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 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (together, the "Group"). 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 aspects 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 2018 was approximately RMB51.8 million, representing a decrease of approximately 8.8% when compared with that for the six months ended 30 June 2017.

- The Group recorded a loss attributable to the owners of the Company of approximately RMB3.0 million for the six months ended 30 June 2018, as compared to a profit attributable to the owners of the Company of approximately RMB3.2 million for the six months ended 30 June 2017.

- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2018.

- As at 30 June 2018, the Group's total cash and bank balances were approximately RMB13.1 million (31 December 2017: approximately RMB43.1 million). Gearing ratio of the Group decreased from approximately 42.0% as at 31 December 2017 to approximately 40.4% as at 30 June 2018.

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 2018, together with the comparative unaudited figures for the six months ended 30 June 2017, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Three months ended 30 June		**Six months ended 30 June**	
		2018	2017	**2018**	2017
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue	*2*	**26,795**	32,453	**51,807**	56,788
Cost of sales		**(21,005)**	(23,845)	**(40,336)**	(41,653)
Gross profit		**5,790**	8,608	**11,471**	15,135
Other income and gains	*2*	**306**	90	**470**	224
Selling expenses		**(563)**	(509)	**(967)**	(909)
Administrative and other expenses		**(9,619)**	(4,136)	**(12,525)**	(7,716)
Finance costs	*3*	**(773)**	(687)	**(1,434)**	(1,261)
(Loss)/profit before income tax		**(4,859)**	3,366	**(2,985)**	5,473
Income tax expense	*4*	**772**	(1,297)	**—**	(2,308)
(Loss)/profit for the period		**(4,087)**	2,069	**(2,985)**	3,165
Other comprehensive (loss)/income for the period:					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		**3,172**	(305)	**3,470**	(468)
Total comprehensive (loss)/income for the period attributable to the owners of the Company		**(915)**	1,764	**485**	2,697
(Loss)/earnings per share attributable to owners of the Company — basis and diluted (RMB cents)	*6*	**(1.02)**	0.69	**(0.75)**	1.06

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		30 June 2018	31 December 2017
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*7*	**33,914**	31,660
Payments for leasehold land held for own use under operating lease		**5,891**	5,973
		39,805	37,633
Current assets			
Inventories	*8*	**17,835**	20,013
Trade and bills receivables	*9*	**77,383**	73,506
Prepayments, deposits and other receivables		**47,858**	17,028
Pledged bank deposits	*10*	**3,901**	1,054
Cash and cash equivalents		**13,080**	43,103
		160,057	154,704
Total assets		**199,862**	192,337
Current liabilities			
Trade and bills payables	*11*	**49,827**	48,605
Accruals and other payables		**7,599**	8,384
Bank borrowings	*12*	**40,000**	39,000
Income tax payable		**1,100**	1,156
		98,526	97,145
Net current assets		**61,531**	57,559
Total assets less current liabilities		**101,336**	95,192
Non-current liabilities			
Deferred tax liabilities		**2,254**	2,227
Net assets		**99,082**	92,965
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*13*	**3,372**	3,372
Reserves		**95,710**	89,593
Total equity		**99,082**	92,965

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Statutory reserve fund	Capital reserve	Share option reserve	Exchange reserve	Merger reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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
At 1 January 2018 (Audited)	3,372	87,552	3,826	7,200	—	1,725	(35,783)	25,073	92,965
Loss for the period	—	—	—	—	—	—	—	(2,985)	(2,985)
Other comprehensive income:									
Exchange differences on translating foreign operations	—	—	—	—	—	3,470	—	—	3,470
Total comprehensive income/(loss) for the period	—	—	—	—	—	3,470	—	(2,985)	485
Share options issued	—	—	—	—	5,632	—	—	—	5,632
At 30 June 2018 (Unaudited)	3,372	87,552	3,826	7,200	5,632	5,195	(35,783)	22,088	99,082

UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash generated from (used in)/operating activities	**(29,703)**	1,933
Net cash used in investing activities	**(3,510)**	(111)
Net cash used in financing activities	**(434)**	(6,261)
Net decrease in cash and cash equivalents	**(33,647)**	(4,439)
Cash and cash equivalents at beginning of period	**43,103**	50,105
Effect on exchange rate changes on cash and cash equivalents	**3,624**	(468)
Cash and cash equivalents at end of period	**13,080**	45,198

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

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 2018 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 2018 are consistent with those adopted in the preparation of annual report of the Company dated 28 March 2018 (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.

