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**AUX INTERNATIONAL HOLDINGS LIMITED**  
**奧克斯國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2080)**

**ANNOUNCEMENT OF INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of AUX International Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2023 together with the comparative figures for the six months ended 30 September 2022 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*for the six months ended 30 September 2023 – unaudited*

*(Expressed in Hong Kong dollars)*

	Note	Six months ended 30 September	
		2023	2022
		\$'000	\$'000
<b>Revenue</b>	3	<b>199,875</b>	162,931
Other revenue	4	7,329	7,927
Other net (loss)/gain	5	(135)	12,699
Cost of inventories sold		(42,690)	(5,465)
Property cleaning expenses		(33,839)	(36,124)
Staff costs	6(b)	(72,200)	(69,503)
Depreciation and amortisation	6(e)	(4,599)	(4,995)
Property rentals and related expenses		(1,851)	(1,812)
Advertising and marketing expenses		(2,506)	(1,079)
Utilities expenses		(8,198)	(10,142)
Repair and maintenance expenses		(8,921)	(9,719)
Other operating expenses	6(d)	(15,596)	(19,494)
<b>Profit from operations</b>		<b>16,669</b>	25,224
Finance costs	6(a)	(774)	(953)
<b>Profit before taxation</b>	6	<b>15,895</b>	24,271
Income tax	7	(7,428)	(5,981)
<b>Profit for the period</b>		<b>8,467</b>	18,290
<b>Attributable to:</b>			
Equity shareholders of the Company		8,467	15,665
Non-controlling interests		–	2,625
<b>Profit for the period</b>		<b>8,467</b>	18,290
<b>Earnings per share</b>	8		
Basic and diluted		<b>1.7 cents</b>	3.2 cents

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2023 – unaudited  
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2023	2022
	\$'000	\$'000
<b>Profit for the period</b>	<b>8,467</b>	18,290
<b>Other comprehensive income for the period</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of the financial statements of subsidiaries (nil tax effect)	<u>(20,035)</u>	<u>(30,633)</u>
<b>Total comprehensive income for the period</b>	<b><u>(11,568)</u></b>	<b><u>(12,343)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	(11,568)	(14,968)
Non-controlling interests	<u>–</u>	<u>2,625</u>
<b>Total comprehensive income for the period</b>	<b><u>(11,568)</u></b>	<b><u>(12,343)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2023 – unaudited

(Expressed in Hong Kong dollars)

		At 30 September 2023 \$'000	At 31 March 2023 \$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	4,055	3,681
Intangible assets	10	25,012	30,335
Goodwill	10	52,305	55,669
Non-current deposits	11	795	3,656
Non-current time deposit		57,032	59,684
Deferred tax assets		3,880	4,455
		<u>143,079</u>	<u>157,480</u>
<b>Current assets</b>			
Inventories		874	1,214
Trade and other receivables	11	89,020	87,644
Restricted bank deposits		6,627	4,967
Cash at bank and in hand		263,143	286,435
		<u>359,664</u>	<u>380,260</u>
<b>Current liabilities</b>			
Trade and other payables	12	118,341	111,307
Contract liabilities		49,939	74,035
Amount due to the controlling shareholder		10,703	9,046
Loans from the controlling shareholder	13	–	22,060
Lease liabilities		11,888	13,535
Current tax payable		1,161	4,591
		<u>192,032</u>	<u>234,574</u>
<b>Net current assets</b>		<u>167,632</u>	<u>145,686</u>
<b>Total assets less current liabilities</b>		<u>310,711</u>	<u>303,166</u>

		At 30 September 2023 \$'000	At 31 March 2023 \$'000
	<i>Note</i>		
<b>Non-current liabilities</b>			
Loans from the controlling shareholder	<i>13</i>	74,820	52,360
Lease liabilities		169	2,681
Deferred tax liabilities		15,334	16,169
		<u>90,323</u>	<u>71,210</u>
<b>NET ASSETS</b>		<u><b>220,388</b></u>	<u>231,956</u>
<b>CAPITAL AND RESERVES</b>			
	<i>14</i>		
Share capital		4,930	4,930
Reserves		215,458	227,026
<b>TOTAL EQUITY</b>		<u><b>220,388</b></u>	<u>231,956</u>

## NOTES

(Expressed in Hong Kong dollars)

### 1 BASIS OF PREPARATION

#### (a) General information

AUX International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 14 January 2013 as an exempted company with limited liability under the Companies Law (2013 Revision) (as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in operation of clubbing business and restaurant and bar outlets, and provision of property management services and related value-added services.

