

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2020**

**FINANCIAL HIGHLIGHTS**

- Turnover increased by 1.4% to HK\$2,441 million.
- Gross profit margin decreased by 1.8 percentage points to 27.2%.
- Profit attributable to owners of the Company decreased by 14.6% to HK\$267.5 million.
- The Board did not propose the payment of final dividend.
- Earnings per share was HK28.8 cents.

**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 2020 (the “**Reporting Period**”), together with the comparative results for the previous year as follows:

\* For identification purpose only

## UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	<i>Note</i>	2020 (unaudited) <i>HK\$'000</i>	2019 (audited) <i>HK\$'000</i>
<b>Turnover</b>	3	2,441,291	2,407,532
Cost of goods sold		<u>(1,778,056)</u>	<u>(1,710,508)</u>
<b>Gross profit</b>		663,235	697,024
Other income		46,689	52,871
Net exchange gain		63,089	–
Gain on deemed disposal of an associate		–	35,403
Gain on disposal of a subsidiary		–	19,557
Reversal of impairment losses on trade receivables		7	39
Selling and distribution costs		(75,163)	(90,624)
Administrative expenses		(190,188)	(178,838)
Other operating expenses		(41,459)	(34,958)
Finance costs		(55,503)	(88,377)
Share of profits of associates		<u>23,422</u>	<u>58,751</u>
<b>Profit before tax</b>	4	434,129	470,848
Income tax expenses	5	<u>(107,636)</u>	<u>(107,227)</u>
<b>Profit for the year</b>		<u><u>326,493</u></u>	<u><u>363,621</u></u>
<b>Attributable to:</b>			
Owners of the Company		267,539	313,317
Non-controlling interests		<u>58,954</u>	<u>50,304</u>
		<u><u>326,493</u></u>	<u><u>363,621</u></u>
<b>Earnings per share</b>			
– Basic (HK cents)	6(a)	<u><u>28.8</u></u>	<u><u>33.7</u></u>
– Diluted (HK cents)	6(b)	<u><u>N/A</u></u>	<u><u>N/A</u></u>
<b>Dividends</b>	7	<u><u>55,743</u></u>	<u><u>162,584</u></u>

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2020*

	<b>2020</b> <b>(unaudited)</b> <b>HK\$'000</b>	2019 <b>(audited)</b> <b>HK\$'000</b>
<b>Profit for the year</b>	<u><b>326,493</b></u>	<u>363,621</u>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>228,977</b>	(65,260)
Share of other comprehensive income of associates	<b>49,928</b>	(14,653)
Cash flow hedges		
Change in fair value of hedging instruments arising during the year	–	17,580
Reclassification adjustments for losses relating to the hedging instruments included in profit or loss	–	422
	<u>–</u>	<u>18,002</u>
<b>Other comprehensive income for the year, net of tax</b>	<u><b>278,905</b></u>	<u>(61,911)</u>
<b>Total comprehensive income for the year</b>	<u><b>605,398</b></u>	<u>301,710</u>
<b>Attributable to:</b>		
Owners of the Company	<b>528,020</b>	257,531
Non-controlling interests	<b>77,378</b>	44,179
	<u><b>605,398</b></u>	<u>301,710</u>

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		2020 (unaudited) <i>HK\$'000</i>	2019 (audited) <i>HK\$'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		861,018	854,361
Right-of-use assets		192,810	185,900
Goodwill		2,729,890	2,559,487
Interests in associates		798,415	762,579
Other non-current assets		16,268	16,755
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>4,598,401</b>	<b>4,379,082</b>
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		552,686	383,759
Trade and other receivables	8	360,985	603,296
Contract assets		1,995	1,257
Prepayments and deposits		28,648	21,298
Current tax assets		3,842	16,755
Pledged bank deposits		170,418	6,970
Bank and cash balances		834,691	1,173,482
		<hr/>	<hr/>
<b>Total current assets</b>		<b>1,953,265</b>	<b>2,206,817</b>
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>6,551,666</b>	<b>6,585,899</b>
		<hr/>	<hr/>

