

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



2023
INTERIM REPORT

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*This report, 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 report 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 report misleading.*

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Financial Highlights

- The Group's revenue for the six months ended 30 June 2023 was approximately RMB13.9 million, representing a decrease of approximately 39.5% when compared with that for the six months ended 30 June 2022.
 - The Group recorded a loss attributable to the owners of the Company of approximately RMB5.2 million for the six months ended 30 June 2023, as compared to a loss attributable to the owners of the Company of approximately RMB12.1 million for the six months ended 30 June 2022.
 - The board of Directors (the "Board") does not recommend the payment of interim dividend for the six months ended 30 June 2023.
 - As at 30 June 2023, the Group's total cash and bank balances were approximately RMB25.9 million (31 December 2022: approximately RMB30.9 million). Gearing ratio of the Group increased from approximately 100.5% as at 31 December 2022 to approximately 117.1% as at 30 June 2023.
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Corporate Information

DIRECTORS

Executive Directors:

Mr. Wang Yun
Mr. Zou Yonggang

Independent Non-executive Directors:

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Sham Tsz Leung Desmond

COMPLIANCE OFFICER

Mr. Wang Yun

AUTHORISED REPRESENTATIVES

Mr. Wang Yun
Mr. Sham Tsz Leung Desmond

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Hi-tech Industrial Development Zone
Ronggui Street, Shunde District
Foshan City, Guangdong Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

Corporate Information (Continued)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKERS

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

AUDITORS

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

STOCK CODE

8291

COMPANY'S WEBSITE

www.wanchengholdings.com

Unaudited Condensed Consolidated Interim Results For the six months ended 30 June 2023

The Board of the Company announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023, together with the comparative unaudited figures for the six months ended 30 June 2022, as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	2	6,466	13,334	13,923	23,002
Cost of sales		(6,215)	(12,734)	(12,851)	(21,717)
Gross profit		251	600	1,072	1,285
Other income and net gain or loss	2	543	(1,102)	(1,445)	(2,699)
Selling expenses		(258)	(492)	(678)	(1,048)
Administrative and other expenses		(1,423)	(3,935)	(3,336)	(6,326)
Finance costs	3	(383)	(1,718)	(766)	(3,360)
Loss before income tax		(1,270)	(6,647)	(5,153)	(12,148)
Income tax expense	4	-	-	-	-
Loss for the period		(1,270)	(6,647)	(5,153)	(12,148)
Other comprehensive (loss)/income for the period:					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		(318)	519	69	639
Total comprehensive loss for the period attributable to the owners of the Company		(1,588)	(6,128)	(5,084)	(11,509)
Loss per share attributable to owners of the Company					
- basis and diluted (RMB cents)	6	(0.79)	(8.31) (Restated)	(3.22)	(15.19) (Restated)

Unaudited Condensed Consolidated Statement of Financial Position

		As at	
		30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
		Notes	
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	7	19,429	23,648
Right-of-use assets		1,075	1,152
		20,504	24,800
Current assets			
Financial assets at fair value through profit or loss		8,754	10,199
Inventories	8	14,833	16,277
Trade and bills receivables	9	18,279	18,774
Prepayments and other receivables	10	6,331	9,222
Cash and cash equivalents		25,870	25,815
Pledged bank deposits		–	5,098
		74,067	85,385
Total assets		94,571	110,185
Current liabilities			
Trade and bills payables	11	28,013	31,862
Accruals and other payables		21,202	24,253
Lease liabilities		–	3,630
Borrowings	12	28,000	28,000
Income tax payable		1,153	1,153
		78,368	88,898
Net current liabilities		(4,301)	(3,513)
Total assets less current liabilities		16,203	21,287

Unaudited Condensed Consolidated Statement of Financial Position (Continued)

		As at	
	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Non-current liabilities			
Borrowings	12	82,750	82,750
		82,750	82,750
Net liabilities		(66,547)	(61,463)
EQUITY			
Equity attributable to the owners of the Company			
Share capital	13	27,909	27,909
Reserves		(94,456)	(89,372)
Total equity		(66,547)	(61,463)

