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AUX INTERNATIONAL HOLDINGS LIMITED

奧克斯國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2080)

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE ACQUISITION OF 100% INTEREST
IN THE TARGET COMPANY**

THE ACQUISITION

The Board is pleased to announce that on 30 April 2019 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into the Agreement, pursuant to which the Purchaser acquired the Sale Shares for a total consideration of HK\$6,500,000 which was funded by the Net Proceeds. As a result of the Acquisition, which was completed on the same day, the Target Company and its subsidiaries became indirect wholly-owned subsidiaries of the Company and the financial results of which are consolidated into the financial statements of the Group. The principal business of the Target Group is the operation of three restaurant and bar outlets under the brand of “Mini Club” in Causeway Bay, Tsim Sha Tsui and Mong Kok respectively.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

THE ACQUISITION

The Board is pleased to announce that on 30 April 2019 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into the Agreement, pursuant to which the Purchaser acquired the Sale Shares for a total consideration of HK\$6,500,000.

The details of the Agreement are as follows:

The Agreement

Date 30 April 2019 (after trading hours)

Parties

The Purchaser: Po Tai Holdings Limited, an indirect wholly-owned subsidiary of the Company.

The Vendor: Supreme Park Limited, an investment holding company wholly-owned by the Guarantor, which held 100% of the total issued share capital of the Target Company immediately before Completion.

The Guarantor: An individual and the ultimate beneficial owner of the Vendor.

Pursuant to the Agreement, the Guarantor unconditionally and irrevocably guarantees to the Purchaser the due and punctual performance by the Vendor of all its obligations under the Agreement (whether directly or indirectly), including but not limited to the Vendor's warranties under the Agreement. The Guarantor also undertakes to indemnify the Purchaser and keep the Purchaser fully indemnified against all liabilities, losses, costs, expenses and damage by reason of or in connection with any failure of the Vendor to perform any of its obligations under the Agreement. Until the Vendor's obligations under the Agreement have been fully discharged and/or waived, the Guarantor's obligations under the Agreement will remain in effect.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Vendor and the Guarantor are Independent Third Parties.

Subject matter

Pursuant to the Agreement, the Purchaser has purchased and the Vendor has sold the Sale Shares, representing 100% of the total issued share capital of the Target Company as at the date of this announcement.

Upon Completion, the Target Company and its subsidiaries became wholly-owned subsidiaries of the Company. The Target Group is principally engaged in the operation of three restaurant and bar outlets under the brand of "Mini Club" in Causeway Bay, Tsim Sha Tsui and Mong Kok respectively. Detailed information on the Target Group is set out in the paragraph headed "Information on the Target Group" of this announcement.

Consideration

The total consideration in the amount of HK\$6,500,000 was funded by the Net Proceeds, HK\$100,000 of which has been paid to the Vendor in cash as a security deposit under the Memorandum of Understanding and the remaining HK\$6,400,000 of which shall be paid to the Vendor by the Purchaser in the following manner:

- (1) HK\$5,550,000 via banker's cashier order drawn on a licensed bank in Hong Kong upon the signing of the Agreement; and
- (2) HK\$850,000 via banker's cashier order drawn on a licensed bank in Hong Kong or bank transfer to the Vendor's designated bank account in Hong Kong within seven Business Days from the date of successful transfer of the Light Refreshment Restaurant Licence of Mini Club Mong Kok outlet.

The consideration was arrived at based on normal commercial terms and after arm's length negotiations between the Purchaser and the Vendor with reference to the net asset value based on the unaudited management accounts of the Target Group as at 31 January 2019, the geographic locations of the Target Business, the prospects of the Target Business and the set-up cost of like business of similar size.

Taking into consideration of the above factors, the Directors are of the view that the consideration paid for the Acquisition is fair and reasonable.

Completion

Completion of the Acquisition took place on the same day as the Agreement.

INFORMATION ON THE PARTIES

The Purchaser

The Purchaser is an investment holding company incorporated in Hong Kong and indirectly wholly-owned by the Company.

