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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)

FURTHER CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus (the “**Prospectus**”) issued by AUX International Holdings Limited (formerly known as Magnum Entertainment Group Holdings Limited) (the “**Company**”) dated 13 January 2014 in connection with the Global Offering and the announcement (the “**2017 Announcement**”) of the Company dated 22 June 2017 in relation to change in use of the net proceeds from the Global Offering (the “**Net Proceeds**”).

Capitalised terms defined in the Prospectus shall have the same meaning when used in this announcement, unless the context requires otherwise.

**USE OF PROCEEDS DISCLOSED IN THE PROSPECTUS AS REVISED
PURSUANT TO THE DISCLOSURE IN THE 2017 ANNOUNCEMENT**

The original intend use of the Net Proceeds, which amounted to approximately HK\$105.6 million after exercise of the Over-allotment Option and deducting underwriting fees and estimated expenses in connection with the Global Offering, was disclosed in the section headed “Future Plans, Reasons for Listing and Use of proceeds — Use of Proceeds” in the Prospectus. By the 2017 Announcement, the Company announced certain changes in the use of the Net proceeds which remained unutilised as at 31 March 2017 amounting to approximately HK\$75.7 million. The revised intended use of the Net Proceeds as disclosed in the 2017 Announcement was as follows:

- approximately HK\$57 million for the settlement of consideration payable for acquisition of Ningbo AUX Property;
- approximately HK\$10.7 million for the research of business expansion including but not limited to clubbing business and property management business; and
- approximately HK\$8.0 million for capital expenditures, working capital, other capital requirements and other general corporate purposes.

FURTHER CHANGE IN USE OF PROCEEDS

As disclosed in the Company's interim report for the six months ended 30 September 2019, the unutilised Net Proceeds as at 30 September 2019 amounted to approximately HK\$7.5 million (the "Unutilised Net Proceeds"), which has been designated for the research of business expansion, including but not limited to clubbing business and property management business.

With the continued turbulence in the Hong Kong market in the second half of 2019 as mentioned in the Company's interim report for the six months period ended 30 September 2019, the outbreak of COVID-19 at the beginning of 2020 has further increased the Group's cashflow demand. While the management is endeavoring to improve the Group's operations and financial performance in the Hong Kong business segment, it takes time for the market and consumers in the Hong Kong business segment to regain confidence, and the measures which the Group has taken to tackle the adverse market developments may not yield immediately returns. Meanwhile, corporate expenses such as annual listing fees, audit fees and professional fees are recurring and unavoidable in nature to support the normal daily operations of the Company. Such expenses had previously been met with the Net Proceeds as well as internal resources generated from business operations.

The Board has assessed a number of options to finance the general working capital of the Group going forward, such as re-designating the Unutilised Net Proceeds, taking out bank loans, or conducting share placements under general mandate. Having considered the costs that may be incurred in the above courses of action and the time requirements, the Board is of the view that it would be most appropriate to further change the use of the Unutilised Net Proceeds, such that they may also be used for general corporate purposes, in addition to supporting research on business expansion when suitable opportunities arise.

The Directors believe that the above further change in use of the Unutilised Net Proceeds will enable the Group to effectively apply its available funds to meeting its pressing financial obligations, and reduce the needs for external funding and hence lower finance costs. In addition, the Group will enjoy a higher degree of flexibility in financial management, with enriched financial resources for general corporate use at its disposal while reserving the rights to apply the Unutilised Net Proceeds to research on business expansion. Therefore, the Board considers that such a change serves the purpose of achieving effective deployment of the Group's financial resources and optimising its capital structure, and is conducive to the Group's development and in the interests of the Group and the Shareholders as a whole

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

Hong Kong, 31 March 2020

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