees FY2019.

The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results; and he announced the poll results as follows:

	Number of votes	Percentage
FOR	45,652,234	100.00%
AGAINST	0	0%

Accordingly, the Chairman declared Ordinary Resolution 3 carried.

It was **RESOLVED** that the Directors' fees of S\$148,376/- for the financial year ended 31 December 2019 be approved.

ORDINARY RESOLUTION 4

Re-election of Mr Pan Shun Ming

The Chairman explained that Mr Pan (a) was retiring by rotation at this AGM pursuant to Article 91 of the Company's Constitution and he being eligible, had offered himself for re-election; and (b) will continue to serve as the Executive Chairman and Chief Executive Officer of the Company upon his re-election as Director

The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results; and he announced the poll results as follows:

	Number of votes	Percentage
FOR	45,652,234	100.00%
AGAINST	0	0%

Accordingly, the Chairman declared Ordinary Resolution 4 carried.

It was **RESOLVED** that Mr Pan Shun Ming be re-elected as Director of the Company.

ORDINARY RESOLUTION 5

Re-election of Dr Chung Tang Fong

The Chairman explained that Dr Chung Tang Fong (a) was retiring by rotation pursuant to Article 91 of the Company's Constitution and he being eligible, had offered himself for re-election; and (b) will remain as member of the Audit, Nominating and Remuneration Committees upon his re-election as Director.

The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results; and he announced the poll results as follows:

	Number of votes	Percentage
FOR	45,652,234	100.00%
AGAINST	0	0%

Accordingly, the Chairman declared Ordinary Resolution 5 carried.

It was **RESOLVED** that Dr Chung Tang Fong be re-elected as Director of the Company.

ORDINARY RESOLUTION 6
Re-appointment of Auditors

The last item of the Ordinary Business was to deliberate the re-appointment of BDO as auditors and to authorise Directors to fix their remuneration. BDO had indicated their willingness to accept re-appointment as auditors of the Company.

The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results; and he announced the poll results as follows:

	Number of votes	Percentage
FOR	45,652,234	100.00%
AGAINST	0	0%

Accordingly, the Chairman declared Ordinary Resolution 6 carried.

It was **RESOLVED** that Messrs BDO LLP be re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration.

SPECIAL BUSINESS

ORDINARY RESOLUTION 7
Authority to allot and issue shares

The Meeting ensued with the deliberation on Special Business on the Agenda. The Chairman explained that proposed resolution 7 was to seek shareholders' approval to authorise Directors to allot and issue shares pursuant to Section 161 of the Companies Act (Chapter 50) and the provision of the Listing Manual of the SGX-ST. The full text of proposed resolution 7 was set out in the Notice.

The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results; and he announced the poll results as follows:

	Number of votes	Percentage
FOR	45,652,234	100.00%
AGAINST	0	0%

Accordingly, the Chairman declared Ordinary Resolution 7 carried.

It was **RESOLVED** that, pursuant to Section 161 of the Companies Act (Chapter 50) and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:-

- (a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,
- at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below).
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities;
 - (ii) new shares arising from exercising share options or vesting of share awards, provided the share options or awards were granted in compliance with the Listing Manual of the SGX-ST; and
 - (iii) any subsequent bonus issue or consolidation or subdivision of Shares,

provided further that adjustments in accordance with sub-paragraphs (2)(i) and (ii) above are only to be made in respect of new Shares arising from convertible securities, share options and share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

Conclusion

There being no other business to transact, the formality of business of the AGM had been concluded. The Chairman declared the Meeting closed at 12.13 p.m., and he thanked all present for their attendance and participation.

Signed as a true record
of the proceedings thereat

Yeung Koon Sang @ David Yeung
Chairman of AGM

Date: 22 July 2020



南方包装集团有限公司
Southern Packaging Group Limited

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

**ANNUAL GENERAL MEETING TO BE HELD ON 29 JUNE 2020
RESPONSES TO QUESTIONS FROM SHAREHOLDER**

The Board of Directors (the “**Board**”) of Southern Packaging Group Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) would like to thank shareholder for submitting questions in advance of the Annual General Meeting to be held by way of electronic means on Monday, 29 June 2020 at 12 p.m. (Singapore time).

