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Wan Cheng Metal Packaging Company Limited

萬成金屬包裝有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8291)

SUPPLEMENTAL ANNOUNCEMENT – IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Reference is made to the annual report (the “**Annual Report**”) of Wan Cheng Metal Packaging Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2021. Capitalised terms used herein shall have the same meanings as those defined in the Annual Report unless the context requires otherwise.

In addition to the information disclosed in the Annual Report, the board of directors of the Company (the “**Board**”) would like to provide to the shareholders of the Company and the potential investors with the following supplementary information in relation to the impairment of property, plant and equipment.

During the year ended 31 December 2021, the construction in progress of building has been completed and transfer to property, plant and equipment. As at the date of valuation, the management determine the use of the building to be manufacturing, storage and ancillary office purposes. The valuer has therefore valued the building on market basis, and the direct comparison method is adopted where comparison based on prices realized on actual sales of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market values.

For the rent-out part of the building which has been classified as investment property during the year ended 31 December 2020, the investment method by taking into account the current rents passing and the reversionary income potential of the properties or, wherever appropriate, has been adopted by the valuer. During the year ended 31 December 2021, the rent-out portion of the buildings has been occupied by the Group and no longer use for rent-out purpose, therefore the investment method has no longer applicable in the case which applied for the year ended 31 December 2020.

During the year ended 31 December 2021, the investment property together with completed construction in progress has been classified as property, plant and equipment and therefore the unified market approach by direct comparison method were adopted by the Group.

As the building has been classified as property, plant and equipment during the year ended 31 December 2021, under HKAS 36 – impairment of assets, the building is subject to the impairment testing due to the operations of the business in the building were not yet commenced during the year ended 31 December 2021 due to the Covid-19, the management assessed the recoverable amount of the building, which is the higher of its fair value less costs of disposal and its value in use. Since the building were not yet commenced during the year, the management consider the fair value less costs of disposal of the building was higher than its value in use. Accordingly, in assessing the fair value less costs of disposal, market approach with direct comparison is adopted in 31 December 2021 for determine the fair value less costs of disposal of the building.

Save as disclosed in this announcement, the remaining contents of the Annual Report remain unchanged.

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

Hong Kong, 13 May 2022

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

This announcement, for which the Directors 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 for the 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.

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.