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 2018 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 2018.

HKFRS 9 Financial Instruments

The new impairment model under HKFRS 9 requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under HKAS 39. The Group's trade receivables are financial assets that are subject to HKFRS 9's new expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Group applies the HKFRS 9 simplified approach to measure ECL by using a lifetime expected loss allowance for all trade receivables. Since the Group's historical credit loss experience for its trade receivable was minimal, the restatement of the loss allowance for trade receivables on transition to HKFRS 9 as a result of applying the expected credit risk model was immaterial.

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the manufacturing and sales of tinplate packaging products. The application of HKFRS 15 does not have a material impact on the timing and amounts of revenue recognition of the Group.

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 2018 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 2018 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 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**	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue from tinplate packaging products	**26,795**	32,453	**51,807**	56,788
Other income and gains:				
Interest income from bank deposits	**9**	42	**9**	92
Sale of scrap materials	**197**	5	**336**	69
Others	**100**	43	**125**	63
	306	90	**470**	224

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. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC (excluding Hong Kong) as its country of domicile.

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**	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
The PRC (country of domicile)	**17,291**	32,453	**28,215**	56,788
Hong Kong	**9,504**	—	**23,592**	—
	26,795	32,453	**51,807**	59,788

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**	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Customer A	**4,130**	—	**10,169**	—
Customer B	**2,975**	—	**9,011**	—

No other single customers contributed 10% or more to the Group's revenue for six months ended 30 June 2018 and 2017.

3. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	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	**565**	454	**1,110**	896
Interest expense on discounted bills receivables	**206**	219	**301**	337
Bank charges	**2**	14	**23**	28
	773	687	**1,434**	1,261

4. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current income tax provision for the period	**772**	(1,297)	**—**	(2,308)

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 2017 and 2018.

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 2017 and 30 June 2018.

5. DIVIDENDS

The Board does not recommend the payment to interim dividend for the six months ended 30 June 2018.

6. (LOSS)/EARNINGS PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
(Loss)/profit attributable to owners of the Company (RMB'000)	**(4,087)**	2,069	**(2,985)**	3,165
Number of shares for the purpose of basic earnings per share ('000)	**400,000**	300,000	**400,000**	300,000

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 2018, the Group acquired property, plant and equipment of approximately RMB3.5 million (six months ended 30 June 2017 (unaudited): approximately RMB200,000).

No assets were written off during the six months ended 30 June 2017 and 2018.

Depreciation expenses of approximately RMB1.8 million was recorded for the six months ended 30 June 2018 (six months ended 30 June 2017 (unaudited): approximately RMB800,000).

As at 30 June 2018, the buildings with net carrying value of approximately RMB5.2 million (as at 31 December 2017 (audited): approximately RMB5.5 million) were pledged as security for the Group's bills payables (Note 11) and bank borrowings (Note 12).

8. INVENTORIES

	As at	
	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Raw materials	**15,277**	17,289
Work-in-progress	**830**	1,007
Finished goods	**1,728**	1,717
	17,835	20,013

9. TRADE AND BILLS RECEIVABLES

	As at	
	30 June	31 December
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**77,383**	72,794
Bills receivables	**—**	712
Trade and bills receivables	**77,383**	73,506

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 2017 and 30 June 2018, net of impairment, and based on invoice date, is as follows:

	As at	
	30 June	31 December
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 month	**19,531**	19,971
More than 1 month but not more than 3 months	**38,252**	35,195
More than 3 months but not more than 6 months	**10,121**	10,492
More than 6 months but not more than 1 year	**6,048**	5,512
More than 1 year	**3,431**	2,336
	77,383	73,506

(b) Impairment of trade and bills receivables

As at 31 December 2017 and 30 June 2018, 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 2017 and 30 June 2018, none of trade receivables had been determined by the Group as individually impaired.

