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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities dealing, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in AUX International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities dealing or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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# AUX

**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 TRANSACTION  
IN RELATION TO PROVISION OF  
PROPERTY HOUSEKEEPING, TRANSPORTATION  
AND OTHER ANCILLARY SERVICES**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



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A notice convening the EGM of AUX International Holdings Limited to be held at 9/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong on Friday, 27 April 2018 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. at or before 11:00 a.m. on Wednesday, 25 April 2018 (Hong Kong time)) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy previously submitted shall be deemed to be revoked.

10 April 2018

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## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions 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, 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 March 2018
“associate(s)”	has the same meaning to it under the Listing Rules
“Board”	the board of Directors
“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, the issued Shares of which are listed on the Main Board of the Stock Exchange
“continuing connected transaction”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for, among others, considering, and if thought fit, approval by the Independent Shareholders of the continuing connected transactions contemplated under the Framework Service Agreement and the proposed relevant annual cap for each for the three years ending 31 March 2021
“Framework Service Agreement”	the framework service agreement entered into between Ningbo AUX Property as supplier and Ningbo Mingzhou Hospital (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer on 14 February 2018 in relation to the provision of property housekeeping, transportation and other ancillary services by Ningbo AUX Property to Ningbo Mingzhou Hospital and/or its subsidiaries from time to time which shall, subject to approval by the Independent Shareholders, be effective for a term commencing on 1 April 2018 and ending on 31 March 2021

## DEFINITIONS

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFA”	Sunfund Capital Limited, a corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the Framework Service Agreement
“Independent Board Committee”	an independent committee of the Board, comprising all three independent non-executive Directors, established to advise the Independent Shareholders in respect of the continuing connected transactions contemplated under the Framework Service Agreement
“Independent Shareholder(s)”	Shareholders other than Mr. Zheng Jian Jiang, Ze Hui Limited and Hui Limited and their respective associates, and all other Shareholders materially interested in the Framework Service Agreement
“Latest Practicable Date”	4 April 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained in this circular
“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

## DEFINITIONS

“Ningbo Sanxing”	寧波三星醫療電氣股份有限公司 (Ningbo Sanxing Medical Electric Co., Ltd.*), a joint stock limited liability company established in the PRC, the issued Shares of which are listed on the Shanghai Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“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 from 8 July 2017 to 31 December 2017
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value 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
“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, including among others the extension of the term of the Service Agreement to 31 March 2018
“%”	per cent.

\* All English translation of the Chinese names of the Companies established in the PRC is for identification purpose only.



**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)**

*Executive Directors:*

Mr. Zheng Jiang (*Chairman*)

Mr. Chan Hon Ki

Ms. Chen Huajuan

Ms. Shen Guoying

*Registered office:*

Clifton House 75

Fort Street

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

*Independent non-executive Directors:*

Mr. Poon Chiu Kwok

Mr. Bau Siu Fung

Ms. Lou Aidong

*Principal place of business*

*in Hong Kong:*

Room 506B, 5th Floor

Tower 1, Admiralty Centre

18 Harcourt Road

Hong Kong

10 April 2018

*To the Shareholders*

Dear Sir or Madam

**CONTINUING CONNECTED TRANSACTION  
IN RELATION TO PROVISION OF  
PROPERTY HOUSEKEEPING, TRANSPORTATION  
AND OTHER ANCILLARY SERVICES**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 14 February 2018 in connection with the Framework Service Agreement entered into between Ningbo AUX Property and Ningbo Mingzhou Hospital (for itself and as trustee for the benefit of its subsidiaries from time to time), the transactions contemplated under which would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) detail information regarding the Framework Service Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder for the three years ending 31 March 2021; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from IFA to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM.

## LETTER FROM THE BOARD

### THE FRAMEWORK SERVICE AGREEMENT

Reference is made to the announcement of the Company dated 7 July 2017 in connection with the continuing connected transactions in relation to the provision of property housekeeping and transportation services by Ningbo AUX Property to Ningbo Mingzhou Hospital pursuant to the Service Agreement, and the announcement of the Company dated 29 December 2017 in connection with the Supplemental Agreement in relation to the Service Agreement.

As the term of the Amended Service Agreement has expired on 31 March 2018, on 14 February 2018, Ningbo AUX Property as supplier and Ningbo Mingzhou Hospital (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer entered into the Framework Service Agreement in relation to the provision of property housekeeping, transportation and other ancillary services by Ningbo AUX Property to Ningbo Mingzhou Hospital and/or its subsidiaries from time to time for a term of three years from 1 April 2018 to 31 March 2021, subject to the approval by the Independent Shareholders at the EGM of the Company.

#### 1. Framework Service Agreement

A summary of the principal terms of the Framework Service Agreement are as follows:

Date:	14 February 2018
Parties:	(1) Ningbo AUX Property  (2) Ningbo Mingzhou Hospital (for itself and as trustee for the benefit of its subsidiaries from time to time)
Term of the agreement:	Subject to the approval by the Independent Shareholders, the Framework Service Agreement shall be effective from 1 April 2018 to 31 March 2021.

## LETTER FROM THE BOARD

Nature of transactions/  
services covered:

Ningbo AUX Property shall send workers to the hospital(s) operated by Ningbo Mingzhou Hospital and/or its subsidiaries from time to time to provide the following services: (i) property housekeeping services, including daily housekeeping and cleaning in areas inside the hospital premises and in respect of, among others, medical equipments, furniture and fixtures therein, daily housekeeping and cleaning in all public areas, collection and management of clinical and other wastes, and sanitation of surgeries, hospital beds, equipments and disposable products; (ii) transportation services, including ushering patients to appropriate areas for check-ups and treatments, delivery of testing samples and relevant paper records to respective departments of the hospital(s), preparation of sanitation materials and delivery of sanitisation materials and disposable hygiene products, management of cleaning supplies, transportation of large volume parenteral (LVP) within the hospital area, management and transportation of pure water, transportation of furniture within the hospital area, transportation of blood and ancillary management and data collection and reporting services; (iii) security services such as maintaining good public order within the hospital area, assisting hospital staff with handling of medical dispute incidents and ensuring the safety of hospital personnel; (iv) property maintenance management services, such as ensuring construction projects are conducted in an orderly manner, and regular inspection of high voltage power distribution room, drainage system, fire pump system, lighting system, water purification system and sewage treatment facilities; (v) elevator operation services, including daily inspection of the elevators within the hospital area and assistance to users of the elevators; (vi) auxiliary medical services, such as assistance to nurses in the daily performance of their duties, cleaning hospital beds and management of hospital storage room and furniture; (vii) personal nursing support to patients by qualified professional caretakers; and (viii) landscape services within the hospital area.



## LETTER FROM THE BOARD

### Pricing:

The transactions under the Framework Service Agreement shall be conducted on normal commercial terms. The service fees payable by Ningbo Mingzhou Hospital and/or its relevant subsidiary to Ningbo AUX Property for the services to be provided by Ningbo AUX Property to Ningbo Mingzhou Hospital or its relevant subsidiary in respect of each hospital facility where Ningbo AUX Property will provide its services pursuant to the Framework Service Agreement, shall be agreed between Ningbo AUX Property and Ningbo Mingzhou Hospital or the relevant subsidiary on an arm's length basis and set out in each individual service agreement, and calculated on the basis of the following:

- the service fee per worker, which is equal to (1) the average wage (the "**Average Wage**") of the workers in each function to be sent by Ningbo AUX Property for the provision of services to Ningbo Mingzhou Hospital or the relevant subsidiary during the period covered under the individual service agreement, plus (2) a markup (in terms of percentage to the Average Wage) (the "**Markup**") to cover the other costs and disbursements of Ningbo AUX Property in providing the required services and its gross profit margin; and
- the average number of workers to be sent by Ningbo AUX Property for the provision of services to Ningbo Mingzhou Hospital or the relevant subsidiary during the period covered under the individual service agreement, which shall be agreed between Ningbo AUX Property and Ningbo Mingzhou Hospital or the relevant subsidiary with reference to the needs, hospital area size and scale of operation of the hospital facility operated by Ningbo Mingzhou Hospital or the relevant subsidiary where services are to be provided.

