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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board (the "**Board**") of directors (the "**Directors**") of AUX International Holdings Limited (the "**Company**") announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 September 2017 together with the comparative figures for the six months ended 30 September 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 September 2017 - unaudited
(Expressed in Hong Kong dollars)

	Note	**Six months ended 30 September 2017** *$'000*	2016 *$'000*
Revenue	*3*	**127,345**	54,431
Other revenue	*4*	**1,370**	8
Other net loss	*5*	**–**	(90)
Cost of inventories sold	*6(d)*	**(12,807)**	(12,174)
Property cleaning expenses		**(12,952)**	–
Staff costs	*6(b)*	**(45,983)**	(10,474)
Depreciation and amortisation	*6(d)*	**(7,832)**	(5,956)
Property rentals and related expenses		**(18,771)**	(19,338)
Impairment losses on property, plant and equipment	*6(d)*	**–**	(5,130)
Advertising and marketing expenses		**(6,702)**	(4,948)
Other operating expenses		**(23,526)**	(6,746)
Profit/(loss) from operations		**142**	(10,417)
Finance costs	*6(a)*	**(290)**	–
Loss before taxation	*6*	**(148)**	(10,417)
Income tax	*7*	**(2,701)**	(1,909)
Loss for the period		**(2,849)**	(12,326)
Loss per share	*8*		
Basic and diluted		**(0.9) cent**	(3.9) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2017 – unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2017	2016
	$'000	*$'000*
Loss for the period	**(2,849)**	(12,326)
Other comprehensive income for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of the financial statements (nil tax effect)	**283**	–
Total comprehensive income for the period	**(2,566)**	(12,326)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 September 2017 - unaudited
(Expressed in Hong Kong dollars)

	Note	**At 30 September 2017** **$'000**	At 31 March 2017 *$'000*
Non-current assets			
Property, plant and equipment		**24,644**	26,303
Intangible asset		**73,227**	–
Goodwill		**57,257**	–
Prepayment		**46**	–
Deferred tax assets		**1,679**	706
		156,853	27,009
Current assets			
Inventories		**2,393**	4,348
Trade and other receivables	*9*	**60,269**	17,123
Amount due from a related party		**2,700**	2,160
Restricted bank deposits		**3,580**	–
Pledged bank deposits		**1,000**	1,000
Cash at bank and in hand		**195,581**	93,589
		265,523	118,220
Current liabilities			
Trade and other payables	*10*	**118,271**	32,497
Current taxation		**3,792**	–
		122,063	32,497
Net current assets		**143,460**	85,723
Total assets less current liabilities		**300,313**	**112,732**
Non-current liabilities			
Loan from controlling shareholder		**117,771**	–
Deferred tax liabilities		**18,318**	–
		136,089	–
NET ASSETS		**164,224**	112,732
CAPITAL AND RESERVES	*11*		
Share capital		**3,750**	3,150
Reserves		**160,474**	109,582
TOTAL EQUITY		**164,224**	112,732

NOTES

(Expressed in Hong Kong dollars)

1 BASIS OF PREPARATION

(a) General information

AUX International Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 14 January 2013 as an exempted company with limited liability under the Companies Law (2013 Revision) (as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") is principally engaged in operation of clubbing business and provision of property management services.

(b) Statement of compliance

The interim financial information set out in this announcement does not constitute the Group's interim financial report for the period ended 30 September 2017 but is extracted from such interim financial report.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 27 November 2017.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the financial year ended 31 March 2017, except for the accounting policy changes that are expected to be reflected in the consolidated financial statements for the financial year ending 31 March 2018. Details of any changes in accounting policies are set out in note 2.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "*Review of interim financial information performed by the independent auditor of the entity*", issued by the HKICPA, whose unmodified review report is included in the interim report to be sent to shareholders.

The financial information relating to the financial year ended 31 March 2017 that is included in this announcement as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2017 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 22 June 2017.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the operation of clubbing business and provision of property management services.

Revenue represents the amount received or receivable from the sale of beverages and tobacco products, revenue from club operations (including entrance fees, cloakroom fees and event rental income), sponsorship income and income arising from provision of property management services.

