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Wan Cheng Metal Packaging Company Limited

萬成金屬包裝有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8291)

- (I) PROPOSED SHARE CONSOLIDATION;
(II) PROPOSED CHANGE IN BOARD LOT SIZE;
(III) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE
(1) RIGHTS SHARE FOR EVERY ONE
(1) CONSOLIDATED SHARE HELD ON THE RECORD DATE; AND
(IV) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Financial Adviser to the Company

SUNWAH KINGSWAY
新華滙富

Placing Agent to the Company

Suncorp
Securities Limited

PROPOSED SHARE CONSOLIDATION

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every four (4) issued and unissued Shares of par value HK\$0.05 each into one (1) Consolidated Share of par value of HK\$0.2 each. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM.

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 2,000,000,000 Shares of HK\$0.05 each, of which 320,000,000 Shares have been issued and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective but before the completion of the Rights Issue and assuming no change in the number of Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$100,000,000 divided into 500,000,000 Consolidated Shares of HK\$0.20 each, of which 80,000,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Shares are traded on the Stock Exchange in board lot of 30,000 Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 30,000 Shares to 7,500 Consolidated Shares upon the Share Consolidation becoming effective.

PROPOSED RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$24.0 million before expenses by way of a rights issue of 80,000,000 Rights Shares at the Subscription Price of HK\$0.3 each and on the basis of one (1) Rights Share for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date (assuming no change in the issued share capital of the Company on or before the Record Date). The Rights Issue is not underwritten and will not be extended to the Excluded Shareholder(s) (if any).

The estimated net proceeds of the Rights Issue, if fully subscribed, will be up to approximately HK\$22.7 million (assuming no change in the issued share capital of the Company on or before the Record Date).

The Company intends to apply the entire net proceeds from the Rights Issue of approximately HK\$22.7 million for the repayment of part of the outstanding bank borrowings that will fall due on or before 23 August 2022.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

THE OPTIONHOLDER'S UNDERTAKINGS

As at the date of this announcement, each of the holders of the Share Options (including Mr. Wang Yun and Mr. Zou Yonggang, the executive Directors, Ms. Ha Yee Lan Elaine, the independent non-executive Director, and employees and consultants of the Company) has signed an Optionholder's Undertaking not to exercise the Share Options granted to him/her on or before the Record Date.

Save for the Optionholder's Undertakings, the Company has not received any information or irrevocable undertaking from any Substantial Shareholder of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

THE PLACING AGREEMENT

On 14 July 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares.

GEM LISTING RULES IMPLICATIONS

As the Rights Issue, if proceeded with, will increase the number of the issued Shares by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the ordinary resolution to approve the Rights Issue at the EGM.

As at the date of this announcement, the Company has no controlling Shareholder as defined under the GEM Listing Rules and none of the Directors and their respective associates is interested in any Shares. Therefore, no Shareholder is required to abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing Agreement and the transaction contemplated thereunder at the EGM.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as those terms are defined under Rule 10.44A of the GEM Listing Rules) for the Rights Issue are HK\$0.374 per Share, HK\$0.448 per Share and 16.5%, respectively. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to provide recommendations to the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the EGM. Vinco Financial Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue in this regard.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Share Consolidation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Share Consolidation; (ii) further details of the Rights Issue; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Thursday, 11 August 2022.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, a Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) are expected to be despatched to the Qualifying Shareholders on Friday, 16 September 2022.

WARNING OF THE RISKS OF DEALING IN THE SHARES, THE CONSOLIDATED SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Share Consolidation is conditional upon the satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement. Accordingly, the Share Consolidation may or may not proceed.

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.