## LETTER FROM THE BOARD

The Markup shall be at or above the applicable level set out below:

- (1) the prevailing comparable market level of the markup charged for similar services at the relevant time;
- (2) where the information as referred to in paragraph (1) above is not available or obtainable, the markups charged by Ningbo AUX Property to its independent third party customers for similar services within the six-month period immediately preceding the date of each individual service agreement; and
- (3) where the information as referred to in paragraphs (1) and (2) above is both not available or obtainable, a markup at or above 18%, which was determined with reference to the estimated markups charged by other public companies providing similar services in the PRC calculated based on their published financial information.

Payment arrangement:

Payment will be settled on a monthly basis within 10 business days after receipt by Ningbo Mingzhou Hospital of the relevant invoice issued by Ningbo AUX Property.

Implementation agreements:

Ningbo AUX Property and Ningbo Mingzhou Hospital and/or its subsidiaries will enter into, from time to time and as and when necessary, individual service agreements to set out the specific terms and conditions in respect of each individual hospital facility, including, among others, the agreed number of workers to be sent by Ningbo AUX Property for the provision of services, service fee per worker, and service scope.

Any such service agreement shall be within the ambit of the Framework Service Agreement and shall not contravene the provisions of the Framework Service Agreement; in case of inconsistency, the provisions of the Framework Service Agreement shall prevail.

## LETTER FROM THE BOARD

### 2. Proposed Annual Caps for the Three Years Ending 31 March 2021

The following table sets out the amount of previous continuing connected transactions between Ningbo AUX Property and Ningbo Mingzhou Hospital under the Amended Service Agreement, and the annual caps proposed by the Directors to be set for the continuing connected transactions contemplated under the Framework Service Agreement for the three years ending 31 March 2021:

RMB'000

#### *Amended Service Agreement*

Revised annual cap for the fees that may be charged by Ningbo AUX Property to Ningbo Mingzhou Hospital for the provision of services for the period from 8 July 2017 to 31 March 2018 ( <i>Note 1</i> )	8,200
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Actual fees charged by Ningbo AUX Property to Ningbo Mingzhou Hospital for the services provided for the period from 8 July 2017 to 31 January 2018 ( <i>Note 2</i> )	6,700
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#### *Framework Service Agreement*

Proposed maximum aggregate amount of fees chargeable by Ningbo AUX Property to Ningbo Mingzhou Hospital and/or its subsidiaries from time to time for the provision of services for:

the year ending 31 March 2019	21,000
the year ending 31 March 2020	26,000
the year ending 31 March 2021	27,000

#### *Notes:*

1. As disclosed in the announcement of the Company dated 29 December 2017.
2. Based on the unaudited consolidated accounts of the Company and including the services provided to Ningbo Mingzhou Hospital in respect of a hospital whose operating company became a subsidiary of Ningbo Mingzhou Hospital since November 2017.

It is expected that up to the date of this circular, the actual fees charged by Ningbo AUX Property to Ningbo Mingzhou Hospital for the services provided under the Amended Service Agreement have not exceeded the revised annual cap in relation thereto as set out in the table above.

## LETTER FROM THE BOARD

### *Basis of determination of the annual caps*

The proposed annual cap for the year ending 31 March 2019 of RMB21 million is determined with reference to the annualised figure of the aggregate fees charged by Ningbo AUX Property amounting to approximately RMB6.7 million for the services provided to Ningbo Mingzhou Hospital pursuant to the Amended Service Agreement during the period from 8 July 2017 to 31 January 2018, i.e. approximately RMB11.8 million, as adjusted taking into account the following factors:

- (i) the estimated increase in the demand of the counterparty for the services to be provided by Ningbo AUX Property during the year ending 31 March 2019 as a result of:
  - (a) the expansion of the scope of service to include six types of ancillary services in addition to property housekeeping and transportation services, as compared with the Amended Service Agreement; and
  - (b) further acquisition(s) of hospital(s) contemplated by Ningbo Mingzhou Hospital and/or its subsidiaries which may be completed during the second half of the year ending 31 March 2019, as Ningbo AUX Property is given to understand. Upon completion of such acquisition(s), Ningbo AUX Property is expected to provide property housekeeping, transportation and other ancillary services in the area of the hospital(s) newly acquired by Ningbo Mingzhou Hospital and/or its subsidiaries in accordance with the terms of the Framework Service Agreement. As such, the scope of service will be expanded to include such additional hospital(s) to be operated by Ningbo Mingzhou Hospital and/or its subsidiaries, and the service area is expected to increase to approximately 150% of the current service area under the Amended Service Agreement, after completion of such acquisition(s).

An overall assessment of the manpower requirement in the light of the above has been conducted by Ningbo AUX Property, taking into account factors such as the particular manner of delivery of each individual type of service, the extent to which the manpower requirement relating to each individual type of service depends on the size and scale of operation of the hospital(s) concerned, and the effects to varying degrees that the increase in service area may have on the manpower requirement relating to each individual type of service. It is expected that the number of workers required to be sent by Ningbo AUX Property for the provision of services will increase from a maximum of 263 per month for the period from 8 July 2017 to 31 March 2018 under the Amended Service Agreement to an average of approximately 420 per month for the year ending 31 March 2019 under the Framework Service Agreement (assuming the abovementioned acquisition(s) of hospital(s) will be completed in the middle of the year ending 31 March 2019); and

## LETTER FROM THE BOARD

- (ii) the anticipated growth of approximately 2.0% in the wages of the workers of Ningbo AUX Property during the year ending 31 March 2019, which is estimated based on the growth in consumer price index in Zhejiang Province in 2017 of 2.1% as compare with 2016, as reported by the National Bureau of Statistics of the PRC. The above is expected to lead to a corresponding increase in the service fee per worker calculated on the basis of the Average Wage.

On the basis of the proposed annual cap for the year ending 31 March 2019 of RMB21 million, the proposed annual cap for the year ending 31 March 2020 of RMB26 million is set taking into account the following factors:

- (i) the estimated further increase in the demand of the counterparty for the services to be provided by Ningbo AUX Property during the year ending 31 March 2020, as it is expected that Ningbo AUX Property will be providing services on a full-year basis in respect of the hospital(s) to be acquired by Ningbo Mingzhou Hospital and/or its subsidiaries during the year ending 31 March 2019. On such basis, throughout the year ending 31 March 2020, the service area will be expanded (as compared with that under the Amended Service Agreement) to cover such newly acquired hospital(s), while for the year ending 31 March 2019, the service area will only be expanded (as compared with that under the Amended Service Agreement) in the second half of the year as it is assumed that the acquisition(s) of hospital(s) will be completed in the middle of the year. Accordingly, it is expected that the average number of workers required to be sent by Ningbo AUX Property for the provision of services will further increase to approximately 510 per month for the year ending 31 March 2020; and
- (ii) the anticipated growth of approximately 2.0% in the wages of the workers during the year ending 31 March 2020, estimated based on the growth in consumer price index in Zhejiang Province in 2017 as mentioned above.

The proposed annual cap for the year ending 31 March 2021 of RMB27 million is arrived at after adjusting the proposed annual cap for the year ending 31 March 2020 of RMB26 million taking into account the anticipated approximately 2.0% growth in the wages of the workers during the year ending 31 March 2021, estimated based on the growth in consumer price index in Zhejiang Province in 2017 as mentioned above.

### **Reasons for and Benefits of the Framework Service Agreement**

The Group endeavors to maintain healthy development of the clubbing business segment and enhance the clubbing experience to be offered to its customer. Due to the competitive nature of the clubbing business, it is important to maintain the Group's leading position in the Hong Kong clubbing industry through renovation and upgrade of the facilities of its clubbing venue from time to time.

## LETTER FROM THE BOARD

On 8 January 2018, the Group announced its plan in relation to renovation and temporary closure of Magnum Club. The renovation is expected to take approximately eight months to complete and the costs are expected to amount to approximately HK\$10,000,000.

