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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 2019**

FINANCIAL HIGHLIGHTS

- On a constant currency basis, turnover increased by 1%. The reported turnover slightly decreased by 4% to HK\$2,408 million.
- Gross profit margin slightly decreased by 0.6 percentage point to 29%.
- Profit attributable to owners of the Company increased by 17.6% to HK\$313.3 million. Excluding exchange differences, one-off income and expenses and on a constant currency basis, the underlying profit attributable to owners of the Company for the Reporting Period increased by 1% to HK\$350.5 million.
- Proposed final dividend of HK5.4 cents per share. Total dividends for the year amounted to HK17.5 cents (2018: HK14.4 cents) per share.

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of AMVIG Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 December 2019 (the “**Reporting Period**”), together with the comparative results for the previous year as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

		2019 (unaudited) HK\$'000	2018 (audited) HK\$'000
	Note		
Turnover	3	2,407,532	2,502,665
Cost of goods sold		<u>(1,710,508)</u>	<u>(1,761,098)</u>
Gross profit		697,024	741,567
Other income		52,871	57,123
Gain on deemed disposal of an associate		35,403	–
Gain on disposal of a subsidiary		19,557	–
Reversal of impairment losses on trade receivables		39	76
Selling and distribution costs		(90,624)	(85,405)
Administrative expenses		(178,838)	(178,163)
Other operating expenses		(34,958)	(70,689)
Finance costs		(88,377)	(82,129)
Share of profits of associates		<u>58,751</u>	<u>64,060</u>
Profit before tax	4	470,848	446,440
Income tax expenses	5	<u>(107,227)</u>	<u>(119,315)</u>
Profit for the year		<u>363,621</u>	<u>327,125</u>
Attributable to:			
Owners of the Company		313,317	266,516
Non-controlling interests		<u>50,304</u>	<u>60,609</u>
		<u>363,621</u>	<u>327,125</u>
Earnings per share			
– Basic (HK cents)	6(a)	<u>33.7</u>	<u>28.7</u>
– Diluted (HK cents)	6(b)	<u>N/A</u>	<u>N/A</u>
Dividends	7	<u>162,584</u>	<u>133,783</u>

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 (unaudited) HK\$'000	2018 (audited) HK\$'000
Profit for the year	363,621	327,125
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(65,260)	(166,057)
Share of other comprehensive income of associates	(14,653)	(45,331)
Cash flow hedges		
Change in fair value of hedging instruments arising during the year	17,580	7,209
Reclassification adjustments for losses/(gains) relating to the hedging instruments included in profit or loss	422	(15,121)
	18,002	(7,912)
Other comprehensive income for the year, net of tax	(61,911)	(219,300)
Total comprehensive income for the year	301,710	107,825
Attributable to:		
Owners of the Company	257,531	64,156
Non-controlling interests	44,179	43,669
	301,710	107,825

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		2019 (unaudited) HK\$'000	2018 (audited) HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		854,361	662,469
Prepaid land lease payments		–	156,263
Right-of-use assets		185,900	–
Goodwill		2,559,487	2,592,255
Interests in associates		762,579	863,647
Derivative financial instruments		–	12,553
Other non-current assets		16,755	16,228
Total non-current assets		4,379,082	4,303,415
Current assets			
Inventories		383,759	294,488
Trade and other receivables	8	603,296	651,498
Contract assets		1,257	37,157
Prepaid land lease payments		–	4,432
Prepayments and deposits		21,298	46,205
Current tax assets		16,755	13,007
Pledged bank deposits		6,970	6,896
Bank and cash balances		1,173,482	1,270,781
		2,206,817	2,324,464
Assets classified as held for sale		–	127,434
Total current assets		2,206,817	2,451,898
TOTAL ASSETS		6,585,899	6,755,313

	<i>Note</i>	2019 (unaudited) HK\$'000	2018 (audited) HK\$'000
EQUITY			
Capital and reserves			
Share capital		9,290	9,290
Reserves		3,740,357	3,654,700
Equity attributable to owners of the Company		3,749,647	3,663,990
Non-controlling interests		292,062	324,773
Total equity		4,041,709	3,988,763
LIABILITIES			
Non-current liabilities			
Bank borrowings		–	1,762,292
Derivative financial instruments		–	4,458
Lease liabilities		4,810	–
Deferred tax liabilities		25,450	12,147
Total non-current liabilities		30,260	1,778,897
Current liabilities			
Trade and other payables	9	956,838	909,005
Contract liabilities		1,430	5,084
Current tax liabilities		3,709	25,952
Bank borrowings		1,549,091	–
Lease liabilities		2,862	–
Derivative financial instruments		–	17,496
		2,513,930	957,537
Liabilities directly associated with assets classified as held for sale		–	30,116
Total current liabilities		2,513,930	987,653
Total liabilities		2,544,190	2,766,550
TOTAL EQUITY AND LIABILITIES		6,585,899	6,755,313
Net current (liabilities)/assets		(307,113)	1,464,245
Total assets less current liabilities		4,071,969	5,767,660

NOTES TO THE UNAUDITED 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 2019. Of these, the following developments are relevant to the Group’s consolidated financial statements:

- HKFRS 16 Leases

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective for the current accounting period.