10. PLEDGED BANK DEPOSITS

As at 31 December 2017 and 30 June 2018, 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 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**36,833**	45,093
Bills payables	**12,994**	3,512
Trade and bills payables	**49,827**	48,605

An ageing analysis of the Group's trade and bills payables as at 31 December 2017 and 30 June 2018, based on invoice date, is as follows:

	As at	
	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 month	**16,126**	17,410
More than 1 month but not more than 3 months	**20,273**	20,948
More than 3 months but not more than 6 months	**8,819**	6,248
More than 6 months but not more than 1 year	**2,502**	1,940
More than 1 year	**2,107**	2,059
	49,827	48,605

The bills payables are secured by:

(a) Pledge of buildings held by the Group with net carrying amount of approximately RMB5.5 million and approximately RMB5.2 million as at 31 December 2017 and 30 June 2018, respectively;

(b) Pledge of payments for leasehold land held for own use under operating lease by the Group with net carrying amount of approximately RMB6.0 million and approximately RMB5.9 million as at 31 December 2017 and 30 June 2018, respectively; and

(c) Pledged bank deposits of approximately RMB1.1 million and approximately RMB3.9 million as at 31 December 2017 and 30 June 2018, respectively.

The unutilised banking facilities in respect of bank acceptance bills as at 31 December 2017 and 30 June 2018 were amounted to approximately RMB6.0 million and approximately RMB5.0 million, respectively.

12. BANK BORROWINGS

	As at 30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Current:		
Secured interest-bearing bank borrowings:		
Repayable on demand or within one year	**40,000**	39,000

Bank borrowings bear interest at floating interest rates. The effective interest rates of bank borrowings were 4.8% and 5.7% per annum for the six months ended 30 June 2017 and 2018, 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 RMB5.5 million and approximately RMB5.2 million as at 31 December 2017 and 30 June 2018, respectively; and

(b) Pledged of payments for leasehold land held for own use under operating lease by the Group with net carrying amount of approximately RMB6.0 million and approximately RMB5.9 million as at 31 December 2017 and 30 June 2018.

The unutilised banking facilities in respect of bank borrowings as at 31 December 2017 and 30 June 2018 amounted to RMB25.0 million and RMB21.0 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 2018	10,000,000,000	83,490
	10,000,000,000	83,490
Issued and fully paid		
Ordinary shares of HK$0.01 each		
At 30 June 2018	400,000,000	3,372

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 2018, 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 a decrease in revenue by approximately RMB5.0 million, or approximately 8.8%, from approximately RMB56.8 million for the six months ended 30 June 2017 to approximately RMB51.8 million for the six months ended 30 June 2018, which was contributed by the decrease in the average selling price of the Group's tinplate packaging products.

The Group recorded a loss of approximately RMB3.0 million for the six months ended 30 June 2018 as compared to a profit of approximately RMB3.2 million for the six months ended 30 June 2017. The turnaround mainly attributable to the recognition of share-based payment expenses of approximately RMB5.4 million in relation to the share options granted during the six months ended 30 June 2018. Excluding the non-recurring share-based payment expenses, the adjusted results of the Group for the six months ended 30 June 2018 were profit of approximately RMB2.4 million.

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 purchased 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 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 RMB39.0 million and RMB40.0 million as at 31 December 2017 and 30 June 2018, 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 RMB5.5 million and approximately RMB5.2 million as at 31 December 2017 and 30 June 2018, respectively;

(b) Pledge of payments for leasehold land held for own use under operating lease by the Group with net carrying amount of approximately RMB6.0 million and approximately RMB5.9 million as of 31 December 2017 and 30 June 2018, respectively; and

(c) Pledged bank deposits of approximately RMB1.1 million and approximately RMB3.9 million as at 31 December 2017 and 30 June 2018, respectively.