The amount of each significant category of revenue is as follows:

	Six months ended 30 September	
	2017	2016
	$'000	*$'000*
Sales of beverages and tobacco products	**46,126**	44,658
Revenue from other club operations	**8,571**	9,773
Property management services income	**72,648**	–
	127,345	54,431

The Group's customer base is diversified and no individual customer had transactions which exceeded 10% of the Group's revenue during the six months ended 30 September 2017 and 2016.

(b) Segment reporting

Management has determined operating segment with reference to the reports reviewed by the chief operating decision maker of the Group that are used to assess the performance and allocate resources.

In the prior years, the chief operating decision maker of the Group assessed the performance and allocated the resources of the Group as a whole, as all of the Group's activities were considered to be primarily dependent on the operation of clubbing business in Hong Kong. Therefore, management considered there was only one operating segment under the requirements of HKFRS 8, *Operating Segments*. Accordingly, no segment information and geographic information were presented in the prior years.

The Group has managed its businesses by divisions since its acquisition of Ningbo AUX Property Management Services Co., Ltd ("**Ningbo AUX Property**"), which are organised by business line and geography. In a manner consistent with the way in which information is reported internally to the chief operating decision maker of the Group for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Information about profit or loss, assets and liabilities

Information regarding the Group's reportable segments as provided to the chief operating decision maker of the Group for the purposes of resource allocation and assessment of segment performance for the six months ended 30 September 2017 is set out below.

	Operation of clubbing business – Hong Kong *$'000*	**Property management – the PRC** *$'000*	**Total** *$'000*
For the six months ended 30 September 2017			
Revenue from external customers and reportable segment revenue	**54,697**	**72,648**	**127,345**
Reportable segment (loss)/profit	**(1,878)**	**14,728**	**12,850**
As at 30 September 2017			
Reportable segment assets	**56,992**	**301,157**	**358,149**
Reportable segment liabilities	**24,345**	**90,757**	**115,102**

The measure used for reporting segment profit/(loss) is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration of head office and other head office or corporate administration costs.

(ii) *Reconciliations of reportable segment profit or loss*

	Six months ended 30 September 2017
	$'000
Reportable segment profit derived from the Group's external customers	**12,850**
Other revenue	**1,370**
Depreciation and amortisation	**(7,832)**
Finance costs	**(290)**
Unallocated head office and corporate expenses	**(6,246)**
Consolidated loss before taxation	**(148)**

4 OTHER REVENUE

	Six months ended 30 September	
	2017	2016
	$'000	*$'000*
Bank interest income	**329**	8
Income from available-for-sale financial assets	**751**	–
Others	**290**	–
	1,370	8

5 OTHER NET LOSS

	Six months ended 30 September	
	2017	2016
	$'000	*$'000*
Loss on disposal of property, plant and equipment	**–**	(90)

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 September	
	2017	2016
	$'000	*$'000*
(a) Finance costs		
Interest expenses on loan from controlling shareholder	**290**	–
(b) Staff costs (including directors' remuneration)		
Contributions to defined contribution retirement plan	**5,746**	352
Salaries, wages and other benefits	**40,237**	10,122
	45,983	10,474
(c) Property rentals		
Operating lease charges: minimum lease payments – property rentals	**16,821**	17,083
(d) Other items		
Depreciation	**4,694**	5,956
Amortisation	**3,138**	–
Cost of inventories sold	**12,807**	12,174
Impairment losses on property, plant and equipment	**–**	5,130
Impairment losses on trade receivables	**579**	–

7 INCOME TAX

	Six months ended 30 September	
	2017	2016
	$'000	*$'000*
Current tax – the PRC		
Provision for the period	**3,591**	–
Deferred tax		
Origination and reversal of temporary differences	**(890)**	1,909
	2,701	1,909

(a) No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2017 and 2016, as the subsidiaries of the Group either sustained a loss for taxation purpose or their unused tax losses were sufficient to cover their estimated assessable profits.

(b) According to the PRC Corporate Income Tax Law, the PRC's statutory income tax rate is 25%.

Among the branches of Ningbo AUX Property in the PRC, the Chengdu Branch was entitled to a preferential tax rate of 15% under the Enterprise Income Tax Preference Policies for the Western Development. The directors are of the view that it is highly probable that the Chengdu Branch will entitle the same preferential tax rate and 15% is adopted in estimating the tax provision for the six months ended 30 September 2017.

(c) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in these jurisdictions.