The Company is the holding company of its subsidiaries whose principal business activities include the operation of clubbing business in Hong Kong and the provision of property management services in the PRC.

The Vendor

The Vendor is an investment holding company incorporated in the BVI with limited liability and wholly-owned by the Guarantor, an individual who, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, is an Independent Third Party.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in Hong Kong with limited liability on 19 January 2018. As at the date of this announcement and upon Completion, the Target Company and its subsidiaries became indirect wholly-owned subsidiaries of the Company.

The Target Group is principally engaged in the operation of three restaurant and bar outlets under the brand of “Mini Club” in Causeway Bay, Tsim Sha Tsui and Mong Kok respectively.

As at the date of this announcement, the Target Group has obtained all the necessary licenses material to its operations including but not limited to business registration licenses, restaurant licenses and liquor licenses.

Financial information of the Target Group

Set out below is the financial information of each of Smart Leader and Legend Management, the two operating subsidiaries of the Target Group, based on their audited financial statements prepared in accordance with the Hong Kong Financial Reporting Standards and their unaudited management accounts:

Smart Leader

	For the years ended 31 March		For the ten months ended 31 January
	2017	2018	2019
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Turnover	1,740,000	1,740,000	0
Net profit/(loss) before taxation	10,273	(17,768)	(1)
Net profit/(loss) after taxation	10,273	(17,768)	(1)

	As at 31 March		As at 31 January
	2017	2018	2019
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Net assets/(liabilities)	(832,127)	(849,895)	(849,900)

Legend Management

	For the years ended		For the ten
	31 March		months ended
	2017	2018	31 January
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Turnover	2,040,000	20,480,166	14,257,732
Net profit/(loss) before taxation	(48,315)	149,434	1,144,701
Net profit/(loss) after taxation	(48,315)	149,434	955,825
	As at 31 March		As at
	2017	2018	31 January
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Net assets/(liabilities)	(188,388)	(38,954)	916,871

Set out below is the unaudited management accounts as at 31 January 2019 of each of MCHK and MCMK, the two investment holding companies of the Target Group:

MCHK (Note)

	From the date of	
	incorporation to 31 January	
	2018	2019
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>HK\$</i>	<i>HK\$</i>
Turnover	—	—
Net profit/(loss) before taxation	—	—
Net profit/(loss) after taxation	—	(3,245)
	As at 31 January	
	2018	2019
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>HK\$</i>	<i>HK\$</i>
Net assets/(liabilities)	—	(3,244)

MCMK (Note)

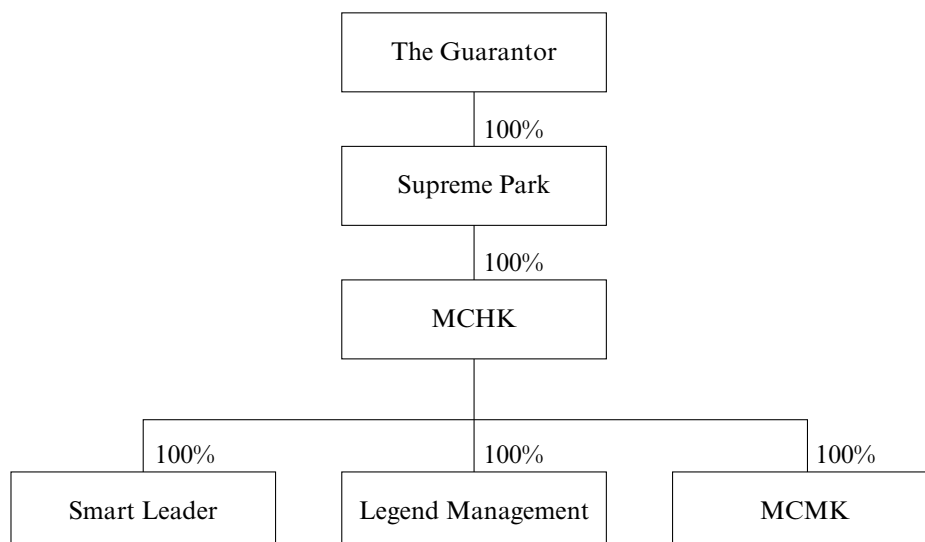
	From the date of incorporation to 31 January	
	2018 <i>(unaudited)</i> <i>HK\$</i>	2019 <i>(unaudited)</i> <i>HK\$</i>
Turnover	—	—
Net profit/(loss) before taxation	—	—
Net profit/(loss) after taxation	—	—
	As at 31 January	
	2018 <i>(unaudited)</i> <i>HK\$</i>	2019 <i>(unaudited)</i> <i>HK\$</i>
Net assets/(liabilities)	—	1