In view of the short-term financial impact the temporary closure of Magnum Club may have on the Group's performance, it is vital that the Group maintains stable and sustainable revenue and cash flow from its property management service business segment, so as to avoid any significant fluctuation in the overall revenue and cash flow of the Group.

Ningbo Mingzhou Hospital is a subsidiary of Ningbo Sanxing, the shares of which are listed on the Shanghai Stock Exchange. Ningbo Sanxing has been actively developing its healthcare services, with a view to becoming a leading healthcare service investment and management group in the PRC. The Group is given to understand that Ningbo Sanxing intends to expand its hospital network to cover over 150 hospitals through means such as establishment of new hospitals and acquisition of existing hospitals by way of direct investment and/or setting up of joint ventures.

The Directors are of the view that the entering into of the Framework Service Agreement will enable Ningbo AUX Property and the Group as a whole to leverage on Ningbo Sanxing's expansion of its healthcare service business to secure sizeable income from the Group's property management service business segment over a relatively long term, achieve further growth in the Group's medical property management business and enhance the Group's property management service portfolio. As such, the Directors believe that the entering into of the Framework Service Agreement will help to reduce the impact on the financial performance of the Group while Magnum Club remains closed for renovation, ensure the Group will have sufficient financial resources to achieve healthy and sustainable development of both its clubbing business and property management service business, and contribute to the business growth of the Group as a whole in the long run.

Except for Mr. Zheng Jiang, the chairman of the Board and an 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 Ningbo Sanxing which indirectly controls Ningbo Mingzhou Hospital, none of the Directors has or is deemed to have a material interest in the Framework Service Agreement and the transactions contemplated thereunder, including the proposed relevant annual caps. Mr. Zheng Jiang, Ms. Cheng Huajuan and Ms. Shen Guoying have abstained from voting on the relevant resolutions at the board meeting.

## LETTER FROM THE BOARD

The terms and conditions of the Framework Service Agreement were negotiated between the parties to it on an arm's length basis. The Directors are of the view that the terms and conditions of the Framework Service Agreement (including the pricing mechanism and procedures) and the proposed relevant annual caps are fair and reasonable, and the continuing connected transactions contemplated under the Framework 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.

### MEASURES OF INTERNAL CONTROL

In order to ensure that the pricing method in the Framework Service Agreement is adhered to and that the provision of services by the Ningbo AUX Property to Ningbo Mingzhou Hospital and/or its subsidiaries pursuant thereto will be on normal commercial terms, before Ningbo AUX Property commences its negotiations with Ningbo Mingzhou Hospital and/or the relevant subsidiary to finalise the terms of an individual service agreement, including among others the service fees payable in respect of the hospital facility concerned, the following procedures will be carried out:

- (i) the finance team of Ningbo AUX Property will prepare a research report on the prevailing comparable market level of the markup charged for similar services by making reference to financial information published by public companies providing similar services to hospitals. The research report will be submitted to the general manager or the deputy general manager of Ningbo AUX Property, the internal review department of the Group and any one of the executive Directors (other than Mr. Zheng Jiang, Ms. Chen Huajuan and Ms. Shen Guoying, who are deemed to be interested in the Framework Service Agreement) for review. The comparable market level of the markup charged for similar services as shown in the research report will be adopted as the basis in setting the Markup only after the research report has been approved by all of the above personnel; and
- (ii) where no information in relation to the prevailing comparable market level of the markup charged for similar services is available or obtainable, the finance team of Ningbo AUX Property will check the markups applied in calculating the service fees charged to independent third party customers for similar services provided within the six-month period immediately preceding the date of the individual service agreement (or, where the services are not charged on a cost-plus basis, the gross profit margin attributable to such services during the said period) and prepare a report accordingly. The report will be submitted to the general manager or the deputy general manager of Ningbo AUX Property, the internal review department of the Group and any one of the executive Directors (other than Mr. Zheng Jiang, Ms. Chen Huajuan and Ms. Shen Guoying, who are deemed to be interested in the Framework Service Agreement) for review. The markups charged to independent third party customers of Ningbo AUX Property as shown in the report will be adopted as the bases in setting the Markup only after the reports have been approved by all of the above personnel.



## LETTER FROM THE BOARD

The above will help ensure that the Markup as agreed will not fall below the prevailing comparable market level of the markup, or the markups charged to independent third party customers of Ningbo AUX Property in recent transactions.

Where no information in relation to the prevailing comparable market level of the markup is available or obtainable and Ningbo AUX Property has not provided any similar service to independent third party customers within the previous six-month period, a markup at or above 18%, which was determined with reference to the estimated markups charged by other public companies providing similar services in the PRC calculated based on their published financial information at the time the Framework Service Agreement was entered into, will be applied as the Markup. In such case, the independent non-executive Directors shall review the terms, including the Markup, of the individual service agreement to be entered into taking into account factors such as the costs and benefits to the Group of and the risks involved in the transactions contemplated thereunder, and Ningbo AUX Property should enter into the individual service agreement only after approval from all independent non-executive Directors have been obtained.

In addition to the above, the Group will also adopt the following internal control measures in respect of the continuing connected transactions contemplated under the Framework Service Agreement:

- (i) dedicated personnel of Ningbo AUX Property will be responsible for regular monitoring of the continuing connected transactions under the Framework Service Agreement to ensure that the relevant annual caps will not be exceeded;
- (ii) internal review will be conducted by the Group to assess, on a periodic basis, whether the property housekeeping, transportation and other ancillary services have been provided by Ningbo AUX Property to Ningbo Mingzhou Hospital and/or its subsidiaries from time to time in accordance with the terms of the Framework Service Agreement. In particular, the financial department and the audit department of the Company will be responsible for (i) collecting detailed information of the continuing connected transactions (including but not limited to the pricing terms, payment arrangements and actual transaction amount under each of the service agreements) on a regular basis; (ii) monitoring whether the transaction terms and pricing and other terms under each of the individual service agreement are consistent with the principles established under the Framework Service Agreement in respect of the continuing connected transactions; (iii) conducting continuous evaluation on the fairness of the transaction terms and the pricing terms; and (iv) reporting relevant information to the Board in a timely manner;
- (iii) the Company will engage its auditors to conduct an annual review of the continuing connected transactions conducted pursuant to the Framework Service Agreement and confirm whether such transactions are entered into, in all material respects, in accordance with the pricing policies and other terms set out in the Framework Service Agreement and have exceeded the relevant annual cap; and



## LETTER FROM THE BOARD

- (iv) the independent non-executive Directors will review the continuing connected transactions to be entered into pursuant to the Framework Service Agreement on an annual basis and confirm in the annual reports of the Company for the years ending 31 March 2019, 2020 and 2021 whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the Framework Service Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors consider that the above internal control measures can ensure that the transactions under the Framework Service Agreement will be conducted on normal and commercial terms and not prejudicial to the interests of the Company and its Shareholders.

### IMPLICATION UNDER THE LISTING RULES

As at the Latest Practicable Date, Ningbo Mingzhou Hospital is an indirectly wholly owned subsidiary of a 30%-controlled company held by Mr. Zheng Jian Jiang, a controlling shareholder of the Company indirectly holding approximately 58.66% of the total number of issued Shares. 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 Framework Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the continuing connected transactions contemplated under the Framework Service Agreement exceed(s) 25%, the transactions contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An EGM of the Company will be convened to seek the approval of the Independent Shareholders in respect of the continuing connected transactions contemplated under the Framework Service Agreement and the proposed relevant annual caps. Mr. Zheng Jian Jiang, Ze Hui Limited and Huiyi Limited and their respective associates, and all other Shareholders materially interested in the Framework Service Agreement shall abstain from voting on the resolution in relation to the Framework Service Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder at the EGM.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders on the Framework Service Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder, and Sunfund Capital Limited has been appointed as the IFA to advise the Independent Board Committee and the Independent Shareholders in this regard.