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**”), 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 2019 (unaudited) HK\$'000	Printing of cigarette packages 2018 (audited) HK\$'000	Manufacturing of transfer paper and laser film 2019 (unaudited) HK\$'000	Manufacturing of transfer paper and laser film 2018 (audited) HK\$'000	Total 2019 (unaudited) HK\$'000	Total 2018 (audited) HK\$'000
Year ended 31 December						
Revenue from external customers	2,388,327	2,476,805	19,205	25,860	2,407,532	2,502,665
Segment profit	504,852	548,298	1,875	2,199	506,727	550,497
Interest income	14,970	14,220	124	200	15,094	14,420
Depreciation and amortisation	(82,075)	(80,077)	(404)	(464)	(82,479)	(80,541)
Impairment losses on property, plant and equipment	(1,732)	–	–	–	(1,732)	–
Share of profits of associates	55,949	61,923	2,802	2,137	58,751	64,060
Income tax expenses	(68,799)	(103,364)	12	(30)	(68,787)	(103,394)
Additions to segment non-current assets	319,495	173,787	118	95	319,613	173,882
As at 31 December						
Segment assets	3,481,367	3,533,740	55,960	65,282	3,537,327	3,599,022
Segment liabilities	(947,323)	(889,461)	(1,492)	(1,870)	(948,815)	(891,331)
Interests in associates	488,835	587,548	37,668	35,565	526,503	623,113

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

	2019 (unaudited) HK\$'000	2018 (audited) HK\$'000
Profit or loss		
Total profit or loss of reportable segments	506,727	550,497
Gain on disposal of a subsidiary	19,557	–
Gain on deemed disposal of an associate	35,403	–
Other profit or loss	(198,066)	(223,372)
	<u>363,621</u>	<u>327,125</u>
Assets		
Total assets of reportable segments	3,537,327	3,599,022
Goodwill	2,559,487	2,592,255
Financial assets at FVTOCI	1,542	1,571
Assets classified as held for sale	–	127,434
Other assets	487,543	435,031
	<u>6,585,899</u>	<u>6,755,313</u>
Liabilities		
Total liabilities of reportable segments	(948,815)	(891,331)
Liabilities directly associated with assets classified as held for sale	–	(30,116)
Other liabilities	(1,595,375)	(1,845,103)
	<u>(2,544,190)</u>	<u>(2,766,550)</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:

	2019 (unaudited) HK\$'000	2018 (audited) HK\$'000
Printing of cigarette packages		
Customer A	485,191	503,144
Customer B	371,074	439,162
Customer C	368,637	328,106
Customer D	260,178	260,523

4. PROFIT BEFORE TAX

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

	2019 (unaudited) HK\$'000	2018 (audited) HK\$'000
Acquisition-related costs	264	—
Cost of goods sold	1,710,508	1,761,098
Depreciation on property, plant and equipment	68,609	76,571
Depreciation of right-of-use assets	16,625	—
Impairment losses on property, plant and equipment	1,732	—
Net exchange loss	7,147	67,226
Net loss/(gain) on disposals of property, plant and equipment	1,968	(518)
Staff costs including Directors' emoluments	306,673	329,586
Interest income	(16,349)	(15,281)
Subcontracting fee income	(20,334)	(16,871)

5. INCOME TAX EXPENSES

	2019 (unaudited) HK\$'000	2018 (audited) HK\$'000
PRC corporate income tax and withholding tax		
– Provision for the year	112,920	118,101
– (Over)/under-provision in prior year	(5,315)	257
Other deferred tax	(378)	957
	<u>107,227</u>	<u>119,315</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 HK33.7 cents (2018: HK28.7 cents) is calculated based on the Group's profit attributable to the owners of the Company for the year of approximately HK\$313,317,000 (2018: HK\$266,516,000) and the weighted average number of shares of approximately 929,047,000 ordinary shares (2018: 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 2018 and 2019.

7. DIVIDENDS

A final dividend of HK5.4 cents per ordinary share for the year ended 31 December 2019, amounted to approximately HK\$50,169,000 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 2019.