PROPOSED SHARE CONSOLIDATION

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every four (4) issued and unissued Shares of par value of HK\$0.05 each into one (1) Consolidated Share of par value of HK\$0.20 each. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have material interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution relating to the Share Consolidation at the EGM.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following:

- (i) the passing of the ordinary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the GEM Listing Rules to effect the Share Consolidation; and
- (iii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

The Share Consolidation will become effective on Monday, 5 September 2022, being the business day immediately following the fulfillment of the above conditions.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 2,000,000,000 Shares of HK\$0.05 each, of which 320,000,000 Shares have been issued and are fully paid or credited as fully-paid. Upon the Share Consolidation becoming effective but before the completion of the Rights Issue and assuming no change in the number of Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$100,000,000 divided into 500,000,000 Consolidated Shares of HK\$0.20 each, of which 80,000,000 Consolidated Shares (which are fully paid or credited as fully-paid) will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other. No fractional Consolidated Shares will be issued by the Company. Any fractional entitlements of the Consolidated Shares will be aggregated and sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise and the necessary professional expenses for the implementation of the Share Consolidation.

Adjustments in relation to other securities of the Company

As at the date of this announcement, there are outstanding Share Options for subscription of an aggregate amount of 61,971,142 Shares under the Share Option Scheme. Pursuant to the terms of the Share Option Scheme, the Share Consolidation may lead to adjustments to the exercise price and/or the number of Shares falling to be issued upon the exercise of the Outstanding Share Options. The Company will make further announcement(s) on such adjustments as and when appropriate.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Shares.

Odd lots arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will procure an arrangement with an agent to stand in the market during Tuesday, 20 September 2022 to Tuesday, 11 October 2022 to provide matching services for sale and purchase of odd lots of the Consolidated Shares on a best effort basis. Further details in respect of the odd lots arrangements will be set out in the circular to be despatched.

Holder of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Free Exchange of share certificates

Subject to the Share Consolidation having become effective, Shareholders may, during the specified period, submit the existing share certificates for the Shares to the Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, existing share certificates for the Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at the expense of the Shareholders on payment of a transfer fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for the Consolidated Shares (whichever is higher) but are not acceptable for trading, settlement and registration.

The new share certificates for the Consolidated Shares will be issued in blue in order to distinguish them from the existing share certificates in red.

Closure of register of members

The register of members of the Company will be closed from Friday, 26 August 2022 to Thursday, 1 September 2022 (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

Listing and Dealings

Application will be made to the GEM Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation and all necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Shares are traded on the Stock Exchange in board lot of 30,000 Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 30,000 Shares to 7,500 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.1 per Share as at the date of this announcement, (i) the value of each existing board lot of 30,000 Shares is HK\$3,000; (ii) the value of each board lot of 30,000 Consolidated Shares would be HK\$12,000 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 7,500 Consolidated Shares would be HK\$3,000 assuming that the Share Consolidation and the Change in Board Lot Size becoming effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

Shareholders should note that Shareholders' approval is not required for the Change in Board Lot Size. However, the Change in Board Lot Size is conditional on the Share Consolidation having become effective. Therefore, the Company will not proceed with the Change in Board Lot Size if the Share Consolidation is voted down at the EGM.

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Under Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 (the “**Guideline**”), the market price of the Shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

During the past 12 months, the Shares had been trading at a closing price between the highest of HK\$0.135 and the lowest of HK\$0.057. The Board considers that the proposed Share Consolidation, resulting in a theoretical value of HK\$0.4 per Consolidated Share (based on the closing price of HK\$0.1 per Share on the Last Trading Day), would enable the Company to avoid the occurrence of non-compliance with the trading requirements under the GEM Listing Rules. It is expected that the Share Consolidation will increase the nominal value of the Shares and will bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in the Consolidated Shares.

Assuming the Share Consolidation has become effective, based on the closing price of HK\$0.1 per Share (equivalent to the theoretical closing price of HK\$0.4 per Consolidated Share) as quoted on the Stock Exchange on the Last Trading Day, the theoretical value of each board lot of 30,000 Consolidated Shares would be HK\$12,000.

Taking into account the trading liquidity of the Shares continued to be thin with the average daily trading volume of the Shares being approximately 209,453 Shares over the last 12 months, representing approximately 0.07% of the total number of issued Shares, the Board is of the view that the Change in Board Lot Size will help maintain the transaction amount for each board lot at a reasonable level which increases the attractiveness in investing the Consolidated Shares, and thus would help to further broaden the shareholder base of the Company. Accordingly, the Board believes the Share Consolidation and the Change in Board Lot Size are in the interest of the Company and the Shareholders as a whole.

