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AMVIG HOLDINGS LIMITED
澳科控股有限公司*
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 2300)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

- Turnover increased by 2% to HK\$2,503 million.
- Gross profit margin remained stable at 29.6%.
- Excluding the exchange loss of HK\$67 million (2017: exchange gain of HK\$66.8 million) and on a constant currency basis, the underlying profit attributable to owners of the Company for the Reporting Period increased by 16% to HK\$325 million.
- Basic earnings per share is HK28.7 cents and underlying basic earnings per share is HK35.9 cents.
- Proposed final dividend is HK6.4 cents per share. Total dividends for the year amounted to HK14.4 cents per share or HK\$134 million.

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of AMVIG Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 December 2018 (the “**Reporting Period**”), together with the comparative results for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Note	2018 HK\$'000	2017 HK\$'000
Turnover	3	2,502,665	2,448,316
Cost of goods sold		<u>(1,761,098)</u>	<u>(1,725,223)</u>
Gross profit		741,567	723,093
Other income		57,123	135,411
Reversal of impairment losses/ (impairment losses) on trade receivables		76	(5,015)
Selling and distribution costs		(85,405)	(65,772)
Administrative expenses		(178,163)	(210,390)
Other operating expenses		(70,689)	(5,770)
Finance costs		(82,129)	(55,150)
Share of profits of associates		64,060	16,521
Profit before tax	4	446,440	532,928
Income tax expenses	5	(119,315)	(130,279)
Profit for the year		<u>327,125</u>	<u>402,649</u>
Attributable to:			
Owners of the Company		266,516	345,785
Non-controlling interests		60,609	56,864
Earnings per share			
– Basic (HK cents)	6(a)	<u>28.7</u>	<u>37.2</u>
– Diluted (HK cents)	6(b)	<u>N/A</u>	<u>N/A</u>
Dividends	7	<u>133,783</u>	<u>138,428</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit for the year	<u>327,125</u>	<u>402,649</u>
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(166,057)	280,286
Share of other comprehensive income of associates	(45,331)	8,973
Cash flow hedges		
Change in fair value of hedging instruments arising during the year	7,209	(47,144)
Reclassification adjustments for losses relating to the hedging instruments included in profit or loss	(15,121)	37,054
	<u>(7,912)</u>	<u>(10,090)</u>
Other comprehensive income for the year, net of tax	<u>(219,300)</u>	<u>279,169</u>
Total comprehensive income for the year	<u><u>107,825</u></u>	<u><u>681,818</u></u>
Attributable to:		
Owners of the Company	64,156	603,041
Non-controlling interests	43,669	78,777
	<u><u>107,825</u></u>	<u><u>681,818</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	<i>Note</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		662,469	701,633
Prepaid land lease payments		156,263	152,438
Goodwill		2,592,255	2,740,810
Interests in associates		863,647	131,294
Derivative financial instruments		12,553	–
Other non-current assets		16,228	48,197
Total non-current assets		4,303,415	3,774,372
Current assets			
Inventories		294,488	275,751
Trade and other receivables	8	651,498	1,074,458
Contract assets		37,157	–
Prepaid land lease payments		4,432	4,618
Prepayments and deposits		46,205	44,166
Current tax assets		13,007	20,439
Pledged bank deposits		6,896	2,398
Bank and cash balances		1,270,781	1,242,769
		2,324,464	2,664,599
Assets classified as held for sale	10	127,434	–
Total current assets		2,451,898	2,664,599
TOTAL ASSETS		6,755,313	6,438,971
EQUITY			
Capital and reserves			
Share capital		9,290	9,290
Reserves		3,654,700	3,732,688
Equity attributable to owners of the Company		3,663,990	3,741,978
Non-controlling interests		324,773	316,650
Total equity		3,988,763	4,058,628