Note: MCHK and MCMK have both been incorporated for less than 18 months and no audited financial statements were available as at the date of this announcement.

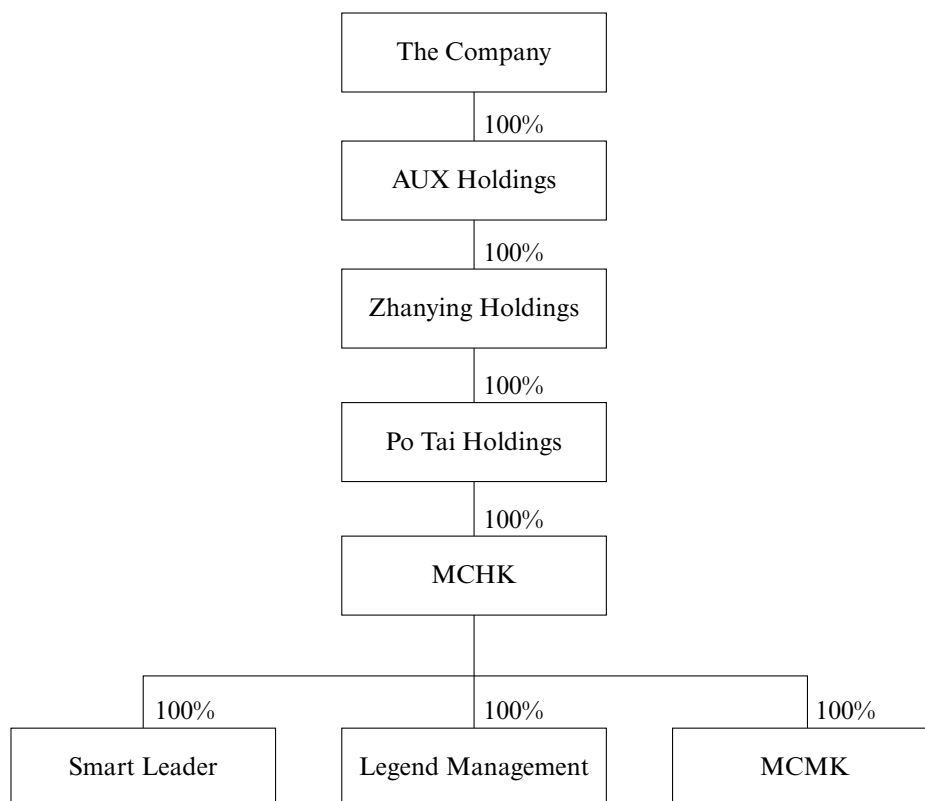
Shareholding and corporate structure of the Target Group

The following charts illustrate the shareholding structure of the Target Company (i) immediately before Completion and (ii) immediately upon Completion, respectively.

(i) Immediately before Completion:



(ii) Immediately upon Completion:



REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Group is principally engaged in the operation of three restaurant and bar outlets under the brand of “Mini Club” in Causeway Bay, Tsim Sha Tsui and Mong Kok respectively.

The principal activities of the Group include operation of clubbing business in Hong Kong and provision of property management services in the PRC.