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of $2,849,000 (six months ended 30 September 2016: $12,326,000) and the weighted average of 334,656,000 (six months ended 30 September 2016: 314,984,000) ordinary shares in issue during the interim period.

(b) Diluted loss per share

The diluted loss per share is the same as basic loss per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 September 2017 and 2016.

9 TRADE AND OTHER RECEIVABLES

	At 30 September 2017 $'000	At 31 March 2017 $'000
Trade receivables *(note)*	**37,586**	609
Less: allowance for doubtful debts	**(2,879)**	–
	34,707	609
Deposits, prepayments and other receivables	**25,608**	16,514
	60,315	17,123
Less: non-current prepayment	**(46)**	–
	60,269	17,123

Note: At 30 September 2017, trade receivables of the Group included amount due from related parties of $9,140,000 (31 March 2017: $Nil). The amount represents property management fee receivable arisen in the ordinary course of business.

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the date of revenue recognition and net of allowance for doubtful debts, is as follows:

	At 30 September 2017 $'000	At 31 March 2017 $'000
Within 1 year	**30,049**	609
Over 1 year but within 2 years	**3,651**	–
Over 2 years but within 3 years	**804**	–
Over 3 years	**203**	–
	34,707	609

The amount of the Group's deposits, prepayments and other receivables expected to be recovered or recognised as expense after more than one year is $13,560,000 (31 March 2017: $12,341,000), which mainly represents rental deposits for clubs of the Group. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

10 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 September 2017	At 31 March 2017
	$'000	*$'000*
Trade creditors		
– within 1 year	**12,928**	3,960
Receipts in advance	**35,542**	5,609
Deposits received from property occupants/owners	**28,884**	–
Receipts on behalf of residents	**7,784**	–
Amounts due to related parties *(note)*	**3,294**	–
Other payables and accrued charges	**29,839**	22,928
	118,271	32,497

Note: The amounts are unsecured, interest-free and repayable within one year.

11 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends payable to equity shareholders attributable to the interim period

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2017 and 2016.

(b) Share capital

	At 30 September 2017		At 31 March 2017	
	No. of shares	Amount	**No. of shares**	Amount
	'000	*$'000*	***'000***	*$'000*
Authorised:				
Ordinary shares of $0.01 each	**10,000,000**	100,000	**10,000,000**	100,000
Ordinary shares, issued and fully paid:				
At 1 April 2017/1 April 2016	**314,984**	3,150	**314,984**	3,150
Placing of new shares	**60,000**	600	**–**	–
At 30 September 2017/31 March 2017	**374,984**	3,750	**314,984**	3,150

On 2 August 2017, 60,000,000 new shares were issued to the placees at the placing price of $0.91 per share pursuant to the placing agreement dated 10 July 2017.

12 ACQUISITION OF SUBSIDIARY

In May 2017, Starry Chance Limited, a wholly-owned subsidiary of the Company, acquired the entire equity interest of Ningbo AUX Property at a consideration of RMB153,000,000 (equivalent to $179,691,000). The purchase consideration has been settled in cash.

The fair value of net identifiable assets acquired and the goodwill arising from the transaction are as follows:

	Fair value at date of acquisition
	$'000
Property, plant and equipment	1,342
Intangible asset	76,339
Deferred tax assets	876
Available-for-sale financial assets	105,700
Inventories	54
Trade and other receivables	37,937
Restricted bank deposits	1,741
Cash and cash equivalents	2,552
Trade and other payables	(80,517)
Current taxation	(4,451)
Deferred tax liabilities	(19,085)
Net identifiable assets acquired	122,488
Goodwill	57,203
	179,691

Analysis of net cash outflow of cash and cash equivalents in respect of acquisition of Ningbo AUX Property:

	$'000
Cash consideration	(179,691)
Cash and cash equivalents acquired	2,552
Net cash outflow	(177,139)

The intangible asset represents the property management contracts and customer relationships with a useful life of 10 years arising from the acquisition of Ningbo AUX Property. As at 30 September 2017, the carrying amount of the intangible asset amounted to $73,227,000.

