

# News Release

24 March 2014

## *AMVIG Holdings Limited*

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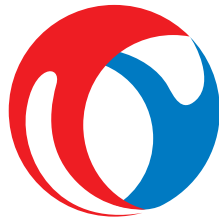
AMVIG Holdings Limited has released its results for the year ended December 31, 2013.

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 2013**

**FINANCIAL HIGHLIGHTS**

- Turnover increased by 4.6% to HK\$3,762 million
- Gross profit increased by 1.7% to HK\$1,099 million
- Gross profit margin decreased from 30.0% to 29.2%
- Earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) increased by 6.0% from HK\$828 million to HK\$878 million
- Profit before tax increased by 3.3% from HK\$693 million to HK\$716 million
- Profit attributable to owners of the Company decreased by 5.6% from HK\$416 million to HK\$392 million
- Basic earnings per share decreased by 5.6% from HK45.0 cents to HK42.5 cents
- Proposed final dividend of HK8.2 cents per share

**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 2013 (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 2013

|                                |      | 2013<br>HK\$'000        | 2012<br>HK\$'000   |
|--------------------------------|------|-------------------------|--------------------|
|                                | Note |                         |                    |
| <b>Turnover</b>                | 3    | <b>3,762,377</b>        | 3,596,117          |
| Cost of goods sold             |      | <u>(2,663,534)</u>      | <u>(2,516,036)</u> |
| <b>Gross profit</b>            |      | <b>1,098,843</b>        | 1,080,081          |
| Other income                   | 4    | <b>90,742</b>           | 58,901             |
| Selling and distribution costs |      | <b>(181,566)</b>        | (189,367)          |
| Administrative expenses        |      | <b>(267,283)</b>        | (255,548)          |
| Other operating expenses       |      | <b>(1,089)</b>          | (1,606)            |
| Finance costs                  |      | <b>(65,510)</b>         | (50,634)           |
| Share of profit of associates  |      | <u><b>41,523</b></u>    | <u>50,960</u>      |
| <b>Profit before tax</b>       | 5    | <b>715,660</b>          | 692,787            |
| Income tax expenses            | 6    | <u><b>(276,130)</b></u> | <u>(238,684)</u>   |
| <b>Profit for the year</b>     |      | <u><b>439,530</b></u>   | <u>454,103</u>     |
| <b>Attributable to:</b>        |      |                         |                    |
| Owners of the Company          |      | <b>392,325</b>          | 415,776            |
| Non-controlling interests      |      | <u><b>47,205</b></u>    | <u>38,327</u>      |
| <b>Earnings per share</b>      |      |                         |                    |
| – Basic (HK cents)             | 7a   | <u><b>42.5</b></u>      | <u>45.0</u>        |
| – Diluted (HK cents)           | 7b   | <u><b>N/A</b></u>       | <u>N/A</u>         |
| <b>Dividends</b>               | 8    | <u><b>156,804</b></u>   | <u>1,163,166</u>   |

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

|  | 2013<br>HK\$'000      | 2012<br>HK\$'000      |
|--|-----------------------|-----------------------|
| <b>Profit for the year</b>                                 | <u>439,530</u>        | <u>454,103</u>        |
| <b>Other comprehensive income:</b>                         |                       |                       |
| <i>Item that may be reclassified to profit or loss:</i>    |                       |                       |
| Exchange gain on translating foreign operations            | <u>108,748</u>        | <u>10,282</u>         |
| <b>Other comprehensive income for the year, net of tax</b> | <u>108,748</u>        | <u>10,282</u>         |
| <b>Total comprehensive income for the year</b>             | <u><u>548,278</u></u> | <u><u>464,385</u></u> |
| <b>Attributable to:</b>                                    |                       |                       |
| Owners of the Company                                      | 495,470               | 424,003               |
| Non-controlling interests                                  | <u>52,808</u>         | <u>40,382</u>         |
|  | <u><u>548,278</u></u> | <u><u>464,385</u></u> |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

