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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

Characteristics of the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Wan Cheng Metal Packaging Company Limited (the "Company"), together with its subsidiaries, (the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, 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.

FINANCIAL HIGHLIGHTS

- The Group's revenue for the six months ended 30 June 2017 was approximately RMB56.8 million, representing an increase of approximately 4.4% when compared with that for the six months ended 30 June 2016.

- The Group recorded a profit attributable to the owners of the Company of approximately RMB3.2 million for the six months ended 30 June 2017, as compared to approximately RMB1.8 million for the six months ended 30 June 2016.

- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2017.

- As at 30 June 2017, the Group's total cash and bank balances were approximately RMB45.2 million (31 December 2016: approximately RMB50.1 million). Gearing ratio of the Group decreased from approximately 81.1% as at 31 December 2016 to approximately 67.0% as at 30 June 2017.

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board of Directors (the "Board") of the Company announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2017, together with the comparative unaudited figures for the six months ended 30 June 2016, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Three months ended 30 June**		**Six months ended 30 June**	
		2017	2016	**2017**	2016
		RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue	*2*	**32,453**	30,546	**56,788**	54,376
Cost of sales		**(23,845)**	(21,890)	**(41,653)**	(37,236)
Gross profit		**8,608**	8,656	**15,135**	17,140
Other income and gains	*2*	**90**	273	**224**	293
Selling expenses		**(509)**	(462)	**(909)**	(850)
Administrative and other expenses		**(4,136)**	(4,669)	**(7,716)**	(10,534)
Finance costs	*3*	**(687)**	(573)	**(1,261)**	(1,062)
Profit before income tax		**3,366**	3,225	**5,473**	4,987
Income tax expense	*4*	**(1,297)**	(1,729)	**(2,308)**	(3,154)
Profit for the period		**2,069**	1,496	**3,165**	1,833
Other comprehensive income for the period:					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		**(305)**	410	**(468)**	345
Total comprehensive income for the period attributable to the owners of the Company		**1,764**	1,906	**2,697**	2,178
Earnings per share attributable to owners of the Company — basis and diluted (RMB cents)	*6*	**0.69**	0.50	**1.06**	0.61

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		30 June	31 December
		2017	2016
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*7*	**11,461**	12,068
Payments for leasehold land held for own use under operating lease		**6,057**	6,139
		17,518	18,207
Current assets			
Inventories	*8*	**21,531**	17,503
Trade and bills receivables	*9*	**51,372**	46,180
Prepayments, deposits and other receivables		**9,683**	8,610
Pledged bank deposits	*10*	**2,349**	3,193
Cash and cash equivalents		**45,198**	50,105
		130,133	125,591
Total assets		**147,651**	143,798
Current liabilities			
Trade and bills payables	*11*	**48,490**	43,902
Accruals and other payables		**11,983**	10,605
Bank borrowings	*12*	**34,000**	39,000
Income tax payable		**2,410**	2,220
		96,883	95,727
Net current assets		**33,250**	29,864
Total assets less current liabilities		**50,768**	48,071
Net assets		**50,768**	48,071
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*13*	**2,505**	2,505
Reserves		**48,263**	45,566
Total equity		**50,768**	48,071

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

	Share capital	Share premium	Statutory reserve fund	Capital reserve	Exchange reserve	Merger reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016 (Audited)	4,811	—	3,203	7,200	2,551	—	21,906	39,671
Profit for the period	—	—	—	—	—	—	1,833	1,833
Other comprehensive income:								
Exchange differences on translating foreign operations	—	—	—	—	345	—	—	345
Total comprehensive income for the period	—	—	—	—	345	—	1,833	2,178
Arising from group reorganisation	(4,811)	—	—	—	—	4,811	—	—
Issue of shares upon group reorganisation	2,505	38,089	—	—	—	(40,594)	—	—
Transfer to statutory reserve fund	—	—	623	—	—	—	(623)	—
At 30 June 2016 (Unaudited)	2,505	38,089	3,826	7,200	2,896	(35,783)	23,116	41,849
At 1 January 2017 (Audited)	2,505	38,089	3,826	7,200	3,607	(35,783)	28,627	48,071
Profit for the period	—	—	—	—	—	—	3,165	3,165
Other comprehensive income:								
Exchange differences on translating foreign operations	—	—	—	—	(468)	—	—	(468)
Total comprehensive income for the period	—	—	—	—	(468)	—	3,165	2,697
At 30 June 2017 (Unaudited)	2,505	38,089	3,826	7,200	3,139	(35,783)	31,792	50,768