The above goodwill represents the excess of the fair value of purchase consideration over the net fair value of Ningbo AUX Property's identifiable assets and liabilities measured as at the acquisition date.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

On 7 November 2016, Starry Chance Limited, a wholly-owned subsidiary of AUX International Holdings Limited ("**the Company**"), entered into an agreement to acquire Ningbo AUX Property Management Services Co., Ltd ("**Ningbo AUX Property**"). The conditions precedent for such acquisition were fully satisfied on 5 May 2017 and Ningbo AUX Property became a wholly-owned subsidiary of the Company on that day.

The principal business activities of the Company and its subsidiaries (the "**Group**") are operation of clubbing business in Hong Kong (the "**clubbing business segment**") and provision of property management services in the PRC (the "**property management segment**").

The acquisition of Ningbo AUX Property has diversified the Group's income stream and enhanced the Company's earning profile. The Group's revenue and net result achieved during the six months ended 30 September 2017 have been encouraging and improved significantly as compared with the six months ended 30 September 2016.

Business review – clubbing business Segment

During the period under review, we continued to operate two clubs, namely Zentral and Magnum Club, which are characterised by their contemporary and elegant style with a span of over 20,000 square feet in the heart of Lan Kwai Fong area.

The Group offers different vibrant venues that function not only as a club, but also, has successfully built a niche for hosting private parties, corporate events, live entertainment, fashion and shows, filming location and film premiere among others.

Being a leading entertainment service and venue provider, Zentral has a distinct theme expressed through its style and design for targeting the customers of age between 18-45. Moreover, Zentral deployed state-of-the-art facilities for ensuring high-quality clubbing enjoyment to the customers, as well as to the event organisers in considering innovative venues on any given occasions.

Business review property management segment

The Group has entered into property management services with an aim to fully benefit from the promising growth in the PRC property management industry.

As a complex property management service provider, the Group provides complete services to various types of properties, which mainly focuses on residential properties and also cover non-residential properties such as A-class office buildings, commercial complex, medium to high end residential area, hospitals and industrial parks.

As at 30 September 2017, Ningbo AUX Property has 11 branches providing property management services in 11 cities namely, Shanghai, Ningbo, Tianjin, Nanjing, Hangzhou, Nanchang, Changsha, Jiujiang, Jinhua, Chengdu and Qingdao.

As at 30 September 2017, the Group managed over 23 projects with a gross floor area of approximately 4.84 million square meter.

FINANCIAL REVIEW

Revenue

The Group's revenue recorded approximately HK$127.3 million for the six months ended 30 September 2017, representing an increase of 134.0% as compared with approximately HK$54.4 million for the six months ended 30 September 2016. Following the acquisition of Ningbo AUX Property, the Group has started to record a revenue of HK$72.6 million from the property management segment. As a result, the increase in revenue was mainly due to the contribution from the Group's newly acquired property management services business.

Staff Costs

The staff costs comprise salaries, wages, discretionary bonus, membership, commission, tips from customers allocated to staff and other benefits including retirement benefit costs and other allowances and benefits payable to the permanent staff and part time staff. The staff costs increased by approximately 338.1% or 35.5 million to approximately HK$46.0 million for the six months ended 30 September 2017 from approximately HK$10.5 million for the six months ended 30 September 2016. The increase was mainly due to the staff costs incurred for the property management services business of HK$31.2 million and increase of HK$4.3 million from the clubbing business as a result of increase in remuneration package of the key managements in order to maintain the club's competitiveness in human resources.

Property Rentals and Related Expenses

The property rentals and related expenses primarily consist of lease payments under operating leases for the clubs of the Group and the Group's headquarters. The property rentals and related expenses slightly decreased by approximately 2.6% or HK$0.5 million to approximately HK$18.8 million for the six months ended 30 September 2017 from approximately HK$19.3 million for the six months ended 30 September 2016. Such decrease was mainly due to decrease in rental expenses of headquarters.

Advertising and Marketing Expenses

The advertising and marketing expenses primarily consist of advertising and promotional expenses, such as the cost of inviting international disc jockeys to Zentral and Magnum Club. The advertising and marketing expenses increased by approximately 36.7% or HK$1.8 million to approximately HK$6.7 million for the six months ended 30 September 2017 from approximately HK$4.9 million for the six months ended 30 September 2016. Such increase was mainly due to increase in brand building in Zentral and promotion activities for both Magnum Club and Zentral.