## LETTER FROM THE BOARD

### INFORMATION ON PARTIES TO THE CONTINUING CONNECTED TRANSACTIONS

#### The Company

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

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

#### EGM

The EGM will be held on Friday, 27 April 2018 at 11:00 a.m. at 9/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong during which an ordinary resolution shall be proposed to the Independent Shareholders to approve the Framework Service Agreement. A notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Pursuant to Rule 13.39 of the Listing Rules, the resolution to be proposed at the EGM will be taken by poll, the results of which will be announced after the EGM.

Mr. Zheng Jian Jiang, Ze Hui Limited and Huiyi Limited and their respective associates, and all other Shareholders materially interested in the Framework Service Agreement and the continuing connected transactions contemplated thereunder are required to abstain from voting on the resolution proposed to be passed at the EGM for approving the Framework Service Agreement and the continuing connected transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, Mr. Zheng Jian Jiang, Ze Hui Limited and Huiyi Limited and their respective associates held and control the voting rights in respect of an aggregate of 219,950,000 Shares, representing approximately 58.66% of the total number of Shares in issue as at the Latest Practicable Date.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. at or before 11:00 a.m. on Wednesday, 25 April 2018 (Hong Kong time)) or any adjournment of such meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy previously submitted shall be deemed to be revoked.

## LETTER FROM THE BOARD

### RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out in this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Framework Service Agreement, as well as the proposed annual caps for the continuing connected transactions contemplated thereunder; (ii) the letter from IFA set out in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Framework Service Agreement and the proposed annual caps for the continuing connected transactions contemplated thereunder, as well as the principal factors and reasons taken into account by IFA in arriving at its advice; and (iii) the additional information set out in the Appendix to this circular.

The Directors are of the view that the terms of the continuing connected transactions contemplated under the Framework Service Agreement and the proposed relevant annual caps are fair and reasonable, and such continuing connected transactions 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 independent Shareholders as a whole.

Accordingly, the Directors recommend the Independent Shareholders to vote in favor of the relevant resolution to be proposed at the EGM in the terms as set out in the notice of the EGM.

Yours faithfully,  
By Order of the Board  
**AUX International Holdings Limited**  
**Zheng Jiang**  
*Chairman*



**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)**

10 April 2018

*To the Independent Shareholders*

Dear Sir or Madam

**CONTINUING CONNECTED TRANSACTION  
IN RELATION TO PROVISION OF  
PROPERTY HOUSEKEEPING, TRANSPORTATION  
AND OTHER ANCILLARY SERVICES**

We refer to the circular dated 10 April 2018 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Unless the context otherwise requires, terms and expressions defined in the Circular shall have the same meanings when used in this letter.

We have been appointed by the Board as the Independent Board Committee to consider and advise you as to whether, in our opinion, the terms of the continuing connected transactions contemplated under the Framework Service Agreement are fair and reasonable and such transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole, and how the Independent Shareholders should vote at the EGM, after taking into account the recommendation of the IFA.

Sunfund Capital Limited has been appointed by the Board as the IFA to advise the Independent Board Committee and Independent Shareholders in connection with the Framework Service Agreement and the continuing connected transactions contemplated thereunder (including the proposed annual caps). Details of the advice from the IFA, together with the reasons for its opinion, the key assumptions made and the factors taken into consideration in forming its opinion, are set out in its letter on pages 20 to 34 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 17 of the Circular and the additional information set out in the Appendix.

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

Having considered the terms and conditions of the Framework Service Agreement as well as the proposed annual caps for the continuing connected transactions contemplated thereunder, the interests of the Independent Shareholders and the advice of the IFA, we are of the opinion that the terms of the continuing connected transactions contemplated under the Framework Service Agreement and the proposed relevant annual caps are fair and reasonable, and such continuing connected transactions 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 Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM in the terms as set out in the notice of the EGM so as to approve the Framework Service Agreement as well as the proposed annual caps for the continuing connected transactions contemplated thereunder.

Yours faithfully

For and on behalf of

**The Independent Board Committee**

**Mr. Bau Siu Fung**

*Independent Non-executive Directors*

**Mr. Poon Chiu Kwok**

**Ms. Lou Aidong**

## LETTER FROM IFA

*The following is the full text of the letter of advice from Sunfund Capital Limited to the Independent Board Committee and the Independent Shareholders, for the purpose of incorporation into this circular.*



Unit 2620, 26/F  
Tower 1 Admiralty Centre  
18 Harcourt Road  
Admiralty  
Hong Kong

10 April 2018

*To the Independent Board Committee and the Independent Shareholders  
of AUX International Holdings Limited*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTION IN RELATION TO PROVISION OF PROPERTY HOUSEKEEPING, TRANSPORTATION AND OTHER ANCILLARY SERVICES**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the continuing connected transactions with their respective proposed annual caps (the “**Annual Caps**”) as stipulated under the Framework Service Agreement, details of which are set out in the circular of the Company dated 10 April 2018 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular, unless the context requires otherwise.

As stated in the announcement dated 14 February 2018, given that the Amended Service Agreement has expired on 31 March 2018, on 14 February 2018, Ningbo AUX Property, an indirectly wholly-owned subsidiary of the Company, as supplier and Ningbo Mingzhou Hospital (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer entered into the Framework Service Agreement in relation to the provision of property housekeeping, transportation and other ancillary services by Ningbo AUX Property to Ningbo Mingzhou Hospital and/or its subsidiaries from time to time. As at the date of this letter, Ningbo Mingzhou Hospital is an indirectly wholly owned subsidiary of a 30%-controlled company held by Mr. Zheng Jian Jiang, the controlling shareholder of the Company. Ningbo Mingzhou Hospital together with its subsidiaries are therefore connected persons of the Company. Accordingly, the transactions contemplated under the Framework Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

## LETTER FROM IFA

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Annual Caps of the continuing connected transactions contemplated under the Framework Service Agreement exceed(s) 25%, the transactions contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Bau Siu Fung and Ms. Lou Aidong, has been established to advise the Independent Shareholders as to whether the entering into of the Framework Service Agreement and the continuing connected transactions contemplated thereunder with respective Annual Caps are fair and reasonable, are on normal commercial terms, in the ordinary and usual course of business of the Group and are in the interests of the Company and the Independent Shareholders as a whole, and how to vote at the EGM in connection with the Framework Service Agreement and the continuing connected transactions contemplated thereunder.

We have been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide an independent opinion and recommendation as to whether the terms of the continuing connected transactions with respective Annual Caps are fair and reasonable, are on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Independent Shareholders as a whole, and whether the Independent Shareholders should vote in favour of the resolutions to be proposed at the EGM to approve the Framework Service Agreement and the continuing connected transactions contemplated thereunder with respective Annual Caps.

We are independent from, and are not associated with the Company, Mr. Zheng Jian Jiang, Ningbo Mingzhou Hospital, and any of their respective associates who are interested or involved in the continuing connected transactions. In the past two years and up to the Latest Practicable Date, we, formerly known as Prosperity Capital Holdings Limited, have acted as an independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to a major and connected transaction in relation to the acquisition of property management company and potential continuing connected transaction as detailed in the circular of the Company dated 28 February 2017. The past engagement was limited to providing independent advice to the independent board committee and the independent shareholders, for which we received normal professional fees. Apart from normal professional fees paid to us in connection with this engagement, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party related to the aforesaid transaction. Therefore, for the purpose of Rule 13.84 of the Listing Rules, we consider we are independent to the Company and are accordingly eligible to give independent advice in respect of the continuing connected transactions with respective Annual Caps thereunder.

**BASIS OF OUR OPINION**

In formulating our opinion and recommendation, we have relied on the accuracy of the information, facts and representations supplied, and the opinions expressed to us, by the Group, the Directors and the management of the Group. We have assumed that all statements of belief and intention made by the Directors in the Circular were made after due and careful enquiries. We have also assumed that all information, facts, representations and opinions made or referred to in the Circular were true, accurate and complete at the time they were made and will continue to be true, accurate and complete at the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Group, the Directors and the management of the Group. We have been confirmed by the management of the Group that no material facts have been omitted from the information provided by or referred to in the Circular.