PROPOSED RIGHTS ISSUE

The Company proposes the Rights Issue, details of which are summarised below:

Issue statistics

Basis of Rights Issue:	One (1) Rights Share for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$0.3 per Rights Share
Number of Shares in issue as at the date of this announcement:	320,000,000 Shares
Number of Consolidated Shares in issue immediately upon the Share Consolidation becoming effective:	80,000,000 Consolidated Shares
Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 80,000,000 Rights Shares (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date)
Aggregate nominal value of the Rights Shares:	Up to HK\$16,000,000 (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date)
Number of Consolidated Shares in issue immediately upon completion of the Rights Issue:	Up to 160,000,000 Consolidated Shares (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date other than the Rights Shares)
Maximum funds raised before expenses:	Up to approximately HK\$24.0 million (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date and all the Rights Shares will be taken up)

As at the date of this announcement, there are 61,971,142 outstanding Share Options granted by the Company exercisable into 61,971,142 Shares. Save for the aforesaid, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares as at the date of this announcement. The Company has no intention to issue or grant any Shares or Consolidated Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date, the 80,000,000 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 100% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective; and (ii) 50% of the total number of issued Consolidated Shares as enlarged by the allotment and issue of the Rights Shares (assuming all the Rights Shares will be taken up).

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There are no applicable statutory requirements under the laws of the Cayman Islands regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares and Share Options under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

The Optionholder's Undertakings

As at the date of this announcement, each of the holders of the Share Options (including Mr. Wang Yun and Mr. Zou Yonggang, the executive Directors, Ms. Ha Yee Lan Elaine, the independent non-executive Director, and employees and consultants of the Company) has signed an Optionholder's Undertaking not to exercise the Share Options granted to him/her on or before the Record Date.

Save for the Optionholder's Undertakings, the Company has not received any information or irrevocable undertaking from any Substantial Shareholder of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

Subscription Price

The Subscription Price of HK\$0.3 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 25.0% to the theoretical closing price of HK\$0.400 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.100 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 31.2% to the theoretical closing price of HK\$0.436 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.109 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 33.0% to the theoretical closing price of approximately HK\$0.448 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.112 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 30.6% to the theoretical closing price of approximately HK\$0.432 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.108 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 14.3% to the theoretical ex-rights price of approximately HK\$0.350 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.100 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a premium of approximately 11.9% to the audited consolidated net asset value per Consolidated Share of approximately HK\$0.268 (based on the latest published audited consolidated net asset value of the Group of approximately HK\$21.4 million (or RMB18.3 million) as disclosed in the annual report of the Company for the year ended 31 December 2021 and 80,000,000 Consolidated Shares assuming the Share Consolidation has become effective); and
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 16.5% represented by the theoretical diluted price of approximately HK\$0.374 to the benchmarked price of approximately HK\$0.448 per Consolidated Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.100 and the average closing price of HK\$0.112 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of this announcement).

The Subscription Price was determined with reference to, among other things, the recent market prices of the Shares, the current market conditions and the amount of funds the Company intends to raise under the Rights Issue as discussed in the section headed “REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS”.

The Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share is estimated to be approximately HK\$0.28, if fully subscribed.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every one (1) Consolidated Share held by the Qualifying Shareholder as at the close of business on the Record Date.

The PAL relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Wednesday, 7 September 2022.

The last day of dealings in the Shares on a cum-rights basis is Monday, 5 September 2022. The Shares will be dealt with on an ex-rights basis from Tuesday, 6 September 2022.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company.

Shareholders with their Shares held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. For investors whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 7 September 2022.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company. **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Rights of Overseas Shareholders (if any)

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Directors will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholder(s). The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only but will not send any PAL to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Excluded Shareholder(s) in Hong Kong dollars. In view of administrative costs, the Company will retain individual amounts of less than HK\$100 for its own benefit.

