

# News Release

23 March 2018

## *AMVIG Holdings Limited*

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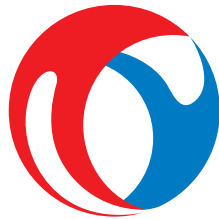
AMVIG Holdings Limited has released its results for the year ended 31 December 2017.

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)**

**RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**FINANCIAL HIGHLIGHTS**

- Turnover decreased by 4% to HK\$2,448 million
- Gross profit margin slightly decreased from 30.9% to 29.5%
- Profit attributable to owners of the Company for the Reporting Period increased by 97% to HK\$346 million from HK\$176 million in 2016. Excluding the exchange gain of HK\$67 million (2016: exchange loss of HK\$91 million) and on a constant currency basis, the underlying profit attributable to owners of the Company for the Reporting Period increased by 6% to HK\$282 million.
- Basic earnings per share increased by 97% from HK18.9 cents to HK37.2 cents
- Proposed final dividend is HK7.3 cents per share. Total dividends for the year amounted to HK14.9 cents per share or HK\$138.4 million, increased by 31% from HK11.4 cents per share in 2016.

**RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of AMVIG Holdings Limited (the “**Company**” or “**AMVIG**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 December 2017 (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 2017

		2017 HK\$'000	2016 HK\$'000
	Note		
<b>Turnover</b>	3	<b>2,448,316</b>	2,551,386
Cost of goods sold		<u>(1,725,223)</u>	<u>(1,762,529)</u>
<b>Gross profit</b>		<b>723,093</b>	788,857
Other income		<b>135,411</b>	82,169
Selling and distribution costs		<b>(65,772)</b>	(94,078)
Administrative expenses		<b>(214,803)</b>	(276,131)
Other operating expenses		<b>(6,372)</b>	(91,427)
Finance costs		<b>(55,150)</b>	(84,517)
Share of profits of associates		<u><b>16,521</b></u>	<u>32,895</u>
<b>Profit before tax</b>	4	<b>532,928</b>	357,768
Income tax expenses	5	<u><b>(130,279)</b></u>	<u>(128,672)</u>
<b>Profit for the year</b>		<u><b>402,649</b></u>	<u>229,096</u>
<b>Attributable to:</b>			
Owners of the Company		<b>345,785</b>	175,589
Non-controlling interests		<u><b>56,864</b></u>	<u>53,507</u>
<b>Earnings per share</b>			
– Basic (HK cents)	6 (a)	<u><b>37.2</b></u>	<u>18.9</u>
– Diluted (HK cents)	6 (b)	<u><b>N/A</b></u>	<u>N/A</u>
<b>Dividends</b>	7	<u><b>138,428</b></u>	<u>105,912</u>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017 HK\$'000	2016 HK\$'000
<b>Profit for the year</b>	<b>402,649</b>	229,096
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	280,286	(198,565)
Share of other comprehensive income of associates	8,973	(6,175)
Cash flow hedges		
Change in fair value of hedging instruments arising during the year	(47,144)	—
Reclassification adjustments for losses relating to the hedging instruments included in profit or loss	37,054	—
	<b>(10,090)</b>	—
<b>Other comprehensive income for the year, net of tax</b>	<b>279,169</b>	(204,740)
<b>Total comprehensive income for the year</b>	<b>681,818</b>	24,356
<b>Attributable to:</b>		
Owners of the Company	603,041	(14,297)
Non-controlling interests	78,777	38,653
	<b>681,818</b>	24,356