We have assumed such information to be true, accurate and reliable and have not carried out any independent verification on the truth and accuracy of such information, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect. Such relevant information provides us with a basis on which we have been able to formulate our independent opinion.

We consider that we have reviewed sufficient information and documents to reach an informed view, to justify our reliance on the truth and accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. Based on the foregoing, we also consider that we have performed all reasonable steps as required under Rule 13.80 of the Listing Rules (including the notes thereto) to formulate our opinion and recommendation.

**A. PRINCIPAL FACTORS AND REASONS CONSIDERED**

**1. Background of the Group, Ningbo AUX Property and Ningbo Mingzhou Hospital**

As stated in the Group's interim report for the six months ended 30 September 2017 and annual report for the year ended 31 March 2017, the principal business activities of the Group are operation of clubbing business in Hong Kong and provision of property management services in the PRC. On 7 November 2016, a wholly-owned subsidiary of the Company entered into an agreement to acquire Ningbo AUX Property which became a wholly-owned subsidiary of the Company on 5 May 2017. The acquisition of Ningbo AUX Property has diversified the Group's business into property management services, broadened the Group's income stream and enhanced the Company's earning profile.



## LETTER FROM IFA

Ningbo AUX Property is an indirectly wholly owned subsidiary of the Company which is principally engaged in property management business and provides property management services. Ningbo AUX Property holds grade 1 property management qualification in the PRC. We note from the Group's interim report for the six months ended 30 September 2017 that Ningbo AUX Property provided management services in 11 cities namely, Shanghai, Ningbo, Tianjin, Nanjing, Hangzhou, Nanchang, Changsha, Jiujiang, Jinhua, Chengdu and Qingdao as at 30 September 2017. As stated in the announcement of the Company dated 7 July 2017, property management services provided by Ningbo AUX Property primarily include (i) security, cleaning, gardening, repair and maintenance services provided to residential communities, which include mixed-use properties containing residential units and ancillary facilities that are non-residential in nature; (ii) pre-sale services provided to property developers, including cleaning, security and maintenance of the pre-sale display units; (iii) parking services provided in residential communities; and (iv) property housekeeping and transportation services.

As set out in the "Letter from the Board" of this Circular (the "**Letter from the Board**"), Ningbo Mingzhou Hospital is an indirectly wholly-owned subsidiary of a 30%-controlled company held by Mr. Zheng Jian Jiang, a controlling shareholder of the Company. Ningbo Mingzhou Hospital is principally engaged in provision of medical treatments and services. Ningbo Mingzhou Hospital is a subsidiary of Ningbo Sanxing, the shares of which are listed on the Shanghai Stock Exchange. Ningbo Sanxing has been actively developing its healthcare services, with a view to becoming a leading healthcare service investment and management group in the PRC.

### 2. Principal terms of Framework Service Agreement

A summary of the principal terms of the Framework Service Agreement are as follows:

Date:	14 February 2018
Parties:	(1) Ningbo AUX Property  (2) Ningbo Mingzhou Hospital (for itself and as trustee for the benefit of its subsidiaries from time to time)
Term of the agreement:	Subject to the approval by the Independent Shareholders, the Framework Service Agreement shall be effective from 1 April 2018 to 31 March 2021

## LETTER FROM IFA

Nature of transactions/  
services covered:

Ningbo AUX Property shall send workers to the hospital(s) operated by Ningbo Mingzhou Hospital and/or its subsidiaries from time to time to provide the following services: (i) property housekeeping services, including daily housekeeping and cleaning in areas inside the hospital premises and in respect of, among others, medical equipments, furniture and fixtures therein, daily housekeeping and cleaning in all public areas, collection and management of clinical and other wastes, and sanitation of surgeries, hospital beds, equipments and disposable products; (ii) transportation services, including ushering patients to appropriate areas for check-ups and treatments, delivery of testing samples and relevant paper records to respective departments of the hospital(s), preparation of sanitation materials and delivery of sanitisation materials and disposable hygiene products, management of cleaning supplies, transportation of large volume parenteral (LVP) within the hospital area, management and transportation of pure water, transportation of furniture within the hospital area, transportation of blood and ancillary management and data collection and reporting services; (iii) security services such as maintaining good public order within the hospital area, assisting hospital staff with handling of medical dispute incidents and ensuring the safety of hospital personnel; (iv) property maintenance management services, such as ensuring construction projects are conducted in an orderly manner, and regular inspection of high voltage power distribution room, drainage system, fire pump system, lighting system, water purification system and sewage treatment facilities; (v) elevator operation services, including daily inspection of the elevators within the hospital area and assistance to users of the elevators; (vi) auxiliary medical services, such as assistance to nurses in the daily performance of their duties, cleaning hospital beds and management of hospital storage room and furniture; (vii) personal nursing support to patients by qualified professional caretakers; and (viii) landscape services within the hospital area.

## LETTER FROM IFA

### Pricing:

The transactions under the Framework Service Agreement shall be conducted on normal commercial terms. The service fees payable by Ningbo Mingzhou Hospital and/or its relevant subsidiary to Ningbo AUX Property for the services to be provided by Ningbo AUX Property to Ningbo Mingzhou Hospital or its relevant subsidiary in respect of each hospital facility where Ningbo AUX Property will provide its services pursuant to the Framework Service Agreement, shall be agreed between Ningbo AUX Property and Ningbo Mingzhou Hospital or the relevant subsidiary on an arm's length basis and set out in each individual service agreement, and calculated on the basis of the following:

- the service fee per worker, which is equal to (1) the average wage (the "**Average Wage**") of the workers in each function to be sent by Ningbo AUX Property for the provision of services to Ningbo Mingzhou Hospital or the relevant subsidiary during the period covered under the individual service agreement, plus (2) a markup (in terms of percentage to the Average Wage) (the "**Markup**") to cover the other costs and disbursements of Ningbo AUX Property in providing the required services and its gross profit margin; and
- the average number of workers to be sent by Ningbo AUX Property for the provision of services to Ningbo Mingzhou Hospital or the relevant subsidiary during the period covered under the individual service agreement, which shall be agreed between Ningbo AUX Property and Ningbo Mingzhou Hospital or the relevant subsidiary with reference to the needs, hospital area size and scale of operation of the hospital facility operated by Ningbo Mingzhou Hospital or the relevant subsidiary where services are to be provided.

## LETTER FROM IFA

The Markup shall be at or above the applicable level set out below:

- (1) the prevailing comparable market level of the markup charged for similar services at the relevant time;
- (2) where the information as referred to in paragraph (1) above is not available or obtainable, the markups charged by Ningbo AUX Property to its independent third party customers for similar services within the six-month period immediately preceding the date of each individual service agreement; and
- (3) where the information as referred to in paragraphs (1) and (2) above is both not available or obtainable, a markup at or above 18%, which was determined with reference to the estimated markups charged by other public companies providing similar services in the PRC calculated based on their published financial information.

Payment  
arrangement:

Payment will be settled on a monthly basis within 10 business days after receipt by Ningbo Mingzhou Hospital of the relevant invoice issued by Ningbo AUX Property.

Implementation  
agreements:

Ningbo AUX Property and Ningbo Mingzhou Hospital and/or its subsidiaries will enter into, from time to time and as and when necessary, individual service agreements to set out the specific terms and conditions in respect of each individual hospital facility including, among others, the agreed number of workers to be sent by Ningbo AUX Property for the provision of services, service fee per worker, and service scope.

Any such service agreement shall be within the ambit of the Framework Service Agreement and shall not contravene the provisions of the Framework Service Agreement; in case of inconsistency, the provisions of the Framework Service Agreement shall prevail.

**3. Reasons for and benefits of entering into the Framework Service Agreement**

As set out in the Letter from the Board, the Group endeavors to maintain healthy development of the clubbing business segment and enhance the clubbing experience to be offered to its customer. Due to the competitive nature of the clubbing business, it is important to maintain the Group's leading position in the Hong Kong clubbing industry through renovation and upgrade of the facilities of its clubbing venue from time to time.