Results for the period

The Group's loss for the six months ended 30 September 2017 was approximately HK$2.8 million, representing a decrease of 77.2% from approximately HK$12.3 million for the six months ended 30 September 2016. Such decrease was mainly due to the profit contribution from the property management segment of HK$14.7 million since the acquisition of Ningbo AUX Property and decrease in impairment losses recognised for the clubbing business during the period.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 30 September 2017, the Group's total current assets and current liabilities were approximately HK$265.5 million (31 March 2017: HK$118.2 million) and approximately HK$122.1 million (31 March 2017: HK$32.5 million) respectively, while the current ratio was 2.2 times (31 March 2017: 3.6 times).

As at 30 September 2017, the Group maintains cash at bank and in hand of approximately HK$195.6 million (31 March 2017: approximately HK$93.6 million). In the foreseeable future, the Group expects to fund its capital expenditures, working capital and other capital requirement from the cash generated from its operation and the net proceeds from initial public offering ("IPO") and placing of new shares under general mandate.

Total interest-bearing borrowing of the Group as at 30 September 2017 was approximately HK$117.8 million (31 March 2017: nil), which was the loan of RMB100,000,000 with a term of five years and an interest rate of 2% per annum granted by a controlling shareholder of the Company to Starry Chance Limited for the purpose of financing its acquisition of the entire equity interests in Ningbo AUX Property. The gearing ratio, is calculated by dividing loan from controlling shareholder by total equity, as at 30 September 2017 was 0.72 (31 March 2017: Zero).

CAPITAL STRUCTURE

On 10 July 2017, the Company entered into a placing agreement with Chung Sun Securities Limited (the "**Placing Agent**") pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 60,000,000 issued shares of the Company under the general mandate to be granted by the shareholders of the Company to not less than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) at a placing price of HK$0.91 per share (the "**Placing**"). All the conditions set out in the placing agreement had been fulfilled subsequently and the Placing was completed on 2 August 2017 in accordance with the terms and conditions of the placing agreement. The gross and net proceeds raised from the Placing were approximately HK$54.6 million and HK$54.1 million respectively, which were intended to be applied for supplementing its working capital and for financing potential investments or acquisitions should suitable opportunities arise. As at the date of this announcement, the net proceeds from the Placing had not been used and were deposited in licensed financial institutions in Hong Kong.

The Group manages its capital to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through maintaining the equity and debt in a balanced position.) The capital structure of the Group consisted of equity of approximately HK$164.2 million and loan from controlling shareholder of HK$117.8 million as at 30 September 2017. Except for the loan from controlling shareholder, the Group had no bank borrowings, debt securities or other capital instruments as at 30 September 2017.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 7 November 2016, Starry Chance Limited, a wholly-owned subsidiary of the Company, entered in to an equity transfer agreement (the "**Transfer Agreement**") with 寧波奧克斯置業有限公司 (Ningbo AUX Real Estate Co., Ltd), an entity controlled by Mr. Zheng Jian Jiang, the controlling shareholder of the Company. Under the Transfer Agreement, Starry Chance Limited agreed to acquire the entire equity interest of Ningbo AUX Property at a consideration of RMB153,000,000. The transaction was completed on 5 May 2017 and Ningbo AUX Property has become a wholly-owned subsidiary of the Company since then.

Save as disclosed, the Group had not other material acquisitions or disposals of subsidiaries or associated companies during the six months ended 30 September 2017.

SIGNIFICANT INVESTMENT HELD DURING THE PERIOD

To maximise the utilisation of the idle cash without affecting its operational liquidity and fund security, Ningbo AUX Property had subscribed for certain wealth management products ("**WMP**") offered by a commercial bank in Ningbo before it became a wholly-owned subsidiary of the Company. As at 5 May 2017, Ningbo AUX Property had WMP of HK$105.7 million (approximately RMB 90.0 million). All of the WMP had been fully redeemed on 14 July 2017.

As at 30 September 2017, the Group did not hold any wealth management product.

CHARGE ON ASSETS

As at 30 September 2017, the Group's pledged bank deposits was approximately HK$1.0 million (31 March 2017: approximately HK$1.0 million).