	<i>Note</i>	2020 (unaudited) <i>HK\$'000</i>	2019 (audited) <i>HK\$'000</i>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		9,290	9,290
Reserves		<u>4,162,465</u>	<u>3,740,357</u>
Equity attributable to owners of the Company		<u>4,171,755</u>	3,749,647
Non-controlling interests		<u>293,409</u>	<u>292,062</u>
<b>Total equity</b>		<u>4,465,164</u>	<u>4,041,709</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		3,653	4,810
Deferred tax liabilities		<u>24,958</u>	<u>25,450</u>
<b>Total non-current liabilities</b>		<u>28,611</u>	<u>30,260</u>
<b>Current liabilities</b>			
Trade and other payables	9	1,034,081	956,838
Contract liabilities		432	1,430
Current tax liabilities		8,672	3,709
Bank and other borrowings		1,010,000	1,549,091
Lease liabilities		<u>4,706</u>	<u>2,862</u>
<b>Total current liabilities</b>		<u>2,057,891</u>	<u>2,513,930</u>
<b>Total liabilities</b>		<u>2,086,502</u>	<u>2,544,190</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>6,551,666</u></u>	<u><u>6,585,899</u></u>
<b>Net current liabilities</b>		<u><u>(104,626)</u></u>	<u><u>(307,113)</u></u>
<b>Total assets less current liabilities</b>		<u><u>4,493,775</u></u>	<u><u>4,071,969</u></u>

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

These unaudited 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 (“**HKAS**”); and Interpretations. These unaudited 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 unaudited 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).

In the opinion of the directors of the Company, Golden Vision Buyout Fund SPC (the “**Fund**”), a fund incorporated in the Cayman Islands, on behalf of Golden Vision Buyout Fund I SP, is the immediate parent; Well Smart Holdings Limited, a company incorporated in Hong Kong, holding the managing shares of the Fund, is the controlling shareholder of the Fund; Verico Investment Limited, a company incorporated in the British Virgin Islands, is the ultimate parent and is wholly-owned by Mr. Chan Chor Kwong; Mr. Chan Chor Kwong is the ultimate controlling party of the Company.

## 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 2020. HKFRSs comprise HKFRS; HKAS; and Interpretations. Of these, the following developments are relevant to the Group’s consolidated financial statements:

### Amendments to References to the Conceptual Framework in HKFRS Standards

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendments to HKFRS 16, COVID-19 Related Rent Concessions.

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, financial assets at fair value through other comprehensive income, corporate bank balances, prepayments and deposits and other receivables for general administrative use. Segment liabilities do not include bank and other borrowings and other payables and accruals for general administrative use.

Information about reportable segment profit, assets and liabilities:

	<b>Printing of cigarette packages 2020 (unaudited) HK\$'000</b>	Printing of cigarette packages 2019 (audited) HK\$'000	<b>Manufacturing of transfer paper and laser film 2020 (unaudited) HK\$'000</b>	Manufacturing of transfer paper and laser film 2019 (audited) HK\$'000	<b>Total 2020 (unaudited) HK\$'000</b>	Total 2019 (audited) HK\$'000
<b>Year ended 31 December</b>						
Revenue from external customers	<b>2,419,533</b>	2,388,327	<b>21,758</b>	19,205	<b>2,441,291</b>	2,407,532
Segment profit	<b>426,070</b>	504,852	<b>1,730</b>	1,875	<b>427,800</b>	506,727
Interest income	<b>14,293</b>	14,970	<b>55</b>	124	<b>14,348</b>	15,094
Depreciation and amortisation	<b>(99,588)</b>	(82,075)	<b>(355)</b>	(404)	<b>(99,943)</b>	(82,479)
Impairment losses on property, plant and equipment	-	(1,732)	-	-	-	(1,732)
Share of profits of associates	<b>21,881</b>	55,949	<b>1,541</b>	2,802	<b>23,422</b>	58,751
Income tax expenses	<b>(72,027)</b>	(68,799)	-	12	<b>(72,027)</b>	(68,787)
Additions to segment non-current assets	<b>67,599</b>	319,495	<b>647</b>	118	<b>68,246</b>	319,613
<b>As at 31 December</b>						
Segment assets	<b>3,417,379</b>	3,481,367	<b>53,719</b>	55,960	<b>3,471,098</b>	3,537,327
Segment liabilities	<b>(1,020,381)</b>	(947,323)	<b>(1,484)</b>	(1,492)	<b>(1,021,865)</b>	(948,815)
Interests in associates	<b>512,506</b>	488,835	<b>34,116</b>	37,668	<b>546,622</b>	526,503