On 8 January 2018, the Group announced its plan in relation to renovation and temporary closure of Magnum Club. The renovation is expected to take approximately eight months to complete and the costs are expected to amount to approximately HK\$10,000,000. In view of the short-term financial impact that the temporary closure of Magnum Club may have on the Group's performance, it is vital that the Group maintains stable and sustainable revenue and cash flow from its property management service business segment, so as to avoid any significant fluctuation in the overall revenue and cash flow of the Group.

We note from the Letter from the Board that, Ningbo AUX Property has been providing property housekeeping and transportation services to Ningbo Mingzhou Hospital pursuant to the Amended Service Agreement. Given that the Amended Service Agreement has expired on 31 March 2018, on 14 February 2018, Ningbo AUX Property as supplier and Ningbo Mingzhou Hospital (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer entered into the Framework Service Agreement in relation to the provision of property housekeeping, transportation and other ancillary services by Ningbo AUX Property to Ningbo Mingzhou Hospital and/or its subsidiaries from time to time, which shall, subject to approval by Independent Shareholders, be effective for a term commencing on 1 April 2018 and ending on 31 March 2021.

Further, as stated in the Letter from the Board, Ningbo Mingzhou Hospital is a subsidiary of Ningbo Sanxing, the shares of which are listed on the Shanghai Stock Exchange. Ningbo Sanxing has been actively developing its healthcare services, with a view to becoming a leading healthcare service investment and management group in the PRC. The Company believes that the entering into of the Framework Service Agreement will enable Ningbo AUX Property and the Group as a whole to leverage on Ningbo Sanxing's expansion of its healthcare service business to secure sizeable income from the Group's property management service business segment over a relatively long term, achieve further growth in the Group's medical property management business and enhance the Group's property management service portfolio. It will also help to reduce the impact on the financial performance of the Group while Magnum Club remains closed for renovation, ensure the Group will have sufficient financial resources to achieve healthy and sustainable development of both its clubbing business and property management service business, and contribute to the business growth of the Group as a whole in the long run.

## LETTER FROM IFA

We have reviewed the terms and conditions under the Framework Services Agreement and compared with the Amended Service Agreement. We noted that except for (i) the one-off preliminary property housekeeping fee of RMB755,791 was recognised under the Amended Service Agreement and (ii) term of the Amended Service Agreement commenced on 8 July 2017 and ending on 31 March 2018 while the term of the Framework Services Agreement to be effective commencing on 1 April 2018 and ending on 31 March 2021, subject to the approval by the Independent Shareholders, all other major terms under the Amended Service Agreement are in line with those stipulated under the Framework Service Agreement. We have also discussed with the management of the Group and compared terms under the Framework Service Agreement with quotations or contracts offered by independent third party service providers for similar services in the past two years. We noted from such quotations or contracts that service fees for similar services are mainly charged based on monthly average service fee per worker and number of workers to be sent by the service providers. We also noted that in general, service fees are payable on a monthly basis within 10 business days upon receipt of invoices. Having consider the service fees of both the Framework Service Agreement and the quotations or contracts offered by independent third party service providers are both (1) charged by monthly average service fee per worker times number of workers to be sent and (2) settled on a monthly basis, we are of the view that pricing terms and settlement terms for property housekeeping, transportation and other ancillary services offered by Ningbo AUX Property under the Services Framework Agreement are on normal commercial terms or with terms no less favourable to those offered by independent third party service providers.

In relation to the markup at or above 18% to be adopted, we performed our own independent research, on our best effort basis, on the gross profit margins recorded by comparable public companies providing similar services in the PRC. Base on the public information, we noted that gross profit margins of the segment in provision of similar services of these comparable public companies ranged from approximately 11% to 21% in 2016. On the basis that the said markup is determined on the principle of arm's length transaction with reference to the estimated markups charged by comparable public companies providing similar services in the PRC, we consider the determination of the markup at or above 18% is fair and reasonable.

Based on the above, we are of the view that the major terms of the Framework Service Agreement are fair and reasonable and on normal commercial terms.

In addition, we have reviewed the internal control policy for the provision of property housekeeping, transportation and other ancillary services which is for ensuring the pricing method in the Framework Service Agreement is adhered to and that the provision of services by the Ningbo AUX Property to Ningbo Mingzhou Hospital and/or its subsidiaries pursuant thereto will be on normal commercial terms, before Ningbo AUX Property commences its negotiations with Ningbo Mingzhou Hospital and/or the relevant subsidiary to set the service fees payable in respect of each hospital facility. Upon reviewing the written internal control policy, discussing with the management of the Group and as stated in the Letter from the Board, we notice that a research report on the prevailing comparable market level of

## LETTER FROM IFA

the markup charged for similar services by making reference to financial information published by public companies will be prepared by finance team of Ningbo AUX Property, which will then be passed to general manager or the deputy general manager of Ningbo AUX Property, the internal review department of the Group and any one of the executive Directors (other than Mr. Zheng Jiang, Ms. Chen Huajuan and Ms. Shen Guoying, who are deemed to be interested in the Framework Service Agreement) for their approval. The comparable market level charged for similar services as shown in the research report will be adopted as the basis in setting the Markup after the approvals have been obtained.

Where no information in relation to the prevailing comparable market level of the markup charged for similar services is available or obtainable, the finance team of Ningbo AUX Property will check the markups applied in calculating the service fees charged to independent third party customers for similar services provided within the six-month period immediately preceding the date of the individual service agreement (or, where the services are not charged on a cost-plus basis, the gross profit margin attributable to such services during the said period) and prepare a report for the approval from the above mentioned personnel. After the approval, the report will be used as the bases in setting the Markup.

Where no information in relation to the prevailing comparable market level of the markup is available or obtainable and Ningbo AUX Property has not provided any similar service to independent third party customers within the previous six-month period, a markup at or above 18%, which was determined with reference to the estimated markups charged by other public companies providing similar services in the PRC calculated based on their published financial information at the time the Framework Service Agreement was entered into, will be applied as the Markup. We understood from the management of the Group that Ningbo AUX Property should entered into the individual service agreement only after approval from all independent non-executive Directors on the terms, including the Markup, of the individual service agreement to be entered into have been obtained.

Considering the above reasons, we are of the view that procedures aforementioned to be implemented can effectively ensure that the pricing method would be followed and the transactions under the Framework Service Agreement are entered into based on normal commercial terms and not prejudicial to the interests of the Company and Independent Shareholders as a whole and the Company has adequate measures in place to ensure that the threshold of 18% markup would be on normal commercial terms during the term of the Framework Service Agreement.



## LETTER FROM IFA

#### 4. Annual Caps under the Framework Service Agreement

The proposed Annual Caps for the continuing connected transactions contemplated under the Framework Service Agreement for the three years ending 31 March 2021:

	Year ending 31 March 2019 (RMB'000)	Year ending 31 March 2020 (RMB'000)	Year ending 31 March 2021 (RMB'000)
Proposed maximum aggregate amount of fees chargeable by Ningbo AUX Property to Ningbo Mingzhou Hospital and/or its subsidiaries from time to time for provision of services under the Framework Service Agreement	<u>21,000</u>	<u>26,000</u>	<u>27,000</u>

To assess the reasonableness of the proposed Annual Caps under Framework Service Agreement, we have reviewed the basis of calculating the Annual Caps and discussed with the management of the Group regarding the principal factors the Company has taken into account in arriving the Annual Caps.