|  | Note | 2013<br>HK\$'000        | 2012<br>HK\$'000        |
|--|------|-------------------------|-------------------------|
| <b>ASSETS</b>                                |      |                         |                         |
| <b>Non-current assets</b>                    |      |                         |                         |
| Property, plant and equipment                |      | 706,385                 | 720,207                 |
| Prepaid land lease payments                  |      | 22,182                  | 22,327                  |
| Goodwill                                     |      | 2,728,611               | 2,656,132               |
| Interests in associates                      |      | 141,203                 | 138,360                 |
| Available-for-sale financial assets          |      | 1,766                   | 1,719                   |
| Loan receivables and other assets            |      | 255,639                 | 306,385                 |
|  |      | <u>3,855,786</u>        | <u>3,845,130</u>        |
| <b>Current assets</b>                        |      |                         |                         |
| Inventories                                  |      | 419,044                 | 477,249                 |
| Trade and other receivables                  | 9    | 622,888                 | 862,115                 |
| Prepaid land lease payments                  |      | 755                     | 735                     |
| Prepayments and deposits                     |      | 37,756                  | 45,638                  |
| Pledged bank deposits                        |      | 5,375                   | 14,516                  |
| Bank and cash balances                       |      | 2,269,764               | 1,247,448               |
|  |      | <u>3,355,582</u>        | <u>2,647,701</u>        |
| <b>Total assets</b>                          |      | <u><u>7,211,368</u></u> | <u><u>6,492,831</u></u> |
| <b>EQUITY</b>                                |      |                         |                         |
| <b>Capital and reserves</b>                  |      |                         |                         |
| Share capital                                |      | 9,231                   | 9,231                   |
| Reserves                                     |      | 3,945,518               | 3,620,556               |
|  |      | <u>3,954,749</u>        | <u>3,629,787</u>        |
| Equity attributable to owners of the Company |      | 3,954,749               | 3,629,787               |
| Non-controlling interests                    |      | 215,892                 | 200,653                 |
|  |      | <u>4,170,641</u>        | <u>3,830,440</u>        |
| <b>LIABILITIES</b>                           |      |                         |                         |
| <b>Non-current liabilities</b>               |      |                         |                         |
| Bank borrowings                              |      | 1,540,124               | 1,547,599               |
| Deferred tax liabilities                     |      | 18,539                  | 80,947                  |
|  |      | <u>1,558,663</u>        | <u>1,628,546</u>        |

|  | <i>Note</i> | <b>2013</b><br><b><i>HK\$'000</i></b> | 2012<br><i>HK\$'000</i> |
|--|-------------|---------------------------------------|-------------------------|
| <b>Current liabilities</b>                   |             |                                       |                         |
| Trade and other payables                     | <i>10</i>   | <b>939,380</b>                        | 991,838                 |
| Current tax liabilities                      |             | <b>105,300</b>                        | 42,007                  |
| Current portion of bank borrowings           |             | <b>437,384</b>                        | —                       |
|  |             | <b>1,482,064</b>                      | 1,033,845               |
| <b>Total liabilities</b>                     |             | <b>3,040,727</b>                      | 2,662,391               |
| <b>Total equity and liabilities</b>          |             | <b>7,211,368</b>                      | 6,492,831               |
| <b>Net current assets</b>                    |             | <b>1,873,518</b>                      | 1,613,856               |
| <b>Total assets less current liabilities</b> |             | <b>5,729,304</b>                      | 5,458,986               |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2013. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years except as stated below.

#### a. Amendments to HKAS 1 “Presentation of Financial Statements”

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement that has been applied by the Group. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

#### b. HKFRS 12 “Disclosure of Interests in Other Entities”

HKFRS 12 “Disclosure of Interests in Other Entities” specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affects the disclosures relating to the Company’s subsidiaries and associates in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

### 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, loan receivables, available-for-sale financial assets, prepayments and deposits and other receivables for general administrative use. Segment liabilities do not include other payables and accruals for general administrative use.

Information about reportable segment profit, assets and liabilities:

|  | Printing of<br>cigarette<br>packages<br>2013<br>HK\$'000 | Printing of<br>cigarette<br>packages<br>2012<br>HK\$'000 | Manufacturing<br>of transfer<br>paper and<br>laser film<br>2013<br>HK\$'000 | Manufacturing<br>of transfer<br>paper and<br>laser film<br>2012<br>HK\$'000 | Total<br>2013<br>HK\$'000 | Total<br>2012<br>HK\$'000 |
|--|--|--|---|---|---------------------------|---------------------------|
| <b>Year ended 31 December</b>              |  |  |   |   |                           |                           |
| Revenue from external customers            | 3,716,141  | 3,557,164  | 46,236  | 38,953  | 3,762,377                 | 3,596,117                 |
| Segment profit                             | 575,880  | 690,310  | 9,279   | 12,447  | 585,159                   | 702,757                   |
| Interest income                            | 21,376   | 21,904   | 118   | 135   | 21,494                    | 22,039                    |
| Depreciation and amortisation              | (91,411)   | (80,127)   | (920)   | (830)   | (92,331)                  | (80,957)                  |
| Share of profit of associates              | 35,067   | 40,866   | 6,456   | 10,094  | 41,523                    | 50,960                    |
| Income tax expenses                        | (274,002)  | (185,216)  | (601)   | (463)   | (274,603)                 | (185,679)                 |
| Additions to segment<br>non-current assets | 69,683   | 178,859  | 471   | 653   | 70,154                    | 179,512                   |
| <b>As at 31 December</b>                   |  |  |   |   |                           |                           |
| Segment assets                             | 3,248,040  | 3,125,075  | 74,484  | 63,770  | 3,322,524                 | 3,188,845                 |
| Segment liabilities                        | (972,631)  | (977,480)  | (1,353)   | (1,734)   | (973,984)                 | (979,214)                 |
| Interests in associates                    | 102,526  | 107,078  | 38,677  | 31,282  | 141,203                   | 138,360                   |



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

|   | 2013<br><i>HK\$'000</i>   | 2012<br><i>HK\$'000</i>   |
|---|---------------------------|---------------------------|
| <b>Profit or loss</b>                       |                           |                           |
| Total profit or loss of reportable segments | 585,159                   | 702,757                   |
| Other profit or loss                        | <u>(145,629)</u>          | <u>(248,654)</u>          |
| Consolidated profit for the year            | <u><b>439,530</b></u>     | <u><b>454,103</b></u>     |
| <b>Assets</b>                               |                           |                           |
| Total assets of reportable segments         | 3,322,524                 | 3,188,845                 |
| Goodwill                                    | 2,728,611                 | 2,656,132                 |
| Loan receivables and other assets           | 240,488                   | 245,273                   |
| Available-for-sale financial assets         | 1,766                     | 1,719                     |
| Other assets                                | <u>917,979</u>            | <u>400,862</u>            |
| Consolidated total assets                   | <u><b>7,211,368</b></u>   | <u><b>6,492,831</b></u>   |
| <b>Liabilities</b>                          |                           |                           |
| Total liabilities of reportable segments    | (973,984)                 | (979,214)                 |
| Other liabilities                           | <u>(2,066,743)</u>        | <u>(1,683,177)</u>        |
| Consolidated total liabilities              | <u><b>(3,040,727)</b></u> | <u><b>(2,662,391)</b></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:**

|                                | 2013<br><i>HK\$'000</i> | 2012<br><i>HK\$'000</i> |
|--------------------------------|-------------------------|-------------------------|
| Printing of cigarette packages |                         |                         |
| Customer A                     | 1,537,997               | 1,552,894               |
| Customer B                     | 651,607                 | 623,198                 |
| Customer C                     | 570,851                 | 496,799                 |
| Customer D                     | 423,175                 | 276,521                 |

#### 4. OTHER INCOME

|  | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|--|------------------|------------------|
| Gain on sales of scrapped materials              | 5,088            | 4,676            |
| Interest income                                  | 38,464           | 30,194           |
| Compensation received                            | 171              | 229              |
| Government grants received                       |                  |                  |
| – Unconditional grants relating to expenses item | 2,236            | 3,503            |
| Net exchange gain                                | 42,723           | 11,472           |
| Sundry income                                    | 2,060            | 8,827            |
|  | <u>90,742</u>    | <u>58,901</u>    |

#### 5. PROFIT BEFORE TAX

The Group's profit before tax is stated after charging the following items:

|   | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|---|------------------|------------------|
| Cost of goods sold                          | 2,663,534        | 2,516,036        |
| Depreciation and amortisation               | 96,601           | 84,634           |
| Staff costs including Directors' emoluments | 360,637          | 341,842          |

#### 6. INCOME TAX EXPENSES

|  | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|--|------------------|------------------|
| PRC corporate income tax and withholding tax |                  |                  |
| – Provision for the year                     | 282,032          | 240,374          |
| – (Over)/under provision in prior year       | (3,113)          | 311              |
| Other deferred tax                           | (2,789)          | (2,001)          |
|  | <u>276,130</u>   | <u>238,684</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 before the tax holiday range from 15% to 25%.

