

**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

**2022**  
**INTERIM REPORT**



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## Financial Highlights

- The Group's revenue for the six months ended 30 June 2022 was approximately RMB23.0 million, representing an increase of approximately 4.4% when compared with that for the six months ended 30 June 2021.
- The Group recorded a loss attributable to the owners of the Company of approximately RMB12.1 million for the six months ended 30 June 2022, as compared to a loss attributable to the owners of the Company of approximately RMB7.8 million for the six months ended 30 June 2021.
- The board of Directors (the "Board") does not recommend the payment of interim dividend for the six months ended 30 June 2022.
- As at 30 June 2022, the Group's total cash and bank balances were approximately RMB8.0 million (31 December 2021: approximately RMB9.2 million). Gearing ratio of the Group increased from approximately 701.2% as at 31 December 2021 to approximately 1,448.0% as at 30 June 2022.

# Corporate Information

## DIRECTORS

### Executive Directors:

Mr. Wang Yun  
Mr. Zou Yonggang

### Independent Non-executive Directors:

Mr. Wong Sui Chi  
Ms. Ha Yee Lan Elaine  
Mr. Wu Chi King

## AUDIT COMMITTEE

Mr. Wong Sui Chi (*Chairman*)  
Ms. Ha Yee Lan Elaine  
Mr. Wu Chi King

## REMUNERATION COMMITTEE

Ms. Ha Yee Lan Elaine (*Chairman*)  
Mr. Wong Sui Chi  
Mr. Wu Chi King

## NOMINATION COMMITTEE

Mr. Wu Chi King (*Chairman*)  
Mr. Wong Sui Chi  
Ms. Ha Yee Lan Elaine

## COMPANY SECRETARY

Mr. Chiu Wai Yip Raymond

## COMPLIANCE OFFICER

Mr. Wang Yun

## AUTHORISED REPRESENTATIVES

Mr. Wang Yun  
Mr. Chiu Wai Yip Raymond

## REGISTERED OFFICE

PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 3 Huada Road  
Hi-tech Industrial Development Zone  
Ronggui Street, Shunde District  
Foshan City, Guangdong Province  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room B, 12/F  
Hang Seng Causeway Bay Building  
28 Yee Wo Street  
Causeway Bay, Hong Kong

## Corporate Information (Continued)

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited  
PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

### BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor  
Services Limited  
Rooms 1712-16, 17/F  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

### PRINCIPAL BANKERS

Guangdong Shunde Rural Commercial  
Bank Company Limited, Ronggui Branch  
No. 208 Guizhou Avenue  
Ronggui, Shunde District  
Foshan City  
Guangdong Province  
PRC

### AUDITORS

Elite Partners CPA Limited  
*Certified Public Accountants*  
10/F., 8 Observatory Road  
Tsim Sha Tsui  
Hong Kong

### STOCK CODE

8291

### COMPANY'S WEBSITE

[www.wanchengholdings.com](http://www.wanchengholdings.com)

## Unaudited Condensed Consolidated Interim Results For the six months ended 30 June 2022

The Board of the Company announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2022, together with the comparative unaudited figures for the six months ended 30 June 2021, as follows:

### Unaudited Condensed Consolidated Statement of Comprehensive Income

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	2	13,334	13,295	23,002	22,040
Cost of sales		(12,734)	(12,037)	(21,717)	(20,153)
Gross profit		600	1,258	1,285	1,887
Other income and net gain or loss	2	(1,102)	1,580	(2,699)	2,424
Selling expenses		(492)	(497)	(1,048)	(996)
Administrative and other expenses		(3,935)	(4,691)	(6,326)	(8,241)
Finance costs	3	(1,718)	(1,412)	(3,360)	(2,832)
Loss before income tax		(6,647)	(3,762)	(12,148)	(7,758)
Income tax expense	4	-	-	-	-
Loss for the period		(6,647)	(3,762)	(12,148)	(7,758)
Other comprehensive (loss)/income for the period:					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Release of exchange reserve upon disposal of subsidiaries		-	3,050	-	3,050
Exchange differences on translating foreign operations		519	(413)	639	(191)
Total comprehensive loss for the period attributable to the owners of the Company		(6,128)	(1,125)	(11,509)	(4,899)
Loss per share attributable to owners of the Company – basis and diluted (RMB cents)	6	(2.08)	(1.18)	(3.80)	(2.57)