#### (b) Statement of compliance

The unaudited consolidated interim financial information set out in this announcement does not constitute the Group’s unaudited interim financial report for the six months ended 30 September 2023 but is extracted from that unaudited interim financial report.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 29 November 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the financial year ended 31 March 2023, except for the accounting policy changes that are expected to be reflected in the consolidated financial statements for the financial year ending 31 March 2024. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the consolidated financial statements for the financial year ended 31 March 2023. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

## 2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following new and amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The HKICPA has also issued a new HKICPA guidance on the accounting implications of the mandatory provident fund-long service payment offsetting mechanism in July 2023. As the Group is in the progress of making an assessment, further impacts may be identified in due course.

## 3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the operation of clubbing business and restaurant and bar outlets, and provision of property management services and related value-added services.

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

The Group manages its businesses by divisions, which are organised by business line and geography. In a manner consistent with the way in which information is reported internally to the most senior executive management of the Group for the purposes of resource allocation and performance assessment, the Group has identified three reportable segments. No operating segments have been aggregated to form the following reportable segments.

<b>Segment</b>	<b>Business</b>
Lifestyle entertainment – Hong Kong	Sales of food and beverages and tobacco products from operation of clubbing business and restaurant and bar outlets
Property management – Mainland China	Provision of property management services
Property management related value-added services – Mainland China	Sales of living consumption and festive products and provision of household cleaning services and repair services in the community

(a) **Disaggregation of revenue**

Disaggregation of revenue from contracts with customers by service lines and geographical location of customers is as follows:

	<b>Six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Revenue from club and restaurant operations*		
– Hong Kong	<b>10,216</b>	6,411
Revenue from property management contracts#		
– Mainland China	<b>148,831</b>	156,520
Revenue from property management related value-added services* – Mainland China	<b>40,828</b>	–
	<b>199,875</b>	162,931

\* The revenue is recognised at a point in time.

# The revenue is recognised over time.

The Group's customer base is diversified and no customer (six months ended 30 September 2022: Nil) with whom transactions have exceeded 10% of the Group's revenue.

(b) **Information about profit or loss, assets and liabilities**

Information regarding the Group's reportable segments as provided to the most senior executive management of the Group for the purposes of resource allocation and assessment of segment performance for the six months ended 30 September 2023 and 2022 is set out below.

	Lifestyle entertainment - Hong Kong		Property management - Mainland China		Property management related value-added services - Mainland China		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>For the six months ended 30 September</b>								
Revenue from external customers and reportable segment revenue	<u>10,216</u>	<u>6,411</u>	<u>148,831</u>	<u>156,520</u>	<u>40,828</u>	<u>-</u>	<u>199,875</u>	<u>162,931</u>
Reportable segment (loss)/profit (adjusted EBITDA)	<u>(6,853)</u>	<u>(6,915)</u>	<u>23,599</u>	<u>21,301</u>	<u>1,228</u>	<u>-</u>	<u>17,974</u>	<u>14,386</u>
	At 30 September 2023 \$'000	At 31 March 2023 \$'000	At 30 September 2023 \$'000	At 31 March 2023 \$'000	At 30 September 2023 \$'000	At 31 March 2023 \$'000	At 30 September 2023 \$'000	At 31 March 2023 \$'000
Reportable segment assets	<u>7,920</u>	<u>7,928</u>	<u>484,313</u>	<u>504,367</u>	<u>4,826</u>	<u>10,174</u>	<u>497,059</u>	<u>522,469</u>
Reportable segment liabilities	<u>30,184</u>	<u>25,188</u>	<u>151,224</u>	<u>169,456</u>	<u>753</u>	<u>4,504</u>	<u>182,161</u>	<u>199,148</u>