The unutilised banking facilities in respect of bank acceptance bills 31 December 2017 and 30 June 2018 is amounted to approximately RMB6.0 million and approximately RMB5.0 million, respectively.

The unutilised banking facilities in respect of bank borrowings as at 31 December 2017 and 30 June 2018 amounted to RMB25.0 million and RMB21.0 million, respectively.

Financial Review

Revenue

During the six months ended 30 June 2018, 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 from the sales of tin cans decreased by approximately RMB4.7 million, or approximately 15.8%, from approximately RMB29.8 million for the six months ended 30 June 2017 to approximately RMB25.1 million for the six months ended 30 June 2018. Such decrease was mainly due to the decrease in average selling price during the six months ended 30 June 2018.

Revenue from the sales of steel pails, which have relatively higher average selling price per unit than tin cans, decreased by approximately RMB1.7 million, or approximately 7.4%, from approximately RMB23.0 million for the six months ended 30 June 2017 to approximately RMB21.3 million for the six months ended 30 June 2018. Such decrease was mainly due to the decrease of customer orders and average selling price during the six months ended 30 June 2018.

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 decreased by approximately RMB1.3 million, or approximately 3.1% from approximately RMB41.7 million for the six months ended 30 June 2017 to approximately RMB40.3 million for the six months ended 30 June 2018. Such decrease was mainly due to the net effect of decrease in revenue and the higher average cost of tinplate coils consumed for our production during the six months ended 30 June 2018 as compared to the six months ended 30 June 2017.

Gross profit and gross profit margin

Gross profit decreased from approximately RMB15.1 million for the six months ended 30 June 2017 to approximately RMB11.5 million for the six months ended 30 June 2018.

Gross profit margin decreased from approximately 26.7% for the six months ended 30 June 2017 to 22.1% for the six months ended 30 June 2018. The decrease was mainly due to the increase of average cost of tinplate for the six months ended 30 June 2017 as compared to the six months ended 30 June 2018.

Other income and gains

Other income and gains mainly represents the sales of scrap materials and interest income from bank deposits, which remained relatively stable from approximately RMB0.2 million for the six months ended 30 June 2017 to approximately RMB0.5 million for the six months ended 30 June 2018.

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 and RMB1.0 million for the six months ended 30 June 2017 and 2018 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 increased by approximately RMB4.8 million or 62% from approximately RMB7.7 million for the six months ended 30 June 2017 to approximately RMB12.5 million for the six months ended 30 June 2018. The increase was mainly due to the recognition of share-based payment expenses of approximately RMB5.4 million in relation to the share options granted. Excluding the share-based payment, the administrative and other expenses remained stable at approximately RMB7.7 million and RMB7.1 million for the six months ended 30 June 2017 and 2018 respectively.

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 RMB0.1 million, or approximately 13.7%, from approximately RMB1.3 million for the six months ended 30 June 2017 to approximately RMB1.4 million for the six months ended 30 June 2018. Such increase was mainly due to the higher discounted rate of bills in the six months ended 30 June 2018 as compared to the six months ended 30 June 2017.

Loss for the period

As a result of the cumulative factors discussed above, the result for the period under review turnaround from profit of approximately RMB3.2 million for the six months ended 30 June 2017 to loss of approximately RMB3.0 million for the six months ended 30 June 2018. Such loss was mainly attributable to the recognition of share-based payment expenses of approximately RMB5.4 million which arose from the share options granted during the six months ended 30 June 2018. Excluding the non-recurring share-based payment expenses, the adjusted results of the Group were profit of approximately RMB2.4 million.

Dividends

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2018.

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 2018, the Group's total cash and bank balances were approximately RMB13.1 million (approximately RMB43.1 million as at 31 December 2017). Gearing ratio of the Group remained stable at approximately 42.0% and 40.4% as at 31 December 2017 and 30 June 2018 respectively.

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 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 2018.