# Unaudited Condensed Consolidated Statement of Financial Position

		As at	
	Notes	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	84,330	94,941
Right-of-use assets		4,836	4,797
		<b>89,166</b>	99,738
<b>Current assets</b>			
Financial assets at fair value through profit or loss		10,684	12,990
Inventories	8	10,095	10,972
Trade and bills receivables	9	19,285	27,355
Prepayments and other receivables	10	39,490	42,992
Cash and cash equivalents		7,986	9,228
		<b>87,540</b>	103,537
<b>Total assets</b>		<b>176,706</b>	203,275
<b>Current liabilities</b>			
Trade and bills payables	11	32,749	38,128
Accruals and other payables		10,229	8,527
Lease liabilities		3,827	11,018
Borrowings	12	38,000	38,000
Income tax payable		1,099	1,153
		<b>85,904</b>	96,826
<b>Net current assets</b>		<b>1,636</b>	6,711
<b>Total assets less current liabilities</b>		<b>90,802</b>	106,449



## Unaudited Condensed Consolidated Statement of Financial Position (Continued)

		As at	
	Notes	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
<b>Non-current liabilities</b>			
Lease liabilities		–	196
Borrowings	12	82,750	88,000
		82,750	88,196
<b>Net assets</b>		<b>8,052</b>	<b>18,253</b>
<b>EQUITY</b>			
Equity attributable to the owners of the Company			
Share capital	13	13,131	13,131
Reserves		(5,079)	5,122
<b>Total equity</b>		<b>8,052</b>	<b>18,253</b>

# Unaudited Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium	Statutory reserve fund	Capital reserve	Share option reserve	Exchange reserve	Property revaluation reserve	Other reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021 (Audited)	3,372	87,552	3,826	7,200	3,544	3,495	7,772	(28,141)	(29,129)	59,491
Loss for the period	-	-	-	-	-	-	-	-	(7,758)	(7,758)
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	2,859	-	-	-	2,859
Total comprehensive income/(loss) for the period	-	-	-	-	-	2,859	-	-	(7,758)	(4,899)
Release upon disposal of a subsidiary	-	-	(3,826)	(7,200)	-	-	(7,772)	-	-	(18,798)
Right Issues	10,019	9,707	-	-	-	-	-	(7,642)	-	12,084
Share options issued	-	-	-	-	481	-	-	-	-	481
Lapse of share options	-	-	-	-	(586)	-	-	-	586	-
At 30 June 2021 (Unaudited)	13,391	97,259	-	-	3,439	6,354	-	(35,783)	(36,301)	48,359
At 1 January 2022 (Audited)	<b>13,131</b>	<b>97,008</b>	<b>3,826</b>	<b>7,200</b>	<b>3,437</b>	<b>4,908</b>	-	<b>(35,783)</b>	<b>(75,474)</b>	<b>18,253</b>
Loss for the period	-	-	-	-	-	-	-	-	(12,148)	(12,148)
Other comprehensive income:										
Exchange differences on translating foreign operations	-	-	-	-	-	639	-	-	-	639
Total comprehensive income/(loss) for the period	-	-	-	-	-	639	-	-	(12,148)	(11,509)
Share options issued	-	-	-	-	1,308	-	-	-	-	1,308
At 30 June 2022 (Unaudited)	<b>13,131</b>	<b>97,008</b>	<b>3,826</b>	<b>7,200</b>	<b>4,745</b>	<b>5,547</b>	-	<b>(35,783)</b>	<b>(87,622)</b>	<b>8,052</b>

## Unaudited Condensed Consolidated Cash Flows Statement

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Net cash used in operating activities	(8,803)	(14,403)
Net cash generated from/(used in) investing activities	7,561	(1,205)
Net cash generated from financing activities	–	9,226
Net decrease in cash and cash equivalents	(1,242)	(6,382)
Cash and cash equivalents at beginning of period	9,228	25,763
Effect on exchange rate changes on cash and cash equivalents	–	(124)
Cash and cash equivalents at end of period	7,986	19,257

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

## 1. GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

Wan Cheng Metal Packaging Company Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and its principal place of business in Hong Kong is Room B, 12/F, Hang Seng Causeway Bay Building, 28 Yee Wo Street, Causeway Bay, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in manufacturing and sales of tinplates and tinplate packaging products (“Tin Operation”) in the People’s Republic of China (the “PRC”) and Hong Kong.

The shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 18 July 2017.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of unaudited condensed consolidated financial statements for the six months ended 30 June 2022 are consistent with those adopted in the preparation of annual report of the Company dated 31 December 2021 (the “Annual Report”) except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the “New and Revised HKFRSs”) (which include add HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA that are adopted for the first time for the current periods financial statements.

### Application of new and revised to HKFRSs

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

# Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

## 2. REVENUE, OTHER INCOME AND NET GAIN OR LOSS AND SEGMENT INFORMATION

The Group's principal activities are manufacturing and sales of tinplate packaging products.

Revenue from the Group's principal activities during the period under review is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue from contracts with customers recognised at a point in time:				
Revenue from tinplate packaging products	13,334	13,295	23,002	22,040
Other income and net gain or loss				
Unrealised fair value (loss)/gain of financial assets at fair value through profit or loss	(1,102)	1,513	(2,705)	1,513
Gain on disposal of subsidiaries	-	-	-	828
Others	-	67	6	83
	(1,102)	1,580	(2,699)	2,424

### Segment Information

The Group operates in one operating segment which is the manufacturing and sales of tinplate packaging products in Hong Kong and the PRC. The Group determines its operating segment based on information reported to executive directors of the Company who are also the chief operating decision-maker that are used to make strategic decisions. Accordingly, the Group does not present separately segment information and over 90% of the non-current assets are located in the PRC.

The Company is an investment holding company and the principal place of the Group's operation is in the PRC and Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC (excluding Hong Kong) as its country of domicile.

# Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

## 2. REVENUE, OTHER INCOME AND NET GAIN OR LOSS AND SEGMENT INFORMATION (Continued)

### Segment Information (Continued)

The Group's revenue from external customers by geographical location of customers is detailed below:

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
The PRC (country of domicile)	13,334	13,295	23,002	22,040

Over 90% of the Group's non-current assets are principally attributable to the PRC, being the single geographical region.

### Information about major customers

Revenue from major customers, each of whom amounted to 10% or more of the Group's revenue is set out below:

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Customer A	2,301	3,174	4,336	5,255
Customer B	2,186	2,700	3,723	4,669
Customer C	2,096	2,131	3,553	2,905
Customer D	1,400	1,502	3,229	2,514
Customer E	1,352	—*	2,438	2,346

\* Revenue derived from these customers did not contribute over 10% of total revenue of the Group during the three months and six months ended 30 June 2021 and three months ended 30 June 2022.

No other single customers contributed 10% or more to the Group's revenue for six months ended 30 June 2022 and 2021.

# Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

## 3. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Interest charges on financial liabilities carried at amortised cost:				
Interest expense on bank borrowings	1,667	1,266	3,267	2,631
Interest expense on discounted bills receivables	51	146	93	201
	<b>1,718</b>	1,412	<b>3,360</b>	2,832

## 4. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Current income tax (credit)/ provision for the period	-	-	-	-

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is not subject to income tax.

No Hong Kong profit tax was provided as the Group has no estimated assessable profit derived from and earned in Hong Kong during the six months ended 30 June 2022 and 2021.

Provision for the Enterprise Income Tax in the PRC is calculated based on a statutory tax rate of 25% of the estimated assessable profits as determined in accordance with the relevant income tax law in the PRC. The Group had no material unrecognised deferred tax as at 31 December 2021 and 30 June 2022.

## 5. DIVIDENDS

The Board does not recommend the payment to interim dividend for the six months ended 30 June 2022.

# Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

## 6. LOSS PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Loss attributable to owners of the Company (RMB'000)	(6,647)	3,762	(12,148)	7,758
Number of shares for the purpose of basic loss per share ('000)	320,000	320,000	320,000	301,333

No diluted loss per share was presented as there were no potential dilutive ordinary shares in issue during both periods under review.

## 7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group did not acquire any property, plant and equipment (six months ended 30 June 2021 (unaudited): approximately RMB81,000).

No assets were written off during the six months ended 30 June 2022 and 2021.

