

News Release

25 September 2017

AMVIG Holdings Limited – Major Transaction

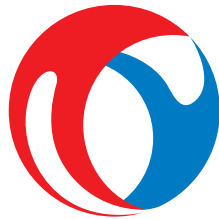
AMVIG Holdings Limited has announced entry into a Sale and Purchase Agreement in respect of a major transaction.

Full details are contained in the AMVIG Holdings Limited announcement to the Hong Kong Stock Exchange (a copy of which is attached to this release).

This release is provided for information purposes.

ENDS

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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)

MAJOR TRANSACTION

On 22 September 2017 (after trading hours), the Group entered into the Sale and Purchase Agreement whereby it has conditionally agreed to purchase the Sale Share and the Sale Loan at a total cash consideration of HK\$700,000,000.

The Target Company is the registered and beneficial owner of the BVI Companies, which in turn own, directly or indirectly, various subsidiaries and/or jointly controlled entities in Hong Kong and the PRC which are principally engaged in the printing of cigarette packages in the provinces of Yunnan and Anhui in the PRC.

The Acquisition constitutes a major transaction on the part of the Company and is subject to the disclosure and shareholders' approval requirements under the Listing Rules. An EGM will be convened to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder. A circular containing further details of, among other things, (i) the Sale and Purchase Agreement; (ii) financial information on the Group and the Target Group; and (iii) a notice to convene the EGM will be despatched to the Shareholders on or before 14 November 2017.

The Board is pleased to announce that the Sale and Purchase Agreement is entered into for the proposed acquisition of the entire issued share capital of, and the shareholder's loan due by, the Target Company, details of which are set out below:

THE SALE AND PURCHASE AGREEMENT

Date

22 September 2017

Parties

1. The Purchaser, being a wholly owned subsidiary of the Company;
2. The Vendor, being a wholly owned subsidiary of Tesson;

3. The Company, being the guarantor of the Purchaser; and
4. Tesson, being the guarantor of the Vendor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and Tesson (including their respective ultimate beneficial owners) are third parties independent of the Company and its connected persons.

Assets to be acquired

- (i) the Sale Share, being one share of US\$1.00 in the issued share capital of the Target Company, representing the entire issued share capital thereof; and
- (ii) the Sale Loan, being, all obligation, indebtedness and liabilities due, owing or incurred by the Target Group to the Vendor as at Completion, whether actual, contingent or deferred and irrespective whether or not the same is due and payable on Completion.

Consideration

The aggregate consideration for the Acquisition is HK\$700,000,000 which shall be paid by the Purchaser in the following manner:

- (1) a sum of HK\$30,000,000 within two Business Days after the signing of the Sale and Purchase Agreement as a refundable deposit, which shall be escrowed and to be applied towards the part payment of the consideration at Completion; and
- (2) a sum of HK\$670,000,000 at Completion.

The consideration has been negotiated between the parties on an arm's length basis and takes into account various factors including the profitability, the net asset value, market position and the future growth potential of the Target Group. Taking into account the future growth prospects and earnings capability of the Target Group, and the commercial reasons set out in the paragraph headed "Reasons for the Acquisition" below, the Directors consider that the Acquisition is earnings accretive to the Group and that the consideration for the Acquisition is fair and reasonable.

Conditions precedent

Completion is conditional upon the satisfaction (or waiver, as the case may be) of the following conditions:

- (1) the Shareholders (or where appropriate, the independent Shareholders) passing at the EGM the resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder and the Company having complied with all requirements under the Listing Rules or as required by the Stock Exchange in relation to the transactions contemplated under the Sale and Purchase Agreement;

