

Southern Packaging Group Limited

Unaudited Condensed Full Year Financial Statements for the Period Ended
31 December 2024

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	
		2024	2023		2024	2023	
		RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	4	354,223	376,911	(6%)	687,917	691,561	(0.5%)
Cost of sales		(296,996)	(314,324)	(5.5%)	(562,878)	(570,490)	(1.3%)
Gross profit		57,227	62,587	(8.6%)	125,039	121,071	3.3%
Gross profit margin		16.2%	16.6%	(2.4%)	18.2%	17.5%	4%
Other operating income		9,300	8,039	15.7%	14,955	12,492	19.7%
Distribution expenses		(22,428)	(22,065)	1.6%	(45,678)	(42,651)	7.1%
Administrative expenses		(45,187)	(44,525)	1.5%	(84,575)	(83,261)	1.6%
Finance costs		(10,152)	(10,952)	(7.3%)	(20,778)	(21,506)	(3.4%)
Loss before income tax	6	(11,240)	(6,916)	62.5%	(11,037)	(13,855)	(20.3%)
Income tax (expense)/credit	7	(8,158)	(1,189)	586.1%	(7,858)	344	NA
Loss for the period		(19,398)	(8,105)	133.9%	(18,895)	(13,511)	39.8%
Other comprehensive income: <i>Items to be reclassified to profit or loss in subsequent periods</i>							
Exchange differences on translation of foreign operations		102	(360)	128.3%	164	142	15.5%
Total comprehensive expense for the period, representing loss for the period attributable to owners of the parent.		(19,296)	(8,465)	128%	(18,731)	(13,369)	40.1%
Loss per share							
- Basic and diluted (RMB in cent)		(27)	(12)	125%	(27)	(19)	42.1%

B. Condensed full year statements of financial position

		Group	Group	Company	Company
		31.12.2024	31.12.2023	31.12.2024	31.12.2023
	Note	RMB'000	RMB'000	RMB'000	RMB'000
<u>Current assets:</u>					
Cash and cash equivalents		62,422	90,220	1,385	995
Fixed deposits		10,741	1,441	-	-
Trade receivables	12	152,852	152,902	-	-
Other receivables and prepayments		41,421	42,860	16	1,307
Inventories	13	355,493	362,829	-	-
Total current assets		622,929	650,252	1,401	2,302
<u>Non-current assets:</u>					
Investments in subsidiaries		-	-	465,933	465,933
Property, plant and equipment	10	354,412	395,607	-	-
Investment properties	11	89,349	91,515	-	-
Land use rights		35,400	36,478	-	-
Right of use assets		2,323	3,108	-	-
Deferred tax assets	14	10,921	18,430	-	-
Total non-current assets		492,405	545,138	465,933	465,933
Total assets		1,115,334	1,195,390	467,334	468,235

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

		Group	Group	Company	Company
		31.12.2024	31.12.2023	31.12.2024	31.12.2023
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities:					
Trade payables		166,172	201,677	-	-
Other payables		32,557	34,529	39,590	28,907
Borrowings	16	349,271	329,845	-	-
Current income tax payable		4,245	4,983	-	-
Deferred government subsidies		1,139	1,139	-	-
Lease liabilities	15	2,372	2,349	-	-
Total current liabilities		555,756	574,522	39,590	28,907
Non-current liabilities:					
Deferred government subsidies		7,157	8,295	-	-
Borrowings	16	46,999	87,607	-	-
Deferred tax liabilities	14	1,000	1,000	-	-
Lease liabilities	15	-	813	-	-
Total non-current liabilities		55,156	97,715	-	-
Total liabilities		610,912	672,237	39,590	28,907
Equity attributable to equity holders of the Company:					
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		(844)	(1,008)	-	-
Retained earnings		197,910	216,805	197,151	208,735
Total equity		504,422	523,153	427,744	439,328
Total liabilities and equity		1,115,334	1,195,390	467,334	468,235

C. Condensed full year statements of changes in equity

	Share capital	Statutory reserve	Capital contribution	Retained earnings	Foreign currency translation account	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
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)
Distributions to owners of the parent dividends	-	5,578	-	(5,578)	-	-
Balance as at 31.12.2023	230,593	64,124	12,639	216,805	(1,008)	523,153
Balance as at 1.1.2024	230,593	64,124	12,639	216,805	(1,008)	523,153
Loss for the financial year	-	-	-	(18,895)	-	(18,895)
Other comprehensive income for the financial year						
- Exchange differences on translation of foreign operations	-	-	-	-	164	164
Total comprehensive loss for the financial year	-	-	-	(18,895)	164	(18,731)
Balance as at 31.12.2024	230,593	64,124	12,639	197,910	(844)	504,422