Unaudited Condensed Consolidated Statement of Changes in Equity

	Share capital	Share premium	Statutory reserve fund	Capital reserve	Share option reserve	Exchange reserve	Other reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (Audited)	13,131	97,008	3,826	7,200	3,437	4,908	(35,783)	(75,474)	18,253
Loss for the period	-	-	-	-	-	-	-	(12,148)	(12,148)
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	-	639	-	-	639
Total comprehensive income/(loss) for the period	-	-	-	-	-	639	-	(12,148)	(11,509)
Share options issued	-	-	-	-	1,308	-	-	-	1,308
At 30 June 2023 (Unaudited)	13,131	97,008	3,826	7,200	4,745	5,547	(35,783)	(87,622)	8,052
At 1 January 2023 (Audited)	27,909	105,325	3,826	7,200	4,703	4,866	(35,783)	(179,509)	(61,463)
Loss for the period	-	-	-	-	-	-	-	(5,153)	(5,153)
Other comprehensive income:									
Exchange differences on translating foreign operations	-	-	-	-	-	69	-	-	69
Total comprehensive income/(loss) for the period	-	-	-	-	-	69	-	(5,153)	(5,084)
Lapse of share option	-	-	-	-	(495)	-	-	495	-
At 30 June 2023 (Unaudited)	27,909	105,325	3,826	7,200	4,208	4,935	(35,783)	(184,167)	(66,547)

Unaudited Condensed Consolidated Cash Flows Statement

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Net cash used in operating activities	(5,112)	(8,803)
Net cash generated from investing activities	–	7,561
Net cash generated from financing activities	–	–
Net decrease in cash and cash equivalents	(5,112)	(1,242)
Cash and cash equivalents at beginning of period	30,913	9,228
Effect on exchange rate changes on cash and cash equivalents	69	–
Cash and cash equivalents at end of period	25,870	7,986

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

1. GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES

Wan Cheng Metal Packaging Company Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and its principal place of business in Hong Kong is 18/F, V. Heun Building, 138 Queen’s Road Central, Central, Hong Kong.

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

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

The unaudited condensed consolidated financial statements for the six months ended 30 June 2023 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 2023 are consistent with those adopted in the preparation of annual report of the Company dated 31 December 2022 (the “Annual Report”) except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the “New and Revised HKFRSs”) (which include add HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA that are adopted for the first time for the current periods financial statements.

Application of new and revised to HKFRSs

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior years.

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

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

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

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

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

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue from contracts with customers recognised at a point in time:				
Revenue from tinplate packaging products	6,466	13,334	13,923	23,002
Other income and net gain or loss				
Unrealised fair value (loss)/gain of financial assets at fair value through profit or loss	543	(1,102)	(1,445)	(2,705)
Others	-	-	-	6
	543	(1,102)	(1,445)	(2,699)

Segment Information

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

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

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

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

Segment Information (Continued)

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

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
The PRC (country of domicile)	6,466	13,334	13,923	23,002

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	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Customer A	1,012	2,301	2,320	4,336
Customer B	890	2,186	1,818	3,723
Customer C	678	2,096	1,405	3,553
Customer D*	N/A	1,400	N/A	3,229
Customer E*	N/A	1,352	N/A	2,438

* Revenue derived from these customers did not contribute over 10% of total revenue of the Group during the three months and six months ended 30 June 2023.

No other single customers contributed 10% or more to the Group's revenue for six months ended 30 June 2023 and 2022.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

3. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Interest charges on financial liabilities carried at amortised cost:				
Interest expense on bank borrowings	383	1,667	766	3,267
Interest expense on discounted bills receivables	-	51	-	93
	383	1,718	766	3,360

4. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Current income tax (credit)/ provision for the period	-	-	-	-

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

No Hong Kong profit tax was provided as the Group has no estimated assessable profit derived from and earned in Hong Kong during the six months ended 30 June 2023 and 2022.

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 2022 and 30 June 2023.

