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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 TENANCY AGREEMENT OF ZENTRAL

THE TENANCY AGREEMENT

On 27 January 2021, Top Smarties as landlord and Ocean Ample as tenant entered into the Tenancy Agreement in respect of the Premises for the purpose of renewal of the tenancy of the Premises, where Zentral operates.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 “Leases”, the Company will recognise an asset representing its rights to use the Premises as the lessee under the Tenancy Agreement. Accordingly, the entering into of the Tenancy Agreement will be regarded as an acquisition of asset by the Company under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) calculated based on the value of the right-of-use asset recognised by the Company according to HKFRS 16 exceeds 5% but all such ratios fall below 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 27 January 2021, Top Smarties as landlord and Ocean Ample as tenant entered into the Tenancy Agreement in respect of the Premises for the purpose of renewal of the tenancy of the Premises, where Zentral operates.

THE TENANCY AGREEMENT

Set forth below are the principal terms of the Tenancy Agreement:

Date: 27 January 2021

Landlord: Top Smarties Limited

Tenant: Ocean Ample Investment Limited (洋溢投資有限公司), an indirect wholly-owned subsidiary of the Company

The Premises: The whole of the 4th Floor and the 5th Floor together with the Flat Roof on the 4th Floor of California Tower

Term: Two years commencing on 1 January 2021 and expiring on 31 December 2022 (both days inclusive)

Ocean Ample has an option to take a tenancy of the Premises for a further term of two years from the expiration of the initial term on the same terms and conditions as contained in the Tenancy Agreement but at a new rent as agreed between the Landlord and Ocean Ample or as otherwise determined in accordance with the provisions in the Tenancy Agreement. In this connection, Ocean Ample shall upon the request of the Landlord execute a new tenancy agreement for setting out the new rent and all other terms and conditions of the tenancy of the Premises for the renewed term.

Consideration payable: The aggregate amount of rent payable by Ocean Ample under the Tenancy Agreement is HK\$21,000,000, which will be met with the internal resources of the Group. Ocean Ample shall pay the monthly rent in advance on the first day of each calendar month. In addition, Ocean Ample is required to pay service charges for the provision by the Landlord of the air-conditioning to the Premises during normal hours and the maintenance and management of the Premises and the building, additional air-conditioning charges, charges for water, charges for electricity and gas, and rates and other amounts that may be imposed or charged by the government of Hong Kong or other lawful authority on the Premises or upon the owner or occupier in respect thereof.

User: The Premises shall only be used for the purpose of operating a music restaurant, bar, lounge and dancing club by Ocean Ample.

GUARANTEE

Pursuant to the Tenancy Agreement, Ocean Ample shall procure the Company, being its parent company, to execute a guarantee to guarantee, among other things, the due and punctual payment by Ocean Ample of the rental and other charges and outgoings reserved by the Tenancy Agreement and the due and punctual performance and observance by Ocean Ample of all the covenants, provisos, conditions and agreements contained in and/or which may be implied under the Tenancy Agreement.

INFORMATION OF THE PARTIES

The Group and Ocean Ample

The Group is principally engaged in the operation of clubbing, restaurant and bar outlets business in Hong Kong and provision of property management services in the PRC.

Ocean Ample is an indirect wholly-owned subsidiary of the Company principally engaged in the provision of administrative services in Hong Kong.

Landlord

The Landlord is principally engaged in property development and investment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Landlord and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENT

Reference is made to the announcement of the Company dated 12 September 2019 in connection with the discloseable transaction in relation to the original tenancy agreement in respect of the Premises, which was entered into between Top Smarties as landlord and Ocean Ample as tenant for a term of fourteen months from 1 November 2019 to 31 December 2020. Zentral, a club run by the Group, currently operates on the Premises. The Premises have been occupied by the Group on lease and the original tenancy agreement in respect of the Premises had expired on 31 December 2020. The Group aims to maintain its status as a leading entertainment service and venue provider in Hong Kong. The renewal of the tenancy of the Premises by way of the entering into of the Tenancy Agreement will allow the Group to provide services of high quality to the target customers through Zentral on an uninterrupted basis and continue developing its relationships with event organisers.

The terms of the Tenancy Agreement, including the rent payable by Ocean Ample thereunder, were determined after arm's length negotiations between the Landlord and Ocean Ample, taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises. The conclusion of the Tenancy Agreement is

necessary for securing the continued operation of the clubbing business segment of the Group. As such, the Board considers that the terms of the Tenancy Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 “Leases” as adopted by the Company, the Company will recognise an asset representing its rights to use the Premises as the lessee under the Tenancy Agreement. Accordingly, the entering into of the Tenancy Agreement will be regarded as an acquisition of asset by the Company under Chapter 14 of the Listing Rules. The value of the right-of-use asset recognised by the Company amounts to approximately HK\$20.3 million. The discount rate of 3.5% per annum, which is equivalent to the Company’s incremental borrowing rate during the term of the Tenancy Agreement, has been applied in computing the present value of the lease payments under the Tenancy Agreement.

As one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) calculated based on the value of the right-of-use asset recognised by the Company according to HKFRS 16 exceeds 5% but all such ratios fall below 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“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
“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

“Landlord” or “Top Smarties”	Top Smarties Limited, a private company limited by shares incorporated in Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ocean Ample”	Ocean Ample Investment Limited (洋溢投資有限公司), a private company limited by shares incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Premises”	the premises as more particularly set out in the section headed “The Tenancy agreement — The Premises” in this announcement
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 27 January 2021 in respect of the Premises entered into between Top Smarties as landlord and Ocean Ample as tenant
“%”	per cent.

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

Hong Kong, 27 January 2021

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