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

	Share capital	Retained earnings	Total
	RMB'000	RMB'000	RMB'000
Company			
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>
Balance as at 1.1.2024	230,593	208,735	439,328
Loss for the financial year, representing total comprehensive income for the financial year	-	(11,584)	(11,584)
Balance as at 31.12.2024	<u>230,593</u>	<u>197,151</u>	<u>427,744</u>

D. Condensed full year consolidated statement of cash flows

	Group 2024 RMB'000	Group 2023 RMB'000
<u>Cash flows from operating activities</u>		
Loss before income tax	(11,037)	(13,855)
Adjustments for:		
Depreciation of property, plant and equipment	50,748	54,000
Depreciation of investment properties	2,166	2,047
Amortisation of deferred government subsidies	(1,139)	(1,139)
Amortisation of land use rights	1,078	1,078
Amortisation of right-of-use assets	2,346	2,499
Interest income	(319)	(324)
Interest expense	20,778	21,506
Unrealised foreign currency exchange loss	322	668
Allowance made/(Reversal of) slow-moving and obsolete inventories	18	(254)
Loss on property, plant and equipment written off	374	-
Gain on derecognition of lease	-	(4)
Loss allowance made on/(reversal of loss allowance for) trade receivable	166	(33)
Loss on disposal of property, plant and equipment	384	268
Operating cash flows before working capital changes	65,885	66,457
Working capital changes:		
Trade receivables	765	(10,485)
Other receivables and prepayments	2,414	3,398
Inventories	7,331	35,318
Trade payables	(37,329)	(72,700)
Other payables	(2,047)	85
Cash generated from operations	37,019	22,073
Income tax paid	(1,085)	(1,398)
Net cash generated from operating activities	35,934	20,675
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(10,753)	(11,141)
Proceeds from disposal of property, plant and equipment	441	76
Interest received	319	324
Net cash used in investing activities	(9,993)	(10,741)

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

	Group 2024 RMB'000	Group 2023 RMB'000
<u>Cash flows from financing activities</u>		
Interest paid	(20,778)	(21,506)
Proceeds from borrowings	401,107	467,598
Repayment of borrowings	(422,640)	(432,232)
Lease payment	(2,374)	(2,435)
(Increase)/Decrease in pledged fixed deposits	(9,300)	730
Net cash (used in)/from financing activities	(53,985)	12,155
(Decrease)/Increase in cash and cash equivalents	(28,044)	22,089
Cash and cash equivalents at the beginning of the financial year	90,220	67,735
Effect of foreign exchange rate changes on cash and cash equivalents in foreign currencies	246	396
Cash and cash equivalents at the end of the financial year (Note A)	<u>62,422</u>	<u>90,220</u>

Note A: Cash and Cash Equivalents

	2024 RMB'000	2023 RMB'000
Cash and cash equivalents	73,163	91,661
Less: Fixed deposits pledged	(10,741)	(1,441)
Cash and cash equivalents at the end of the financial year	<u>62,422</u>	<u>90,220</u>

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 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 full year financial statements as at and for the 12 months ended 31 December 2024 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 2024 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 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 2023.

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 2024 (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 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.

There are 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 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 is 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>2024</u> (unaudited)	<u>2023</u> (audited)	<u>2024</u> (unaudited)	<u>2023</u> (audited)	<u>2024</u> (unaudited)	<u>2023</u> (audited)	<u>2024</u> (unaudited)	<u>2023</u> (audited)
	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
REVENUE								
External sales	473,453	440,438	214,464	219,044	-	32,079	687,917	691,561
RESULTS								
Segment gross profit	95,293	92,344	29,746	25,251	-	3,476	125,039	121,071
Allocated expenses	(83,814)	(79,128)	(35,319)	(33,776)	(3,191)	(3,258)	(122,324)	(116,162)
Allocated income	2,835	848	1,889	1,842	87	205	4,811	2,895
Segment result	14,314	14,064	(3,684)	(6,683)	(3,104)	423	7,526	7,804
Unallocated expenses							(7,929)	(9,750)
Unallocated income							9,825	9,273
Interest income							319	324
Interest expense							(20,778)	(21,506)
Loss before income tax							(11,037)	(13,855)
Income tax (expense)/credits							(7,858)	344
Loss for the financial year attributable to owners of the Parent							(18,895)	(13,511)
ASSETS								
Segment assets	472,437	496,183	187,771	214,476	365,104	367,270	1,025,312	1,077,929
Unallocated corporate assets							90,022	117,461
Consolidated total assets							1,115,334	1,195,390