##### 1. *Historical transaction figures*

As stated in the Letter from the Board, based on the unaudited consolidated accounts of the Company, the actual fees charged by Ningbo AUX Property for services provided under the Amended Service Agreement during the period from 8 July 2017 and up to 31 January 2018 (including the services provided to Ningbo Mingzhou Hospital in respect of a hospital whose operating company became a subsidiary of Ningbo Mingzhou Hospital since November 2017) amount to approximately RMB6.7 million. It is expected that up to 31 March 2018, the fees so charged have not exceeded RMB8.2 million, being the revised annual cap in relation to the continuing connected transactions contemplated under the Amended Service Agreement as set out in the announcement of the Company dated 29 December 2017. We note that the proposed Annual Caps for the three years ending 31 March 2021 is determined with reference to (i) the annualised figure of the aggregate fees charged by Ningbo AUX Property amounting to approximately RMB6.7 million for the services provided to Ningbo Mingzhou Hospital and its subsidiary pursuant to the Amended Service Agreement during the period from 8 July 2017 to 31 January 2018, i.e. approximately RMB11.8 million, (ii) the estimated increase in the demand from Ningbo Mingzhou Hospital



## LETTER FROM IFA

and/or its subsidiaries for the three years ending 31 March 2021 and (iii) anticipated annual growth of approximately 2.0% in the wages of the workers.

2. *Expected increase in the demand for services provided to Ningbo Mingzhou Hospital and/or its subsidiaries*

As stated in the Letter from the Board, the scope of service will be expanded to include six types of ancillary services in addition to property housekeeping and transportation services, as compared with the Amended Service Agreement. In addition, Ningbo AUX Property is given to understand that Ningbo Mingzhou Hospital and/or its subsidiaries have been contemplating further acquisition(s) of hospital(s) which may be completed during the second half of the year ending 31 March 2019, and upon completion of such acquisition(s), Ningbo AUX Property is expected to provide property housekeeping, transportation and other ancillary services in the area of the hospital(s) newly acquired by Ningbo Mingzhou Hospital and/or its subsidiaries in accordance with the terms of the Framework Service Agreement. After completion of such acquisition(s), the service area is expected to increase to approximately 150% of the current service area under the Amended Service Agreement. As such, the Company expects that the number of workers required to be sent by Ningbo AUX Property for the provision of services will increase from a maximum of 263 per month for the period from 8 July 2017 to 31 March 2018 to an average of approximately 420 per month for the year ending 31 March 2019 and further increase to an average of approximately 510 per month for the year ending 31 March 2020 and 2021.

We have obtained and reviewed the list of services expected to be provided by Ningbo AUX Property to Ningbo Mingzhou Hospital and/or its subsidiaries under the Framework Service Agreement and reviewed the schedule with number of workers to be sent to Ningbo Mingzhou Hospital and/or its subsidiaries per month and the expected service fees per worker to be charged by Ningbo AUX Property. We noted that the calculation has taken into account that (i) two hospital facilities operated by Ningbo Mingzhou Hospital and its subsidiary that Ningbo AUX Property is currently providing services under the Amended Service Agreement and (ii) certain hospitals that Ningbo Mingzhou Hospital and/or its subsidiaries are contemplated to acquire during the year ending 31 March 2019. We further understood from the management of the Group that Ningbo Mingzhou Hospital is expected to engage Ningbo AUX Property to provide property housekeeping, transportation and other ancillary services in the area of these hospitals contemplated to be acquired by Ningbo Mingzhou Hospital and/or its subsidiaries in the second half of the year ending 31 March 2019. We have discussed with management of the Group and noted that number of workers to be sent is determined with reference to the particular manner of delivery of each individual type of service, which may also depends on the size and scale of operation of the hospital(s) concerned, and the effects to varying degrees that the increase in service area may have on the manpower requirement relating to each individual type of service.

## LETTER FROM IFA

We have obtained and reviewed a schedule of additional services required by Ningbo Mingzhou Hospital and its subsidiary and hospital(s) to be acquired by Ningbo Mingzhou Hospital and/or its subsidiaries. We noted that the increase in number of workers was attributed to (i) expansion of the scope of services including security, property maintenance management as well as elevator operation services; and (ii) increase in service area to approximately 150% of the service area under the Amended Service Agreement. We checked to information of the hospital(s) to be acquired by Ningbo Mingzhou Hospital and/or its subsidiaries and noted that the aggregate gross floor area is approximately 50% of the service area under the Amended Service Agreement and which is in line with the schedule of additional services required by hospitals concerned. Based on the above, we are of the view that the basis and assumption for the increase in demand due to future acquisitions by Ningbo Mingzhou Hospitals and/or its subsidiaries is fair and reasonable.

3. *The anticipated annual growth of approximately 2.0% in the wages of the workers*

We have reviewed quotations or contracts for similar services offered by independent third party service providers in the past two years and note that estimated service fees per worker charged by Ningbo AUX Property for the year ending 31 March 2019 are higher to that offered by independent third party service providers by at least 2%. Based on the estimated service fees per worker charged by Ningbo AUX Property for the year ending 31 March 2019, we noted that the anticipated growths of approximately 2.0% in the wages of the workers during each of the year ending 31 March 2020 and 2021 are, estimated based on the growth in consumer price index in the surrounding region in 2017. We have conducted our own independent research on Zhejiang Province Consumer Price Index in 2017 and according to National Bureau of Statistics of the People's Republic of China, Zhejiang Province Consumer Price Index in 2017 increased by 2.1% as compared with 2016, which is in line with the expected annual growth in the wages of the workers adopted in the Annual Caps calculation.

Having considered the above basis, we consider that the Annual Caps in respect of the continuing connected transactions under the Framework Service Agreement for the three years ending 31 March 2021 are fair and reasonable so far as the Independent Shareholders are concerned.

In addition to the above, we note that the Group will also adopt the following internal control measures:

- (i) dedicated personnel of Ningbo AUX Property will be responsible for regular monitoring of the continuing connected transactions under the Framework Service Agreement to ensure that the relevant Annual Caps will not be exceeded;

## LETTER FROM IFA

- (ii) internal review will be conducted by the Group to assess, on a periodic basis, whether the property housekeeping, transportation and other ancillary services have been provided by Ningbo AUX Property to Ningbo Mingzhou Hospital and/or its subsidiaries in accordance with the terms of the Framework Service Agreement. In particular, the financial department and the audit department of the Company will be responsible for (i) collecting detailed information of the continuing connected transactions (including but not limited to the pricing terms, payment arrangements and actual transaction amount under each of the service agreements) on a regular basis; (ii) monitoring whether the transaction terms and pricing and other terms under each of the individual service agreement are consistent with the principles established under the Framework Service Agreement in respect of the continuing connected transactions; (iii) conducting continuous evaluation on the fairness of the transaction terms and the pricing terms; and (iv) reporting relevant information to the Board in a timely manner;
- (iii) the Company will engage its auditors to conduct an annual review of the continuing connected transactions conducted pursuant to the Framework Service Agreement and confirm whether such transactions are entered into, in all material respects, in accordance with the pricing policies and other terms set out in the Framework Service Agreement and have exceeded the relevant Annual Caps; and
- (iv) the independent non-executive Directors will review the continuing connected transactions to be entered into pursuant to the Framework Service Agreement on an annual basis and confirm in the annual reports of the Company for the years ending 31 March 2019, 2020 and 2021 whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the Framework Service Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In view of the continuing connection transactions will be subject to annual review of the independent non-executive Directors and the auditors of the Company, we are of the view that appropriate measures will be in place to govern the conduct of the continuing connected transaction and safeguard the interests of the Independent Shareholders.

## LETTER FROM IFA

Having considered that (i) the Annual Caps are consistent with the management estimation of the amounts of continuing connected transaction and in line with the schedule with number of workers to be sent to Ningbo Mingzhou Hospital and/or its subsidiaries per month and the expected service fee per worker to be charged by Ningbo AUX Property under the Framework Service Agreement; (ii) the major terms of the Framework Service Agreement are fair and reasonable and on normal commercial terms; (iii) the Company will take effective internal control measures for monitoring the pricing and terms of the continuing connected transactions contemplated under the Framework Service Agreement and for ensuring that the continuing connected transactions conducted under such agreement are entered into based on normal commercial terms; and (iv) the provision of the services are in the ordinary course of business of the Group and will enable the Group to maintain stable and sustainable revenue and cash flow from its property management service business segment, we consider that entering into Framework Service Agreement is in the interests of the Company and the Independent Shareholders as a whole and the proposed Annual Caps under the Framework Service Agreement are fair and reasonable.