	<i>Note</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Bank borrowings		1,762,292	1,466,760
Derivative financial instruments		4,458	20,687
Deferred tax liabilities		12,147	10,627
		<hr/>	<hr/>
Total non-current liabilities		1,778,897	1,498,074
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	9	909,005	829,167
Contract liabilities		5,084	–
Current tax liabilities		25,952	35,214
Current portion of bank borrowings		–	3,597
Derivative financial instruments		17,496	14,291
		<hr/>	<hr/>
		957,537	882,269
		<hr/>	<hr/>
Liabilities directly associated with assets classified as held for sale	<i>10</i>	30,116	–
		<hr/>	<hr/>
Total current liabilities		987,653	882,269
		<hr/>	<hr/>
Total liabilities		2,766,550	2,380,343
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		6,755,313	6,438,971
		<hr/> <hr/>	<hr/> <hr/>
Net current assets		1,464,245	1,782,330
		<hr/> <hr/>	<hr/> <hr/>
Total assets less current liabilities		5,767,660	5,556,702
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards; and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies (e.g. certain financial instruments that are measured at fair value).

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2018. Of these, the following developments are relevant to the Group’s consolidated financial statements:

- (i) HKFRS 9 *Financial Instruments*; and
- (ii) HKFRS 15 *Revenue from Contracts with Customers*

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2018. The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far, the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. While the assessment has been substantially completed for HKFRS 16 *Leases*, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group’s interim financial report for the six months ended 30 June 2019. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

3. TURNOVER AND SEGMENT INFORMATION

The Group has two reportable segments under HKFRS 8 as follows:

- Printing of cigarette packages
- Manufacturing of transfer paper and laser film

The Group’s reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those of the Group.

Segment profits or losses do not include corporate administrative expenses. Segment assets do not include goodwill, derivative financial instruments, financial assets at fair value through other comprehensive income (“**FVTOCI**”) (2017: available-for-sale financial assets), corporate bank balances, prepayments and deposits and other receivables for general administrative use. Segment liabilities do not include bank borrowings, other payables and accruals for general administrative use and derivative financial instruments.

Information about reportable segment profit, assets and liabilities:

	Printing of cigarette packages 2018 HK\$'000	Printing of cigarette packages 2017 HK\$'000	Manufacturing of transfer paper and laser film 2018 HK\$'000	Manufacturing of transfer paper and laser film 2017 HK\$'000	Total 2018 HK\$'000	Total 2017 HK\$'000
Year ended 31 December						
Revenue from external customers	2,476,805	2,416,802	25,860	31,514	2,502,665	2,448,316
Segment profit	548,298	485,867	2,199	5,216	550,497	491,083
Interest income	14,220	11,957	200	329	14,420	12,286
Depreciation and amortisation	(80,077)	(77,753)	(464)	(415)	(80,541)	(78,168)
Share of profits of associates	61,923	13,417	2,137	3,104	64,060	16,521
Income tax expenses	(103,364)	(96,896)	(30)	(431)	(103,394)	(97,327)
Additions to segment non-current assets	173,787	68,767	95	572	173,882	69,339
As at 31 December						
Segment assets	3,533,740	3,169,028	65,282	68,321	3,599,022	3,237,349
Segment liabilities	(889,461)	(847,989)	(1,870)	(3,772)	(891,331)	(851,761)
Interests in associates	587,548	96,005	35,565	35,289	623,113	131,294

Reconciliation of reportable segment profit or loss, assets and liabilities:

	2018 HK\$'000	2017 HK\$'000
Profit or loss		
Total profit or loss of reportable segments	550,497	491,083
Other profit or loss	(223,372)	(88,434)
Consolidated profit for the year	<u>327,125</u>	<u>402,649</u>
Assets		
Total assets of reportable segments	3,599,022	3,237,349
Goodwill	2,592,255	2,740,810
Financial assets at FVTOCI (2017: Available-for-sale financial assets)	1,571	1,654
Assets classified as held for sale	127,434	–
Other assets	435,031	459,158
Consolidated total assets	<u>6,755,313</u>	<u>6,438,971</u>
Liabilities		
Total liabilities of reportable segments	(891,331)	(851,761)
Liabilities directly associated with assets classified as held for sale	(30,116)	–
Other liabilities	(1,845,103)	(1,528,582)
Consolidated total liabilities	<u>(2,766,550)</u>	<u>(2,380,343)</u>

Geographical information:

Over 90% of the Group's revenue and assets are derived from customers and operations based in the People's Republic of China ("PRC") and accordingly, no further analysis of the Group's geographical information is disclosed.