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

	2020 (unaudited) <i>HK\$'000</i>	2019 (audited) <i>HK\$'000</i>
<b>Profit or loss</b>		
Total profit or loss of reportable segments	427,800	506,727
Gain on disposal of a subsidiary	–	19,557
Gain on deemed disposal of an associate	–	35,403
Other profit or loss	<u>(101,307)</u>	<u>(198,066)</u>
Consolidated profit for the year	<u><u>326,493</u></u>	<u><u>363,621</u></u>
<b>Assets</b>		
Total assets of reportable segments	3,471,098	3,537,327
Goodwill	2,729,890	2,559,487
Financial assets at FVTOCI	–	1,542
Other assets	<u>350,678</u>	<u>487,543</u>
Consolidated total assets	<u><u>6,551,666</u></u>	<u><u>6,585,899</u></u>
<b>Liabilities</b>		
Total liabilities of reportable segments	(1,021,865)	(948,815)
Other liabilities	<u>(1,064,637)</u>	<u>(1,595,375)</u>
Consolidated total liabilities	<u><u>(2,086,502)</u></u>	<u><u>(2,544,190)</u></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:

	2020 (unaudited) <i>HK\$'000</i>	2019 (audited) <i>HK\$'000</i>
<b>Printing of cigarette packages</b>		
Customer A	503,800	485,191
Customer B	424,098	371,074
Customer C	286,042	368,637
Customer D	247,943	260,178



#### 4. PROFIT BEFORE TAX

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

	2020 (unaudited) <i>HK\$'000</i>	2019 (audited) <i>HK\$'000</i>
Acquisition-related costs	–	264
Cost of goods sold	<b>1,778,056</b>	1,710,508
Depreciation on property, plant and equipment	<b>97,015</b>	68,609
Depreciation of right-of-use assets	<b>10,091</b>	16,625
Impairment losses on property, plant and equipment	–	1,732
Net exchange (gain)/loss	<b>(63,089)</b>	7,147
Net loss on disposals of property, plant and equipment	<b>13,733</b>	1,968
Staff costs including Directors' emoluments	<b>305,568</b>	306,673
Interest income	<b>(17,456)</b>	(16,349)
Subcontracting fee income	<b>(12,556)</b>	(20,334)

#### 5. INCOME TAX EXPENSES

	2020 (unaudited) <i>HK\$'000</i>	2019 (audited) <i>HK\$'000</i>
PRC corporate income tax and withholding tax		
– Provision for the year	<b>109,053</b>	112,920
– Over-provision in prior year	<b>(811)</b>	(5,315)
Deferred tax	<b>(606)</b>	(378)
	<b>107,636</b>	107,227

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 HK28.8 cents (2019: HK33.7 cents) is calculated based on the Group's unaudited profit attributable to the owners of the Company for the year of approximately HK\$267,539,000 (2019: HK\$313,317,000) and the weighted average number of shares of approximately 929,047,000 ordinary shares (2019: 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 2019 and 2020.

## 7. DIVIDENDS

The Board did not propose the payment of final dividend for the year ended 31 December 2020. Total dividends for the Reporting Period is summarised as follows:

	<b>2020</b> <b>(unaudited)</b> <b>HK\$'000</b>	2019 <b>(audited)</b> <b>HK\$'000</b>
Interim dividend paid of HK6.0 cents (2019: HK8.1 cents) per ordinary share	55,743	75,253
Special dividend paid of Nil (2019: HK4.0 cents) per ordinary share	–	37,162
Proposed final dividend of Nil (2019: HK5.4 cents) per ordinary share	–	50,169
	<u>55,743</u>	<u>162,584</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:

	<b>2020</b> <b>(unaudited)</b> <b>HK\$'000</b>	2019 <b>(audited)</b> <b>HK\$'000</b>
Current to 30 days	136,515	247,561
31 to 90 days	91,999	196,383
Over 90 days	4,605	15,512
	<u>233,119</u>	<u>459,456</u>
Trade receivables	7,331	15,272
Bills receivables	67,606	63,391
Other receivables – associates	52,929	65,177
Other receivables – others	<u>360,985</u>	<u>603,296</u>

## 9. TRADE AND OTHER PAYABLES

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

	<b>2020</b> <b>(unaudited)</b> <b>HK\$'000</b>	2019 <b>(audited)</b> <b>HK\$'000</b>
Current to 30 days	280,372	254,315
31 to 90 days	217,876	226,823
Over 90 days	104,164	146,627
	<u>602,412</u>	<u>627,765</u>
Trade payables	220,716	135,273
Bills payables	210,953	193,800
Other payables	<u>1,034,081</u>	<u>956,838</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### China Tobacco Industry

Despite the outbreak of the coronavirus disease 2019 (“COVID-19”), sales of cigarettes in China improved in 2020. Cigarettes sold in volume and value increased by 0.48% and 4.1%, respectively. This once again shows a relatively inelastic demand in cigarette products in China and also the importance of tax revenue brought by tobacco. It also indicated the continuous improvement in product mix.