	2019 (unaudited) HK\$'000	2018 (audited) HK\$'000
Interim dividend paid of HK8.1 cents (2018: HK8.0 cents) per ordinary share	75,253	74,324
Special dividend paid of HK4.0 cents (2018: Nil) per ordinary share	37,162	–
Proposed final dividend of HK5.4 cents (2018: HK6.4 cents) per ordinary share	50,169	59,459
	<u>162,584</u>	<u>133,783</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:

	2019 (unaudited) HK\$'000	2018 (audited) HK\$'000
Current to 30 days	247,561	182,348
31 to 90 days	196,383	150,055
Over 90 days	15,512	74,913
Trade receivables	459,456	407,316
Bills receivables	15,272	147,163
Other receivables – associates	63,391	83,778
Other receivables – others	65,177	13,241
	<u>603,296</u>	<u>651,498</u>

9. TRADE AND OTHER PAYABLES

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

	2019 (unaudited) HK\$'000	2018 (audited) HK\$'000
Current to 30 days	254,315	287,766
31 to 90 days	226,823	243,664
Over 90 days	146,627	138,958
Trade payables	627,765	670,388
Bills payables	135,273	48,699
Dividend payable	–	10
Other payables	193,800	189,908
	<u>956,838</u>	<u>909,005</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Turnover for the year 2019 was stable, despite the rate of growth slowing down in the second half due to the disruption caused by the relocation of our Beijing plant. Disregarding this factor, the Group's turnover grew in line with the market. In addition, despite inflationary pressure, costs and expenses were contained at a low level via a series of cost cutting measures and productivity improvement initiatives.

During the year, there were a number of one-off items which include gains on disposal of an associate and a subsidiary, certain expenses in relation to the relocation of the Beijing plant and Dongguan plant, as well as the exchange loss due to the depreciation of Renminbi against Hong Kong dollars arising from the Group's borrowings denominated in Hong Kong dollars. Excluding these one-off items, the profit attributable to owners of the Company on a constant currency basis was similar to that of last year.

The operational cash flow of the Group continued to be strong and the net operational cash inflow amounted to HK\$514 million.

FINANCIAL REVIEW

Turnover

During the Reporting Period, the Group's turnover slightly decreased by 4% from HK\$2,503 million to HK\$2,408 million which was mainly due to the depreciation of Renminbi against Hong Kong dollars. On a constant currency basis, the turnover would have increased by 1% when compared to last year. In general, the Group's increase in turnover aligned with that of the market. However, the relocation of our Beijing plant had caused temporary disruption to the operations which has offset the overall growth from operations.

Gross Profit

During the Reporting Period, the overall gross profit margin was 29%, which decreased by 0.6 percentage point when compared to last year. The decrease was mainly due to the higher unit fixed costs resulted from the low utilisation rate of our Beijing plant during the relocation in the second half of the year. Excluding the impact of such relocation, the gross profit rate would have improved due to the general improvement in product mix as high-end products performed better than the lower-end products.

Other Income

Other income, comprising mainly interest income and subcontracting fee income, was HK\$52.9 million (2018: HK\$57.1 million). The decrease was mainly due to less government grants being obtained during the Reporting Period.

Operating Expenses

Operating expenses (including selling and distribution costs and administrative expenses) increased slightly by HK\$5.9 million from HK\$263.6 million to HK\$269.5 million. The increase was mainly due to consolidation of the expenses of our Nanjing plant, which the Group acquired its remaining 52% equity interests in the second half of the year. Excluding the operating expenses of the Nanjing plant which amounted to HK\$11.8 million, operating expenses decreased by HK\$5.9 million as a result of the management's efforts in containing costs and expenses.

Gains on Disposals

During the Reporting Period, the Group has completed the disposal of its 60% equity interests in a subsidiary to the other shareholder at a consideration of RMB72.5 million, which resulted in a one-off gain of HK\$19.6 million.

In addition, the acquisition of the remaining 52% equity interests in our Nanjing plant at a consideration of RMB75.3 million on 30 July 2019 resulted in a one-off gain on deemed disposal of HK\$35.4 million during the year.

Other Operating Expenses

Other operating expenses in 2019 comprise mainly exchange loss of HK\$7.1 million and other one-off expenses related to the relocation of our two plants, namely the Beijing plant and the Dongguan plant, which in aggregate amounted to HK\$24.2 million. On the other hand, included in other operating expenses in 2018 was an exchange loss of HK\$67.2 million.

Finance Costs

Finance costs increased from HK\$82.1 million in 2018 to HK\$88.4 million for the Reporting Period primarily due to an increase in market interest rate (i.e. HIBOR).