5. DIVIDENDS

The Board does not recommend the payment to interim dividend for the six months ended 30 June 2023.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

6. LOSS PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Loss attributable to owners of the Company (RMB'000)	(1,270)	(6,647)	(5,153)	(12,148)
Number of shares for the purpose of basic loss per share ('000)	160,000	80,000 (restated)	160,000	80,000 (restated)

The weighted average number of ordinary shares for the six months ended 30 June 2022 for the purposes of calculating basic loss per share have been adjusted for the share consolidation which took place on 20 September 2022.

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

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group did not acquire any property, plant and equipment (six months ended 30 June 2022 (unaudited): Nil).

No assets were written off during the six months ended 30 June 2023 and 2022.

Depreciation expenses of approximately RMB4.2 million was recorded for the six months ended 30 June 2023 (six months ended 30 June 2022 (unaudited): approximately RMB2.7 million).

8. INVENTORIES

	As at	
	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Raw materials	10,329	13,383
Work-in-progress	3,180	2,185
Finished goods	1,324	709
	14,833	16,277

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

9. TRADE AND BILLS RECEIVABLES

	As at	
	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Trade receivables arising from contract with customers	45,417	45,912
Bills receivables	300	300
	45,717	46,212
Less: allowance for credit losses	(27,438)	(27,438)
	18,279	18,774

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

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

Ageing analysis

An ageing analysis of the Group's trade and bills receivables as at 31 December 2022 and 30 June 2023, net of impairment, and based on invoice date, is as follows:

	As at	
	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Within 1 month	2,468	2,437
More than 1 month but not more than 3 months	3,888	3,096
More than 3 months but not more than 6 months	3,989	1,289
More than 6 months but not more than 1 year	4,118	1,045
More than 1 year	3,816	10,907
	18,279	18,774

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

10. PREPAYMENT AND OTHER RECEIVABLES

	As at	
	30 June 2023 RMB'000	31 December 2022 RMB'000
Prepayment	550	1,050
Advance payment to suppliers	1,631	3,621
Other receivables	4,150	4,551
	6,331	9,222

11. TRADE AND BILLS PAYABLES

	As at	
	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Trade payables	18,624	19,745
Bills payables	9,389	12,117
	28,013	31,862

An ageing analysis of the Group's trade and bills payables as at 31 December 2022 and 30 June 2023, based on invoice date, is as follows:

	As at	
	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Within 1 month	1,906	8,333
More than 1 month but not more than 3 months	2,099	8,065
More than 3 months but not more than 6 months	3,901	1,510
More than 6 months but not more than 1 year	6,499	4,501
More than 1 year	13,608	9,453
	28,013	31,862

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2023

12. BORROWINGS

As at 30 June 2023, all bank borrowings are interest bearing at PRC loan prime rate over a spread and are fixed at interest rate at the date of drawdown, ranging from 5.0% to 5.65% per annum (31 December 2022: from 5.0% to 5.65% per annum).

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

13. SHARE CAPITAL

	Number of shares '000	Nominal value of ordinary shares RMB'000
Ordinary shares of HK\$0.20 each		
Authorised:		
At 30 June 2023	500,000	83,490
Issued and fully paid		
Ordinary shares of HK\$0.20 each		
At 1 January 2023 and 30 June 2023	160,000	13,131

Management Discussion and Analysis

BUSINESS ACTIVITIES

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

BUSINESS REVIEW AND PROSPECT

During the six months ended 30 June 2023, 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 RMB9.1 million, or approximately 39.6%, from approximately RMB23.0 million for the six months ended 30 June 2022 to approximately RMB13.9 million for the six months ended 30 June 2023, which was due to the decrease of the sales demand of the Group’s products due to keen competition in the market.

The Group recorded a loss of approximately RMB5.2 million for the six months ended 30 June 2023 as compared to approximately RMB12.1 million for the six months ended 30 June 2022. The decrease mainly attributable to (i) the decrease in selling expenses together with (ii) the decrease in administrative and other expenses due to cost control and (iii) the decrease in other income and net gain or loss comparing with the corresponding period in 2022.