Any ES Unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing Arrangement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the nil-paid Rights Shares that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Excluded Shareholders should exercise caution when dealing in the Shares.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Consolidated Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of one (1) Rights Share for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Procedures in respect of Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rule to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent Placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance of the Rights Shares to be allotted and issued under the Rights Issue to independent Placees on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 6:00 p.m., on Wednesday, 12 October 2022, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares if a premium over the Subscription Price and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) can be obtained. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and ES Unsold Rights Shares) to the No Action Shareholders and the Excluded Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below);

- (iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) above of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

THE PLACING AGREEMENT

On 14 July 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. Details of the Placing Arrangement are as follows:

Date: 14 July 2022 (after trading hours)

Parties: (i) the Company, as issuer; and
(ii) the Placing Agent

Placing Agent: Suncorp Securities Limited, appointed as the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares on a best effort basis.

The Placing Agent confirmed that it is independent of and not connected with the Company and its connected person and not a connected person of the Company.

Fees and expenses: 2.5% of the amount which is equal to the placing price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.

Placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case may be):	<p>The placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case may be) shall be at least equal to the Subscription Price.</p> <p>The final price determination is depended on the demand and market conditions of the Unsubscribed Rights Shares and the ES Unsold Rights during the process of placement.</p>
Places:	<p>Any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agents, who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement.</p>
Ranking of the Unsubscribed Rights Shares and the ES Unsold Rights Shares:	<p>The Unsubscribed Rights Shares and the ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the Consolidated Shares then in issue.</p>
Termination:	<p>The Placing Arrangement shall end on 12 October 2022 or any other date by mutual written agreement between the Placing Agent and the Company.</p> <p>The engagement of the Placing Agent may also be terminated by the Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill their respective duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.</p>
Conditions Precedent:	<p>The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions (the “Conditions”) being fulfilled (or being waived by the Placing Agent in writing, if applicable):</p>

- (i) the passing by the Shareholders or Independent Shareholders (as the case may be) at the EGM of the necessary resolution(s) to approve the Share Consolidation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares);
- (ii) the Share Consolidation having become effective;
- (iii) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares, including the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares;
- (iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof. The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the Conditions (other than those set out in paragraph (i), (ii) and (iii) above) by notice in writing to the Company.

Completion: Placing completion shall take place at the offices of the Placing Agent on 14 October 2022 or such other date as the Company and the Placing Agent may agree in writing.

The engagement between the Company and the Placing Agent for the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares was determined after arm's length negotiations between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors consider the terms of the Placing Arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares (including the commission payable) are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Company; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Directors considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

Application for listing

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be in the new board lots of 7,500 Rights Shares, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Friday, 14 October 2022.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (i) the passing by the Shareholders or Independent Shareholders (as the case may be) at the EGM of the necessary resolution(s) to approve the Share Consolidation, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
- (ii) the Share Consolidation having become effective by no later than the Prospectus Posting Date;
- (iii) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (iv) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus and the PALs (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the GEM Listing Rules by no later than the Prospectus Posting Date;
- (v) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders, if any, for information purpose only by the Prospectus Posting Date; and
- (vi) the Placing Agreement not being terminated.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 8 September 2022 to Thursday, 15 September 2022 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure period.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

Assuming there is no other change in the issued share capital of the Company before the completion of the Rights Issue, the expected gross proceeds, net proceeds and net price per Rights Share from the Rights Issue are set out below:

	<i>HK\$</i> (approximately)
Gross proceeds	24.0 million
Net Proceeds	22.7 million
Net price per Rights Share	0.28

The Group is principally engaged in manufacturing and sales of tinplate packaging products in the PRC and Hong Kong. The major products are tin cans and steel pails, which are generally used for storing paint and coatings.

As set out in the annual report of the Company for the year ended 31 December 2021 (the “**Annual Report**”), the Group recorded a net loss of approximately RMB54.7 million for the year ended 31 December 2021 as compared to a net loss of approximately RMB22.9 million for the year ended 31 December 2020. The Directors are of the view that the increase in net loss was attributable to, among others, (i) the impairment loss recognised on property, plant and equipment; (ii) the increase in selling expenses which mainly included transportation costs for its logistic team, staff costs, advertising expenses, entertainment expenses and consumables; and (iii) the increase in finance cost due to increase in borrowings and lease liabilities during the year ended 31 December 2021.