4.1. Reportable segments (cont'd)

	Rigid packagin g	Rigid packagin g	Flexible packagin g	Flexible packagin g	Property sale	Property sale	Consolidated 2024 (unaudited)	Consolidated 2023 (audited)
	<u>2024</u> (unaudited)	<u>2023</u> (audited)	<u>2024</u> (unaudited)	<u>2023</u> (audited)	<u>2024</u> (unaudited)	<u>2023</u> (audited)	Jan-Dec	Jan-Dec
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	RMB'000	RMB'000
LIABILITIES								
Segment liabilities	101,430	104,020	67,927	81,182	45,062	49,908	214,419	235,110
Unallocated corporate liabilities							396,493	437,127
Consolidated total liabilities							610,912	672,237

4.1. Reportable segments (cont'd)

	Rigid packaging	Rigid packaging	Flexible packaging	Flexible packaging	Property sale	Property sale	Consolidated	Consolidated
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</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
REVENUE								
External sales	245,007	228,340	109,216	116,492	-	32,079	354,223	376,911
RESULTS								
Segment gross profit	42,788	48,460	14,439	10,651	-	3,476	57,227	62,587
Allocated expenses	(43,086)	(42,271)	(21,008)	(18,345)	(1,666)	(1,498)	(65,760)	(62,114)
Allocated income	2,422	-	1,507	797	67	179	3,996	976
Segment result	2,124	6,189	(5,062)	(6,897)	(1,599)	2,157	(4,537)	1,449
Unallocated expenses							(1,855)	(4,501)
Unallocated income							5,148	6,918
Interest income							156	169
Interest expense							(10,152)	(10,952)
Loss before income tax							(11,240)	(6,917)
Income tax credits							(8,158)	(1,189)
Loss for the financial year attributable to owners of the Parent							(19,398)	(8,106)
ASSETS								
Segment assets	472,437	496,183	187,771	214,476	365,104	367,270	1,025,312	1,077,929
Unallocated corporate assets							90,022	117,461
Consolidated total assets							1,115,334	1,195,390
LIABILITIES								
Segment liabilities	101,430	104,020	67,927	81,182	45,062	49,908	214,419	235,110
Unallocated corporate liabilities							396,493	437,127
Consolidated total liabilities							610,912	672,237

4.2. Disaggregation of Revenue

	The Group			
	12 months ended 31 December 2024			
	Rigid packaging	Flexible packaging	Property sale	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or service:				
Sales of goods	473,453	214,464	-	687,917
Total revenue	473,453	214,464	-	687,917
Timing of revenue recognition:				
At a point in time	473,453	214,464	-	687,917
Total revenue	473,453	214,464	-	687,917
Geographical information:				
PRC	438,668	192,819	-	631,487
Australia	19,635	-	-	19,635
America	1,759	1,548	-	3,307
Philippines	10,351	-	-	10,351
Thailand	148	13,677	-	13,825
Asia(excluding PRC)	2,892	6,420	-	9,312
Total revenue	473,453	214,464	-	687,917

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

	The Group			
	2H 2024			
	Rigid packaging	Flexible packaging	Property sale	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or service:				
Sales of goods	245,007	109,216	-	354,223
Total revenue	245,007	109,216	-	354,223
Timing of revenue recognition:				
At a point in time	245,007	109,216	-	354,223
Total revenue	245,007	109,216	-	354,223
Geographical information:				
PRC	226,669	100,080	-	326,749
Australia	10,710	-	-	10,710
America	1,047	48	-	1,095
Philippines	4,282	-	-	4,282
Thailand	148	5,283	-	5,431
Asia(excluding PRC)	2,151	3,805	-	5,956
Total revenue	245,007	109,216	-	354,223

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

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 2024 and 31 December 2023:

	The Group		The Company	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	RMB'000	RMB'000	RMB'000	RMB'000
Financial Assets				
Cash and bank balances and trade and other receivables* (Amortised cost)	236,385	255,022	1,401	2,302
Financial Liabilities				
Trade and other payables and borrowings** (Amortised cost)	580,325	638,894	39,590	28,907

*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 2024	2H 2023	Jan-Dec 2024	Jan-Dec 2023
	RMB'000	RMB'000	RMB'000	RMB'000
Sales of raw materials and moulds	(4,586)	(82)	(6,195)	(4,397)
Interest income	(156)	(169)	(319)	(324)
Government grant (including amortisation of deferred government subsidies)	(3,992)	(4,791)	(5,966)	(5,383)
Foreign currency exchange loss/(gain)	707	(2,202)	324	215
Depreciation on property, plant and equipment	28,665	27,630	50,748	54,000
Depreciation of investment properties	1,083	818	2,166	2,047
Amortisation of land use rights	539	539	1,078	1,078
Amortisation of right-of-use assets	2,346	2,499	2,346	2,499
Loss allowance made on/(reversal of) trade receivables	166	(33)	166	(33)
Allowance made/(Reversal of) slow-moving and obsolete inventories	18	(254)	18	(254)
Research and development costs (included R&D staff cost)	17,802	18,381	32,676	33,042
Finance costs	10,152	10,952	20,778	21,506
Directors' remuneration				
- Director's fees	296	347	656	665
- Salaries, bonuses and allowances	1,919	1,869	3,819	3,728
- Contributions to defined contribution plans	20	30	39	46

7. Taxation

	2H 2024	2H 2023	12 months ended 31 December 2024	12 months ended 31 December 2023
	RMB'000	RMB'000	RMB'000	RMB'000
Current income tax expense	348	1,879	348	1,879
Deferred income tax expense/(credit)	7,810	(690)	7,510	(2,223)
Income tax expense/(credit)	8,158	1,189	7,858	(344)

8. Dividends

	The Group	
	12 months ended 31 December 2024	12 months ended 31 December 2023
	RMB'000	RMB'000
Ordinary dividends paid:		
First and final exempt dividend for FY2023: Nil	-	-
	RMB	RMB
Dividend per share (net of tax)	-	-

9. Net asset value(“NAV”)

	Group		Company	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	RMB	RMB	RMB	RMB
Net asset value per ordinary share	7.17	7.44	6.08	6.25

The NAV per share as at 31 December 2024 was calculated based on the number of shares in issue of 70,319,164 shares (31 December 2023: 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 2024	395,607
Less: depreciation	(50,748)
Less: disposal	(816)
Less: write off	(384)
Additions	10,753
Property, plant and equipment, 31 December 2024	<u>354,412</u>

During the year ended 31 December 2024, the additions of property, plant and equipment amounted to RMB10,753,000 (31 December 2023: RMB11,141,000).

11. Investment properties

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

	FY2024
	RMB'000
Cost	
Balance as at 1.1.2024/31.12.2024	96,211
Accumulated depreciation	
Balance as at 1.1.2024	4,696
Depreciation for the financial year	2,166
Balance as at 31.12.2024	6,862
Carrying Amount	89,349

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 was as follows:

	Group	
	31.12.2024	31.12.2023
	RMB'000	RMB'000
Balance as at the beginning of the financial year	661	694
Loss allowance made on/(reversal of) trade receivables	166	(33)
Balance as at the end of the financial year	<u>827</u>	<u>661</u>

13. Inventories

The breakdown of inventories is as follows:

	Group	
	31.12.2024	31.12.2023
	RMB'000	RMB'000
Properties held for sale	275,755	275,755
Inventories for packaging business	79,738	87,074
Total	355,493	362,829

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 2024 was RMB355,493,000 (31 December 2023: RMB362,829,000).

During the 12 months ended 31 December 2024, the Group carried out a review of the realisable values of its inventories and have a reverse of allowance for inventories obsolescence of RMB 18,000 (31 December 2023: Made an allowance for inventories obsolescence of RMB 254,000).

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 2024, the carrying amounts of the Group's deferred tax assets and deferred tax liabilities were RMB10,921,000 (31 December 2023: RMB18,430,000) and RMB1,000,000 (31 December 2023: RMB1,000,000) respectively.

15. Lease liability

The Group leases warehouse spaces and office 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 2024, the weighted average incremental borrowing rate applied to lease liabilities was 5.20% per annum (31 December 2023: 5.20%) per annum.