We have also seen a higher degree of consolidation of cigarette products in China in 2020 following the “Three Large Policy” adopted by the State Tobacco Monopoly Administration since last year. Top 16 brands in China has registered a 1.24% volume growth over last year, which was higher than the growth of the market as a whole.

#### Group’s Performance

The Group’s performance in 2020 was mainly affected by the outbreak of COVID-19 in late January 2020 and the changes to the tender rules adopted by the Yunnan China National Tobacco Corporation (“CNTC”) in late 2019.

COVID-19 has a huge impact on the Group in the earlier part of the year, in particular the first quarter as some of our production bases suspended operation due to nationwide lockdown. However, tobacco sales and production recovered quickly from COVID-19 since the third quarter of the year. The impact of COVID-19 on the Group’s performance throughout the full year of 2020 was not material.

On the other hand, the abovementioned tender in Yunnan CNTC, which placed more emphasis on price as opposed to technical elements, placed pressure on the Group’s gross profit and share of profit of associates for the year.

Despite inflationary pressure and expenses of non-recurring nature were incurred due to COVID-19 and a change in the Company’s major shareholder, expenses (including selling, administrative and finance expenses) were kept a stable level when compared to last year. There was also an exchange gain of HK\$63.1 million incurred due to the appreciation of Renminbi against Hong Kong dollars during 2020. Excluding the aforementioned exchange gain and one-off expenses of non-recurring nature, and on a constant currency basis, the Group’s underlying profit reduced by 8.6% when compared to last year.

The operational cash flow of the Group continued to be strong and the net operational cash inflow amounted to HK\$556 million.

## **FINANCIAL REVIEW**

### **Turnover**

During the Reporting Period, the Group's turnover increased by 1.4% from HK\$2,408 million to HK\$2,441 million. On a constant currency basis, turnover increased by 2.2% when compared to last year. The Group's turnover during the Reporting Period was impacted by the pricing pressure brought forth by the recent tender on our Kunming Plant. Such adverse factor was offset by the consolidation of results of our Nanjing Plant, which has become a subsidiary of the Company since the second half of 2019.

### **Gross Profit**

During the Reporting Period, the overall gross profit margin was 27.2%, which decreased by 1.8 percentage points when compared to last year. The decrease was mainly due to the pricing pressure brought forth by the recent tender on our Kunming Plant.

### **Other Income**

Other income, comprising mainly interest income and subcontracting fee income, was HK\$46.7 million (2019: HK\$52.9 million). The decrease was mainly resulted from the decrease in subcontracting fee income for the Reporting Period.

### **Operating Expenses**

Operating expenses (including selling and distribution costs and administrative expenses) reduced slightly by HK\$4 million from HK\$269 million to HK\$265 million. It should also be noted that this was against the background of additional operating expenses of our Nanjing Plant being consolidated in the Reporting Period, whereas those expenses were equity accounted for in the first half of 2019. Such savings resulted from the management's efforts in containing expenses, as well as less travel and entertainment expenses being incurred since the COVID-19 outbreak.

### **Other Operating Expenses**

Other operating expenses in 2020 comprise mainly one-off expenses related to the bonus compensation to staffs and workers who took precautions and measures so as to minimize the impact of COVID-19 to the Group's operations. On the other hand, 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\$35 million.

### **Finance Costs**

Finance costs decreased from HK\$88.4 million in 2019 to HK\$55.5 million for the Reporting Period primarily due to less outstanding bank borrowings as well as less costs incurred on hedging during the Reporting Period.

## **Share of Profits of Associates**

Share of profit of associates, which mainly represents the Group's share of results of our Yunnan Qiaotong Plant, dropped significantly to HK\$23.4 million during the Reporting Period from HK\$58.8 million in 2019. The decrease was mainly due to the impacts of COVID-19 outbreak, the effect of the tender in Yunnan and the exclusion of our share of results in our Nanjing Plant during the Reporting Period after our acquisition of the remaining 52% of its equity interests in second half of 2019.

## **Taxation**

The effective tax rate of the Group increased from 22.8% in 2019 to 24.8% in 2020. The increase was mainly due to the absence of non-taxable gains of approximately HK\$55 million arising from the disposal of an associate and a subsidiary in 2019 during the Reporting Period, and the decrease of share of profits of associates.