Revenue from major customers:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Printing of cigarette packages		
Customer A	503,144	523,830
Customer B	439,162	493,140
Customer C	328,106	313,962
Customer D	260,523	323,036

4. PROFIT BEFORE TAX

The Group's profit before tax is stated after charging/(crediting) the following items:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Cost of goods sold	1,761,098	1,725,223
Depreciation	76,571	74,612
Net exchange loss/(gain)	67,226	(66,787)
Net gain on disposals of property, plant and equipment	(518)	(1,063)
Staff costs including Directors' emoluments	329,586	343,044
Interest income	(15,281)	(13,929)
Subcontracting fee income	(16,871)	(10,188)

5. INCOME TAX EXPENSES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
PRC corporate income tax and withholding tax		
– Provision for the year	118,101	130,784
– Under-provision in prior year	257	52
Other deferred tax	957	(557)
	<u>119,315</u>	<u>130,279</u>

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit in Hong Kong for the years.

The relevant tax rates for the Company's PRC subsidiaries range from 15% to 25%.

6. EARNINGS PER SHARE

- (a) Basic earnings per share of HK28.7 cents (2017: HK37.2 cents) is calculated based on the Group's profit attributable to the owners of the Company for the year of approximately HK\$266,516,000 (2017: HK\$345,785,000) and the weighted average number of shares of approximately 929,047,000 ordinary shares (2017: 929,047,000 ordinary shares) in issue during the year.
- (b) No diluted earnings per share are presented as the Company did not have any potentially dilutive ordinary shares as the exercise price of the share options is higher than the average market price of the Company's shares during the years ended 31 December 2017 and 2018.

7. DIVIDENDS

A final dividend of HK6.4 cents per ordinary share for the year ended 31 December 2018, amounted to approximately HK\$59,459,000 is proposed by the Board subject to approval by the shareholders at the forthcoming Annual General Meeting. The proposed final dividend is not recognised as liabilities at 31 December 2018.

	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend paid of HK8.0 cents (2017: HK7.6 cents) per ordinary share	74,324	70,608
Proposed final dividend of HK6.4 cents (2017: HK7.3 cents) per ordinary share	<u>59,459</u>	<u>67,820</u>
	<u>133,783</u>	<u>138,428</u>

8. TRADE AND OTHER RECEIVABLES

The general credit terms of the Group granted to its trade customers range from one month to three months. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the senior management. An aging analysis of trade receivables, based on the invoice date, net of allowances, is as follows:

	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 30 days	182,348	403,524
31 to 90 days	150,055	278,245
Over 90 days	74,913	66,773
	<hr/>	<hr/>
Trade receivables	407,316	748,542
Bills receivables	147,163	246,426
Other receivables – associates	83,778	57,256
Other receivables – others	13,241	22,234
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	651,498	1,074,458
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9. TRADE AND OTHER PAYABLES

An aging analysis of trade payables, based on the date of invoices, is as follows:

	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 30 days	287,766	284,605
31 to 90 days	243,664	235,343
Over 90 days	138,958	135,259
	<hr/>	<hr/>
Trade payables	670,388	655,207
Bills payables	48,699	–
Dividend payable	10	10
Other payables	189,908	173,950
	<hr/>	<hr/>
	909,005	829,167
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10. ASSETS CLASSIFIED AS HELD FOR SALE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Assets related to a subsidiary of the Group (<i>Note</i>)	<u>127,434</u>	<u>–</u>
Liabilities directly associated with assets classified as held for sale	<u>30,116</u>	<u>–</u>

Note:

On 22 November 2018, the Group entered into a sale and purchase agreement whereby it has conditionally agreed to dispose of its 60% equity interests in a subsidiary of the Group to the other shareholder at a cash consideration of approximately RMB72.5 million. The disposal is conditional upon, among other things, all necessary approvals from the relevant government authorities (except for the change of registration with the State Administration for Industry and Commerce of the PRC) are being obtained. As the consideration is higher than the Group's interests in the carrying amount of the net assets of a subsidiary of the Group, no impairment loss was recognised by the Group neither on reclassification of the assets and liabilities as held for sale nor as at 31 December 2018. The major classes of assets and liabilities of a subsidiary of the Group which is related to printing of cigarette packages segment at the end of the Reporting Period are as follows:

	2018 <i>HK\$'000</i>
Property, plant and equipment	62,571
Prepaid land lease payments	14,557
Goodwill	10,703
Other non-current assets	716
Inventories	23,774
Trade and other receivables	14,004
Prepayments and deposits	215
Bank and cash balances	894
Assets of a subsidiary of the Group classified as held for sale	<u>127,434</u>
Trade and other payables	24,740
Current tax liabilities	1,111
Bank borrowings	3,416
Deferred tax liabilities	849
Liabilities of a subsidiary of the Group directly associated with assets classified as held for sale	<u>30,116</u>
Net assets of a subsidiary of the Group classified as held for sale	<u>97,318</u>

The disposal did not constitute a notifiable transaction nor a connected transaction under the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Turnover for the year 2018 was stable, despite the rate of growth slowed down in the second half due to the initiatives taken by certain customers to replace old products with new designs which caused a temporary decline in the overall sales of certain products. Despite this, a number of new products were secured during the year which was encouraging albeit the growth will be developed in the coming years.

Further to a substantial decrease in last year, operating expenses continue to drop in this year. Overall gross and operating margins remain stable amid pricing pressure and rising labor and raw material costs.

Due to the completion of the acquisition of Yunnan Qiaotong Package Printing Co., Ltd. (“**Qiaotong Plant**”) and Anhui Qiaofeng Package Printing Co., Ltd. (“**Qiaofeng Plant**”) at the beginning of 2018, underlying profit attributable to owners increased by 20% (on a constant currency basis: 16%) when compared to last year. Excluding the additional profits from new acquisition, organic growth in underlying profit attributable to owners was HK\$32 million or 12% (on a constant currency basis: 9%) when compared to 2017. However, the profit attributable to owners of the Company was affected by the exchange difference arose from the depreciation of Renminbi against Hong Kong dollar which led to a decrease in profit by 23%.

The operational cash flow of the Group continued to be strong and the net operational cash inflow amounted to HK\$879 million.

FINANCIAL REVIEW

Turnover

During the Reporting Period, the Group recorded an increase in turnover of 2% from HK\$2,448 million to HK\$2,503 million. Excluding the impact of foreign exchange, the turnover was stable and this is in line with the overall China tobacco market.

Gross Profit

During the Reporting Period, the overall gross profit margin was 29.6%, which was close to that of last year. The stable gross profit margin was contributed by a general improvement in product mix, which offset the impact of reduction in selling prices as a result of tendering, and rising labor and raw material costs.

Other Income

Other income, comprising mainly interest income and exchange gain, was HK\$57 million, which represents a decrease of 58% when compared to last year. The significant decrease was mainly due to the absence of exchange gain of HK\$66.8 million recognised last year derived from the appreciation of Renminbi against Hong Kong dollars, the Group’s functional currency.

Operating Expenses

Operating expenses (including selling and distribution costs and administrative expenses) decreased by HK\$12 million from HK\$276 million in 2017 to HK\$264 million in 2018. The decrease was resulted from management's efforts in containing costs and expenses.

Other Operating Expenses

Other operating expenses comprise mainly exchange loss of HK\$67 million while there was exchange gain of HK\$66.8 million reflected as other income in 2017.

Finance Costs

Finance costs increased from HK\$55 million in 2017 to HK\$82 million for the Reporting Period, as a result of (1) an increase in market interest rate (i.e. HIBOR); (2) an increase in interest rate due to hedging of Renminbi against Hong Kong dollars; and (3) additional bank borrowings drawn to finance the acquisition of Qiaotong Plant and Qiaofeng Plant.

Share of Profit of Associates

Share of profit of associates was HK\$64 million in 2018, representing an increase of HK\$47 million when compared to last year. The increase was mainly due to the additional profit contribution from Qiaotong Plant and Qiaofeng Plant, which were acquired on 2 January 2018 as associates.

Taxation

The effective tax rate of the Group increased from 24% in 2017 to 27% in 2018. The rise was mainly due to the fact that the unrealised exchange losses for the Reporting Period were not tax-deductible.

Profit Attributable to Owners of the Company

The Group achieved a profit attributable to owners of the Company of HK\$267 million during the Reporting Period, representing a decrease of 23% from HK\$346 million in 2017. Excluding the exchange differences, and on a constant currency basis, the underlying profit attributable to owners of the Company increased by 16% to HK\$325 million from HK\$279 million. The increase was mainly due to an organic growth of the Group's existing business, and the additional profit contribution from the newly acquired associates, Qiaotong Plant and Qiaofeng Plant.