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	<i>Note</i>	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>701,633</b>	659,337
Prepaid land lease payments		<b>152,438</b>	145,581
Goodwill		<b>2,740,810</b>	2,540,547
Interests in associates		<b>131,294</b>	105,800
Other non-current assets		<b>48,197</b>	11,275
		<b>3,774,372</b>	3,462,540
<b>Current assets</b>			
Inventories		<b>275,751</b>	196,819
Trade and other receivables	8	<b>1,074,458</b>	985,356
Prepaid land lease payments		<b>4,618</b>	4,281
Prepayments and deposits		<b>44,166</b>	29,092
Current tax assets		<b>20,439</b>	30,176
Pledged bank deposits		<b>2,398</b>	2,223
Bank and cash balances		<b>1,242,769</b>	1,581,018
		<b>2,664,599</b>	2,828,965
<b>TOTAL ASSETS</b>		<b>6,438,971</b>	6,291,505
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		<b>9,290</b>	9,290
Reserves		<b>3,732,688</b>	3,230,914
Equity attributable to owners of the Company		<b>3,741,978</b>	3,240,204
Non-controlling interests		<b>316,650</b>	262,187
<b>Total equity</b>		<b>4,058,628</b>	3,502,391
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings		<b>1,466,760</b>	1,296,451
Derivative financial instruments		<b>20,687</b>	–
Deferred tax liabilities		<b>10,627</b>	12,566
		<b>1,498,074</b>	1,309,017

	<i>Note</i>	<b>2017</b> <b><i>HK\$'000</i></b>	<b>2016</b> <b><i>HK\$'000</i></b>
<b>Current liabilities</b>			
Trade and other payables	9	<b>829,167</b>	742,098
Current tax liabilities		<b>35,214</b>	33,165
Derivative financial instruments		<b>14,291</b>	—
Current portion of bank borrowings		<b>3,597</b>	704,834
		<b>882,269</b>	1,480,097
<b>Total liabilities</b>		<b>2,380,343</b>	2,789,114
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,438,971</b>	6,291,505
<b>Net current assets</b>		<b>1,782,330</b>	1,348,868
<b>Total assets less current liabilities</b>		<b>5,556,702</b>	4,811,408

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for annual periods beginning on or after 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. None of these impact on the accounting policies of the Group. However, the Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative require disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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 2017. 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 9 and HKFRS 15, 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 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

### 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRSs. 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).

### 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, 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 2017 HK\$'000	Printing of cigarette packages 2016 HK\$'000	Manufacturing of transfer paper and laser film 2017 HK\$'000	Manufacturing of transfer paper and laser film 2016 HK\$'000	Total 2017 HK\$'000	Total 2016 HK\$'000
<b>Year ended 31 December</b>						
Revenue from external customers	2,416,802	2,516,854	31,514	34,532	2,448,316	2,551,386
Segment profit	485,867	550,261	5,216	6,474	491,083	556,735
Interest income	11,957	16,429	329	288	12,286	16,717
Depreciation and amortisation	(77,753)	(91,320)	(415)	(612)	(78,168)	(91,932)
Share of profit of associates	13,417	29,117	3,104	3,778	16,521	32,895
Income tax expenses	(96,896)	(108,696)	(431)	(512)	(97,327)	(109,208)
Additions to segment non-current assets	68,767	150,144	572	618	69,339	150,762

**As at 31 December**

Segment assets	3,169,028	3,165,214	68,321	65,143	3,237,349	3,230,357
Segment liabilities	(847,989)	(753,268)	(3,772)	(2,902)	(851,761)	(756,170)
Interests in associates	96,005	76,077	35,289	29,723	131,294	105,800

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

	2017 HK\$'000	2016 HK\$'000
<b>Profit or loss</b>		
Total profit or loss of reportable segments	491,083	556,735
Other profit or loss	(88,434)	(327,639)
Consolidated profit for the year	<u>402,649</u>	<u>229,096</u>
<b>Assets</b>		
Total assets of reportable segments	3,237,349	3,230,357
Goodwill	2,740,810	2,540,547
Available-for-sale financial assets	1,654	1,534
Other assets	459,158	519,067
Consolidated total assets	<u>6,438,971</u>	<u>6,291,505</u>
<b>Liabilities</b>		
Total liabilities of reportable segments	(851,761)	(756,170)
Other liabilities	(1,528,582)	(2,032,944)
Consolidated total liabilities	<u>(2,380,343)</u>	<u>(2,789,114)</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:**

	<b>2017</b> <b>HK\$'000</b>	2016 <i>HK\$'000</i>
Printing of cigarette packages		
Customer A	<b>523,830</b>	534,110
Customer B	<b>493,140</b>	441,944
Customer C	<b>323,036</b>	371,934
Customer D	<b>313,962</b>	564,176