#### 7. EARNINGS PER SHARE

- (a) Basic earnings per share of HK42.5 cents (2012: HK45.0 cents) is calculated based on the Group's profit attributable to the owners of the Company for the year of approximately HK\$392,325,000 (2012: HK\$415,776,000) and the weighted average number of shares of approximately 923,129,000 ordinary shares in issue during the year (2012: 923,147,000 shares).
- (b) No diluted earnings per share are presented as the Company did not have any potentially diluted ordinary shares during the two years ended 31 December 2013.

## 8. DIVIDENDS

The dividends paid during the year ended 31 December 2013 were approximately HK\$84,930,000 being final dividend of HK9.2 cents per share for year 2012 and approximately HK\$81,237,000 being interim dividend of HK8.8 cents per share for year 2013. The dividends paid during the year ended 31 December 2012 were approximately HK\$99,700,000 being final dividend of HK10.8 cents per share for year 2011, approximately HK\$81,237,000 being interim dividend of HK8.8 cents per share and approximately HK\$996,999,000 being special dividend of HK108 cents per share for year 2012. A final dividend of HK8.2 cents per share in respect of 2013, amounted to approximately HK\$75,567,000 is proposed by the Board subject to approval by the shareholders at the forthcoming Annual General Meeting. The proposed final dividends are not recognised as liabilities at 31 December 2013.

|   | <b>2013</b><br><b>HK\$'000</b> | 2012<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Interim dividend paid of HK8.8 cents<br>(2012: HK8.8 cents) per share   | <b>81,237</b>                  | 81,237                  |
| Special dividend: Nil<br>(2012: HK108 cents per share)                  | –                              | 996,999                 |
| Proposed final dividend of HK8.2 cents<br>(2012: HK9.2 cents) per share | <u><b>75,567</b></u>           | <u>84,930</u>           |
|   | <u><b>156,804</b></u>          | <u><u>1,163,166</u></u> |

## 9. 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>2013</b><br><b>HK\$'000</b> | 2012<br><i>HK\$'000</i> |
|----------------------------------|--------------------------------|-------------------------|
| Current to 30 days               | <b>321,319</b>                 | 489,941                 |
| 31 to 90 days                    | <b>108,951</b>                 | 220,410                 |
| Over 90 days                     | <u><b>23,761</b></u>           | <u>14,528</u>           |
| Trade receivables                | <b>454,031</b>                 | 724,879                 |
| Bills receivables                | <b>101,224</b>                 | 69,586                  |
| Other receivables – an associate | <b>54,798</b>                  | 56,150                  |
| Other receivables – others       | <u><b>12,835</b></u>           | <u>11,500</u>           |
|                                  | <u><b>622,888</b></u>          | <u><u>862,115</u></u>   |

## 10. TRADE AND OTHER PAYABLES

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

|                        | 2013<br>HK\$'000 | 2012<br>HK\$'000 |
|------------------------|------------------|------------------|
| Current to 30 days     | 258,067          | 302,935          |
| 31 to 90 days          | 195,762          | 257,400          |
| Over 90 days           | 26,600           | 28,431           |
| Trade payables         | 480,429          | 588,766          |
| Bills payables-secured | –                | 15,824           |
| Other payables         | 458,951          | 387,248          |
|                        | <b>939,380</b>   | <b>991,838</b>   |

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The management of AMVIG is pleased to report its financial results of 2013. The Group has managed a growth in turnover for a fourth consecutive year in 2013 through relentless marketing efforts.

On the other hand, the implementation of tendering by tobacco groups (the “Tendering”) has continued to put pressure on the overall selling prices of the Group’s products. As such, the Group has focused on reducing costs, improving efficiencies and increasing sales volume through organic growth to cushion the drop in selling prices. During the year, the management continued to implement its profit improvement programs, which was launched a couple of years ago, to counteract the impact of price reduction as a result of the Tendering. Operational indicators including machine running speed, manning and wastage are constantly monitored. Abnormalities are rectified on a timely basis. New machines were also installed so as to increase productivity, reduce wastages and labor costs. The overall impact on our gross profit margin was mild.

Overall expenses were also contained at a satisfactory level. The Group’s EBITDA increased by 6.0% from HK\$828 million to HK\$878 million. Profit before tax also increased by 3.3% from HK\$693 million to HK\$716 million.

However, the expiry of the tax holiday for one of our plants has caused a rise in taxation expenses. This together with increased share of profit by non-controlling interests, led to a drop in profit attributable to owners of 5.6% when compared to last year.