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

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

Management Discussion and Analysis (Continued)

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

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

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

DEBTS AND CHARGE ON ASSETS

The Group had total borrowings of RMB110.8 million and RMB110.8 million as at 31 December 2022 and 30 June 2023, 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 RMB1.5 million and approximately RMB1.4 million as at 31 December 2022 and 30 June 2023 respectively;
- (b) Pledge of right-of-use assets by the Group with carrying amount of approximately RMB1.1 million (31 December 2022: RMB1.2 million) as at 30 June 2023; and
- (c) Personal guarantees executed by the directors of the subsidiaries.

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2023, 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 decreased by approximately RMB9.1 million, or approximately 39.6%, from approximately RMB23.0 million for the six months ended 30 June 2022 to approximately RMB13.9 million for the six months ended 30 June 2023. Such decrease was mainly due to the decrease of the sales demand of the Group's products due to the keen competition in the market.

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 RMB8.8 million, or approximately 40.6% from approximately RMB21.7 million for the six months ended 30 June 2022 to approximately RMB12.9 million for the six months ended 30 June 2023. Such decrease was consistent with the decrease in revenue for the six months ended 30 June 2023.

Gross profit and gross profit margin

Gross profit decreased from approximately RMB1.3 million for the six months ended 30 June 2022 to approximately RMB1.1 million for the six months ended 30 June 2023.

Gross profit margin increased from approximately 5.6% for the six months ended 30 June 2022 to 7.7% for the six months ended 30 June 2023. The increase was mainly due to the increase in average selling price of the Group's products.

Management Discussion and Analysis (Continued)

Other income and gains

Other income and gains mainly represents the sales of scrap materials and the unrealised fair value gain on financial assets at fair value through profit or loss, which decreased from loss of approximately RMB2.7 million for the six months ended 30 June 2022 to loss of approximately RMB1.4 million for the six months ended 30 June 2023.

Selling expenses

The Group's selling expenses mainly included transportation costs for its logistic team, staff costs, entertainment expenses and consumables which remained stable at approximately RMB1.0 million and RMB0.7 million for the six months ended 30 June 2022 and 2023 respectively.

Administrative and other expenses

The Group's administrative and other expenses mainly included staff costs, building administrative fees, other tax expenses, depreciation and amortization, travelling and entertainment, office consumables and supplies, legal and professional fees, listing expenses and other miscellaneous administrative expenses which decreased by approximately RMB3.0 million or 47.6% from approximately RMB6.3 million for the six months ended 30 June 2022 to approximately RMB3.3 million for the six months ended 30 June 2023. The decrease was mainly due to the implementation of cost control strategy of the Group.

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 decreased by approximately RMB2.6 million, or approximately 76.5%, from approximately RMB3.4 million for the six months ended 30 June 2022 to approximately RMB0.8 million for the six months ended 30 June 2023. Such decrease was mainly due to the lower balance of interest-bearing borrowings in the six months ended 30 June 2023 as compared to the six months ended 30 June 2022.

Management Discussion and Analysis (Continued)

Loss for the period

As a result of the cumulative factors discussed above, the loss for the period under review from loss of approximately RMB12.1 million for the six months ended 30 June 2022 increased to loss of approximately RMB5.2 million for the six months ended 30 June 2023. Such loss was mainly attributable to (i) the decrease in finance costs, (ii) the decrease in other income and net gain or loss and (iii) decrease in gross profit. Excluding the other income and net gain or loss, the loss for the period would decreased from approximately RMB9.4 million to approximately RMB3.7 million.

Dividends

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023.

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 2023, the Group's total cash and bank balances were approximately RMB25.9 million (approximately RMB30.9 million as at 31 December 2022). Gearing ratio of the Group increased from approximately 100.5% as at 31 December 2022 to approximately 117.1% as at 30 June 2023. Gearing ratio is defined as total interest-bearing debt over total assets as at the end of the reporting period.

TREASURY POLICIES

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

Management Discussion and Analysis (Continued)

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

An analysis of the Group’s performance during the period using KPIs in the section “Financial Review” on pages 20 to 22 of this interim report.

PRINCIPAL RISKS, UNCERTAINTY AND RISK MANAGEMENT

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

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The Group did not carry out any material acquisition nor disposal of any subsidiaries for the six months ended 30 June 2023.