**4. PROFIT BEFORE TAX**

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

	<b>2017</b> <b>HK\$'000</b>	2016 <i>HK\$'000</i>
Cost of goods sold	<b>1,725,223</b>	1,762,529
Depreciation	<b>74,612</b>	90,846
Net exchange (gain)/loss	<b>(66,787)</b>	90,839
Net gain on disposals of property, plant and equipment	<b>(1,063)</b>	(1,311)
Staff costs including Directors' emoluments	<b>343,044</b>	388,794
Interest income	<b>(13,929)</b>	(32,672)
Subcontracting fee income	<b>(10,188)</b>	(10,507)

**5. INCOME TAX EXPENSES**

	<b>2017</b> <b>HK\$'000</b>	2016 <i>HK\$'000</i>
PRC corporate income tax and withholding tax		
– Provision for the year	<b>130,784</b>	132,096
– Under/(over)-provision in prior year	<b>52</b>	(2,094)
Other deferred tax	<b>(557)</b>	(1,330)
	<b>130,279</b>	128,672

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 HK37.2 cents (2016: HK18.9 cents) is calculated based on the Group's profit attributable to the owners of the Company for the year of approximately HK\$345,785,000 (2016: HK\$175,589,000) and the weighted average number of shares of approximately 929,047,000 ordinary shares in issue during the year (2016: 929,047,000 shares).
- (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 2016 and 2017.

## 7. DIVIDENDS

A final dividend of HK7.3 cents per ordinary share for the year ended 31 December 2017, amounted to approximately HK\$67,820,000 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 2017.

	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000
Interim dividend paid of HK7.6 cents (2016: HK5.4 cents) per ordinary share	<b>70,608</b>	50,169
Interim special dividend of Nil (2016: HK2.7 cents) per ordinary share	–	25,084
Proposed final dividend of HK7.3 cents (2016: HK2.2 cents) per ordinary share	<b>67,820</b>	20,439
Proposed final special dividend of Nil (2016: HK1.1 cents) per ordinary share	–	10,220
	<b><u>138,428</u></b>	<b><u>105,912</u></b>

## 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current to 30 days	403,524	396,160
31 to 90 days	278,245	224,364
Over 90 days	66,773	63,866
	<hr/>	<hr/>
Trade receivables	748,542	684,390
Bills receivables	246,426	222,640
Other receivables – an associate	57,256	53,073
Other receivables – others	22,234	25,253
	<hr/>	<hr/>
	<b>1,074,458</b>	<b>985,356</b>
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## 9. TRADE AND OTHER PAYABLES

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current to 30 days	284,605	249,945
31 to 90 days	235,343	201,870
Over 90 days	135,259	74,011
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Trade payables	655,207	525,826
Dividend payable	10	10
Other payables	173,950	216,262
	<hr/>	<hr/>
	<b>829,167</b>	<b>742,098</b>
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## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

As destocking continued, production was reduced by our customers which in turn affected our turnover during the Reporting Period. Turnover dropped mildly when compared to that of last year. On the other hand, the management has continued to counteract the adverse impact on the market by reducing costs and expenses, as a result of which gross profit rate for the year was broadly in line with last year. There was also a substantial reduction in selling and administration expenses. Together with appreciation of Renminbi against Hong Kong dollars, there was an exchange gain of HK\$67 million. As a result, the net profit attributable to owners of the Company increased substantially by 97% when compared to that of last year.

The operational cash flow of the Group continued to be strong. During the Reporting Period, the net operational cash inflow of the Group amounted to HK\$312 million.

### **FINANCIAL REVIEW**

#### **Turnover**

During the Reporting Period, the Group recorded a drop in turnover of 4% (or 3% on constant currency basis) from HK\$2,551 million to HK\$2,448 million. This was mainly due to a reduction in production by the customers resulted from overstocking of certain high-end brands cigarettes, the sales of which were also affected by the increase in tobacco tax and austerity measures.