Although there was a mild drop in profit attributable to owners, the operational cash flow of the Group remained strong. During the Reporting Period, the net operational cash inflow of the Group amounted to HK\$822 million.

Leveraged on the support of our customers and our major shareholder, Amcor Limited, together with an effective management system and financial discipline, we are well positioned to capture any future opportunities that may arise.

## **FINANCIAL REVIEW**

### **Turnover**

During the Reporting Period, the Group has recorded a slight growth in turnover of 4.6% from HK\$3,596 million to HK\$3,762 million. The growth is mainly attributed to the increase in sales volume.

### **Gross Profit**

During the Reporting Period, the overall gross profit margin was 29.2%, which represents a drop of 0.8 percentage points when compared to that of last year. The slight drop in gross profit margin was the result of the ongoing Tendering, the effect of which was mitigated by the Group's efforts in cost savings. Gross profit amount increased from HK\$1,080 million to HK\$1,099 million.

### **Other Income**

The increase in other income was mainly due to the recognition of exchange gain on revaluing borrowings denominated in weakening Hong Kong dollars against the strengthening Renminbi, being the Company's functional currency, during the Reporting Period.

### **Operating Costs**

Operating costs (including administrative expenses, selling and distribution costs and other operating expenses) increased slightly by HK\$3.4 million from HK\$446.5 million in 2012 to HK\$449.9 million in 2013. Operating costs expressed as a percentage of turnover decreased from 12.4% in 2012 to 12.0% in the Reporting Period. The slight increase in operating costs was mainly due to more efforts spent to expand marketing networks, resulted in growth in turnover. The decrease in operating costs as a percentage of sales was mainly due to management ability in containing costs.

### **Finance Costs**

Finance costs increased from HK\$50.6 million in 2012 to HK\$65.5 million for the Reporting Period. The increase was mainly due to the increase in bank borrowings as the Group's capital structure was rationalized in the second half of 2012.

### **Share of Profit of Associates**

Share of profit of associates decreased from HK\$51 million in 2012 to HK\$41.5 million for the Reporting Period. The decline in share of profit of associates was mainly due to drop in average selling prices of Nanjing Sanlong Packing Co., Ltd. as a result of the Tendering.

### **Taxation**

The effective tax rate of the Group rose by 4.1 percentage points from 34.5% in 2012 to 38.6% in 2013. This was mainly due to the expiry of the tax holiday for the Dongguan KWG Colour Printing Co., Ltd. ("Dongguan KWG Plant") in 2013, and as a result it is subject to full statutory tax rate of 25% instead of a reduced tax rate of 12.5% as in 2012. The effective tax rate of the Group was higher than the PRC statutory enterprise income tax rate of 25% due to non-tax deductibility of certain expenses incurred.

## Profit attributable to Owners of the Company

The Group achieved a profit attributable to owners of the Company of HK\$392.3 million during the Reporting Period, representing a decrease of 5.6% from HK\$415.8 million in 2012. The decrease was mainly due to increase in tax paid by Dongguan KWG Plant when its tax holiday expired in 2013.

## 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 HK8.2 cents per share for the year ended 31 December 2013 (2012: HK9.2 cents) to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 24 June 2014. 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 around 31 July 2014.

## Financial Position

As at 31 December 2013, total assets of the Group amounted to HK\$7,211 million and its total liabilities amounted to HK\$3,041 million, representing an increase of HK\$719 million and HK\$378 million, respectively as compared to 31 December 2012.

## Borrowings and Banking Facilities

As at 31 December 2013, the Group had gross interest-bearing borrowings of approximately HK\$1,978 million (31 December 2012: HK\$1,548 million), representing an increase of HK\$430 million over the last year end. The increase of bank borrowings was due to the drawdown of unutilized banking facilities.

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>2013</b><br><b>HK\$'000</b> | 2012<br>HK\$'000 |
|---|--------------------------------|------------------|
| On demand or within one year  | <b>437,384</b>                 | —                |
| In the second year  | <b>741,693</b>                 | 425,312          |
| In the third to fifth years, inclusive  | <b>798,431</b>                 | 1,122,287        |
|   | <b>1,977,508</b>               | 1,547,599        |
| Less: Amount due for settlement within 12 months<br>(shown under current liabilities) | <b>(437,384)</b>               | —                |
| Amount due for settlement after 12 months   | <b>1,540,124</b>               | 1,547,599        |

As of 31 December 2013, the Group did not have any committed but undrawn banking facilities (31 December 2012: HK\$420 million).