16. Borrowings

Amount repayable in one year or less, or on demand

As at 31/12/2024		As at 31/12/2023	
RMB'000		RMB'000	
Secured	Unsecured	Secured	Unsecured
349,271	-	329,845	-

Amount repayable after one year

As at 31/12/2024		As at 31/12/2023	
RMB'000		RMB'000	
Secured	Unsecured	Secured	Unsecured
46,999	-	87,607	-

Details of any collateral

The bank loans are secured as follows:

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

17. Share capital

	The Group and the Company			
	31 December 2024		31 December 2023	
	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 2024.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2024 and 31 December 2023.

18. Related party transactions

During the 12 months ended 31 December 2024, the Group entities entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group	
	Jan-Dec 2024	Jan-Dec 2023
	RMB	RMB
<u>With certain Director of the Company</u>		
Rental expense	840,336	830,670
	<hr/>	<hr/>
<u>With companies in which certain Director have control</u>		
Rental expense	1,944,587	2,039,168
Property management fee	840,216	787,464
Rental income	120,000	120,000
	<hr/>	<hr/>

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 2024 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 2024	31 December 2023
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 treasury shares 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 2024.

- 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 2024 RMB	Group Jan-Dec 2023 RMB
Earnings per ordinary share for the period based on net profit attributable to shareholders (RMB):	(0.27)	(0.19)

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 decreased by RMB22.7 million (6%) from RMB376.9 million in 2H FY2023 to RMB354.2 million in 2H FY2024. The Group's revenue decreased by RMB3.7 million (0.5%) from RMB691.6 million in FY2023 to RMB687.9 million in FY2024. The decrease in sales is mainly due to the decrease in property sales, while the growth in the packaging business has largely offset this decline.

Gross profit

The Group's gross profit decreased by RMB5.4 million (8.6%) from RMB62.6 million in 2H FY2023 to RMB57.2 million in 2H FY2024. The Group's gross profit increased by RMB3.9 million (3.3%) from RMB121 million in FY2023 to RMB125 million in FY2024. The main reason for the slight increase in annual gross profit is that the packaging business sales has replaced the property sales last year, which had a higher gross profit margin.

Other operating income

Other operating income increased by RMB1.3 million to RMB9.3 million in 2H FY2024 compared to RMB8 million in the previous corresponding period. Other operating income increased by RMB2.5 million to RMB15 million in FY2024 compared to RMB12.5 million in the previous corresponding period. This is mainly due to increase in sales of raw materials and moulds.

Loss before income tax

The Group's loss before income tax is RMB11 million in FY2024 compared to RMB13.8 million in FY2023. The decrease in loss before income tax was mainly due to:

- Gross profit increased by RMB3.9 million as mentioned above;
- Other operating income increased by RMB2.5 million as mentioned above;
- Distribution expenses increased by RMB3.0 million mainly due to the increase of freight costs;
- Administrative expenses increased by RMB1.3 million mainly due to the increase in packaging business volume during the year; and
- Finance costs decreased by RMB0.7 million mainly due to the decrease in borrowings.

The Group's loss before income tax is RMB11.2 million in 2H FY2024 compared to RMB6.9 million in 2H FY2023. The increase in loss before tax was mainly due to:

- Gross profit decreased by RMB5.4 million as mentioned above;
- Other operating income increased by RMB1.3 million;
- Distribution expenses increased by RMB0.4 million mainly due to the increase of freight costs;
- Administrative expenses increased by RMB0.7 million mainly due to the increase in packaging business volume during the year; and
- Finance costs slightly decreased by RMB0.8 million mainly due to the decrease in borrowings.

Income Tax Credit

Income tax expense of RMB7.9 million in FY2024 is due to the impairment of the deferred tax assets during the financial year.

Current Assets

Current assets decreased by RMB27.3 million when compared to the end of FY2023. This was mainly due to the following:

- a) Cash and bank balances decreased by RMB27.8 million;
- b) Fixed deposits increased by RMB9.3 million;
- c) Trade receivables decreased by RMB0.05 million;
- d) Inventories decreased by RMB7.3 million mainly due to the increase of sales during the year; and
- e) Other receivables and prepayments decreased by RMB1.4 million.