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash generated from operating activities	**1,933**	17,424
Net cash used in investing activities	**(111)**	(288)
Net cash (used in)/generated from financing activities	**(6,261)**	6,210
Net (decrease)/increase in cash and cash equivalents	**(4,439)**	23,346
Cash and cash equivalents at beginning of period	**50,105**	13,720
Effect on exchange rate changes on cash and cash equivalents	**(468)**	345
Cash and cash equivalents at end of period	**45,198**	37,411

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended 30 June 2017

1. GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands on 21 April 2016 and its registered office is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and its principal place of business in Hong Kong is Suite 1203, 12th Floor, Shanghai Industrial Investment Building, 60 Hennessy Road, Wanchai, Hong Kong. The shares of the Company were listed on the GEM of the Stock Exchange by way of share offer since 18 July 2017.

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the manufacturing and sales of tinplate packaging products in the PRC.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2017 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 2017 are consistent with those adopted in the preparation of accountants' report included in the prospectus of the Company dated 29 June 2017 (the "Prospectus") 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.

The adoption of the New and Revised HKFRSs has had no significant effect on the unaudited condensed consolidated financial statements for the six months ended 30 June 2017 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the six months ended 30 June 2017. The Group has not applied any new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared on the historical cost basis. The functional currency of the Company is Hong Kong dollar ("HK$"). The unaudited condensed consolidated financial statements for the six months ended 30 June 2017 is presented in Renminbi ("RMB") instead of its functional currency as RMB is the principal currency of the economic environment on which the Group operates. All values are rounded to the nearest thousands, except when otherwise indicated.

The unaudited condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the audit committee of the Company.

2. REVENUE/OTHER INCOME AND GAINS

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	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue from tinplate packaging products	**32,453**	30,546	**56,788**	54,376
Other income and gains:				
Interest income from bank deposits	**42**	22	**92**	30
Sale of scrap materials	**5**	106	**69**	107
Bad debt recovery	**—**	81	**—**	81
Others	**43**	64	**63**	75
	90	273	**224**	293

3. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Interest charges on financial liabilities carried at amortised cost:				
Interest expense on bank borrowings	**454**	474	**896**	885
Interest expense on discounted bills receivables	**219**	76	**337**	151
Bank charges	**14**	23	**28**	26
	687	573	**1,261**	1,062

4. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit before income tax	**3,366**	3,225	**5,473**	4,987
Tax on profit before income tax, calculated at 25%	**842**	806	**1,368**	1,247
Tax effect of non-deductible expenses	**455**	923	**940**	1,907
Income tax expense	**1,297**	1,729	**2,308**	3,154

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 period under review.

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 2016 and 30 June 2017.

5. DIVIDENDS

The Board does not recommend the payment to interim dividend for the six months ended 30 June 2017.

6. EARNINGS PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	**2017**	2016
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit attributable to owners of the Company (RMB'000)	**2,069**	1,496	**3,165**	1,833
Number of shares for the purpose of basic earnings per share ('000)	**300,000**	300,000	**300,000**	300,000

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the reorganisation issue as disclosed in the Prospectus had been effective on 1 January 2016.

No diluted earnings 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 2017, the Group acquired property, plant and equipment of approximately RMB200,000 (six months ended 30 June 2016 (unaudited): approximately RMB300,000).

No assets were written off during the six months ended 30 June 2016 and 2017.

Depreciation expenses of approximately RMB800,000 was recorded for the six months ended 30 June 2016 and 2017 (unaudited).

As at 30 June 2017, the buildings with net carrying value of approximately RMB5.9 million (as at 31 December 2016 (audited): approximately RMB6.2 million) were pledged as security for the Group's bills payables (Note 11) and bank borrowings (Note 12).