#### **Gross Profit**

During the Reporting Period, the overall gross profit rate was 29.5%, which slightly decreased by 1.4 percentage points when compared to last year. The reduction is a deterioration in product mix resulted from the sub-par performance of high-end products. The impact has been mitigated by the management's efforts in reducing costs and improving efficiencies. Absolute value of gross profit was HK\$723 million, dropped by 8.3% (or 7.4% on a constant currency basis) when compared to last year.

#### **Other Income**

Other income, comprising mainly interest income and exchange gain, was HK\$135 million, which represents an increase of 64.8% when compared to last year. During the Reporting Period, less interest income was recognized due to a decrease in average bank balances as cash was used to repay bank borrowings when compared to 2016. Such decrease was more than offset by an exchange gain of HK\$67 million, derived from the revaluation of borrowings denominated in Hong Kong dollars against appreciating Renminbi, the Group's functional currency.

#### **Operating Costs**

Operating costs (including selling and distribution, administrative and other operating expenses) decreased by HK\$175 million from HK\$462 million in 2016 to HK\$287 million in 2017. The decrease resulted from (1) management's efforts in controlling costs and (2) the absence of an exchange loss on revaluing borrowings denominated in Hong Kong dollars against appreciating Renminbi in the Reporting Period. Such exchange loss amounted to HK\$91 million in 2016.

## **Finance Costs**

Finance costs decreased from HK\$85 million in 2016 to HK\$55 million for the Reporting Period, as a result of the decrease in the bank borrowings outstanding upon the refinancing exercise in February 2017. In addition, the interest rate of the new banking facilities is lower than the previous one.

## **Share of Profit of Associates**

Share of profit of associates was HK\$17 million in 2017, representing a decrease of HK\$16 million when compared to last year. This was due to the poor performance of one of our major associates as its product mix has worsen together with volume drop during the Reporting Period.

## **Taxation**

The effective tax rate of the Group decreased from 36% in 2016 to 24% in 2017. The drop was mainly due to (1) the exchange gain recognized on revaluing borrowings denominated in Hong Kong dollars against the appreciating Renminbi, which were non-taxable; and (2) the reduction of non-taxable interest income earned and non-tax deductible expenses incurred overseas during the Reporting Period.

## **Profit attributable to Owners of the Company**

The Group achieved a profit attributable to owners of the Company of HK\$346 million during the Reporting Period, representing an increase of 97% from HK\$176 million in 2016. Excluding the exchange differences, and on a constant currency basis, the Group's underlying net profit increased by 6% to HK\$282 million from HK\$266 million. The increase was mainly due to the results of cost savings in response to the decreased sales and worsening product mix arising from the further destocking by the tobacco companies in China.

## **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 HK7.3 cents per share (2016: HK2.2 cents) for the year ended 31 December 2017 to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 15 June 2018. 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 28 June 2018.

## Financial Position

As at 31 December 2017, total assets of the Group amounted to HK\$6,439 million and its total liabilities amounted to HK\$2,380 million, representing an increase of HK\$147 million and a decrease of HK\$409 million, respectively as compared to 31 December 2016. The increase in total assets was mainly due to the appreciation of Renminbi against Hong Kong dollars, which caused the Renminbi assets of the Group to appreciate in Hong Kong dollar terms. Total liabilities decreased as the Group repaid a portion of its bank borrowings in order to contain the foreign exchange risks.

## Borrowings and Banking Facilities

As at 31 December 2017, the Group had gross interest-bearing borrowings of approximately HK\$1,470 million (31 December 2016: HK\$2,001 million), representing a decrease of HK\$531 million over the last year end. The decrease of bank borrowings was due to the repayment of a portion of the bank borrowings.

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:

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
On demand or within one year	<b>3,597</b>	704,834
In the second year	–	1,296,451
In the third to fifth years, inclusive	<b>1,466,760</b>	–
	<b>1,470,357</b>	2,001,285
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>(3,597)</b>	(704,834)
Amount due for settlement after 12 months	<b><u>1,466,760</u></b>	<b><u>1,296,451</u></b>

As of 31 December 2017, the Group had committed but undrawn banking facilities amounted to HK\$520 million (31 December 2016: HK\$600 million).