CONTINGENT LIABILITIES

As at 30 June 2018, there were no significant contingent liabilities for the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group employed 245 employees (31 December 2017: 245 employees). Staff costs of the Group (including Directors' remuneration, wages, salaries and other benefits and contribution to defined contribution pension plans) amounted to approximately RMB6.0 million for the six months ended 30 June 2018 (for the six months ended 30 June 2017: approximately RMB6.1 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 2018.

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 2018, 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 2018 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 result, the Group did not have other plans for material investments or capital assets as of 30 June 2018.

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

As at 30 June 2018, none of the Directors and chief executive of the Company had any interests and short positions 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.

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

As at 30 June 2018, 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 Enterprises Limited ("Fortune Time") *(Note 1)*	Beneficial owner	217,795,000	54.45%
Mr. Liang Jianxun ("Mr. JX Liang") *(Note 1)*	Interest in a controlled corporation	217,795,000	54.45%
Ms. Liang Zhimei *(Note 1)*	Interest in a controlled corporation	217,795,000	54.45%
Mr. Zhang Zhiwei *(Note 1)*	Interest in a controlled corporation	217,795,000	54.45%
Ms. Liang Yingjun *(Note 2)*	Interest of spouse	217,795,000	54.45%
Mr. Luo Yuanying *(Note 3)*	Interest of spouse	217,795,000	54.45%
Ms. Yu Xianghong *(Note 4)*	Interest of spouse	217,795,000	54.45%
Century Great Investments Limited ("Century Great") *(Note 5)*	Beneficial owner	22,500,000	5.63%
Mr. Law Sai Hung ("Mr. Law") *(Note 5)*	Interest in a controlled corporation	22,500,000	5.63%

Notes:

1. Fortune Time is owned as to 50%, 25% and 25% by each of Mr. JX Liang, Ms. Liang Zhimei and Mr. Zhang Zhiwei respectively. Each of Mr. JX Liang, Ms. Liang Zhimei and Mr. Zhang Zhiwei is deemed to be interested in the Shares held by Fortune Time pursuant to the SFO.

2. 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.

3. Mr. Luo Yuanying is the spouse of Ms. Liang Zhimei. Therefore, Mr. Luo Yuanying is deemed to be interested in the Share in which Ms. Liang Zhimei is interested in for the purpose of the SFO.

4. Ms. Yu Xianghong is the spouse of Mr. Zhang Zhiwei. Therefore, Ms. Yu Xianghong is deemed to be interested in the Shares in which Mr. Zhang Zhiwei is interested in for the purpose of the SFO.

5. 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, 40,000,000 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$0.01 each of the Company.

Details of grantees	No. of options outstanding	Date granted	Periods during which options are exercisable	Exercise price per share
Consultants, employees and others	40,000,000	17 April 2018	17 April 2018 to 16 April 2028	HK$0.355 per share

USE OF PROCEEDS

The Company successfully listed on the GEM of the 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 ("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 Company's prospectus dated 29 June 2017 ("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 repay 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 2018, the Group's planned application and actual utilisation of the net proceeds are set out below:

Use of proceeds	**Net proceeds** *HK$ million*	**Utilised** *HK$ million*
Purchase of production line for production of steel pails	18.7	18.7
Upgrade of existing production lines	3.4	3.4
Partial repayment of bank loan	9.2	9.2
General working capital	2.1	2.1
	33.4	33.4

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 2018.

DIRECTORS' INTERESTS IN CONTRACTS

As at 30 June 2018, 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 2018, 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 interim announcement, except for the derivations explained in the relevant paragraphs below, 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").

Code provision A.6.7 of the CG Code stipulates that non-executive Director should attend general meetings of the Company. Owing to other business engagements, Ms. Hua Min and Ms. Xiao Ping were unable to attend the annual general meetings of the Company held on 12 June 2018.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Dakin Capital Limited (the "Dakin Capital") as the compliance adviser. The Dakin Capital, 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 20 October 2017, 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 2018 are unaudited, but have been reviewed by the Audit Committee.

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

Hong Kong, 13 August 2018

As at the date of this announcement, the Executive Directors are Mr. Liang Juncheng, Mr. Liang Junqian and Mr. Chan Kit Lung Andy; 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.