8. INVENTORIES

	As at	
	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Raw materials	**19,636**	15,744
Work-in-progress	**452**	582
Finished goods	**1,443**	1,177
	21,531	17,503

9. TRADE AND BILLS RECEIVABLES

	As at	
	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**50,922**	45,327
Bills receivables	**450**	853
Trade and bills receivables	**51,372**	46,180

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 7 to 90 days and the general settlement period of bills receivables ranged from 30 to 120 days.

(a) Ageing analysis

An ageing analysis of the Group's trade and bills receivables as at 31 December 2016 and 30 June 2017, net of impairment, and based on invoice date, is as follows:

	As at	
	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 month	**14,871**	11,732
More than 1 month but not more than 3 months	**15,012**	21,172
More than 3 months but not more than 6 months	**15,402**	9,044
More than 6 months but not more than 1 year	**5,492**	4,148
More than 1 year	**595**	84
	51,372	46,180

(b) Impairment of trade and bills receivables

As at 31 December 2016 and 30 June 2017, the Group reviews receivables for evidence of impairment on both individual and collective basis. Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly. As at 31 December 2016 and 30 June 2017, none of trade receivables had been determined by the Group as individually impaired.

10. PLEDGED BANK DEPOSITS

As at 31 December 2016 and 30 June 2017, pledged bank deposits were denominated in RMB and pledged as collateral for the issuance of bills payables (Note 11). The pledged bank deposits carry interest at 0.35% per annum during the period under review.

11. TRADE AND BILLS PAYABLES

	As at	
	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**40,661**	33,258
Bills payables	**7,829**	10,644
Trade and bills payables	**48,490**	43,902

An ageing analysis of the Group's trade and bills payables as at 31 December 2016 and 30 June 2017, based on invoice date, is as follows:

	As at	
	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 month	**12,719**	10,631
More than 1 month but not more than 3 months	**16,377**	24,200
More than 3 months but not more than 6 months	**8,458**	4,901
More than 6 months but not more than 1 year	**—**	1,733
More than 1 year	**10,936**	2,437
	48,490	43,902

The bills payables are secured by:

(a) Pledge of buildings held by the Group with net carrying amount of approximately RMB6.2 million and approximately RMB5.9 million as at 31 December 2016 and 30 June 2017, respectively;

(b) Pledge of payments for leasehold land held for own use under operating lease by the Group with net carrying amount of approximately RMB6.1 million as at 31 December 2016 and 30 June 2017; and

(c) Pledged bank deposits of approximately RMB3.2 million and approximately RMB2.3 million as at 31 December 2016 and 30 June 2017, respectively.

The unutilised banking facilities in respect of bank acceptance bills as at 31 December 2016 and 30 June 2017 were amounted to approximately RMB8.2 million and approximately RMB11.0 million respectively.

12. BANK BORROWINGS

	As at	
	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Current:		
Secured interest-bearing bank borrowings:		
Repayable on demand or within one year	**34,000**	39,000

Bank borrowings bear interest at floating interest rates. The effective interest rates of bank borrowings were 5.9% and 4.8% per annum for the six months ended 30 June 2016 and 2017, 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 RMB6.2 million and approximately RMB5.9 million as at 31 December 2016 and 30 June 2017, respectively;

(b) Pledged of payments for leasehold land held for own use under operating lease by the Group with net carrying amount of approximately RMB6.1 million as at 31 December 2016 and 30 June 2017.

The unutilised banking facilities in respect of bank borrowings as at 31 December 2016 and 30 June 2017 amounted to RMB1.0 million and RMB6.0 million, respectively.

13. SHARE CAPITAL

	Number of shares	**Nominal value of ordinary shares**
		RMB'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 30 June 2017	10,000,000,000	83,490
	10,000,000,000	83,490
Issued and fully paid		
Ordinary shares of HK$0.01 each		
Upon incorporation *(Note (a))*	1	—
Issue of shares upon the Reorganisation *(Note (b))*	299,999,999	2,505
At 30 June 2017	300,000,000	2,505

Notes:

(a) The Company was incorporated in the Cayman Islands on 21 April 2016 with an authorised share capital of HK$100,000,000 divided into 10,000,000,000 ordinary shares of HK$0.01 each of which one ordinary share was allotted and issued at par value.