Share of Profits of Associates

Share of profits of associates was HK\$58.8 million in 2019, representing a decrease of HK\$5.3 million when compared to last year. The decrease was mainly due to exclusion of the share of results of our Nanjing plant since the second half of the year as the results of our Nanjing plant were consolidated into the Company after the acquisition of its remaining 52% equity interests. Excluding the results of Nanjing plant, share of profits of associates would have improved by HK\$2.1 million from HK\$48.1 million in 2018 to HK\$50.2 million in the Reporting Period.

Taxation

The effective tax rate of the Group decreased from 26.7% in 2018 to 22.8% in 2019. The drop was mainly due to the non-taxable gains of approximately HK\$55 million arising from the disposal of an associate and a subsidiary as well as the significant decrease in unrealised exchange losses for the Reporting Period which were not tax-deductible.

Profit Attributable to Owners of the Company

The Group achieved a profit attributable to owners of the Company of HK\$313.3 million during the Reporting Period, representing an increase of 17.6% from HK\$266.5 million in 2018. Excluding the exchange differences and one-off income and expenses, and on a constant currency basis, the underlying profit attributable to owners of the Company was HK\$350.5 million, similar to that of last year.

Segmental Information

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

Dividends

The Board recommended the payment of a final dividend of HK5.4 cents per share (2018: HK6.4 cents) for the year ended 31 December 2019 to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 30 June 2020. 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 14 July 2020.

The proposed final dividend for the year ended 31 December 2019 is also subject to the condition that the audited annual results of the Group for the year ended 31 December 2019 upon completion of the auditing process will be consistent in all material respects with the unaudited annual results set out herein.

Financial Position

As at 31 December 2019, total assets of the Group amounted to HK\$6,586 million and its total liabilities amounted to HK\$2,544 million, representing a decrease of HK\$169 million and HK\$223 million, respectively as compared to 31 December 2018. Both total assets and total liabilities decreased primarily due to the repayment of certain bank borrowings of the Group by cash during the Reporting Period.

Borrowings and Banking Facilities

As at 31 December 2019, the Group had gross interest-bearing borrowings of approximately HK\$1,549 million (2018: HK\$1,762 million), representing a decrease of HK\$213 million. The decrease was mainly due to the repayment of bank borrowings to reduce the overall currency risks.

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

	2019 (unaudited) HK\$'000	2018 (audited) HK\$'000
On demand or within one year	1,549,091	–
In the second year	<u>–</u>	<u>1,762,292</u>
	1,549,091	1,762,292
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>1,549,091</u>	<u>–</u>
Amount due for settlement after 12 months	<u><u>–</u></u>	<u><u>1,762,292</u></u>

As of 31 December 2019, the Group did not have any committed but undrawn banking facilities (2018: HK\$230 million).

CAPITAL STRUCTURE

As at 31 December 2019, the Group had net assets of HK\$4,042 million comprising non-current assets of HK\$4,379 million, net current liabilities of HK\$307 million and non-current liabilities of HK\$30 million.

Gross gearing ratio, measured by total interest-bearing borrowings as a percentage of equity, decreased from 44% as at 31 December 2018 to 38% as at 31 December 2019. The decrease in gross gearing ratio was mainly due to the repayment of bank borrowings during the Reporting Period to reduce the Group's overall currency risks.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2019, assets with carrying amount of approximately HK\$7 million (2018: HK\$7 million) were pledged to banks in respect of the banking facilities granted to the Group.

SIGNIFICANT INVESTMENTS

As at 31 December 2019, the Group had no significant investments.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any significant contingent liabilities (2018: Nil).

CAPITAL COMMITMENTS

As at 31 December 2019, the Group had capital commitments contracted but not provided for in respect of acquisition of property, plant and equipment of HK\$50 million (2018: HK\$124 million).

WORKING CAPITAL

The current ratio decreased from 248% at 31 December 2018 to 88% at 31 December 2019 as a substantial portion of the Group's bank borrowings due within one year had been reclassified from non-current liabilities to current liabilities during the Reporting Period.

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. As of 31 December 2019, all CCS agreements had expired and the Group did 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 30 July 2019, the Group entered into the sale and purchase agreements to acquire the remaining 52% equity interests in Nanjing Sanlong Packing Co., Ltd., from 南京金夢都工貿集團公司工會委員會(Nanjing Jinmengdu Industrial and Trading Group Staff Association Committee[#]) and 江蘇淮陰華新實業集團有限公司(Jiangsu Huaiyin Huaxin Group Company Ltd.[#]) at a total cash consideration of about RMB75.3 million (equivalent to approximately HK\$85.6 million). Details of such acquisition were set out in the announcement of the Company dated 30 July 2019.