- (2) the shareholders of Tesson (or where appropriate, its independent shareholders) passing at the special general meeting of Tesson the resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder and Tesson having complied with all requirements under the Listing Rules or as required by the Stock Exchange in relation to the transactions contemplated under the Sale and Purchase Agreement;
- (3) all other necessary consents, authorisations, licences and approvals for or in connection with the sale and purchase of the Sale Share and the Sale Loan required to be obtained on the part of the Vendor or Tesson or any member of the Target Group having been obtained and remain in full force and effect;
- (4) all other necessary consents, authorisations, licences and approvals for or in connection with the sale and purchase of the Sale Share and the Sale Loan required to be obtained on the part of the Purchaser or the Company having been obtained and remain in full force and effect;
- (5) the due diligence conducted by the Purchaser not showing any variance of the revenue, net profit after tax, or net assets of the principal operating PRC companies within the Target Group as compared to their respective figures in their audited accounts for the two years ended 31 December 2016 and the management accounts for the six months ended 30 June 2017 by 20% or more; and
- (6) there being no event(s) or circumstance(s) occurring from the date of the Sale and Purchase Agreement and up to Completion which has/have an adverse effect to the business, financial condition, results of operation, assets or liabilities of any member of the Target Group or the Target Group as a whole that result(s) or will result in a direct loss of HK\$10,000,000 or above individually or HK\$30,000,000 or above collectively to any member of the Target Group or the Target Group as a whole.

The Purchaser may at any time waive in writing the conditions set out in conditions (5) and (6) above. If any of the above conditions precedent are not fulfilled (or, as the case may be, waived by the Purchaser) on or before 30 November 2017 (or such later date as may be agreed between the Vendor and the Purchaser in writing), the Sale and Purchase Agreement shall cease and determine in which event:

- (a) if the Sale and Purchase Agreement ceases and determines as a result of non-fulfilment of the above condition (2) and/or condition (3), the deposit paid by the Purchaser shall be returned to the Purchaser and the Vendor shall pay to the Purchaser a sum of HK\$30,000,000 as liquidated damages; or
- (b) if the Sale and Purchase Agreement ceases and determines as a result of the non-fulfilment of the above condition (1) and/or condition (4), the deposit by the Purchaser shall be forfeited by the Vendor; or
- (c) if the Sale and Purchase Agreement ceases and determines as a result of non-fulfilment of the above condition (5) and/or condition (6), the deposit paid by the Purchaser shall be returned to the Purchaser,

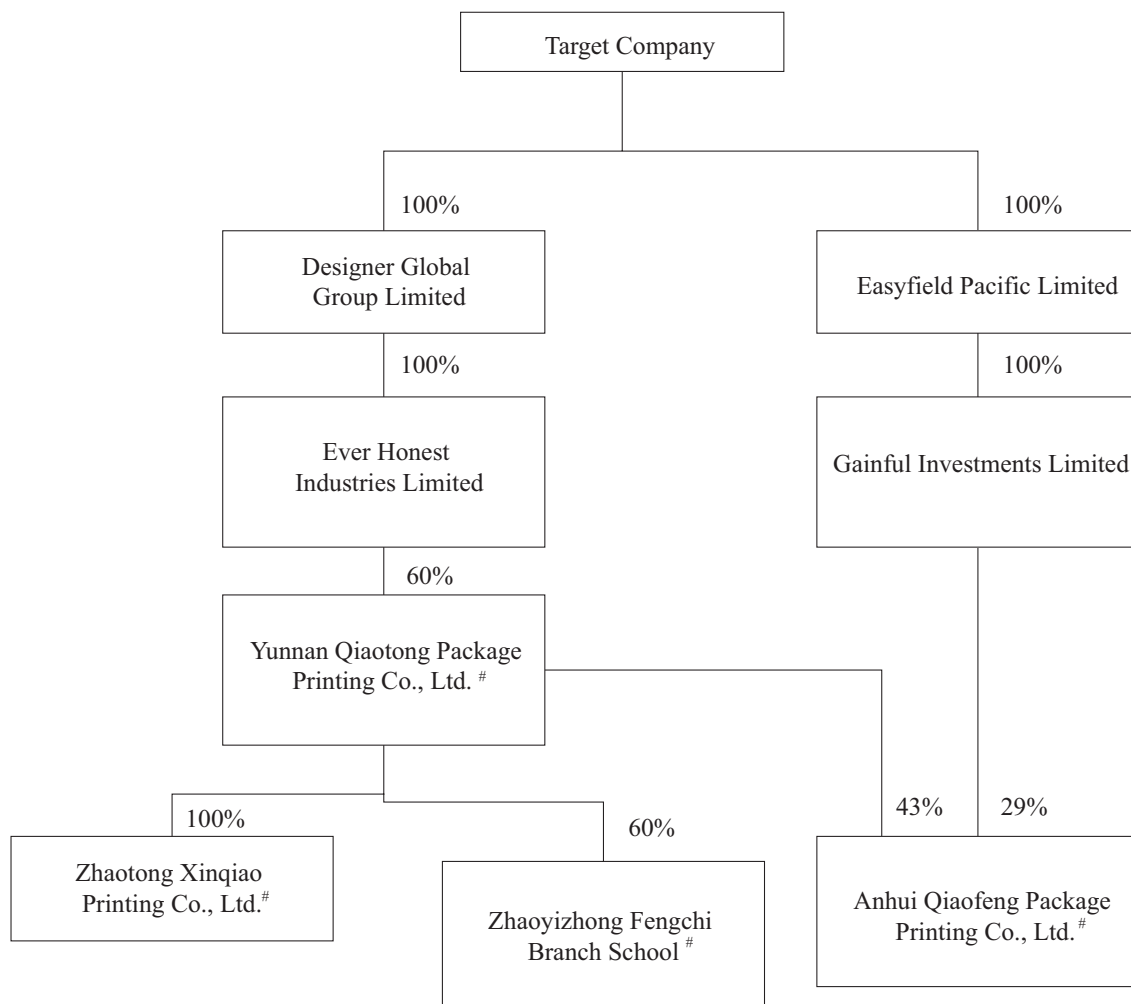
and neither party shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on the date falling within seven Business Days after all the conditions precedent mentioned above have been fulfilled (or waived as the case may be).