Depreciation expenses of approximately RMB2.7 million was recorded for the six months ended 30 June 2022 (six months ended 30 June 2021 (unaudited): approximately RMB1.4 million).

As at 31 December 2021, the buildings with net carrying value of approximately RMB2.2 million were pledged as security for the Group's bills payables and bank borrowings.

## 8. INVENTORIES

	As at	
	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Raw materials	5,434	6,218
Work-in-progress	1,178	864
Finished goods	3,483	3,890
	10,095	10,972



# Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

## 9. TRADE AND BILLS RECEIVABLES

	As at	
	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Trade receivables arising from contract with customers	40,039	42,541
Bills receivables	48	5,616
	<b>40,087</b>	48,157
Less: loss allowance	<b>(20,802)</b>	(20,802)
	<b>19,285</b>	27,355

The credit terms granted to individual customers varies on a customer by customer basis which is determined by management with reference to the creditability of a respective customer.

During the period under review, the general credit period ranged from 30 to 120 days and the general settlement period of bills receivables ranged from 30 to 120 days.

### Ageing analysis

An ageing analysis of the Group's trade and bills receivables as at 31 December 2021 and 30 June 2022, net of impairment, and based on invoice date, is as follows:

	As at	
	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Within 1 month	2,136	7,060
More than 1 month but not more than 3 months	5,388	6,427
More than 3 months but not more than 6 months	3,580	1,430
More than 6 months but not more than 1 year	3,453	2,110
More than 1 year	4,728	10,328
	<b>19,285</b>	27,355

# Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

## 10. PREPAYMENT AND OTHER RECEIVABLES

	As at	
	30 June 2022 RMB'000	31 December 2021 RMB'000
Prepayment	6,030	6,230
Advance payment to suppliers	28,518	31,048
Other receivables	4,942	5,714
	<b>39,490</b>	<b>42,992</b>

## 11. TRADE AND BILLS PAYABLES

	As at	
	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Trade payables	25,535	30,224
Bills payables	7,214	7,904
	<b>32,749</b>	<b>38,128</b>

An ageing analysis of the Group's trade and bills payables as at 31 December 2021 and 30 June 2022, based on invoice date, is as follows:

	As at	
	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Within 1 month	10,997	25,993
More than 1 month but not more than 3 months	7,929	5,942
More than 3 months but not more than 6 months	2,091	3,244
More than 6 months but not more than 1 year	4,922	271
More than 1 year	6,810	2,678
	<b>32,749</b>	<b>38,128</b>

# Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2022

## 12. BORROWINGS

As at 30 June 2022, all bank borrowings are interest bearing at PRC loan prime rate over a spread and are fixed at interest rate at the date of drawdown, ranging from 5.0% to 5.65% per annum (31 December 2021: from 5.0% to 5.65% per annum).

Amount of RMB82,750,000 included in unsecured borrowings are due to a director, who is one of the directors of a subsidiary. The amount is non-trade nature, unsecured, interest-free.

## 13. SHARE CAPITAL

	Number of shares '000	Nominal value of ordinary shares RMB'000
Ordinary shares of HK\$0.05 each		
Authorised:		
At 30 June 2022	2,000,000	83,490
Issued and fully paid		
Ordinary shares of HK\$0.05 each		
At 1 January 2022 and 30 June 2022	320,000	13,131

# Management Discussion and Analysis

## BUSINESS ACTIVITIES

The Group is principally engaged in manufacturing and sales of tinplate packaging products in the PRC and Hong Kong. The shares of the Company were listed on the GEM of the Stock Exchange (the “Listing”) on 18 July 2017 (the “Listing Date”). Since the listing of the Company’s share on the GEM of the Stock Exchange, there has been no significant change in the business operations of the Group.

## BUSINESS REVIEW AND PROSPECT

During the six months ended 30 June 2022, the Group derived the revenue principally from the sale of tinplate packaging products in the Hong Kong and PRC. The major products were tin cans and steel pails, which are generally used for storing paint and coatings.

The Group recorded an increase in revenue by approximately RMB1.0 million, or approximately 4.4%, from approximately RMB22.0 million for the six months ended 30 June 2021 to approximately RMB23.0 million for the six months ended 30 June 2022, which was due to the increase of the sales demand of the Group’s products due to the recovery of economy since outbreak of COVID-19.