As further disclosed in the Annual Report, the Group recorded a net cash outflow from operating activities of approximately RMB\$24.5 million and a net decrease in cash and cash equivalents in the amount of approximately RMB16.5 million for the year ended 31 December 2021 as compared to the previous year. In light of the cash position and lossmaking performance of the Group, the Company intends to raise funds through the Rights Issue to improve the financial condition of the Group by reducing its gearing and interest burden.

As at 31 May 2022, the Group has an outstanding amount of bank and other borrowings of RMB138.2 million. Among the current liabilities of the Group, the Company was indebted to a lender, which is a commercial bank in the PRC established under the approval by the China Banking Regulatory Commission and an Independent Third Party, with bank borrowings of an aggregate outstanding principal and interest amount of RMB38.0 million (or HK\$44.5 million) as at 31 May 2022 and carries interest rates ranged from 5.1% to 5.7% per annum which will fall due on or before 23 August 2022 (the “**Borrowings**”). It is estimated that the Company will raise up to approximately HK\$24.0 million from the Rights Issue and the relevant expenses would be approximately HK\$1.3 million, which includes placing commission and professional fees payable to financial advisers, legal advisers, financial printer and other parties involved in the Rights Issue. Accordingly, the Directors intended to utilise the entire net proceeds from the Rights Issue of approximately HK\$22.7 million for the repayment of part of the Borrowings, which expects to reduce the financial cost and enhance the financial position of the Group.

Apart from the Rights Issue, the Directors have considered other debt or equity fundraising alternatives such as bank borrowings, placing or an open offer. The Directors note that bank borrowings, if available, carry additional interest costs and create pressure to the liquidity of the Company, and placing of new shares dilutes the interests of existing Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group.

The Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that the Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth, while at the same time allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. In addition, the Company had preliminarily consulted brokerage companies (including the Placing Agent) for underwriting the Rights Issue but has not received any favourable feedback due to the current capital market situation apart from the Placing Agent who expressed its interest in acting as a placing agent on best effort basis. The Company considers that the placing obligation of the Placing Agent are more or less similar to an underwriter of the Rights Issue (except that the Placing Agent is on best effort basis). As such, the Company subsequently decided to conduct the Rights Issue on non-underwritten basis and to adopt the Placing Arrangement simultaneously in order to ensure sufficient funds could be raised.

Having considered the other fund-raising alternatives, the costs and unfavourable feedback of underwriting services and the proposed terms of the Rights Issue and the Subscription Price, the Board considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis.

Based on the above, the Board considers that raising capital through the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholder(s) (if any) should note that their shareholdings will be diluted.**

SHAREHOLDING STRUCTURES

Set out below is the shareholding structure of the Company, assuming there is no further issue or repurchase of Shares or Consolidated shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares pursuant to the Rights Issue, (i) as at the date of this announcement; (ii) immediately upon the Share Consolidation becoming effective; (iii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; (iv) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent; and (v) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent:

Shareholders	As at the date of this announcement		Immediately upon the Share Consolidation becoming effective		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and none of Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Independent Placees	-	0.00	-	0.00	-	0.00	-	0.00	80,000,000	50.00
Other public Shareholders	320,000,000	100.00	80,000,000	100.00	160,000,000	100.00	80,000,000	100.00	80,000,000	50.00
	<u>320,000,000</u>	<u>100.00</u>	<u>80,000,000</u>	<u>100.00</u>	<u>160,000,000</u>	<u>100.00</u>	<u>80,000,000</u>	<u>100.00</u>	<u>160,000,000</u>	<u>100.00</u>

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

EXPECTED TIMETABLE

The expected timetable in respect of the Share Consolidation, Change in Board Lot Size and Rights Issue is set out below:

2022

Announcement of the Rights Issue	Thursday, 14 July
Expected despatch date of circular with notice and form of proxy for the EGM	Thursday, 11 August
Latest time for lodging transfers of Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Thursday, 25 August
Closure of register of members of the Company for attending the EGM (both dates inclusive).....	Friday, 26 August to Thursday, 1 September
Latest time for lodging forms of proxy for the purpose of the EGM	11:00 a.m. on Tuesday, 30 August
Record date for determining attendance and voting at the EGM	Thursday, 1 September
Expected date and time of the EGM	11:00 a.m. on Thursday, 1 September
Announcement of poll results of the EGM.	Thursday, 1 September
Register of members re-open	Friday, 2 September
Effective date of the Share Consolidation	Monday, 5 September
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Monday, 5 September
Original counter for trading in Shares in board lots of 30,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Monday, 5 September
Temporary counter for trading in the Consolidated Shares in board lots of 7,500 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 5 September

First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	Monday, 5 September
Last day of dealings in the Consolidated Shares on a cum-rights basis relating to the Rights Issue	Monday, 5 September
First day of dealings in the Consolidated Shares on an ex-rights basis relating to the Rights Issue.....	Tuesday, 6 September
Latest time for the Shareholders to lodge transfer documents of the Consolidated Shares in order to be qualified for the Rights Issue.....	4:30 p.m. on Wednesday, 7 September
Closure of the register of members of the Company for the Rights Issue (both dates inclusive).....	Thursday, 8 September to Thursday, 15 September
Record Date for determining entitlements to the Rights Issue	Thursday, 15 September
Register of members of the Company re-opens.....	Friday, 16 September
Prospectus Documents expected to be despatched.....	Friday, 16 September
Original counter for trading in the Consolidated Shares in board lots of 7,500 Consolidated Shares (in the form of new share certificates) reopens	9:00 a.m. on Tuesday, 20 September
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences.....	9:00 a.m. on Tuesday, 20 September
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares.....	Tuesday, 20 September
First day of dealings in Nil Paid Rights Shares	Tuesday, 20 September
Latest time for splitting of the PAL	4:30 p.m. on Thursday, 22 September
Last day of dealings in Nil Paid Rights Shares	Tuesday, 27 September

Latest time of acceptance of and payment for the Rights Shares	4:00 p.m. on Friday, 30 September
Announcement of the number of the Unsubscribed Rights Shares and ES Unsold Rights Shares subject to the Compensatory Arrangements.	Monday, 3 October
Commencement of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agent	Wednesday, 5 October
Temporary counter for trading in the Consolidated Shares in board lots of 7,500 Consolidated Shares (in the form of existing share certificates) closes.	4:10 p.m. on Tuesday, 11 October
Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends	4:10 p.m. on Tuesday, 11 October
Last day for the designated broker to provide matching services for odd lots of Consolidated Shares	Tuesday, 11 October
Latest time of placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agent	6:00 p.m. on Wednesday, 12 October
Latest time for the Rights Issue and placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to become unconditional	Wednesday, 12 October
Last day for free exchange of existing share certificates for new share certificates	Thursday, 13 October
Announcement of the results of Rights Issue (including results of the placing of Unsubscribed Rights Shares and the ES Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and the ES Unsold Rights Shares under the Compensatory Arrangements) to be posted on the Stock Exchange's website and the Company's website	Thursday, 13 October

Refund cheques, if any, to be despatched (if the Rights Issue does not proceed)	Friday, 14 October
Share certificates for fully-paid Rights Shares to be despatched	Friday, 14 October
Expected commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Monday, 17 October
Payment of the Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholders (if any)	Monday, 31 October

All times and dates in this announcement refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 30 September 2022. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 30 September 2022. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m. If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the “EXPECTED TIMETABLE” above may be affected. An announcement will be made by the Company in such event as soon as practicable.

EQUITY FUNDRAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company had not conducted any equity fundraising activities in the 12 months immediately preceding the date of this announcement.

POSSIBLE ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

As at the date of this announcement, there are 61,971,142 outstanding Share Options granted by the Company exercisable into 61,971,142 Shares. Save for the aforesaid, there are no other options, warrants or other convertible securities granted by the Company that are subsisting as at the date of this announcement. Adjustments to the exercise prices and numbers of the Share Options will be required under the Share Option Scheme as a result of the Rights Issue. The auditor of the Company will be appointed to certify the necessary adjustments to the exercise prices and numbers of the Share Options. Further announcement relating to such adjustments will be made by the Company in this regard as and when appropriate.