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

The Group achieved a profit attributable to owners of the Company of HK\$267.5 million during the Reporting Period, representing a decrease of 14.6% from HK\$313.3 million in 2019.

## **Segmental Information**

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

## **Dividends**

The Board did not recommend the payment of final dividend (2019: HK5.4 cents per ordinary share) for the year ended 31 December 2020.

## **Financial Position**

As at 31 December 2020, total assets of the Group amounted to HK\$6,552 million and its total liabilities amounted to HK\$2,087 million, representing a decrease of HK\$34 million and HK\$457 million, respectively as compared to 31 December 2019. 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 2020, the Group had gross interest-bearing borrowings of approximately HK\$1,010 million (2019: HK\$1,549 million), representing a decrease of HK\$539 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 denominated in Hong Kong dollars.

The maturity profile of the Group's gross interest-bearing borrowings is as follows:

	<b>2020</b> <b>(unaudited)</b> <b>HK\$'000</b>	2019 (audited) HK\$'000
Bank loans – unsecured, bearing interest at floating rates	<b>850,000</b>	1,549,091
Bank loans – secured <sup>(i)</sup> , bearing interest at fixed rates	<b>120,000</b>	–
Other loan – unsecured, bearing interest at fixed rate	<b>40,000</b>	–
	<b><u>1,010,000</u></b>	<u>1,549,091</u>
The loans are repayable as follows:		
On demand or within one year	<b>160,000</b>	1,549,091
Portion of bank loans that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities)	<b>850,000</b>	–
	<b><u>1,010,000</u></b>	<u>1,549,091</u>
Amount due for settlement within 12 months <sup>(ii)</sup> (shown under current liabilities)	<b><u>(1,010,000)</u></b>	<u>(1,549,091)</u>
Amount due for settlement after 12 months	<b><u>–</u></b>	<u>–</u>

(i) Bank loans of HK\$120,000,000 (2019: Nil) are secured by pledged bank deposits.

(ii) Due to a change of control of the Company during the year, an event of default under the bank facilities agreement was technically triggered. As a result, bank loan of HK\$850,000,000 (2019: Nil) is subject to an early repayment option exercisable by the banks. Such bank loan is reclassified as a current liability as at 31 December 2020. The banks have not requested for the early repayment of the bank loan up to the date of this announcement.

As of 31 December 2020, the Group had committed but undrawn banking facilities amounted to HK\$500 million (2019: Nil).

## CAPITAL STRUCTURE

As at 31 December 2020, the Group had net assets of HK\$4,465 million comprising non-current assets of HK\$4,598 million, net current liabilities of HK\$104 million and non-current liabilities of HK\$29 million.

Gross gearing ratio, measured by total interest-bearing borrowings as a percentage of equity, decreased from 38% as at 31 December 2019 to 23% as at 31 December 2020. The significant 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 2020, assets with carrying amount of approximately HK\$170 million (2019: HK\$7 million) were pledged to banks in respect of the banking facilities granted to the Group.

## **SIGNIFICANT INVESTMENTS**

As at 31 December 2020, the Group had no significant investments.

## **CONTINGENT LIABILITIES**

As at 31 December 2020, the Group did not have any significant contingent liabilities (2019: Nil).

## **CAPITAL COMMITMENTS**

As at 31 December 2020, the Group had capital commitments contracted but not provided for in respect of acquisition of property, plant and equipment of HK\$15 million (2019: HK\$50 million).

## **WORKING CAPITAL**

The current ratio increased from 88% at 31 December 2019 to 95% at 31 December 2020 as a substantial portion of the Group's bank borrowings due within one year had been repaid 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 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**

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

## **REMUNERATION POLICIES AND EMPLOYEE INFORMATION**

As at 31 December 2020, the Group had 2,656 (2019: 2,750) full time employees in Hong Kong and the PRC. Total staff costs (including Directors' emoluments) amounted to approximately HK\$306 million (2019: HK\$307 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 COVID-19 has been disruptive to our operations and that of our customers in the early part of the year, the recovery in tobacco industry and China has been swift. As shown in the overall performance of the China tobacco industry, it is back on track since the second quarter and its long-term outlook remains positive.

The 2019 tender in Yunnan has placed pressure on our gross profit margins due to a reduction in selling prices. However, the Group has been able to compensate, to a certain extent, through an increase in volume and market share of our Yunnan orders. With its long-term track record in providing high-quality cigarette packages capable of being run on high-speed machines and having maintained high corporate governance standards, the Group is well placed to maintain a strong presence in the turbulent market.