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



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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Reportable segment profit derived from the Group's external customers	<b>17,974</b>	14,386
Other revenue	<b>7,329</b>	7,927
Other net (loss)/gain	<b>(135)</b>	12,699
Depreciation and amortisation	<b>(4,599)</b>	(4,995)
Finance costs	<b>(774)</b>	(953)
Unallocated head office and corporate expenses	<b>(3,900)</b>	(4,793)
	<hr/>	<hr/>
Consolidated profit before taxation	<b>15,895</b>	24,271
	<hr/> <hr/>	<hr/> <hr/>

**4 OTHER REVENUE**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Bank interest income	<b>4,848</b>	4,241
COVID-19-related rent concessions received	<b>–</b>	316
Government grants ( <i>note</i> )	<b>773</b>	2,177
Others	<b>1,708</b>	1,193
	<hr/>	<hr/>
	<b>7,329</b>	7,927
	<hr/> <hr/>	<hr/> <hr/>

*Note:* The amount represents government grants received from Hong Kong and various government authorities of the People's Republic of China (the "PRC") in connection with the fiscal subsidies for providing financial support to enterprises.

**5 OTHER NET (LOSS)/GAIN**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Net (loss)/gain on disposal of property, plant and equipment	<b>(111)</b>	4,628
Net foreign exchange (loss)/gain	<b>(24)</b>	8,071
	<hr/>	<hr/>
	<b>(135)</b>	12,699
	<hr/> <hr/>	<hr/> <hr/>

## 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended	
	30 September	
	2023	2022
	\$'000	\$'000
<b>(a) Finance costs</b>		
Interest on loans from the controlling shareholder	522	807
Interest on lease liabilities	252	146
	<u>774</u>	<u>953</u>
<b>(b) Staff costs (including directors' remuneration)</b>		
Contributions to defined contribution retirement plan	11,145	10,591
Salaries, wages and other benefits	61,055	58,912
	<u>72,200</u>	<u>69,503</u>
<b>(c) Property rentals</b>		
Lease payments in respect of short-term leases	<u>81</u>	<u>69</u>
<b>(d) Other operating expenses</b>		
(Reversal of)/impairment losses on trade receivables	(372)	6,769
Office expenses	535	661
Entertainment expenses	935	1,155
Travelling expenses	579	733
Legal and professional fees	2,543	2,306
Security costs	1,947	937
Gardening costs	2,394	2,080
Other tax expenses	1,110	995
Bank charges and credit card commissions	790	524
Community event costs	1,029	704
Other	4,106	2,630
	<u>15,596</u>	<u>19,494</u>
<b>(e) Depreciation and amortisation</b>		
Depreciation		
– owned property, plant and equipment	436	834
– right-of-use assets	595	529
Amortisation	3,568	3,632
	<u>4,599</u>	<u>4,995</u>

## 7 INCOME TAX

	Six months ended 30 September	
	2023	2022
	\$'000	\$'000
Current tax – the PRC Corporate Income Tax	6,971	7,543
Deferred taxation	457	(1,562)
	<u>7,428</u>	<u>5,981</u>

- (a) No provision for Hong Kong Profits Tax had been made for the six months ended 30 September 2023 and 2022, as the subsidiaries of the Group in Hong Kong sustained a loss for taxation purpose or do not generate any assessable profit.
- (b) According to the PRC Corporate Income Tax Law, the PRC's statutory income tax rate is 25% (2022: 25%).

Among the branches of Su Yi Property Management Services Co., Ltd (“**Su Yi**”) (formerly known as Ningbo AUX Property Management Services Co., Ltd), a subsidiary in the PRC, the Chengdu Branch was entitled to a preferential tax rate of 15% under the Corporate Income Tax Preference Policies for the Western Development in the previous years. The directors are of the view that it is highly probable that the Chengdu Branch will continue to be entitled to the same preferential tax rate and 15% is adopted in estimating the tax provision for the six months ended 30 September 2023.

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

## 8 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$8,467,000 (six months ended 30 September 2022: \$15,665,000) and the weighted average of 492,984,000 (six months ended 30 September 2022: 492,984,000) ordinary shares in issue during the interim period.

### (b) Diluted earnings per share

The diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 September 2023 and 2022.

## 9 PROPERTY, PLANT AND EQUIPMENT

### (a) Right-of-use assets

During the six months ended 30 September 2023, the Group entered into a number of lease agreements for use of head office and staff accommodation, and therefore recognised the addition to right-of-use assets of \$1,333,000 (six months ended 30 September 2022: \$Nil).