GEM LISTING RULES IMPLICATIONS

As the Rights Issue, if proceeded with, will increase the number of the issued Shares by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the ordinary resolution to approve the Rights Issue at the EGM.

As at the date of this announcement, the Company has no controlling Shareholder as defined under the GEM Listing Rules and none of the Directors and their respective associates is interested in any Shares. Therefore, no Shareholder is required to abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing Agreement and the transaction contemplated thereunder at the EGM.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as those terms are defined under Rule 10.44A of the GEM Listing Rules) for the Rights Issue are HK\$0.374 per Share, HK\$0.448 per Share and 16.5%, respectively. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to provide recommendations to the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the EGM. Vinco Financial Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue in this regard.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Share Consolidation; (ii) further details of the Rights Issue; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Thursday, 11 August 2022.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, a Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) are expected to be despatched to the Qualifying Shareholders on Friday, 16 September 2022.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Share Consolidation is conditional upon the satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement. Accordingly, the Share Consolidation may or may not proceed.

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Chang in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 30,000 Shares to 7,500 Shares, conditional upon the Share Consolidation becoming effective
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Wan Cheng Metal Packaging Company Limited (萬成金屬包裝有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held and convened to consider and approve the Share Consolidation, the Rights Issue and the transactions contemplated thereunder

“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GEM Listing Committee”	has the meaning as defined in the GEM Listing Rules
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the GEM Listing Rules to advise the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder
“Independent Financial Adviser”	Vinco Financial Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser of the Company appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder.
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and not a connected person of the Company

“Last Trading Day”	14 July 2022, being the last full trading day before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 30 September 2022, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Nil Paid Rights”	rights to subscribe for Rights Shares before the Subscription Price is paid
“Net Gain”	any premiums paid by the Placees over the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements
“No Action shareholder(s)”	Qualifying Shareholders or their renounees who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any Nil Paid Rights at the time such Nil Paid Rights lapse
“Optionholder’s Undertaking(s)”	the undertaking(s) by the holders of the Share Options, whereby each of such Share Option holders irrevocably undertake, represent and warrant to the Company that he/she will not exercise such Share Options held by him/her for the period from the date of such undertaking to the Record Date
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appears on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement
“Placing Agent”	Suncorp Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements

“Placing Agreement”	conditional placing agreement dated 14 July 2022 entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Placee(s) on a best effort basis
“Placing Arrangement”	the placing arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares as described in the section headed “The Placing Agreement” in this announcement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued to the Shareholders containing, among other things, details of the Rights Issues
“Prospectus Documents”	the Prospectus and the PAL and any supplementary prospectus or supplementary provisional allotment letter (if required)
“Prospectus Posting Date”	Friday, 16 September 2022 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Thursday, 15 September 2022 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Registrar”	Computershare Hong Kong Investor Services Limited
“RMB”	Renminbi, the lawful currency of the PRC
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of one (1) Rights Share for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	up to 80,000,000 new Consolidated Shares (assuming no change in the number of Shares in issue on or before the Record Date)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	the ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Share Consolidation”	the consolidation of every four (4) issued and unissued Shares of HK\$0.05 each into one (1) Consolidated Share of HK\$0.2 each
“Share Options”	61,971,142 outstanding options granted under the Share Options Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 23 June 2017
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.3 per Rights Share under the Rights Issue
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent.

Unless otherwise specified in this announcement, the exchange rate adopted in this announcement for illustration only is approximately RMB1 to HK\$1.17. No representation is made that any amounts in Hong Kong dollar could have been or could be converted at that rate or at any other rates.

By Order of the Board
Wan Cheng Metal Packaging Company Limited
Wang Yun
Executive Director

Hong Kong, 14 July 2022

As at the date of this announcement, the executive Directors are Mr. Wang Yun and Mr. Zou Yonggang and the independent non-executive Directors are Mr. Wong Sui Chi, Ms. Ha Yee Lan Elaine and Mr. Wu Chi King.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the date of its posting and on the Company’s website at www.wanchengholdings.com.