Segmental Information

During the Reporting Period, substantially all the turnover was derived from printing of cigarette packages.

Dividends

The Board recommended the payment of a final dividend of HK6.4 cents per share (2017: HK7.3 cents) for the year ended 31 December 2018 to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 14 June 2019. Subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting of the Company, the said final dividend will be paid to the Company's shareholders on or around 27 June 2019.

Financial Position

As at 31 December 2018, total assets of the Group amounted to HK\$6,755 million and its total liabilities amounted to HK\$2,767 million, representing an increase of HK\$316 million and HK\$386 million, respectively as compared to 31 December 2017. Both total assets and total liabilities increased due to the acquisition of Qiaotong Plant and Qiaofeng Plant, which was financed partly by bank borrowings during the Reporting Period.

Borrowings and Banking Facilities

As at 31 December 2018, the Group had gross interest-bearing borrowings of approximately HK\$1,762 million (31 December 2017: HK\$1,470 million), representing an increase of HK\$292 million. The increase was mainly due to the additional bank borrowings drawn for the acquisition of Qiaotong Plant and Qiaofeng Plant during the Reporting Period.

Substantially all of the interest-bearing borrowings are unsecured, denominated in Hong Kong dollars and bear interest at floating rates. The maturity profile of the Group's gross interest-bearing borrowings is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
On demand or within one year	–	3,597
In the second year	1,762,292	–
In the third to fifth years, inclusive	–	1,466,760
	1,762,292	1,470,357
Less: Amount due for settlement within 12 months (shown under current liabilities)	–	(3,597)
Amount due for settlement after 12 months	1,762,292	1,466,760

As of 31 December 2018, the Group had committed but undrawn banking facilities amounted to HK\$230 million (31 December 2017: HK\$520 million).

Capital Structure

As at 31 December 2018, the Group had net assets of HK\$3,988 million comprising non-current assets of HK\$4,303 million, net current assets of HK\$1,464 million and non-current liabilities of HK\$1,779 million.

Gearing ratio, measured by total interest-bearing borrowings as a percentage of equity, increased from 36% as at 31 December 2017 to 44% as at 31 December 2018. Such increase was mainly due to the additional bank borrowings drawn for the acquisition of Qiaotong Plant and Qiaofeng Plant during the Reporting Period.

Charges on the Group's Assets

As at 31 December 2018, assets with carrying amount of approximately HK\$7 million (31 December 2017: HK\$11 million) were pledged to banks in respect of the banking facilities granted to the Group.

Contingent Liabilities

As at 31 December 2018, the Group did not have any significant contingent liabilities (31 December 2017: Nil).

Capital Commitments

As at 31 December 2018, the Group had capital commitments contracted but not provided for in respect of acquisition of property, plant and equipment of HK\$124 million (31 December 2017: HK\$38 million).

Working Capital

The current ratio decreased from 302% at 31 December 2017 to 248% at 31 December 2018. This was mainly due to management's efforts in reducing working capital to a more reasonable level.

Foreign Currency Exposure

During the Reporting Period, the Group's business transactions and assets were mainly denominated in Renminbi. All bank borrowings were denominated in Hong Kong dollars.

The Group has foreign currency exposure on Hong Kong dollars related to its bank borrowings. During the Reporting Period, the Group had entered into cross currency swap ("CCS") agreements with financial institutions for the purpose of hedging the foreign currency risk arising from the Hong Kong dollars denominated bank borrowings. Apart from the CCS arrangements, the Group does not have any derivative financial instruments or hedging instruments outstanding. The management will closely monitor its currency and interest rate exposures in order to implement suitable hedging policy as and when appropriate to minimise such risks.

Treasury Policies

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

Material Acquisition and Disposal

On 2 January 2018, the Group completed the acquisition of the entire issued share capital of Outstanding Viewpoint Limited (“OVL”) (which together with its subsidiaries and associates be collectively referred as the “**Target Group**”) at a total cash consideration of HK\$700 million. OVL is an investment holding company incorporated in the British Virgin Islands. The Target Group is principally engaged in the printing of high quality cigarette packages in the Yunnan Province and Anhui Province in the PRC, through its investments in Qiaotong Plant and Qiaofeng Plant.

