



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

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

RESPONSE TO QUERIES FROM SGX-ST

The Board of Directors (the "**Board**") of Southern Packaging Group Limited (the "**Company**") refers to the queries from Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 3 March 2020 in relation to the Company's unaudited financial statements for the year ended 31 December 2019 released on 28 February 2020 as follows:

Query 1 from SGX-ST

- (a) With reference to the unaudited financial statements for the year ended 31 December 2019, please provide an explanation for
- (i) Decrease in inventories from RMB82,164,000 for the year ended 31 December 2018 to RMB70,715,000 for the year ended 31 December 2019;
 - (ii) Increase in property under development from RMB65,126,000 for the year ended 31 December 2018 to RMB170,696,000 for the year ended 31 December 2019; and
 - (iii) Increase in trade payables from RMB109,633,000 for the year ended 31 December 2018 to RMB123,861,000 for the year ended 31 December 2019.

Company's Response

- (i) The decrease in inventories is due to various measures taken by the management to improve the inventory turnover and maintain healthy inventory level.
- (ii) The increase in property under development is attributable to current year direct development costs incurred on the construction of Project Gangjin in Sanshan Foshan.
- (iii) The increase in trade payables is mainly due to the development costs outstanding as at end of financial year and the generous credit terms given by the respective suppliers.

Query 2 from SGX-ST

Please provide the breakdown for the Group's other payables (current) amount of \$37,969,000 and \$31,900,000 for the year ended 31 December 2019 and 31 December 2018 respectively

Company's Response

	2019	2018	
	RMB	RMB	
Other payables			
- third parties	5,079,457	4,511,764	
- a related party	2,332,575	2,332,575	
Accrued expenses	21,923,833	17,957,323	Note 1
Customers advances	8,632,769	7,098,798	
Other payables total	37,968,634	31,900,460	

Note 1: The increase is mainly due to the increase in provision of accrued freight charges and salaries.

BY ORDER OF THE BOARD

PAN SHUN MING

Executive Chairman and Chief Executive Officer
19 March 2020