INFORMATION ON THE TARGET GROUP

The Target Company 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. The simplified group structure of the Target Group is as follows:



The Target Group is one of the top cigarette package printing groups in the PRC principally engaged in the design and printing of cigarette packages, which include major brands of cigarettes in the PRC including Yunyan, Hongtashan, Honghe and Yuxi. The customers of the Target Group for cigarette packages are mainly large state-owned cigarette manufacturers in the PRC. The Target Group has two major cigarette package printing factories, details of which are set out below:

Location	Principal activities	Area (approximate)	Number of workers (at the end of 2016)	Production capacity (approximate figure at the end of 2016)
Zhaotong, Yunnan Province, the PRC	Production of cigarette packages	49,610 sq.m	596	1 million master cases
Chuzhou, Anhui Province, the PRC	Production of cigarette packages	17,843 sq.m	203	400,000 master cases

The Group has conducted a preliminary financial due diligence on the Target Group. The following is a summary of the Group's due diligence results on the financial information of the Target Group for each of the two years ended 31 December 2016:

	Year ended 31 December	
	2015	2016
	HK\$' million	HK\$' million
	(Unaudited)	(Unaudited)
Profit before taxation (<i>note</i>)	98	99
Profit after taxation (<i>note</i>)	77	79
Profit attributable to the Target Group (<i>note</i>)	42	45

The unaudited net asset value of the Target Group as at 31 December 2016 was approximately HK\$453 million (including non-controlling interest) (*note*).

Note: According to the information provided by the Vendor, the profit before taxation of the Target Group for the two years ended 31 December 2016 were about HK\$142.3 million and HK\$124.9 million respectively. The profit after taxation attributable to the Target Group for the two years ended 31 December 2016 were about HK\$73.3 million and HK\$53.5 million respectively. The unaudited net assets of the Target Group (excluding non-controlling interests) as at 31 December 2016 was approximately HK\$263.0 million. The Board believes that the discrepancies of the financial results of the Target Group from the preliminary due diligence conducted by the Group are mainly due to differences in accounting policies and judgements on revenue recognition, expense capitalization and valuation on property, plant and equipment.

As the above financial due diligence conducted by the Company is unaudited and the Company will engage its reporting accountants to prepare the accountants' report of the Target Group for inclusion in the circular, Shareholders and potential investors should refer to the circular to be issued by the Company for the Acquisition which will contain the audited financial information of the Target Group for details.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the printing of high quality cigarette packaging and manufacturing of laminated papers in the PRC.