(b) On 4 May 2016, the then shareholders of Able Hope Limited transferred their equity interests in Able Hope Limited to the Company in consideration of the Company's allotment and issue of 299,999,999 shares to the companies held by the then shareholders of Able Hope Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Activities

The Group is principally engaged in manufacturing and sales of tinplate packaging products in the PRC. 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 2017, the Group derived the revenue principally from the sale of tinplate packaging products in the 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 RMB2.4 million, or approximately 4.4%, from approximately RMB54.4 million for the six months ended 30 June 2016 to approximately RMB56.8 million for the six months ended 30 June 2017, which was contributed by the increase in the average selling price of the Group's tinplate packaging products.

The profit for the period under review increased by approximately RMB1.4 million, or approximately 72.7%, from approximately RMB1.8 million for the six months ended 30 June 2016 to RMB3.2 million for the six months ended 30 June 2017. Excluding the non-recurring listing expenses of approximately RMB5.9 million and approximately RMB3.1 million incurred for the six months ended 30 June 2016 and 2017, respectively, profit for the six months ended 30 June 2016 and 2017 would be approximately RMB7.7 million and RMB6.3 million, respectively. Such decrease was mainly due to higher tinplate cost in the first half of 2017.

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 intends to purchase one new 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.

For tin cans, the Group intends to upgrade 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 RMB39.0 million and RMB34.0 million as at 31 December 2016 and 30 June 2017, 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 RMB6.2 million and approximately RMB5.9 million as at 31 December 2016 and 30 June 2017, respectively;

(b) Pledge of payments for leasehold land held for own use under operating lease by the Group with net carrying amount of approximately RMB6.1 million as of 31 December 2016 and 30 June 2017; and

(c) Pledged bank deposits of approximately RMB3.2 million and approximately RMB2.3 million as at 31 December 2016 and 30 June 2017, respectively.

The unutilised banking facilities in respect of bank acceptance bills 31 December 2016 and 30 June 2017 is amounted to approximately RMB8.2 million and approximately RMB11.0 million, respectively.

The unutilised banking facilities in respect of bank borrowings as at 31 December 2016 and 30 June 2017 amounted to RMB1.0 million and RMB6.0 million, respectively.

Comparison of Business Objectives with Actual Business Progress and Use of Proceeds from the share offer

The Company successfully listed on the GEM of the Hong Kong Stock Exchange on 18 July 2017 and 100,000,000 ordinary shares were issued at HK$0.65 per share by way of share offer (the "Share Offer"). Net proceeds from the Share Offer was approximately HK$33.4 million (after deducting the underwriting fees and other related expenses.)

These proceeds are designated for the purposes in accordance the Prospectus, which is (i) approximately 56.1% of the net proceeds, representing approximately HK$18.7 million to purchase of one new production line for production of steel pails, (ii) approximately 10.2% of the net proceeds, representing approximately HK$3.4 million to upgrade of the Group's existing production line, (iii) approximately 27.4% of the net proceeds, representing approximately HK$9.2 million to partial repayment of bank loan and (iv) approximately 6.3% of the net proceeds, representing approximately HK$2.1 million for general working capital purposes.

As at 30 June 2017, the Group had not yet utilised the proceeds from the Share Offer or achieved any business milestones as referred in the Prospectus. The Group will strive to achieve the milestone events as stated in the Prospectus.

Financial Review

Revenue

During the six months ended 30 June 2017, the Group derived the revenue principally from the sale of tinplate packaging products in the 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 from the sales of tin cans increased by approximately RMB1.5 million, or approximately 5.5%, from approximately RMB 28.3 million for the six months ended 30 June 2016 to approximately RMB29.8 million for the six months ended 30 June 2017. Such increase was mainly due to the increase in average selling price during the six months ended 30 June 2017.