The Group has a long history in operating clubbing businesses and the Acquisition represents a strategic opportunity for the Group to expand its (i) scope of services by venturing into the restaurant and bar industry and (ii) geographical presence by acquiring the three restaurant and bar outlets in Causeway Bay, Tsim Sha Tsui and Mong Kok, which are in line with the overall business strategy and expansion plan of the Group to diversify its income source and enhance Shareholders’ investment return. The Board believes that the Acquisition has the following benefits compared to the setting up of new restaurant and bar outlets, namely (i) shorter set-up time to expedite our Group’s entry into the new market and make use of the existing goodwill of “Mini Club”; (ii) immediate revenue contribution to the Group; and (iii) application of the Net Proceeds as intended.

Upon Completion, the Target Company and its subsidiaries became indirect wholly-owned subsidiaries of the Company and the financial results of which are consolidated into the financial statements of the Group.

The Directors (including the independent non-executive Directors) consider that the Acquisition was conducted under normal commercial terms that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the Agreement
“Agreement”	the sale and purchase agreement entered into between the Purchaser, the Vendor and the Guarantor on 30 April 2019 in relation to the Acquisition
“AUX Holdings”	AUX Holdings Limited (奧克斯控股有限公司), a company incorporated in the Cayman Islands with limited liability and wholly-owned by the Company
“Board”	the board of Directors of the Company
“Business Day(s)”	any day (except a Saturday, Sunday and public holiday) on which banks in Hong Kong are open to the general public for business
“BVI”	the British Virgin Islands
“Company”	AUX International Holdings Limited (奧克斯國際控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition contemplated under the Agreement

“Connected Persons”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	an individual and the ultimate beneficial owner of the Vendor and the guarantor under the Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Legend Management”	Legend Management Limited, a company incorporated in Hong Kong on 20 April 2015 with limited liability and wholly-owned by the Target Company and one of the major operating subsidiaries of the Target Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MCMK”	Mini Club Mong Kok Limited, an investment holding company incorporated in Hong Kong on 19 January 2018 with limited liability and wholly-owned by the Target Company
“Memorandum of Understanding”	the non-binding memorandum of understanding entered into between the Vendor and the Purchaser on 8 March 2019 for the purpose of the due diligence exercise conducted on the Target Group by the Purchaser
“Net Proceeds”	The net proceeds raised from the placing of Shares in the Company completed in July 2017 which were intended for, among other uses, financing potential investments or acquisitions
“PRC”	People’s Republic of China
“Purchaser” or “Po Tai Holdings”	Po Tai Holdings Limited (寶泰控股有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“Sale Shares”	100% of the total issued share capital in the Target Company as at the date of this announcement and at Completion
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Smart Leader”	Smart Leader Investments Limited (領傑投資有限公司), a company incorporated in Hong Kong on 1 March 2013 with limited liability and wholly-owned by the Target Company and one of the major operating subsidiaries of the Target Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Business”	the operation of three restaurant and bar outlets under the brand of “Mini Club” in Causeway Bay, Tsim Sha Tsui and Mong Kok respectively
“Target Company” or “MCHK”	Mini Club Hong Kong Limited, an investment holding company incorporated in Hong Kong on 19 January 2018 with limited liability and wholly-owned by the Purchaser upon Completion
“Target Group”	the Target Company and its subsidiaries from time to time, including without limitation, Smart Leader, Legend Management and MCMK
“Vendor” or “Supreme Park”	Supreme Park Limited, a company incorporated in the BVI with limited liability and wholly-owned by the Guarantor
“Zhanying Holdings”	Zhanying Holdings Limited (展英控股有限公司), a company incorporated in the BVI with limited liability and wholly-owned by AUX Holdings
“%”	per cent

By order of the Board
AUX International Holdings Limited
Zhang Jingguo
Chairman

Hong Kong, 30 April 2019

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Jingguo, Mr. Zheng Jiang, Mr. Chan Hon Ki and Ms. Shen Guoying, and the independent non-executive directors of the Company are Mr. Poon Chiu Kwok, Mr. Bau Siu Fung and Ms. Lou Aidong.