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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)

**CONTINUING CONNECTED TRANSACTIONS:
SUPPLEMENTAL AGREEMENT
IN RELATION TO PROVISION OF PROPERTY HOUSEKEEPING
AND
TRANSPORTATION SERVICES**

SUPPLEMENTAL AGREEMENT IN RELATION TO PROVISION OF PROPERTY HOUSEKEEPING AND TRANSPORTATION SERVICES

Reference is made to the CCT Announcement in relation to the Service Agreement pursuant to which Ningbo AUX Property shall provide property housekeeping and transportation services to Ningbo Mingzhou Hospital.

On 29 December 2017, Ningbo AUX Property entered into the Supplemental Agreement with Ningbo Mingzhou Hospital to amend certain terms of the Service Agreement, including among others extension of the term under the Service Agreement to 31 March 2018. It is expected that the aggregate amount of fees which may be charged by Ningbo AUX Property for the financial year ending 31 March 2018 pursuant to the Amended Service Agreement shall not exceed RMB8.2 million, being the Revised Annual Cap.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Ningbo Mingzhou Hospital is an indirectly wholly-owned subsidiary of a 30%-controlled company held indirectly by Mr. Zheng Jian Jiang, a controlling shareholding of the Company indirectly holding approximately 58.66% of the total number of issued Shares, and as such, Ningbo Mingzhou Hospital is an associate of Mr. Zheng Jian Jiang and a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Amended Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the Revised Annual Cap is expected to represent less than 25% of the applicable percentage ratios under the Listing Rules and the total consideration is less than HK\$10 million, the transactions contemplated under the Amended Service Agreement and the Revised Annual Cap are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the CCT Announcement, in which it is announced that Ningbo AUX Property as supplier and Ningbo Mingzhou Hospital as customer had entered into the Service Agreement in relation to the provision of property housekeeping and transportation services.

SUPPLEMENTAL AGREEMENT

On 29 December 2017, Ningbo AUX Property entered into the Supplemental Agreement with Ningbo Mingzhou Hospital to amend certain terms of the Service Agreement as follows:

1. the term of the Service Agreement shall be extended to 31 March 2018;
2. the scope of areas where Ningbo AUX Property will provide property housekeeping and transportation services to Ningbo Mingzhou Hospital shall be expanded; and
3. the number of workers that shall be sent by Ningbo AUX Property to provide property housekeeping and transportation services each month shall be determined by both parties to the Amended Service Agreement through negotiations based on actual needs of Ningbo Mingzhou Hospital, subject to a maximum of 263 workers per month; the total monthly service fee payable by Ningbo Mingzhou Hospital for the above services shall be calculated accordingly on the basis of a fixed monthly service fee of RMB3,595 per worker.

Save for the above amendments, all the terms and conditions of the Service Agreement shall remain unchanged and shall continue in full force and effect and shall not be affected in any respect.

Ningbo AUX Property and Ningbo Mingzhou Hospital intend to continue to engage in the transactions contemplated under the Service Agreement after the expiry of its term and are in the course of negotiating the terms for the transactions in the coming financial years. In order to cater for the demand for the property housekeeping and transportation services of Ningbo Mingzhou Hospital in the interim, the parties have resolved to enter into the Supplemental Agreement such that there will be no interruption in the supply of such services during the period from 1 January 2018 to 31 March 2018, before a formal agreement is concluded in relation to the provision of such services for the financial years to come.

The Revised Annual Cap

Based on the unaudited consolidated accounts of the Company, the aggregate amount of fees charged by Ningbo AUX Property under the Service Agreement during the period commencing on 8 July 2017 and ending on 30 November 2017 amounted to approximately RMB5.2 million, and it is expected that up to the date of this announcement, the aggregate fees so charged have not exceeded RMB6.5 million, being the Annual Cap as referred to in the CCT Announcement.

It is expected that the aggregate amount of fees which may be charged by Ningbo AUX Property for the financial year ending 31 March 2018 pursuant to the Amended Service Agreement shall not exceed RMB8.2 million, being the Revised Annual Cap. The Revised Annual Cap represents the sum of all the fees expected to be chargeable by Ningbo AUX Property under the Amended Service Agreement, based on the number of workers required to be sent for provision of property housekeeping and transportation services and the number of blood deliveries required to be made during the term of the Amended Service Agreement.