Revenue from the sales of steel pails, which have relatively higher average selling price per unit than tin cans, increased by approximately RMB2.0 million, or approximately 9.7%, from approximately RMB21.0 million for the six months ended 30 June 2016 to approximately RMB23.0 million for the six months ended 30 June 2017. Such increase was mainly due to the increase of customer orders and average selling price during the six months ended 30 June 2017.

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 RMB4.5 million, or approximately 11.9% from approximately RMB37.2 million for the six months ended 30 June 2016 to approximately RMB41.7 million for the six months ended 30 June 2017. Such increase was mainly due to the higher average cost of tinplate coils consumed for our production during the six months ended 30 June 2017 as compared to the six months ended 30 June 2016.

Gross profit and gross profit margin

Gross profit decreased from approximately RMB17.1 million for the six months ended 30 June 2016 to approximately RMB15.1 million for the six months ended 30 June 2017.

Gross profit margin decreased from approximately 31.5% for the six months ended 30 June 2016 to 26.7% for the six months ended 30 June 2017. The decrease was mainly due to the increase of average cost of tinplate notwithstanding it had partially been offset by the increased revenue from the increase in average selling price in the six months ended 30 June 2017 as compared to the six months ended 30 June 2016.

Other income and gains

Other income and gains mainly represents the sales of scrap materials, interest income from bank deposits and bad debt recovered, which remained relatively stable from approximately RMB0.3 million for the six months ended 30 June 2016 to approximately RMB0.2 million for the six months ended 30 June 2017.

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 RMB0.9 million for the six months ended 30 June 2016 and 2017.

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. The Group recorded a decrease in administrative and other expenses by approximately RMB2.8 million, or approximately 26.8%, from approximately RMB 10.5 million for the six months ended 30 June 2016 to approximately RMB7.7 million for the six months ended 30 June 2017. Such decrease was mainly due to the lower expenses incurred in the listing process which was almost at final stage in the six months ended 30 June 2017. Excluding the non-recurring listing expenses of approximately RMB5.9 million and approximately RMB3.1 million incurred for the six months ended 30 June 2016 and 2017, respectively, the adjusted administrative and other expenses remained stable at approximately RMB4.6 million for each of the six months ended 30 June 2016 and 2017.

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 RMB0.2 million, or approximately 18.7%, from approximately RMB1.1 million for the six months ended 30 June 2016 to approximately RMB1.3 million for the six months ended 30 June 2017. Such increase was mainly due to the higher discounted rate of bills in the six months ended 30 June 2017 as compared to the six months ended 30 June 2016.

Profit for the period

As a result of the cumulative factors discussed above, the profit for the period under review increased by approximately RMB1.4 million, or approximately 72.7% from approximately RMB1.8 million for the six months ended 30 June 2016 to RMB3.2 million for the six months ended 30 June 2017. Excluding the non-recurring listing expenses approximately RMB5.9 million and approximately RMB3.1 million incurred for the six months ended 30 June 2016 and 2017 respectively, the profit recorded RMB7.7 million for the six months ended 30 June 2016 and approximately RMB6.3 million for the six months ended 30 June 2017, respectively. Such decrease was mainly due to higher tinplate cost in the first half of 2017.

Dividends

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2017.

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 2017, the Group's total cash and bank balances were approximately RMB45.2 million (31 December 2016: approximately RMB50.1 million. Gearing ratio of the Group decreased from approximately 81.1% as at 31 December 2016 to approximately 67.0% as at 30 June 2017 mainly due to increase in equity as a result of the profit recognised for the six months ended 30 June 2017 and repayment bank borrowing of RMB5.0 million.

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.

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 16 to 18 of this interim results announcement.

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 2017.

CONTINGENT LIABILITIES

As at 30 June 2017, there were no significant contingent liabilities for the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group employed 284 employees (31 December 2016: 294 employees). Staff costs of the Group (including Directors' remuneration, wages, salaries and other benefits and contribution to defined contribution pension plans) amounted to approximately RMB6.1 million for the six months ended 30 June 2017 (for the six months ended 30 June 2016: approximately RMB6.7 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.

SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries, the Group did not hold any significant investment for the six months ended 30 June 2017.

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 2017, 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. There has been no change in the capital structure of the Company since then. The share capital of the Company only comprises of ordinary shares.