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the section headed "Capital Structure" in this announcement, the Group did not have other plans for material investment or capital assets as at 30 September 2017.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Hong Kong and Mainland China and is exposed to foreign exchange risk arising from Renminbi. Foreign exchange risk arising from future commercial transactions, recognised assets and liabilities in operations in Mainland China. The Group did not use any forward contracts to hedge its foreign currency exposure during the reporting period. The Group will from time to time review and adjust the Group's hedging and financial strategies based on the RMB and Hong Kong dollars exchange rate movement.

CONTINGENT LIABILITIES

As at 30 September 2017, the Group did not have any material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2017, the Group had approximately 1,073 employees (31 March 2017: 113 employees). The Group offers competitive remuneration packages to its staff, including share option scheme, mandatory provident fund schemes and discretionary bonus.

PROSPECTS

The Group values the investment in the property management segment and endeavor to maintain healthy development of the clubbing business segment. Meanwhile, the Group will review the business performance on a regular basis and identify favourable market changes in order to pursue suitable investment opportunity and broaden income sources.

Clubbing business segment

The Group understands the ability to provide fresh concepts to customers is vital in maintaining the Group's recognition and visibility in the clubbing industry in Hong Kong. In order to continue excite existing customers and allure potential customers, the Group will review existing clubs' life cycle on a regular basis and seek measures that can assist the Group in improving its overall brand awareness.

The Group will continue to strive for more organic growth, enhance the flagship status of Zentral and search for opportunities to improve clubbing business's performance in the future.

Property management services segment

The service industry has become one of the main engine for China's economic growth. Especially with the Chinese Central Government's recent emphasis on the need of living and services and issuance of new policy where tenants and owners should have equal right legally, this policy will likely fuel the rental market and in turn bring traction to the property management service industry.

The Company will capitalise on the opportunities brought by the acquisition of Ningbo AUX Property through further enhancement on its operation and management, enriching its service packages as well as further expanding its prospective client base. The Group will also seek to create brand advantages and endeavors to create distinctive and innovative services to the communities.

In the future, with the vision to provide our customer a "beautiful living environment for caring and comfortable life", the Group will continue to adhere to high standard of services.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 September 2017 (for the six months ended 30 September 2016: nil).

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code. All the Directors confirmed that they have fully complied with the required standard set out in the Model Code during the six months ended 30 September 2017.

USE OF NET PROCEEDS

The net proceeds from the initial public offering of the Company's shares (after the exercise of the Over-allotment Option (as defined in the prospectus of the Company dated 13 January 2014)), excluding listing related expenses, amounted to approximately HK$105.6 million. As at 30 September 2017, the Group had used approximately HK$97.4 million, which and it had been utilised in the manner consistent with the allocation set out in the prospectus of the Company dated 13 January 2014 and the announcement dated 22 June 2017 regarding the changes in use of proceeds. The Group held the unutilised net proceeds in deposits with licensed financial institutions in Hong Kong.

Uses of Proceeds	Proposed use of unutilised net proceeds from the IPO as set out in the announcement dated 22 June 2017	Utilised Proceeds as at 30 September 2017	Unutilised Proceeds as at 30 September 2017
	HK$' million	*HK$' million*	*HK$' million*
(i) settlement of consideration payable for acquisition of Ningbo AUX Property;	**57**	**57**	**0**
(ii) research of business expansion including but not limited to clubbing business and property management business;	**10.7**	**2.5**	**8.2**
(iii) capital expenditures, working capital,other capital requirements and other general corporate purposes.	**8**	**8**	**0**
	75.7	**67.5**	**8.2**

The net proceeds from the Placing of the Company were approximately HK$54.1 million, which will be used in the way as disclosed in the announcement of the Company dated 10 July 2017. As at 30 September 2017, no proceeds had been utilised towards working capital and for financing potential investments or acquisitions.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set forth in Appendix 14 to the Listing Rules as its corporate governance code of practices. The Board is of opinion that the Company has complied with the CG Code during the six months ended 30 September 2017.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2017, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The primary duties of the audit committee of the Company (the "**Audit Committee**") are to review and supervise the financial reporting process and internal control procedures of the Company. The Audit Committee had reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters concerning the unaudited consolidated results of the Group for the six months ended 30 September 2017.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.auxint.com. The interim report for the six months ended 30 September 2017 will be dispatched to the shareholders and published on the above websites in due course.

By order of the Board
AUX international Holdings Limited
Zheng Jiang
Chairman

Hong Kong, 27 November 2017

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