



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)

UPDATE ON GROUP'S BUSINESS OPERATIONS

Southern Packaging Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to provide an update on the Group’s business operations for the three months ended 31 March 2020 (“**1Q2020**”).

During 1Q2020, the Chinese economy suffered a complete standstill due to the COVID-19 lockdown. As a result, the country’s economy posted negative first quarter GDP figures, the first in almost 30 years. The Group’s results, too, were affected by the lockdown. The Group’s revenue decreased by RMB52.9 million (31.2%) from RMB169.7 million in 1Q2019 to RMB116.8 million in 1Q2020.

The Group’s gross profit decreased by RMB13.9 million (38.3%) to RMB22.4 million in 1Q2020 as compared to RMB36.3 million in the previous corresponding year due to the lower recovery of fixed overhead costs as a result of a lower sales.

During the lockdown period, the Group’s manufacturing facilities in Foshan and Changzhou were included in the list of “National Key Epidemic Prevention Enterprises” due to our association and close collaboration with the pharmaceutical industry.

As at the date of announcement, all our manufacturing facilities have resumed production and all the Group’s employees have returned to work. None of the Group’s employees were affected by the COVID-19 virus. The Group will continue to take appropriate measures to ensure work place safety.

The construction of the Group’s new development project in Sanshan was slightly delayed by the lockdown. Despite this, the development project is still expected to enter the sale phase in year 2020.

BY ORDER OF THE BOARD

PAN SHUN MING

Executive Chairman and Chief Executive Officer

26 May 2020