The following are the Company’s responses to the corresponding questions in relation to its annual report for the financial year ended 31 December 2019:

A. On creating “a strong value proposition for shareholders”

SPG 2019 Annual Report Chairman’s Message: *“With years of efforts, the Group has formed a huge differentiated advantage in the packaging industry and created a strong value proposition for shareholders, customers, employees and the environment”.*

Question 1 from Shareholder

Can the Chairman explain how he has created a “strong value proposition for shareholders” when one considers the following facts?

- **SPG was listed on the SGX Main Board in November 2004 at an IPO price of S\$0.30 per share. This is equivalent to S\$1.20 today following the 4-to-1 share consolidation of SPG shares effected in February 2016.**
- **The shares of SPG were last traded on SGX on 13 April 2020 when just 1,300 shares were transacted at S\$0.225. The shares have not been transacted since then for more than three months.**
 - **You will note that S\$0.225 today represents just 18.75% of SPG’s share price equivalent to S\$1.20 at its IPO in November 2004**
 - **SPG’s net value per share at 31 Dec 2019 was RMB7.92 (which is S\$1.56 @ 5.08 conversion rate). Thus, you will note that S\$0.225 represents just 14% of SPG’s FY2019 year-end net asset per share, an appalling reflection of SPG shares’ dismal market valuation.**
 - **At S\$0.225 per share, you will note that SPG’s current total market value is less than S\$16 million which is just 11% of SPG’s total revenue for 2019 of about S\$140 million – this is yet another reflection of SPG’s dismal share market valuation.**

Question 2 from Shareholder

What steps or measures does the Chairman propose to adopt to improve this dismal display of “strong value proposition for shareholders” as reflected by the current share price of SPG and the total absence of trading and liquidity in SPG shares on SGX for the last three months – and the general lack of trading and liquidity in SPG shares on SGX for the past few years?

Company’s response for Questions 1 and 2

The traded price of the Company’s shares on the Stock Exchange only reflects the value of the Company as perceived by investors who evaluate price and make investment decisions by their own criteria and on the basis of prevailing market conditions, over which the Group has no control. The Group’s shareholding base is relatively narrow and this may contribute to the lack of liquidity of the shares in the market. However, as acknowledged by Question 1 itself, the net asset value of each share as at 31 December 2019 was equivalent to S\$1.56, which is a more objective reflection of the Group’s continuing efforts to maintain and enhance the value of the Company for shareholders.

B. On maintaining Growing Sustainable Sales Revenues and Profits

SPG made a commendable turnaround in FY2019 but this was after it reported its first annual loss and paid no dividend, both for the first time since its IPO in 2014, for FY2018.

SPG 2019 Annual Report Chairman’s Message: *“With years of efforts, the Group has formed a huge differentiated advantage in the packaging industry and created a strong value proposition for shareholders, customers, employees and the environment”*.

Here are SPG’s total annual revenues for FY2011-18:

FY2018	RMB 724.2 million
FY2017	RMB 723.0 million
FY2016	RMB 650.5 million
FY2015	RMB 691.1 million
FY2014	RMB 685.8 million
FY2013	RMB 698.4 million
FY2012	RMB 735.9 million
FY2011	RMB 684.4 million
Average FY2011-18	RMB 699.2 million

These figures show that SPG’s total annual revenues for FY2019 of RMB 709.1 million have barely budged, up just 1.4%, when compared with the average figure, RMB699.2 million, of the previous eight years and were lower than the figures for FY2018, FY2017 and even FY2012!

Question 3 from Shareholder

With its long history, strong client relationships, market share and “huge differentiated advantage in the packaging industry”, why has SPG’s annual sales hardly grown at all since FY2011?

Question 4 from Shareholder

And, what is the sales and profit outlook for this year, FY2020, for SPG?