CONTINGENT LIABILITIES

As at 30 June 2023, there were no significant contingent liabilities for the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group employed 102 employees (31 December 2022: 130 employees). Staff costs of the Group (including Directors’ remuneration, wages, salaries and other benefits and contribution to defined contribution pension plans) amounted to approximately RMB2.1 million for the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately RMB3.4 million). The Group will endeavor to ensure that the employees’ salary levels are in line with industry practice and prevailing market conditions and that employees’ overall remuneration is determined based on the Group’s and the employees’ qualifications and performance.

Management Discussion and Analysis (Continued)

SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries, the Group did not hold any significant investment for the six months ended 30 June 2023.

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 2023, the Group did not hedge any exposure to foreign exchange risk.

CAPITAL STRUCTURE

The shares of the Company was successfully listed on the GEM of the Stock Exchange on 18 July 2017. The share capital of the Company only comprises of ordinary shares. As at 30 June 2023, the Company's issued and fully paid capital and total equity amounted to approximately RMB27,909,000 and RMB(66,547,000) respectively.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in this interim report, the Group did not have other plans for material investments or capital assets as of 30 June 2023.

Disclosure of Other Information

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

As at 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

Long position in the shares of the Company

Name of Director	Capacity/ Nature of interest	Number of shares held/ interested in	Approximate percentage of shareholding
Mr. Wang Yun	Beneficial owner/ Unlisted share options	774,000	0.48%
Mr. Zou Yonggang	Beneficial owner/ Unlisted share options	774,000	0.48%
Ms. Ha Yee Lan Elaine	Beneficial owner/ Unlisted share options	516,000	0.32%

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

Disclosure of Other Information (Continued)

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

As at 30 June 2023, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person (other than the Directors and chief executive of the Company disclosed above) had, or was deemed or taken to have, an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

SHARE OPTION SCHEME

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

Disclosure of Other Information (Continued)

SHARE OPTION SCHEME (Continued)

Up to 30 June 2023, 12,839,352 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\$0.20 each of the Company.

Category of participants	Date of grant	Vesting period	Number of share options					Outstanding as at 30 June 2023	Exercisable period	Exercise price per share (HK\$)
			Outstanding as at 1 January 2023	Granted during the period ended 30 June 2023	Exercised during the period ended 30 June 2023	Lapsed/ cancelled during the period ended 30 June 2023	Forfeited during the period ended 30 June 2023			
Executive directors										
Mr. Wang Yun	18 May 2020	No	314,920	-	-	(314,920)	-	-	3 years	0.696
	19 May 2021	No	774,000	-	-	-	-	774,000	3 years	0.508
Mr. Zou Yonggang	18 May 2020	No	314,920	-	-	(314,920)	-	-	3 years	0.696
	19 May 2021	No	774,000	-	-	-	-	774,000	3 years	0.508
Independent non-executive director										
Ms. Ha Yee Lan Elaine	18 May 2020	No	314,920	-	-	(314,920)	-	-	3 years	0.696
	19 May 2021	No	516,000	-	-	-	-	516,000	3 years	0.524
Employees										
	10 April 2019	No	2,204,440	-	-	-	-	2,204,440	10 years	1.981
	18 May 2020	No	2,204,440	-	-	(2,204,440)	-	-	3 years	0.696
	6 April 2022	No	8,256,000	-	-	-	-	8,256,000	3 years	0.400
Consultants										
	10 April 2019	No	314,912	-	-	-	-	314,912	10 years	1.981
			15,988,552	-	-	(3,194,200)	-	12,839,352		

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 2023.

Disclosure of Other Information (Continued)

DIRECTORS' INTERESTS IN CONTRACTS

As at 30 June 2023, 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 2023, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

DIRECTORS' SECURITIES TRANSACTIONS

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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

Disclosure of Other Information (Continued)

AUDIT COMMITTEE

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

The Audit Committee had reviewed with the management of the Company the accounting principles and practices adopted by the Group and this report. The condensed consolidated financial results for the six months ended 30 June 2023 are unaudited, but have been reviewed by the Audit Committee.

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

Hong Kong, 14 August 2023

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