Right-of-use assets of a lease agreement was disposed of upon the lease expired (with net book value of \$Nil) during the six months ended 30 September 2023 (six months ended 30 September 2022: \$Nil).

**(b) Acquisitions and disposals of owned assets**

During the six months ended 30 September 2023, the Group acquired items of furniture and fixture, leasehold improvement, and motor vehicles with a cost of \$362,000 (six months ended 30 September 2022: \$399,000), \$Nil (six months ended 30 September 2022: \$803,000), and \$22,000 (six months ended 30 September 2022: \$59,000) respectively. Items of furniture and fixture with a net book value of HK\$111,000 were disposed of during the six months ended 30 September 2023 (six months ended 30 September 2022: \$Nil), resulting in a loss on disposal of \$111,000 (six months ended 30 September 2022: \$Nil).

**10 INTANGIBLE ASSETS AND GOODWILL**

These balances mainly arose from the acquisitions of Su Yi in May 2017 and Mini Club Hong Kong Limited (“**Mini Club**”) in April 2019.

The intangible assets represent property management contracts and customer relationships.

The goodwill is attributable to (1) the workforce of Su Yi and the potential growth of the property management industry in the PRC and (2) the benefit of expected synergies, revenue growth and the assembled workforce of Mini Club.

Goodwill is allocated to the Group’s cash-generated units (“**CGU**”) identified as follows:

	At 30 September 2023 \$’000	At 31 March 2023 \$’000
Property management business	52,305	55,669
Operation of restaurant and bar outlets*	—	—
	<u>52,305</u>	<u>55,669</u>

\* *The recoverable amount of the related CGU was lower than the carrying amount and therefore the related goodwill was fully impaired during the six months ended 30 September 2020.*

During the six months ended 30 September 2023, the operation of the property management business continued to be profit-making and thus no impairment indicator for the respective goodwill has been identified.

## 11 NON-CURRENT DEPOSITS AND TRADE AND OTHER RECEIVABLES

	At 30 September 2023 \$'000	At 31 March 2023 \$'000
<b>Non-current assets</b>		
Rental deposits	–	3,656
Other deposits	795	–
	<u>795</u>	<u>3,656</u>
<b>Current assets</b>		
Trade receivables, net of loss allowance ( <i>note</i> )	69,342	71,395
Deposits, prepayments and other receivables	19,678	16,249
	<u>89,020</u>	<u>87,644</u>

*Note:* At 30 September 2023, trade and other receivables of the Group included amounts due from entities controlled by Mr. Zheng Jian Jiang, the Company's controlling shareholder, of \$4,326,000 (31 March 2023: \$3,452,000) and entities over which Mr. Zheng Jian Jiang has significant influence, of \$3,214,000 (31 March 2023: \$2,785,000). The amounts represent property management fees receivable arisen in the ordinary course of business.

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

	At 30 September 2023 \$'000	At 31 March 2023 \$'000
Within 1 month	32,550	33,883
Over 1 month to 3 months	8,291	10,049
Over 3 months to 6 months	9,276	6,644
Over 6 months to 1 year	9,462	9,391
Over 1 year	9,763	11,428
	<u>69,342</u>	<u>71,395</u>

The amount of the Group's deposits, prepayment and other receivables expected to be recovered or recognised as expense after more than one year is \$795,000 (31 March 2023: \$3,656,000, which mainly represent rental deposits for a club of the Group). All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

## 12 TRADE AND OTHER PAYABLES

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

	At 30 September 2023 \$'000	At 31 March 2023 \$'000
Trade creditors		
– within 3 months	15,151	14,029
– over 3 months to 6 months	9,787	9,590
– over 6 months to 1 year	2,293	2,225
– over 1 year	1,247	1,209
	<hr/> 28,478	<hr/> 27,053
Deposits received from property occupants/owners	16,240	18,364
Receipts on behalf of utilities companies	15,848	16,544
Amounts due to related parties	1,597	1,807
Other payables and accrued charges	56,178	47,539
	<hr/> <b>118,341</b>	<hr/> <b>111,307</b>

The amounts due to related parties represent balances due to entities controlled by Mr. Zheng Jian Jiang, the Company's controlling shareholder, which are unsecured, interest-free and repayable within one year.