The Group recorded a loss of approximately RMB12.1 million for the six months ended 30 June 2022 as compared to approximately RMB7.8 million for the six months ended 30 June 2021. The increase mainly attributable to (i) the decrease in gross profit together with (ii) the increase in finance cost due to higher balance of the borrowings and (iii) the turnaround of other income and net gain or loss comparing with the corresponding period in 2021.

Looking forward, the Group is going to further consolidate its market share in the tinplate packaging business and to continue to expand domestically by implementing the following business strategies:

For steel pails, the Group is going to upgrade the existing production line for production of steel pails to meet the potential growth on the Group’s revenue from the sales of steel pails so as to maintaining its competitiveness.

## Management Discussion and Analysis (Continued)

For tin cans, the Group upgraded of its existing production lines. The Group considers that upgrading of the production line will enhance the overall production efficiency as well as to have better control over the operating costs, and ultimately enhance the profitability.

As part of its strategy to expand its market share, the Group will attend certain exhibition for coatings and coating related products. The Group also plan to expand the sales team with experienced staff in order to focus on the soliciting of new customers for its product portfolio. The Group aim to achieve stable growth and reduce the concentration risk in any single customer group by the expansion of the customer base.

With the Group's experienced management team and reputation in the market, the Directors consider the Group to be well-positioned to compete against its competitors and future challenges.

### DEBTS AND CHARGE ON ASSETS

The Group had total borrowings of RMB126.0 million and RMB120.8 million as at 31 December 2021 and 30 June 2022, respectively.

The bank borrowings and other banking facilities are secured by:

- (a) Pledge of buildings held by the Group with net carrying amount of approximately RMB2.3 million and approximately RMB2.3 million as at 31 December 2021 and 30 June 2022 respectively;
- (b) Pledge of right-of-use assets by the Group with carrying amount of approximately RMB4.8 million (31 December 2021: RMB4.8 million) as at 30 June 2022; and
- (c) Personal guarantees executed by the directors of the subsidiaries.

# Management Discussion and Analysis (Continued)

## FINANCIAL REVIEW

### Revenue

During the six months ended 30 June 2022, the Group derived the revenue principally from the sale of tinplate packaging products in the Hong Kong and PRC. The Group generally recognises revenue from the sales of tinplate packaging products upon delivery of the products to the customers with their acceptance of the Group's products.

Revenue increased by approximately RMB1.0 million, or approximately 4.4%, from approximately RMB22.0 million for the six months ended 30 June 2021 to approximately RMB23.0 million for the six months ended 30 June 2022. Such increase was mainly due to the increase of the sales demand of the Group's products due to the recovery of economy since outbreak of COVID-19.

### Cost of sales

Cost of sales mainly comprised the cost of tinplate coil, tinplate processing costs, ancillary materials and consumables, staff costs, depreciation, utilities and repair and maintenance costs. The cost of sales increased by approximately RMB1.5 million, or approximately 7.8% from approximately RMB20.2 million for the six months ended 30 June 2021 to approximately RMB21.7 million for the six months ended 30 June 2022. Such increase was consistent with the increase in revenue for the six months ended 30 June 2022.

# Management Discussion and Analysis (Continued)

## Gross profit and gross profit margin

Gross profit decreased from approximately RMB1.9 million for the six months ended 30 June 2021 to approximately RMB1.3 million for the six months ended 30 June 2022.

Gross profit margin decreased from approximately 8.6% for the six months ended 30 June 2021 to 5.6% for the six months ended 30 June 2022. The decrease was mainly due to the decrease in average selling price of the Group's products which affected by the uncertainties under the shadow of China-United States trade war and the keen competition in the industry.

## Other income and gains

Other income and gains mainly represents the sales of scrap materials and the unrealised fair value gain on financial assets at fair value through profit or loss, which turnaround from gain of approximately RMB2.4 million for the six months ended 30 June 2021 to loss of approximately RMB2.7 million for the six months ended 30 June 2022.

## Selling expenses

The Group's selling expenses mainly included transportation costs for its logistic team, staff costs, entertainment expenses and consumables which remained stable at approximately RMB1.0 million and RMB1.0 million for the six months ended 30 June 2021 and 2022 respectively.