As usual, the Group will continue to implement mitigation plans to address the expected near-term impact of lower prices. In September 2020, the Group has also announced a change in major shareholder, which is a key player in the supply of raw materials. It is hopeful that synergies can be obtained via future vertical integration of the Group's supply chain.



As jointly announced by the Company and Golden Vision Buyout Fund I SP (the “**New Controlling Shareholder**”) dated 23 December 2020 and 19 March 2021, the New Controlling Shareholder would proceed with the privatisation of the Company and exercised its right of compulsory acquisition on 19 March 2021. An application has been made by the Company to the Stock Exchange for the withdrawal of listing of the Shares from the Stock Exchange under Rule 6.15(1) of the Listing Rules, which is currently expected to take place with effect from 9:00 a.m. on Tuesday, 20 April 2021. The Company will continue the trading of the Shares listed on the Stock Exchange up to and until the date of withdrawal of listing of the Shares from the Stock Exchange. An announcement will be made to inform the public about the completion of the compulsory acquisition and the withdrawal of listing of the Shares from the Stock Exchange as soon as practicable.

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.

### **Equity Fund Raising**

There was no equity fund raising activity by the Company during the Reporting Period, nor were there any unutilised proceeds brought forward from any issue of equity securities made in previous financial years.

### **Board Changes**

There were changes to the members of the Board during the Reporting Period. Mr. Ching Yu Lung (“**Mr. Ching**”) was appointed as an independent non-executive Director with effect from 16 March 2020. Mr. Chan Chew Keak, Billy (“**Mr. Chan**”) resigned from his office of non-executive chairman and Director, Mr. Michael Casamento and Mr. Jerzy Czubak resigned from their offices of non-executive Directors, all with effect from 9 December 2020. With effect from 23 December 2020, Mr. Shen Shilin (“**Mr. Shen**”) was appointed as an executive Director, Mr. Wang Hui and Mr. Yeoh Khai Sun were appointed as non-executive Directors.

### **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.

Following 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 since then until Mr. Ching was appointed as an independent non-executive Director on 16 March 2020. There has been no Chairman to the Board yet since the resignation of Mr. Chan on 9 December 2020, as the roles of Chairman are being taken up by the executive Directors collectively.

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 unaudited results for the year ended 31 December 2020 have been agreed with the audit committee of the Company.

## **PRELIMINARY ANNOUNCEMENT OF THE UNAUDITED RESULTS**

The figures in respect of this preliminary announcement of the Group's unaudited results for the year ended 31 December 2020 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 2020.

## **APPLICATION FOR WAIVER FROM COMPLIANCE WITH RULES 13.46(1) AND 13.49(1) OF THE LISTING RULES**

As announced by the Company dated 19 March 2021, the Company's shares would be delisted on or about 20 April 2021 following the compulsory acquisition. Application has been made to the Stock Exchange for a waiver from compliance with Rules 13.46(1) and 13.49(1) of the Listing Rules to publish the annual report and the audited annual results for the year ended 31 December 2020 by 30 April 2021 and 31 March 2021 respectively.

## **CLARIFICATION ON BIOGRAPHICAL DETAILS OF MR. SHEN**

Reference is made to the announcement of the Company dated 23 December 2020 in relation to, among other matters, the appointment of Mr. Shen as an executive Director. The Board wishes to clarify his working experience as follows:

Mr. Shen has been a shareholder and director of KHG Holding Investment Fund Management Limited (the “**Fund**”) since October 2019. He was responsible for its operation and the strategic investment planning until he joined the Company on 23 December 2020. The Fund is a fund management company established in the Cayman Islands with its primary focus on the technology, media and telecommunications (TMT) sector and the new energy, new materials and medical industries. From September 2013 to September 2019, he was the supervisor of Anhui Province Railway Development Fund Company Limited, which is a company established in the PRC, primarily responsible for the preliminary due diligence work of a fund project, project initiation and management, design of transaction structure and submission of application to the investment committee for approval. From September 2011 to August 2013, he was the chief in charge of an internal operational team in Deutsche Bank AG principally involved in the investment research and analysis in the energy industry then.

By the order of the Board  
**AMVIG Holdings Limited**  
**Ge Su**  
*Executive Director*

Hong Kong, 29 March 2021

*As at the date of this announcement, the Board comprises Mr. Ge Su, Mr. Shen Shilin and Mr. Liu Shun Fai as executive Directors, Mr. Wang Hui and Mr. Yeoh Khai Sun 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.*