As at 4 May 2016, the Company's issued share capital was HK$ 3,000,000 and the number of its issued ordinary share was 300,000,000 of HK$ 0.01 each. As at Listing Date, the Company's issued share capital was increased to HK$ 4,000,000 and the number of its issued ordinary shares was 400,000,000 of HK$ 0.01 each.

Details regarding the maturity profiles of debt for the six months ended 30 June 2017 are presented for the Group as disclosed on note 12 of the notes to the unaudited condensed consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in this interim results announcement, the Group did not have other plans for material investments or capital assets as of 30 June 2017.

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

As at the date of this announcement, 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, were 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. Liang Jianheng ("Mr. JH Liang") *(Note 1)*	Interest in a controlled corporation	277,500,000	69.375%

Note:

1. Mr. JH Liang beneficially owns 50% of the issued share capital of Fortune Time Enterprises Limited ("Fortune Time"). By virtue of the SFO, Mr. JH Liang is deemed to be interested in 277,500,000 shares held by Fortune Time Enterprises Limited.

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.

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

As at the date of this announcement, the interests and short positions of substantial shareholders and other persons (not being a Director or chief executive of the Company) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in shares of the Company

Name	Capacity/ Nature of interest	Number of shares held/ interested in	Approximate percentage of shareholding
Fortune Time *(Note 1)*	Beneficial owner	277,500,000	69.375%
Mr. Liang Jianxun ("Mr. JX Liang") *(Note 1)*	Interest in a controlled corporation	277,500,000	69.375%
Ms. Sharina Liang *(Note 2)*	Interest of spouse	277,500,000	69.375%
Ms. Liang Yingjun *(Note 3)*	Interest of spouse	277,500,000	69.375%
Century Great Investments Limited ("Century Great") *(Note 4)*	Beneficial owner	22,500,000	5.625%
Mr. Law Sai Hung ("Mr. Law") *(Note 4)*	Interest in a controlled corporation	22,500,000	5.625%

Notes:

1. Fortune Time is owned as to 50% by each of Mr. JH Liang and Mr. JX Liang. Each of Mr. JH Liang and Mr. JX Liang is deemed to be interested in the Shares held by Fortune Time pursuant to the SFO.

2. Ms. Sharina Liang is the spouse of Mr. JH Liang. Therefore, Ms. Sharina Liang is deemed to be interested in the Shares in which Mr. JH Liang is interested in for the purpose of the SFO.

3. Ms. Liang Yingjun is the spouse of Mr. JX Liang. Therefore, Ms. Liang Yingjun is deemed to be interested in the Shares in which Mr. JX Liang is interested in for the purpose of the SFO.

4. Century Great is wholly-owned by Mr. Law. Mr. Law is deemed to be interested in the Shares held by Century Great pursuant to the SFO.

SHARE OPTION SCHEME

The Company has conditional 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.

Up to the date of this announcement, no share option has been granted by the Company pursuant to such Share Option Scheme.

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 2017.

DIRECTORS' INTERESTS IN CONTRACTS

As at 30 June 2017, 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 2017, 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 announcement.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors consider that up to the date of this announcement, 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.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Lego Corporate Finance Limited ("Lego") as the compliance adviser. Lego, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Except for the compliance adviser agreement entered into between the Company and the compliance adviser dated 6 May 2016, neither the compliance adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at the date of this announcement.

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 announcement, the Audit Committee comprises Mr. Wong Sui Chi (chairman), Ms. Hua Min and Ms. Xiao Ping, 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 announcement. The condensed consolidated financial results for the six months ended 30 June 2017 are unaudited, but have been reviewed by the Audit Committee.

By order of the Board
Wan Cheng Metal Packaging Company Limited
Liang Jianheng
Chairman and executive Director

Hong Kong, 11 August 2017

As at the date of this announcement, the executive Directors are Mr. Liang Jianheng, Mr. Liang Juncheng, Mr. Liang Junqian and Mr. Chan Kit Lung Andy and the independent non-executive Directors are Mr. Wong Sui Chi, Ms. Hua Min and Ms. Xiao Ping.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at www.wanchengholdings.com.hk.