## Administrative and other expenses

The Group's administrative and other expenses mainly included staff costs, building administrative fees, other tax expenses, depreciation and amortization, travelling and entertainment, office consumables and supplies, legal and professional fees, listing expenses and other miscellaneous administrative expenses which decreased by approximately RMB1.9 million or 23.2% from approximately RMB8.2 million for the six months ended 30 June 2021 to approximately RMB6.3 million for the six months ended 30 June 2022. The decrease was mainly due to the decrease of advertising expenses.

# Management Discussion and Analysis (Continued)

## Finance costs

The Group's finance costs mainly comprised of interest expenses on bank borrowings and discounted bills receivables and bank charges. The finance costs increased by approximately RMB0.6 million, or approximately 18.6%, from approximately RMB2.8 million for the six months ended 30 June 2021 to approximately RMB3.4 million for the six months ended 30 June 2022. Such increase was mainly due to the higher balance of borrowings in the six months ended 30 June 2022 as compared to the six months ended 30 June 2021.

## Loss for the period

As a result of the cumulative factors discussed above, the loss for the period under review from loss of approximately RMB7.8 million for the six months ended 30 June 2021 increased to loss of approximately RMB12.1 million for the six months ended 30 June 2022. Such loss was mainly attributable to (i) the increase in finance costs, (ii) the turnaround of other income and net gain or loss and (iii) decrease in gross profit. Excluding the other income and net gain or loss, the loss for the period would decreased from approximately RMB10.2 million to approximately RMB9.4 million.

## Dividends

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022.

## LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group funded its liquidity primarily through cash inflows operating activities and repayment its bank borrowings.

As at 30 June 2022, the Group's total cash and bank balances were approximately RMB8.0 million (approximately RMB9.2 million as at 31 December 2021). Gearing ratio of the Group increased from approximately 701.2% as at 31 December 2021 to approximately 1,448.0% as at 30 June 2022. Gearing ratio is defined as total interest-bearing debt (net with cash and cash equivalents) over total equity as at the end of the reporting period.

## TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that it can meet the funding requirements.



# Management Discussion and Analysis (Continued)

## KEY PERFORMANCE INDICATORS (“KPIs”) WITH THE STRATEGY OF THE GROUP

An analysis of the Group’s performance during the period using KPIs in the section “Financial Review” on pages 21 to 23 of this interim report.

## PRINCIPAL RISKS, UNCERTAINTY AND RISK MANAGEMENT

The Group’s credit risk is primarily attributable to its trade and bills receivables, other receivables and cash at banks. We have a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade receivables and other receivables, individual credit evaluations are performed on customers. These evaluations focus on their past history of making payments when due and current ability to pay, and take into account information specific to them as well as pertaining to the economic environment in which the customers operate.

## MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The Group did not carry out any material acquisition nor disposal of any subsidiaries for the six months ended 30 June 2022.

## CONTINGENT LIABILITIES

As at 30 June 2022, there were no significant contingent liabilities for the Group.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group employed 132 employees (31 December 2021: 132 employees). Staff costs of the Group (including Directors’ remuneration, wages, salaries and other benefits and contribution to defined contribution pension plans) amounted to approximately RMB3.4 million for the six months ended 30 June 2022 (for the six months ended 30 June 2021: approximately RMB3.6 million). The Group will endeavor to ensure that the employees’ salary levels are in line with industry practice and prevailing market conditions and that employees’ overall remuneration is determined based on the Group’s and the employees’ qualifications and performance.

# Management Discussion and Analysis (Continued)

## SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries, the Group did not hold any significant investment for the six months ended 30 June 2022.

## FOREIGN EXCHANGE EXPOSURE

The Group's main operations are in the PRC with most of its transactions settled in RMB. The Directors are of the opinion that the Group's exposure to foreign exchange risk is insignificant. During the six months ended 30 June 2022, the Group did not hedge any exposure to foreign exchange risk.

## CAPITAL STRUCTURE

The shares of the Company was successfully listed on the GEM of the Stock Exchange on 18 July 2017. The share capital of the Company only comprises of ordinary shares. As at 30 June 2022, the Company's issued and fully paid capital and total equity amounted to approximately RMB13,131,000 and RMB8,052,000 respectively.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in this interim report, the Group did not have other plans for material investments or capital assets as of 30 June 2022.