Company's response for Questions 3 and 4

The manufacturing, and in particular the packaging, industry had faced great, and increasingly difficult, macroeconomic and other challenges over the past decade in the territories in which the Group carried out its manufacturing operations and in the markets in which the Group served its customers. It was only with the strong and unwavering efforts made by the Group over the years to establish and maintain a competitive edge in the industry that the Group had been able to show steady and stable results over the years. FY2020 will be an even more challenging year due to the COVID-19 pandemic. The global economy suffered a standstill due to lockdowns and the Group's results will inevitably be affected. However, with the resumption of business and operations of our upstream and downstream customers and with their support, the Group will make every effort to recover and improve its performance in the coming months.

C. Improving Shareholder and Investor Relations with greater transparency on SPG's activities

On expanding SPG's manufacturing capacity in Jiangsu

SPG 2019 Annual Report Chairman's Message: *"In order to further improve the production capacity, we carried out the construction of new factory building in Jiangsu during the year"*.

This sounds like good news for SPG shareholders as an indication of growing demand from customers but is the first time we have heard this news from SPG.

Question 5 from Shareholder

- (i) Is this "new factory building" an expansion of SPG's existing plant in Changzhou or is this a separate new plant located elsewhere in Jiangsu?**
- (ii)(a) What is the existing capacity utilisation of SPG's plant in Changzhou?**
- (ii)(b) Is the new factory building just to increase manufacturing capacity for growing orders or is it purpose-built to suit the manufacturing needs of new products or the introduction of new technology to satisfy new customer requirements?**
- (iii)(a) What is the new factory's manufacturing capacity compared to SPG's existing capacity in Jiangsu?**
- (iii)(b) What is the capex requirements for this new factory and when is it scheduled to commence commercial operations?**

Company's response for Question 5

The new factory building is an expansion of SPG's existing plant in Changzhou. The current capacity utilization of the existing plant is at about 60% - 65%. However, the construction of the new factory building is necessary to fulfil a legal requirement in the contract under which the Group had purchased the land for the existing plant. In any event, the new factory building will be needed to support increasing requirements for space due to new products coming online in the near future. The construction cost of the new factory building is about RMB17 million.

D. SPG's first Property Development Project "APEX Tower" in Sanshan, Foshan

Since SPG shareholders approved the addition of "Property Investment and Property Development" as Principal Activities of SPG at an EGM in November 2013, its loyal and long-term shareholders have been eagerly anticipating and awaiting its first Property Development Project.

Since the commencement of construction work on APEX Tower, minority SPG shareholders have been starved of detailed information of this significant, substantial and strategic project. With a cost of RMB 65,126,000 (S\$12.8 million) reflected as "Property under development" in SPG's audited Financial Statements as at 31 Dec 2019, this incomplete project already amounted to more than 80% of SPG's current total market cap!

Question 6 from Shareholder

Which makes it even more essential and critical for SPG to be more open and transparent with its minority shareholders and provide all its shareholders with the details (approved use of space, plus geographical, spatial and graphical depictions), dimensions (number of buildings, number of floors, useable area), progress on different stages to sales and completion, sales and marketing plans and other relevant information on APEX Tower. At the moment, we do not even know what proportion of APEX Tower is for SPG's own use and what proportion is for external use.

Question 7 from Shareholder

What are your estimates on the financial impact of a completed APEX Tower on SPG based on the best to the worst outcome?

Question 8 from Shareholder

Finally, what is the impact of the completion of APEX Tower on the composition of SPG's existing property holdings e.g. will space be vacated in existing properties and what are SPG's plans for this scenario?

Company's response for Questions 6, 7 and 8

The APEX Tower consists of two industrial office buildings with connected corridors on the top floor, a three-story commercial podium and 640 carpark lots. The main building is 99.8 meters high with 21 floors. The built-up area is 89,000 square meters and the usable area is 60,000 square meters. The project is now at the stage of applying for pre-sale permission and it is expected to generate cash flow in FY2020. According to the land purchase contract, 70% of the project may be sold whilst 30% may be self-owned. The part of the project that is self-owned may be used either for office or for external business lease. Management is still in the process of evaluating the proportion of APEX Tower for internal and external use. At present, the Group has not changed the use plan of the existing properties.

(Note: The cost of APEX Tower as at 31 December 2019 is RMB170,695,560.)

BY ORDER OF THE BOARD

PAN SHUN MING

Executive Chairman and Chief Executive Officer

26 June 2020