### **Capital Structure**

As at 31 December 2013, the Group had net assets of HK\$4,171 million comprising non-current assets of HK\$3,856 million, net current assets of HK\$1,874 million and non-current liabilities of HK\$1,559 million.

Gearing ratio, measured by total interest-bearing borrowings as a percentage of equity, increased from 40.4% as at 31 December 2012 to 47.4% as at 31 December 2013. Such increase was primarily due to the drawdown of unutilized banking facilities during the first half of 2013.

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

As at 31 December 2013, assets with carrying amount of approximately HK\$5 million (31 December 2012: HK\$15 million) were pledged to banks in respect of banking facilities granted to the Group.

### **Contingent Liabilities**

As at 31 December 2013, the Group did not have any significant contingent liabilities (31 December 2012: Nil).

### **Capital Commitments**

As at 31 December 2013, the Group had capital commitments contracted but not provided for in respect of acquisition of property, plant and equipment of HK\$43 million (31 December 2012: HK\$20 million).

### **Working Capital**

The current ratio decreased from 256% at last year end to 226% at 31 December 2013 due to the reclassification of bank borrowings of HK\$437 million from non-current liabilities at last year end to current liabilities as at 31 December 2013, since they have become due within one 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.

## PROSPECTS

With the support from our customers, we will strive to continue to improve our performance. Additional machines will be installed to further promote automation (and hence reduce labor costs), increase production capacities, reduce wastages as well as improve productivity.

The management would like to take this opportunity to show our appreciation to the great support of all the shareholders and customers. We would also like to extend our gratitude to our Board members, management team and all 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 return value to our shareholders.

## REMUNERATION POLICIES AND EMPLOYEE INFORMATION

As at 31 December 2013, the Group had 2,531 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\$361 million (2012: HK\$342 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.

## SUPPLEMENTARY INFORMATION

### Purchase, sale or redemption of the Company's listed securities

The Company repurchased a total of 1,176,000 shares on the Stock Exchange during the year ended 31 December 2013. Details of the repurchases are as follows:

| Date of repurchases | Total number<br>of shares<br>repurchased | Repurchase price<br>per share |                | Total<br>amount paid<br>HK\$ |
|---------------------|--|-------------------------------|----------------|------------------------------|
|                     |  | Highest<br>HK\$               | Lowest<br>HK\$ |                              |
| 20 December 2013    | 248,000                                  | 3.5995                        | 3.595          | 892,640                      |
| 23 December 2013    | 60,000                                   | 3.61                          | 3.61           | 216,600                      |
| 27 December 2013    | 468,000                                  | 3.74                          | 3.67           | 1,725,740                    |
| 30 December 2013    | 378,000                                  | 3.73                          | 3.67           | 1,408,660                    |
| 31 December 2013    | 22,000                                   | 3.70                          | 3.69           | 81,380                       |
|                     | <u>1,176,000</u>                         |                               |                | <u>4,325,020</u>             |

The repurchased shares above were yet to be cancelled as at 31 December 2013.



The repurchase of the Company's shares during the year was effected by the Directors, pursuant to the repurchase mandate granted by the shareholders of the Company at the annual general meeting held on 13 June 2013, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

### **Closure of register of members**

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

1. from Monday, 9 June 2014 to Wednesday, 11 June 2014 (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 Thursday, 12 June 2014. 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (or at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong effective from 31 March 2014), not later than 4:00 p.m. on Friday, 6 June 2014; and
2. from Monday, 23 June 2014 to Tuesday, 24 June 2014 (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 2013. 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (or at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong effective from 31 March 2014), not later than 4:00 p.m. on Friday, 20 June 2014.

### **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 2013 have been agreed by the Group's auditors, RSM Nelson Wheeler, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2013. The work performed by RSM Nelson Wheeler 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 Nelson Wheeler on the preliminary announcement.

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

Hong Kong, 21 March 2014

*As at the date of this announcement, the Board comprised Mr. Chan Chew Keak, Billy as non-executive Chairman, Mr. Chan Sai Wai, Mr. Ng Sai Kit and Mr. Ge Su as executive Directors, Mr. Jerzy Czubak and Mr. Ralf Klaus Wunderlich 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*