The Revised Annual Cap is jointly determined by the Directors and Ningbo Mingzhou Hospital taking into account the expected demand for property housekeeping and transportation services of Ningbo Mingzhou Hospital based on the current size of its hospitals' area and its scale of operation, the estimated aggregate fees charged for transactions under the Service Agreement up to the date of this announcement and the prevailing market price for provision of similar services.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

During the six months period ended 30 September 2017, the Group recorded revenue of approximately HK\$127.3 million, representing an increase of 134.0% as compared with approximately HK\$54.4 million for the six months ended 30 September 2016. The increase was mainly attributable to the revenue of HK\$72.6 million generated by Ningbo AUX Property. The entering into of the Service Agreement has enabled Ningbo AUX Property to extend the scope of property management services it provides and expand into the medical

property management market. As such, it is intended that Ningbo AUX Property shall build up a long-term business relationship with Ningbo Mingzhou Hospital in order to consolidate the development of its medical property management business, diversify its income stream and generate further revenue growth momentum for itself and the Group as a whole. The entering into of the Supplemental Agreement is an interim measure pending further negotiation and finalisation of the terms of the long-term cooperation.

The terms and conditions of the Supplemental Agreement were negotiated between the parties thereto on an arm's length basis. The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Supplemental Agreement are fair and reasonable, and the continuing connected transactions contemplated under the Amended Service Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Except for Mr. Zheng Jiang, the chairman of the Board and executive Director who is the brother of Mr. Zheng Jian Jiang, Ms. Chen Huajuan, an executive Director who is the deputy superintendent of Ningbo Mingzhou hospital and Ms. Shen Guoying, an executive Director who is a director of an intermediate holding Company of Ningbo Mingzhou Hospital, none of the Directors has or is deemed to have a material interest in the Supplemental Agreement and the transactions contemplated under the Amended Service Agreement, including the Revised Annual Cap. Mr. Zheng Jiang, Ms. Cheng Huajuan and Ms. Shen Guoying have abstained from voting on the relevant resolutions at the board meeting.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Ningbo Mingzhou Hospital is an indirectly wholly-owned subsidiary of a 30%-controlled company held indirectly by Mr. Zheng Jian Jiang, a controlling shareholding of the Company indirectly holding approximately 58.66% of the total number of issued Shares, and as such, Ningbo Mingzhou Hospital is an associate of Mr. Zheng Jian Jiang and a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Amended Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the Revised Annual Cap for the year ending 31 March 2018 is expected to represent less than 25% of the applicable percentage ratios and the total consideration is less than HK\$10 million, the transactions contemplated under the Amended Service Agreement and the Revised Annual Cap are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

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

Ningbo Mingzhou Hospital is principally engaged in provision of medical treatments and services.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“Amended Service Agreement”	the Service Agreement as amended by the Supplemental Agreement
“Annual Cap”	RMB6.5 million, being the maximum which the aggregate amount of fees that may be charged by Ningbo AUX Property for the provision of property housekeeping and transportation services to Ningbo Mingzhou Hospital for the period commencing on 8 July 2017 and ending on 31 December 2017 pursuant to the Service Agreement is expected not to exceed
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCT announcement”	The announcement of the Company dated 7 July 2017 relating to the Service Agreement
“Company”	AUX International Holdings Limited (奧克斯國際控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“continuing connected transaction”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	collectively, the Company and its subsidiaries for the time being
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ningbo AUX Property”	寧波奧克斯物業服務有限公司 (Ningbo AUX Property Management Service Co., Ltd.*), a limited liability company established in the PRC and an indirectly wholly-owned subsidiary of the Company
“Ningbo Mingzhou Hospital”	寧波明州醫院有限公司 (Ningbo Mingzhou Hospital Company Limited*), a limited liability company established in the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Revised Annual Cap ”	RMB8.2 million, being the maximum which the aggregate amount of fees that may be charged by Ningbo AUX Property for the provision of property housekeeping and transportation services to Ningbo Mingzhou Hospital for the period commencing on 8 July 2017 and ending on 31 March 2018 pursuant to the Amended Service Agreement is expected not to exceed

“RMB”	Renminbi, the lawful currency of the PRC
“Service Agreement”	the service agreement entered into between Ningbo AUX Property as supplier and Ningbo Mingzhou Hospital as customer on 7 July 2017 in relation to the provision of property housekeeping and transportation services by Ningbo AUX Property to Ningbo Mingzhou Hospital for a term commencing on 8 July 2017 and ending on 31 December 2017
“Supplemental Agreement”	the supplemental agreement entered into between Ningbo AUX Property and Ningbo Mingzhou Hospital on 29 December 2017 to amend certain terms of the Service Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 29 December 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.

* *For identification purpose only*