## 13 LOANS FROM THE CONTROLLING SHAREHOLDER

The loan of \$52,360,000 is unsecured, interest bearing at 2% per annum and repayable in August 2025.

The loan of \$22,060,000 is unsecured and interest-free. The portion of \$12,760,000 and \$9,300,000 are repayable after one year but within two years and after two years but within three years respectively.

The loan of \$400,000 is unsecured, interest-free and repayable in September 2025.

## 14 CAPITAL, RESERVES AND DIVIDENDS

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

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2023 and 2022.

### (b) Share capital

	At 30 September 2023		At 31 March 2023	
	No. of shares '000	Amount \$'000	No. of shares '000	Amount \$'000
<b>Authorised:</b>				
Ordinary shares of \$0.01 each	<u>10,000,000</u>	<u>100,000</u>	<u>10,000,000</u>	<u>100,000</u>
<b>Ordinary shares, issued and fully paid:</b>				
At 30 September 2023, 1 April 2023, 31 March 2023 and 1 April 2022	<u>492,984</u>	<u>4,930</u>	<u>492,984</u>	<u>4,930</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The principal business activities of AUX International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) are (i) operation of clubbing, restaurant and bar outlets business in Hong Kong (the “**Lifestyle Entertainment Segment**”); (ii) provision of property management services in the People’s Republic of China (the “**PRC**”) (the “**Property Management Segment**”); and (iii) provision of property management related value-added services in the PRC (the “**Property Management Related Value-Added Services**”).

Our Lifestyle Entertainment Segment has faced significant challenges due to the change in macro-economic environment and social preferences, after the Covid-19 pandemic. Despite the Company’s efforts in implementing various strategic changes, the segment has suffered from changes in customer behaviors and preferences, as many potential customers have switched to online entertainment options, alternative venues or cross-border attractions. With the economic downturn and change in consumer attitude, the performance of this segment has shown no significant improvement compared to the Covid-19 pandemic period. Hence, during this challenging period, the Group performance has largely supported by its property management segment.

As a complex property management service provider, the Group provides complete services in relation to various types of properties, including medium to high-end residential properties and non-residential properties such as class A office buildings, commercial complexes, hospitals and industrial parks.

With the Group managed over 69 projects with a gross floor area of approximately 11.3 million square metres as at 30 September 2023 and extended its business scope to provide value-added services since the second half of 2022, property management segment continued to be the main drive to the Group’s performance during the six months ended 30 September 2023.

### FINANCIAL REVIEW

#### Revenue

The Group recorded revenue of approximately HK\$199.9 million for the six months ended 30 September 2023, representing an increase of 22.7% as compared with approximately HK\$162.9 million for the six months ended 30 September 2022. Such increase is attributable to (i) the commencement of the value-added services in the second half of 2022, contributing a revenue of approximately HK\$40.8 million; and (ii) the increase in revenue of approximately HK\$3.8 million from the Lifestyle Entertainment Segment for the six months ended 30 September 2023, which resulted mainly from the resumption of normal business hours after lifting of the Covid-19 prevention measures.



## **Staff Costs**

The staff costs comprised salaries, wages, discretionary bonus, membership commission, tips from customers allocated to staff and other benefits including retirement benefit costs and other allowances and benefits payable to the permanent staff and part time staff. The staff costs increased by approximately 3.9% or HK\$2.7 million to approximately HK\$72.2 million for the six months ended 30 September 2023 from approximately HK\$69.5 million for the six months ended 30 September 2022. The increase was mainly due to the increase in the Group's number of staff in the Lifestyle Entertainment Segment.

## **Advertising and Marketing Expenses**

The advertising and marketing expenses primarily consisted of advertising and promotional expenses, such as the cost of inviting international disc jockeys for clubbing operations. The advertising and marketing expenses increased by approximately 127.3% or HK\$1.4 million to approximately HK\$2.5 million for the six months ended 30 September 2023 from approximately HK\$1.1 million for the six months ended 30 September 2022. The increase in advertising and marketing expenses was mainly due to the increase of marketing activities of the Group's clubbing business to cope with intense competition and changes in consumer behaviors.