## Disclosure of Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

#### Long position in the shares of the Company

Name of Director	Capacity/ Nature of interest	Number of shares held/ interested in	Approximate percentage of shareholding
Mr. Wang Yun	Beneficial owner/ Unlisted share options	4,220,619	1.32%
Mr. Zou Yonggang	Beneficial owner/ Unlisted share options	4,220,619	1.32%
Ms. Ha Yee Lan Elaine	Beneficial owner/ Unlisted share options	3,220,619	1.01%

Save as disclosed above, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

## Disclosure of Other Information (Continued)

### **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY**

As at 30 June 2022, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person (other than the Directors and chief executive of the Company disclosed above) had, or was deemed or taken to have, an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

### **SHARE OPTION SCHEME**

The Company has conditionally adopted a share option scheme (the "Share Option Scheme") on 23 June 2017. For the principal terms of the Share Option Scheme, please refer to "D. Share Option Scheme" in Appendix V to the Prospectus.

# Disclosure of Other Information (Continued)

## SHARE OPTION SCHEME (Continued)

Up to 30 June 2022, 61,971,142 share options has been granted by the Company pursuant to such Share Option Scheme. The options are unlisted. Each option gives the holder the right to subscribe for one share of HK\$0.05 each of the Company.

Category of participants	Date of grant	Vesting period	Number of share options					Outstanding as at 30 June 2022	Exercisable period	Exercise price per share (HK\$)
			Outstanding as at 1 January 2022	Granted during the period ended 30 June 2022	Exercised during the period ended 30 June 2022	Lapsed/ cancelled during the period ended 30 June 2022	Forfeited during the period ended 30 June 2022			
<b>Executive directors</b>										
Mr. Wang Yun	18 May 2020	No	1,220,619	-	-	-	-	1,220,619	3 years	0.180
	20 May 2021	No	3,000,000	-	-	-	-	3,000,000	3 years	0.131
Mr. Zou Yonggang	18 May 2020	No	1,220,619	-	-	-	-	1,220,619	3 years	0.180
	20 May 2021	No	3,000,000	-	-	-	-	3,000,000	3 years	0.131
<b>Independent non-executive director</b>										
Ms. Ha Yee Lan Elaine	18 May 2020	No	1,220,619	-	-	-	-	1,220,619	3 years	0.180
	20 May 2021	No	2,000,000	-	-	-	-	2,000,000	3 years	0.131
<b>Employees</b>										
	10 April 2019	No	8,544,333	-	-	-	-	8,544,333	10 years	0.511
	18 May 2020	No	8,544,333	-	-	-	-	8,544,333	3 years	0.180
	6 April 2022	No	-	32,000,000	-	-	-	32,000,000	3 years	0.1032
<b>Consultants</b>										
	10 April 2019	No	1,220,619	-	-	-	-	1,220,619	10 years	0.511
			29,971,142	32,000,000	-	-	-	61,971,142		

The closing price of the Company's shares immediately before the date of grant of share options on 6 April 2022 was HK\$0.104.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

## Disclosure of Other Information (Continued)

### DIRECTORS' INTERESTS IN CONTRACTS

As at 30 June 2022, no Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

### DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

As at 30 June 2022, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted written guidelines regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries to all Directors, the Directors confirmed that they have complied with the required standard of dealings and the said guidelines regarding Directors' securities transactions up to the date of this report.

### COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors consider that up to the date of this interim report, the Company has applied the principles and complied with all the applicable code provisions set out in Appendix 15 – Corporate Governance Code to the GEM Listing Rules ("CG Code").

## Disclosure of Other Information (Continued)

### AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established an audit committee (the “Audit Committee”) with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Wong Sui Chi (chairman), Ms. Ha Yee Lan Elaine and Mr. Wu Chi King, all of whom are independent non-executive Directors.

The Audit Committee had reviewed with the management of the Company the accounting principles and practices adopted by the Group and this report. The condensed consolidated financial results for the six months ended 30 June 2022 are unaudited, but have been reviewed by the Audit Committee.

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

Hong Kong, 12 August 2022

*As at the date of this report, 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.*