## Capital Structure

As at 31 December 2017, the Group had net assets of HK\$4,058 million comprising non-current assets of HK\$3,774 million, net current assets of HK\$1,782 million and non-current liabilities of HK\$1,498 million.

Gearing ratio, measured by total interest-bearing borrowings as a percentage of equity, decreased from 57% as at 31 December 2016 to 36% as at 31 December 2017. Such decrease was mainly due to the repayment of a portion of bank borrowings by the Group to contain the foreign currency risks.

## **Charges on the Group's Assets**

As at 31 December 2017, assets with carrying amount of approximately HK\$11 million (31 December 2016: HK\$2.2 million) were pledged to banks in respect of banking facilities granted to the Group.

## **Contingent Liabilities**

As at 31 December 2017, the Group did not have any significant contingent liabilities (31 December 2016: Nil).

## **Capital Commitments**

As at 31 December 2017, the Group had capital commitments contracted but not provided for in respect of acquisition of property, plant and equipment of HK\$38 million (31 December 2016: HK\$30 million).

## **Working Capital**

The current ratio increased from 191% at last year end to 302% at 31 December 2017. This was mainly due to a portion of the bank borrowings amounted to HK\$705 million classified under current liabilities as of 31 December 2016 had been repaid during the year.

## **Foreign Currency Exposure**

During the Reporting Period, the Group's business transactions were mainly denominated in Renminbi. All bank borrowings were denominated in Hong Kong dollars. Since the functional currency of the Company is Renminbi, the Group has foreign currency exposure on Hong Kong dollars related to its bank borrowings.

## **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.

## **Acquisition and Disposal**

On 22 September 2017 (as supplemented on 30 November 2017), the Group entered into a sale and purchase agreement whereby it has conditionally agreed to purchase the entire equity interests in, and the debts due by, Outstanding Viewpoint Limited and its subsidiaries and associates at a cash consideration of HK\$700 million. Outstanding Viewpoint Limited owns 60% equity interests in Yunnan Qiaotong Package Printing Co. Ltd., which is one of the most renowned tobacco packaging companies in Yunnan, the PRC, as well as 54.8% attributable equity interests in Anhui Qiaofeng Package Printing Co., Ltd. The acquisition was completed on 2 January 2018. Details of such acquisition were set out in the announcements of the Company dated 22 September 2017 and 30 November 2017 and the circular of the Company dated 8 December 2017.

## **REMUNERATION POLICIES AND EMPLOYEE INFORMATION**

As at 31 December 2017, the Group had 2,249 full time employees in Hong Kong and the PRC. Total staff costs (including Directors' emoluments and employee share-based compensation benefits) amounted to approximately HK\$343 million (2016: HK\$389 million) for the year. 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**

The management had been focusing on cost cutting and productivity improvement over the past few years to counteract the expected downturn of the industry. Additional resources had also been deployed in research and development so as to mitigate the pricing pressure brought forth by tenders. These efforts had yielded results and will continue in the future.

The recent acquisition of Outstanding Viewpoint Limited had expanded the Group's footprints in China. The enlarged group will provide the scale to leverage on costs. There will be more cross-divisional co-operation with the central procurement of raw material, energy and other consumable to reduce costs. This acquisition gave the Group an opportunity to serve Hongta Group in the Yunnan Province. The management will continue to seek value-added acquisitions to improve the Group's earnings and presence in the market.

The management is cautiously optimistic about the Group's prospects since we consider (1) the tobacco industry will continue to be an important source of income to the Central Government; (2) the outlook of the tobacco industry is stable and the State Tobacco Monopoly Administration may revitalize the sales of major tobacco brands; (3) the recent years' cost cutting efforts continue to yield results; and (4) there will be additional profit contribution from Outstanding Viewpoint Limited and its subsidiaries and associates.

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 Tuesday, 5 June 2018 to Friday, 8 June 2018 (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 or about 8 June 2018. 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 Monday, 4 June 2018; and
2. from Thursday, 14 June 2018 to Friday, 15 June 2018 (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 2017. 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, 13 June 2018.

## **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 Company'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 2017 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 2017. 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, 22 March 2018

*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*