## **Utilities Expenses and Repair and Maintenance Expenses**

The utilities expenses and repair and maintenance expenses decreased by 14.1% or HK\$2.8 million to approximately HK\$17.1 million for the six months ended 30 September 2023 from approximately HK\$19.9 million during the six months ended 30 September 2022. The utilities expenses and repair and maintenance expenses decreased mainly due to the hygiene measures provided to cope with the outbreak of Covid-19 has been relaxed.

## **Other Operating Expenses**

Other operating expenses included gardening costs, security costs and other miscellaneous expenses. The other operating expenses decreased by approximately 29.2% or HK\$6.6 million to approximately HK\$16.0 million for the six months ended 30 September 2023 from approximately HK\$22.6 million for the six months ended 30 September 2022. The decrease was mainly attributable to the decrease in impairment losses on trade receivables.

## **Results for the period**

The Group recorded a net profit for the six months ended 30 September 2023 of approximately HK\$8.5 million as compared to net profit for the six months ended 30 September 2022 of approximately HK\$18.3 million. This was mainly due to the change in denomination of the loan from the controlling shareholder (the "Loan") from Renminbi ("RMB") to Hong Kong dollars ("HKD"), as a result of which the Group ceased to record any net foreign exchange gain or loss in respect of the Loan during the six months ended 30 September 2023. In comparison, the Group recorded a net foreign exchange gain of approximately HK\$7.4 million in respect of the then RMB-denominated Loan as a result of the depreciation of RMB against HKD for the six months ended 30 September 2022.

## LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 30 September 2023, the Group's total current assets and current liabilities were approximately HK\$359.7 million (31 March 2023: HK\$380.2 million) and HK\$192.0 million (31 March 2023: HK\$234.6 million) respectively, while the current ratio was 1.9 times (31 March 2023: 1.6 times).

As at 30 September 2023, the Group maintained cash at bank and in hand of approximately HK\$263.1 million (31 March 2023: HK\$286.4 million). In the foreseeable future, the Group expects to fund its capital expenditures, working capital and other capital requirement from the net proceeds from placing of new shares under general mandate according to their designated uses and cash generated from its operations and other financing means which the Company may from time to time consider appropriate.

Total interest-bearing borrowing of the Group as at 30 September 2023 was approximately HK\$64.4 million (31 March 2023: HK\$68.6 million), which mainly represented the unsecured loan of HK\$52.4 million was outstanding as at 30 September 2023, with a term expiring on 31 August 2025 and an interest rate of 2% per annum granted by the controlling shareholder of the Company to Starry Chance Limited, an indirect wholly-owned subsidiary of the Company, for the purpose of financing its acquisition of the entire equity interests in Su Yi Property Management Services Co., Ltd (formerly known as Ningbo AUX Property Management Service Co., Ltd.\*) (曙一物業服務有限公司). The gearing ratio, which is calculated by dividing total interest-bearing borrowings by total equity, as at 30 September 2023 was approximately 0.3 (31 March 2023: 0.3).

## CAPITAL STRUCTURE

On 26 October 2021, the Company entered into a subscription agreement with Huiyi Limited, the controlling shareholder of the Company (the “**Subscriber**”). Pursuant to the subscription agreement, the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for 118,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company at the subscription price of HK\$0.63 per share for a consideration of HK\$74,340,000 (the “**Subscription**”). The directors of the Company (the “**Directors**”) are of the view that the Group has genuine funding needs and the Subscription will be the most appropriate means to satisfy such funding needs for the reasons set out in the circular of the Company dated 31 December 2021 (the “**Circular**”). All the conditions set out in the subscription agreement have subsequently been fulfilled and accordingly, the completion of the Subscription took place on 15 February 2022. The net proceeds from the Subscription, after deduction of the related expenses, of approximately HK\$73,730,000 were intended to be applied for working capital, rental expenses of the lifestyle entertainment segment and partial repayment of the loans from the controlling shareholder. The net price to the Company of each subscription share was approximately HK\$0.62. For details of the use of net proceeds from the Subscription during the six months ended 30 September 2023, please refer to the interim report for the six months ended 30 September 2023 to be published by the Company. The remaining balance was deposited with licensed financial institutions in Hong Kong.