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

EVENT AFTER THE REPORTING PERIOD

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. Some of our production sites in the PRC had been closed temporarily due to travel restriction from other provinces and cities in the PRC. All production sites have resumed production in March 2020 on a stage-by-stage basis in accordance with the instructions and measures adopted by various provincial governments. The Group is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and has been continuously monitoring and evaluating its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impact on the Group's financial position, cash flows and operating results at the date on which this preliminary results announcement is published. Further announcement will be issued by the Company as and when necessary in accordance with the Listing Rules and other applicable laws and regulations.

REMUNERATION POLICIES AND EMPLOYEE INFORMATION

As at 31 December 2019, the Group had 2,750 full time employees in Hong Kong and the PRC. Total staff costs (including Directors' emoluments) amounted to approximately HK\$307 million (2018: HK\$330 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

Although 2019 was a stable year both for the Group and China tobacco industry, there will be a lot of challenges in the coming year. The COVID-19 outbreak poses unprecedented threats not only to the Group, our staff and customers, it had impacted the operations of the businesses worldwide due to the absence of workers and disruption of supplies of raw materials. Both the customers and the Group had taken extended leave in the first quarter of the year. The full extent of financial impact the virus outbreak has on the Group is unknown as of this moment. The second challenge is the revision of tendering rules in Yunnan Province, which put more emphasis on price and poses pressure on profit margin for our plants in Yunnan.

The Chinese government has adopted various measures attempting to effectively control the spreading of the COVID-19, including quarantine. Such measures have caused temporary suspension of economic activities in China which indirectly affected the global economy. Following the outbreak of the COVID-19, the Group has reviewed and made sure its health and safety measures across our entire operation are adequate and in compliance and implemented contingency plans to ensure that any potential impact on our business operations can be minimised.

Facing these tough challenges ahead, management will still endeavour to expand the market by leveraging on its networking resources. We will also continue to invest in research and development so as to better serve the customers' needs. Internally, we will continue to streamline the process on the shop floor. Reduction in raw material costs and productivity improvement will continue. Such measures are in place with a view to counteract the adverse factors that may affect our business in the near future.

Management would like to take this opportunity to show our appreciation to the continued 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.

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, 15 June 2020 to Wednesday, 17 June 2020 (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 Thursday, 18 June 2020. In order to be eligible to attend and vote at the forthcoming annual general meeting, all transfer of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office 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, 12 June 2020; and
2. from Monday, 29 June 2020 to Tuesday, 30 June 2020 (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 2019. In order to be eligible to receive the proposed final dividend, all transfer of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office 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, 26 June 2020.

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.

Upon the resignation of Mr. Tay Ah Kee, Keith as an independent non-executive Director on 16 December 2019, the Board had only two independent non-executive Directors. As a result, the number of independent non-executive Directors of the Board fell below the minimum number prescribed under Rules 3.10(1), 3.10A and 3.21 of the Listing Rules since 17 December 2019 until such vacancy was subsequently filled when Mr. Ching Yu Lung was appointed as an independent non-executive Director on 16 March 2020.

Save as disclosed, 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.

REVIEW OF UNAUDITED ANNUAL RESULTS

Audit Committee

The audit committee of the Company, comprising the three independent non-executive Directors, namely Mr. Au Yeung Tin Wah, Ellis (Chairman of the Audit Committee), Mr. Oh Choon Gan, Eric and Mr. Ching Yu Lung, has reviewed with senior management of the Group, 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 unaudited consolidated financial statements for the Reporting Period. The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2019 have been agreed with the audit committee of the Company.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS

The auditing process for the annual results of the Company for the year ended 31 December 2019 has not been completed due to the outbreak of the COVID-19, which has disrupted the travel arrangements in and out of the PRC and the facilitation of the audit work.

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2019 have not been agreed by the Group's auditors, RSM Hong Kong, to the amounts set out in the Group's unaudited consolidated financial statements for the year ended 31 December 2019.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in relation to the auditing process or the business operations of the Group as a result of the COVID-19 outbreak.

This unaudited annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) and the Company (<http://www.amvig.com>). The annual report of the Company for the year ended 31 December 2019 containing all the information as required by the Listing Rules will be dispatched to the shareholders of the Company and made available for review on the same websites in due course.

The financial information contained herein in respect of the annual results of the Group have not been audited. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 27 March 2020

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. Au Yeung Tin Wah, Ellis, Mr. Oh Choon Gan, Eric and Mr. Ching Yu Lung as independent non-executive Directors.

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.

* *For identification purpose only*