	Group 31 Dec 2024 RMB'000	Group 31 Dec 2023 RMB'000
(i) Other receivables and deposits	10,371	10,460
(ii) Advances to suppliers and prepayment	25,130	25,047
(iii) Value added tax	5,920	7,353
Total	41,421	42,860

Non-Current Assets

Non-current assets decreased by RMB52.7 million to RMB492.4 million from RMB545.1 million mainly due to the depreciation charges and the purchase of PPE during the year.

Current Liabilities

Current liabilities decreased by RMB18.8 million from RMB574.5 million to RMB555.7 million mainly due to the following:

- Trade payables decreased by RMB35.5 million mainly due to the repayment of suppliers relating to Apex Tower during the year;
- Short-term bank borrowing increased by RMB19.4 million to fulfil the additional working capital needs from the increase sales in packaging business;
- Current income tax payable decreased slightly by RMB0.7 million; and
- Other payables decreased by RMB2 million due to the followings:

	Group 31 Dec 2024 RMB'000	Group 31 Dec 2023 RMB'000
(i) Accrued expenses	19,377	22,615
(ii) Other payables	6,944	6,303
(iii) Advances to customers	6,236	5,611
Total	32,557	34,529

Long-Term Liabilities

Long-term liabilities decreased by RMB42.6 million mainly due to the decrease of long term borrowings.

The Consolidated Statement of Cash Flows

In FY2024, the Group recorded cash flows generated from operating activities amounted to RMB35.9 million as compared to RMB20.7 million in FY2023 mainly due to:

- a) operating cash flows (before working capital changes) amounted to RMB65.9 million;
- b) Cash inflows from inventories amounted to RMB7.3 million;
- c) Cash inflows from trade and other receivable amounted to RMB3.2 million;
- d) Cash outflows from trade and other payables amounted to RMB39.4 million; and
- e) Cash outflows from income tax paid amounted to RMB1.1 million.

The net cash used in investing activities had decreased by RMB0.7 million from RMB10.7 million in FY2023 to RMB10 million in FY 2024 mainly due to the decrease of purchase of property, plant and equipment during the year.

The Group recorded a net cash outflow in financing activities amounting to RMB54 million in FY2024 as compared to a net cash inflow amounting to RMB12.2 million in FY2023. It was mainly due to the decrease of the bank borrowings 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.

In 2024, the Company will continue to prioritize its custom plastic packaging business, which has shown steady growth despite ongoing market challenges. While the packaging segment has contributed positively to revenue, the Company still faces hurdles in achieving profitability due to fluctuating raw material costs and heightened competition. However, we remain optimistic about the future, with a focus on refining our operational efficiency and exploring new market opportunities.

Looking ahead, the Company is committed to leveraging its strengths in custom packaging and expanding its market presence. We will continue to invest in innovation, enhance production capabilities, and stay agile in responding to evolving consumer demands and regulatory changes. By focusing on continuous improvement and market diversification, we are confident in our ability to navigate the challenges of the coming year and drive sustainable growth in the long term.

The Apex Tower real estate project, after achieving some sales on FY2023, has not yet made further progress on FY2024. Going forward, the Company will intensify its marketing efforts and seek ways to unlock value from this asset, with the goal of improving liquidity and overall portfolio performance.

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 2024.

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 2024 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 2024	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 2024
Guangdong Xing Hua Health Drink Co. Ltd. ⁽¹⁾	RMB2,058,873 (S\$385,449)	-
Pan Shun Ming, Mai Shu Ying ⁽²⁾	RMB 840,336 (S\$157,322)	-
Foshan Jia Bei Le property management Co. Ltd. ⁽³⁾	RMB840,216 (S\$157,300)	-

Notes:

- (1) Rental payment to Guangdong Xing Hua Health Drink Co. Ltd, an associate company of 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.

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	42	Son of Mr Pan Shun Ming (Executive Chairman and substantial shareholder) and Madam Mai Shuying (substantial shareholder)	Deputy Chief Executive Officer since 13 January 2025 - Assist the Chief Executive Officer for the development of the Group's business strategies and investment strategies; oversee and responsible for the property development activities of the Group's property investment division	FY2024 – Vice President (Property Development) Oversee and responsible for the property development activities of the Group's property investment division
Mai Shuying	68	Spouse of Mr Pan Shun Ming (Executive Chairman and substantial shareholder) and parent of Mr Pan Zhaojin (substantial shareholder)	Chief Financial Officer since 1 September 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
28 February 2025