The Group manages its capital to safeguard the Group's ability to continue as a going concern while maximising the return to the Shareholders through maintaining the equity and debt in a balanced position. The capital structure of the Group consisted of equity of approximately HK\$220.4 million (31 March 2023: HK\$232.0 million) and loans from the controlling shareholder of approximately HK\$74.8 million as at 30 September 2023 (31 March 2023: HK\$74.4 million). Except for the loans from the controlling shareholder, the Group had no other bank borrowings, debt securities or other capital instruments as at 30 September 2023.

## **MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES OR JOINT VENTURES AND SIGNIFICANT INVESTMENTS HELD**

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies or joint ventures or significant investments during the six months ended 30 September 2023.

## **CHARGE ON ASSETS**

As at 30 September 2023, the Group did not have any pledged assets (31 March 2023: Nil).

## **FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS**

Save as disclosed in the sections headed “Capital Structure” and “Material Acquisitions or Disposals of Subsidiaries, Associated Companies or Joint Ventures and Significant Investment Held” in this announcement, the Group did not have other plans for material investment or capital assets as at 30 September 2023.

The Group will continue to conduct more in-depth reviews on the suitable development strategies for the Group, including the feasibility of diversifying the income stream of the Group by exploring different business and investment opportunities in different business areas, which may or may not include any assets and/or business acquisitions or disposals or divestment by the Group, and will consider all options. Any such plans will be subject to review and approval by the board of Directors (the “**Board**”) and compliance with the applicable requirements under the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) where appropriate.

## **FOREIGN EXCHANGE EXPOSURE**

The Group operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising from RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities denominated in RMB for the entities with a functional currency in HKD. The Group did not use any forward contracts to hedge its foreign currency exposure during the reporting period. The Group will from time to time review and adjust the Group’s hedging and financial strategies based on the RMB and HKD exchange rate movement.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 30 September 2023, the Group had 1,069 employees (31 March 2023: 994 employees). The Group offers competitive remuneration packages to its staff, including share option scheme, mandatory provident fund schemes and discretionary bonus.

## **PROSPECTS**

### **Lifestyle Entertainment Segment**

The Lifestyle Entertainment Segment has been severely affected by the COVID-19 pandemic, which has reshaped consumer behavior and preferences. The Group is aware of the challenges and considered various options to revitalize the segment, including changing the concept, target market, pricing, and promotion strategies. However, the Group has been struggling to maintain its Lifestyle Entertainment Segment's profitability and cash flow and is facing increasing competition from other competitors and other forms of leisure activities. As the Group is cost-conscious and is realistic about the prospects of the industry and is not ruling out the possibility of scaling down the segment when the leases expire next year if the situation does not improve significantly. The Group will continue to monitor the market situation and segment performance and will make the best decision for its shareholders and stakeholders.

### **Property Management Segment**

The Group is confident that the Property Management Segment will maintain its steady growth and profitability in the future, despite the slowdown in China's real estate industry. The Group will focus on leveraging its extensive experience and expertise in providing high-quality property management services to a diverse range of properties, including residential, commercial, industrial, and hospital properties.

### **Property Management Related Value-Added Segment**

In addition, the Group will also dedicate resources to further expand its value-added services related to property management to create future growth momentum and create long-term value for its customers and shareholders.

## **INTERIM DIVIDEND**

The Board did not recommend the payment of an interim dividend for the six months ended 30 September 2023 (for the six months ended 30 September 2022: Nil).

## **EVENTS AFTER THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

There is no important events affecting the Company occurred since the end of the six months ended 30 September 2023 to the date of this announcement.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code. All the Directors confirmed that they have fully complied with the required standard set out in the Model Code during the six months ended 30 September 2023.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set forth in Part 2 of Appendix 14 to the Listing Rules as its corporate governance code of practices. The Board is of the opinion that the Company had complied with the CG Code during the six months ended 30 September 2023.

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

During the six months ended 30 September 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## **AUDIT COMMITTEE**

The primary duties of the audit committee of the Company (the “**Audit Committee**”) are to review and supervise the financial reporting process and internal control procedures of the Company. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, with no disagreement, and the unaudited consolidated results of the Group for the six months ended 30 September 2023, and discussed the relevant financial reporting matters.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.auxint.com](http://www.auxint.com). The interim report for the six months ended 30 September 2023 will be despatched to the shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 29 November 2023

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

\* *for identification purpose only*