However, Shareholders should note that as the Annual Caps relate to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 March 2021, we express no opinion as to how closely the actual property housekeeping, transportation and other ancillary services to be provided by Ningbo AUX Property to Ningbo Mingzhou Hospital and/or its subsidiaries under the Framework Service Agreement will correspond with the Annual Caps.

### RECOMMENDATION

Having considered the above principal factors and reasons for entering into the Framework Service Agreement, the continuing connected transactions (including the Annual Caps) and the bases and assumptions adopted in arriving at the Annual Caps we are of the view that the continuing connected transactions are in the ordinary and usual course of business of the Group and the terms of the continuing connected transactions (including the Annual Caps) are agreed on an arm's length basis, are on normal commercial terms and are fair and reasonable. Therefore, entering into the Framework Service Agreement is in the interests of the Company and Independent Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Framework Service Agreement and the continuing connected transactions contemplated thereunder with proposed Annual Caps.

Yours faithfully,  
For and on behalf of  
**Sunfund Capital Limited**  
**Kenneth Yam**  
*Senior Vice President*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF DIRECTORS AND CHIEF EXECUTIVE

So far as was known to the Directors, as at the Latest Practicable Date, the following Director had interests in the shares of the associated corporations (within the meaning of Part XV of the SFO) of the Company which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which he was taken or deemed to have under such provisions of the SFO); (ii) recorded in the register maintained by the Company referred to in section 352 of the SFO pursuant thereto; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as adopted by the Company:

Name of associated corporation	Name of Director	Capacity/Nature of interest	Number and class of shares	Approximately percentage of the issued share capital
Huiji Limited ( <i>Note 1</i> )	Zheng Jiang	Interest in a controlled corporation	0.1 ordinary share	10%
China Prosper Enterprise Holding Co., Ltd. ( <i>Note 2</i> )	Zheng Jiang	Interest in a controlled corporation	1,000 ordinary shares	10%

*Notes:*

- As at the Latest Practicable Date, Ze Hong Limited, a company wholly-owned by Mr. Zheng Jiang, was interested in 10% of the issued share capital of Huiji Limited, the holding company of the Company which beneficially owned 219,950,000 Shares, representing approximately 58.66% of the total number of Shares in issue as at the Latest Practicable Date.
- As at the Latest Practicable Date, Ze Hong Limited, a company wholly-owned by Mr. Zheng Jiang, was interested in 10% of the issued share capital of China Propser Enterprise Holding Co., Ltd., which was a subsidiary of Huiji Limited.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register maintained by the Company referred to in section 352 of the SFO pursuant thereto; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

So far as was known to the Directors, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, no Director had any existing or proposed service contract with any member of the Group, excluding service contracts expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

### **4. INTERESTS IN ASSETS AND CONTRACTS AND COMPETING INTERESTS**

None of the Directors had any interest, direct or indirect, in any asset which had, since 31 March 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, been acquired or disposed of by or leased to any member of the Group or which were, as at the Latest Practicable Date, proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in any business which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

## 5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2017, the date to which the latest published audited consolidated financial statements of the Group were made up.

## 6. QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualification of the experts who have given advice, letter or opinion contained in this circular:

Name	Qualifications
Sunfund Capital Limited	a corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the expert identified above had no shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The expert identified above did not have any interest, direct or indirect, in any asset which had, since 31 March 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, been acquired or disposed of by or leased to any member of the Group or which were, as at the Latest Practicable Date, proposed to be acquired or disposed of by or leased to any member of the Group.

The expert identified above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.

## 7. LITIGATION

So far as the Directors are aware, as at the Latest Practicable Date, no member of the Enlarged Group was involved in any litigation or claim of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

**8. DOCUMENT AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during the normal business hours at Suite 4018, 40th Floor, Jardine House, 1 Connaught Place, Hong Kong from the date of this circular up to and including the date of the EGM (save for Saturday and public holidays):

- (a) the letter of advice from Sunfund Capital Limited to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular;
- (b) the letter from Independent Board Committee, the text of which is set out in this circular;
- (c) the Service Agreement;
- (d) the Supplemental Agreement; and
- (e) the Framework Service Agreement.

**9. GENERAL**

- (a) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.
- (b) The joint company secretary of the Company are Mr. Chan Hon Ki and Ms. Tsang Kwok Shan, Sandy. Ms. Tsang is a fellow member of the Association of Chartered Certified Accountants. Mr. Chan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.



## NOTICE OF EGM

# AUX

**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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “EGM”) of AUX International Holdings Limited (the “Company”) will be held at 9/F, Gloucester Tower, The Landmark, 15 Queen’s Road Central, Hong Kong on Friday, 27 April 2018 at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

**“THAT**

- (a) the framework service agreement (the “**Framework Service Agreement**”) entered into between Ningbo AUX Property as supplier and Ningbo Mingzhou Hospital (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer on 14 February 2018 in relation to the provision of property housekeeping, transportation and other ancillary services by Ningbo AUX Property to Ningbo Mingzhou Hospital and/or its subsidiaries from time to time which shall be effective for a term commencing on 1 April 2018 and ending on 31 March 2021 (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for identification purpose), the transactions contemplated thereunder and the expected maximum aggregate amount of fees chargeable by Ningbo AUX Property to Ningbo Mingzhou Hospital and/or its subsidiaries from time to time pursuant to the Framework Service Agreement of RMB21 million, RMB26 million and RMB27 million for each of the three years ending 31 March 2019, 2020 and 2021 respectively be and are hereby approved, confirmed and ratified; and

## NOTICE OF EGM

- (b) any Director or any other person authorised by the board of Directors be and is hereby authorised to do and execute all such acts, matters, deeds, documents and things as he/she may in his/her absolute discretion consider necessary, desirable or expedient for or in connection with the implementation of the Framework Service Agreement and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the Framework Service Agreement which is in his/her opinion not of a material nature and necessary, desirable or expedient for or in connection with the implementation of the Framework Service Agreement and all transactions and other matters contemplated thereunder or ancillary thereto, and to effect or implement any other matters referred to in this resolution.”

By Order of the Board  
**AUX International Holdings Limited**  
**Zheng Jiang**  
*Chairman*

Hong Kong, 10 April 2018

*Registered office:*

Clifton House  
75 Fort Street  
P.O. Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

*Principal place of business in Hong Kong:*

Room 506B, 5th Floor  
Tower 1, Admiralty Centre  
18 Harcourt Road  
Hong Kong

*Notes:*

1. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. A form of proxy for the extraordinary general meeting is enclosed. In order to be valid, a form of proxy, together with the power of attorney or other authority (if any), under which the form is signed must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time fixed for the holding of the EGM (i.e. at or before 11:00 a.m. on Wednesday, 25 April 2018 (Hong Kong time)) or any adjournment of such meeting (as the case may be).
3. Completion and return of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the meeting or any adjourned meeting or upon the poll concerned if the shareholders of the Company so wish. In such event, the instrument appointing the proxy shall be deemed to be revoked.
4. Where there are joint holders of any share any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

## NOTICE OF EGM

5. A member of the Company entitled to more than one vote need not, if he votes on a poll, use all his votes or cast all the votes he uses in the same way.
6. The resolution is to be voted on by way of poll.
7. For determining the entitlement to attend and vote at the extraordinary general meeting, the transfer book and register of members will be closed from Tuesday, 24 April 2018 to Friday, 27 April 2018, both days inclusive, during which period no share transfers can be registered. In order to qualify for attending and voting at the meeting, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Monday, 23 April 2018.

*As at the date of this notice, the board of directors comprises Mr. Zheng Jiang, Mr. Chan Hon Ki, Ms. Chen Huajuan and Ms. Shen Guoying as executive directors; Mr. Poon Chiu Kwok, Mr. Bau Siu Fung and Ms. Lou Aidong as independent non-executive directors.*