Save as disclosed, the Group had no other material acquisitions or disposals of subsidiaries and associated companies during the Reporting Period.

REMUNERATION POLICIES AND EMPLOYEE INFORMATION

As at 31 December 2018, the Group had 2,121 full time employees in Hong Kong and the PRC. Total staff costs (including Directors’ emoluments) amounted to approximately HK\$330 million (2017: HK\$343 million) for the Reporting Period. All full time salaried employees, except for factory workers and contract employees, are being paid on a monthly basis, plus a discretionary performance bonus. Factory workers are being remunerated based on a basic wage plus production incentive. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group’s salary and bonus system. In addition to salaries, the Group provides staff benefits including medical insurance and contributions to staff’s provident fund. Share options, awards and bonuses are also available to employees of the Group at the discretion of the Board and depending upon the financial performance of the Group.

PROSPECTS

With the new leadership of State Tobacco Monopoly Administration on board and the re-introduction of the consolidation strategy, the China tobacco market is expected to grow stably in 2019. On the one hand, the Group’s new products secured in 2018 will provide a firm platform for future growth, and on the other we will continue to invest in research and development as customers continue its strategy to renew and revitalise their brands. With the consolidation and premiumisation strategies adopted by our customers, the Group is optimistic about the overall future development in the China tobacco market.

In order to counteract the rising labor and raw material costs, we will step up to automate the production process and implement central procurement. In addition, due to the volatility in the capital market, the management will also take steps to contain the currency risks facing the Group by further deleveraging it in the coming year. All these measures will help the Group to improve its future performance.

Management would like to take this opportunity to show our appreciation to the great support from all our shareholders, suppliers and customers. We would also like to extend our gratitude to all our staff for their continuous dedication, commitment and contribution to the development of the Group during this turbulent time. The Group will strive to overcome the difficulties and challenges ahead to create higher return to our shareholders.

SUPPLEMENTARY INFORMATION

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 Reporting Period.

Closure of Register of Members

The register of members of the Company will be closed during the following periods:

1. from Monday, 3 June 2019 to Wednesday, 5 June 2019 (both days inclusive), during which period no transfers of shares will be registered, for ascertaining shareholders' entitlement to attend and vote at the forthcoming Annual General Meeting to be held on 6 June 2019. In order to be eligible to attend and vote at the forthcoming Annual General Meeting, all transfer shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Friday, 31 May 2019; and
2. from Thursday, 13 June 2019 to Friday, 14 June 2019 (both days inclusive), during which period no transfers of shares will be registered, for ascertaining shareholders' entitlement to receive the proposed final dividend for the year ended 31 December 2018. In order to be eligible to receive the proposed final dividend, all transfer shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 12 June 2019.

Corporate Governance

The Company continues to be committed to meet the requirements of the corporate code of governance and to place importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and protection of shareholders' interests.

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules during the Reporting Period.

Audit Committee

The Audit Committee of the Company, comprising the three independent non-executive Directors, namely Mr. Tay Ah Kee, Keith (Chairman of the Audit Committee), Mr. Au Yeung Tin Wah, Ellis and Mr. Oh Choon Gan, Eric, has reviewed with senior management of the Group and external auditors the accounting standards and practices adopted by the Group and discussed auditing, internal control and financial reporting process including the review of the Group's consolidated financial statements for the Reporting Period.

Preliminary Announcement of the Results Agreed by Auditors

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2018 have been agreed by the Group's auditors, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2018. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

By the order of the Board
AMVIG Holdings Limited
Chan Chew Keak, Billy
Chairman

Hong Kong, 15 March 2019

As at the date of this announcement, the Board comprises Mr. Chan Chew Keak, Billy as non-executive Chairman, Mr. Ge Su and Mr. Liu Shun Fai as executive Directors, Mr. Jerzy Czubak and Mr. Michael Casamento as non-executive Directors, and Mr. Tay Ah Kee, Keith, Mr. Au Yeung Tin Wah, Ellis and Mr. Oh Choon Gan, Eric as independent non-executive Directors.

* *For identification purpose only*