For many years, it has been one of the Company's stated missions to solidify its leading role in the tobacco packaging industry in the PRC. The Acquisition is in line with the Group's expansion strategy by means of acquisition and merger. At present, the Group has manufacturing operations based in Beijing, Dongguan, Hangzhou, Kunming, Nanjing, Qingdao and Xian. The Acquisition will allow the Group to further expand its cigarette packaging business into the Yunnan Province. In doing so, this will extend the Group's market share, strengthen and expand the Group's customer base and revenue generating capacity, provide synergy benefits through leveraging increased economies of scale and sharing of combined resources. With broader geographic reach and scale, the Group will also be better placed to meet the changing needs of its customers brought about by the ongoing consolidation of the PRC cigarette market.

The Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole. For clarity, the Directors will only rely on its own due diligence (including the financial results of the Target Group prepared in line with the Group's own accounting policy and audited by the Company's reporting accountants) to proceed with the Acquisition.

Upon Completion, the Non-PRC Companies within the Target Group will become subsidiaries of the Group whose results will be consolidated in the books of the Company. The PRC Companies within the Target Group will become jointly controlled entities of the Group whose results will be equity accounted for in the books of the Company.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a major acquisition on the part of the Company and is subject to the disclosure and shareholders' approval requirements under the Listing Rules. An EGM will be convened to consider and, if thought fit, approve the Sale and Purchase Agreement and the transaction contemplated thereunder. No Shareholder shall be required to abstain from voting at the EGM. The respective single largest shareholders of the Company and Tesson, namely Amcor Fibre Packaging-Asia Pte Limited (holding approximately 47.63% of the issued share capital of the Company) and Double Key International Limited (holding approximately 61.36% of the issued share capital of Tesson) respectively, have undertaken that they shall vote in favour of the ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM or the special general meeting of Tesson (as the case may be) to be convened.

A circular containing further details of, among other things, (i) the Sale and Purchase Agreement; (ii) financial information on the Group and the Target Group; and (iii) a notice to convene the EGM will be despatched to the Shareholders on or before 14 November 2017 (taking into account the additional time to prepare the financial information of the Target Group).

Shareholders and potential investors should note that Completion is subject to the fulfillment (or waiver, as the case may be) of the conditions under the Sale and Purchase Agreement and therefore, may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“Acquisition”	the proposed acquisition of the Sale Share and the Sale Loan by the Purchaser under the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI Companies”	Designer Global Group Limited and Easyfield Pacific Limited, both being companies incorporated in the British Virgin Islands which are wholly-owned by the Target Company
“Company”	AMVIG Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the main board of the Stock Exchange (stock code: 2300)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date on which the Completion shall take place, being a Business Day falling within seven Business Days from the date on which all the conditions specified in the Sale and Purchase Agreement have been fulfilled (or waived as the case may be), or such other date as may be agreed between the Vendor and the Purchaser in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve, amongst other things, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-PRC Companies”	the Target Company, the BVI Companies, Ever Honest Industries Limited and Gainful Investments Limited
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Taiwan and Macau Special Administrative Region
“PRC Companies”	all companies within the Target Group other than the Non-PRC Companies
“Purchaser”	AMVIG Investment Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company and the purchaser under the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 22 September 2017 entered into among the Vendor, the Purchaser, the Company and Tesson in relation to the Acquisition
“Sale Loan”	all obligation, indebtedness and liabilities due, owing or incurred by the Target Group to the Vendor as at Completion, whether actual, contingent or deferred and irrespective whether or not the same is due and payable on Completion
“Sale Share”	one share of US\$1.00 in the share capital of the Target Company, representing the entire issued share capital thereof
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m”	square metre
“Target Company”	Outstanding Viewpoint Limited, a company incorporated in the British Virgin Islands which is wholly-owned by the Vendor
“Target Group”	the Target Company and its subsidiaries and jointly-controlled entities
“Tesson”	Tesson Holdings Limited, a company incorporated in Bermuda with limited liability whose issued shares are listed on the main board of the Stock Exchange (stock code: 1201)

“Vendor”	Kith Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of Tesson
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

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

Hong Kong, 22 September 2017

* *for identification purpose only*

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.