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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 TRANSACTIONS:
RENEWAL OF EXISTING FRAMEWORK AGREEMENTS
AND
NEW FRAMEWORK AGREEMENT FOR
PROVISION OF PROPERTY MANAGEMENT SERVICES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



A notice convening the EGM of AUX International Holdings Limited to be held at Room 1703–1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong at 11:00 a.m. on Wednesday, 13 January 2021 is set out on pages EGM-1 to EGM-5 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) and the website of the Company (www.auxint.com). 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 54, 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 Monday, 11 January 2021 (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.

28 December 2020

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	7
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	49
LETTER FROM THE IFA	51
APPENDIX — GENERAL INFORMATION	I-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

- “2016 Framework Agreement” the framework agreement entered into between Ningbo AUX Property as supplier and Ningbo AUX Real Estate (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer on 7 November 2016 for the provision of various types of residential property management services by Ningbo AUX Property to Ningbo AUX Real Estate including the maintenance, cleaning and security services in connection with the residential development projects of Ningbo AUX Real Estate and its subsidiaries and associates, which shall be effective for a term from 1 January 2017 to 31 December 2019
- “2018 Framework Agreements” collectively, the 2018 Framework Agreement I, the 2018 Framework Agreement II, the 2018 Framework Agreement III and the Amended 2016 Framework Agreement
- “2018 Framework Agreement I” 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 subsidiary 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
- “2018 Framework Agreement II” the property management services framework agreement entered into between Ningbo AUX Property as supplier and AUX Group (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer on 15 October 2018 for the provision by Ningbo AUX Property of maintenance and cleaning services for offices, car park units and commercial properties owned by AUX Group and its subsidiaries from time to time, which shall be effective for a term commencing on 27 December 2018, being the date of the extraordinary general meeting at which the agreement was approved by the independent shareholders, and ending on 31 December 2020

DEFINITIONS

“2018 Framework Agreement III”	the property management services framework agreement entered into between Ningbo AUX Property as supplier and Ningbo Sanxing (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer on 15 October 2018 for the provision by Ningbo AUX Property of maintenance and cleaning services for offices and car park units occupied by Ningbo Sanxing and its subsidiaries from time to time, which shall be effective for a term commencing on 27 December 2018, being the date of the extraordinary general meeting at which the agreement was approved by the independent shareholders, and ending on 31 December 2020
“2018 Supplemental Agreement”	the agreement entered into between Ningbo AUX Property and Ningbo AUX Real Estate (for itself and as trustee for the benefit of its subsidiaries from time to time) on 15 October 2018 to amend certain terms of the 2016 Framework Agreement
“2020 Framework Agreements”	collectively, 2020 Framework Agreement I, 2020 Framework Agreement II, 2020 Framework Agreement III, 2020 Framework Agreement IV and 2020 Framework Agreement V
“2020 Framework Agreement I”	the framework agreement entered into between Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) as supplier and Ningbo AUX Healthcare (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer on 1 December 2020 in relation to the provision of property housekeeping, transportation and other ancillary services by Ningbo AUX Property and its subsidiaries to Ningbo AUX Healthcare and/or its subsidiaries which shall, subject to approval by the Independent Shareholders at the EGM, be effective for a term commencing on 1 January 2021 and ending on 31 December 2023

DEFINITIONS

“2020 Framework Agreement II”	the framework agreement entered into between Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) as supplier and AUX Group (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer on 1 December 2020 for the provision by Ningbo AUX Property and its subsidiaries of property management services including maintenance, cleaning and security services in connection with the offices, commercial properties and car park units occupied by AUX Group and/or its subsidiaries, and pre-sale managements services, sales offices management services and unsold industrial park units property management services in respect of industrial park facilities owned by AUX Group and/or its subsidiaries, which shall subject to approval by the Independent Shareholders at the EGM, be effective for a term commencing on 1 January 2021 and ending on 31 December 2023
“2020 Framework Agreement III”	the framework agreement entered into between Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) as supplier and Ningbo Sanxing (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer on 1 December 2020 for the provision by Ningbo AUX Property and its subsidiaries of property management services including maintenance, cleaning and security services in connection with the offices and car park units occupied by Ningbo Sanxing and/or its subsidiaries, which shall, subject to approval by the Independent Shareholders at the EGM, be effective for a term commencing on 1 January 2021 and ending on 31 December 2023
“2020 Framework Agreement IV”	the framework agreement entered into between Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) as supplier and Ningbo AUX Real Estate (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer on 1 December 2020 for the provision by Ningbo AUX Property and its subsidiaries of property management services including maintenance, cleaning and security services in connection with the development projects of residential properties and shopping complexes launched from time to time by Ningbo AUX Real Estate and/or its subsidiaries, which shall, subject to approval by the Independent Shareholders at the EGM, be effective for a term commencing on 1 January 2021 and ending on 31 December 2023

DEFINITIONS

“2020 Framework Agreement V”	the framework agreement entered into between Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) as supplier and Ningbo AUX Electric (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer on 1 December 2020 for the provision by Ningbo AUX Property and its subsidiaries of property management services including mainly cleaning services in connection with the industrial park facilities occupied by Ningbo AUX Electric and/or its subsidiaries, which shall, subject to approval by the Independent Shareholders at the EGM, be effective for a term commencing on 1 January 2021 and ending on 31 December 2023
“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“Amended 2016 Framework Agreement”	the 2016 Framework Agreement as amended by the 2018 Supplemental Agreement, which shall be effective for a term commencing on 27 December 2018, being the date of the extraordinary general meeting at which the 2018 Supplemental Agreement was approved by the independent shareholders, and ending on 31 December 2020
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“AUX Group”	奧克斯集團有限公司 (AUX Group Company Limited*), a limited liability company established in the PRC
“AUX International Holdings Limited” or “Company”	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
“Board”	the board of Directors
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	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

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, among others, considering, and if thought fit, approval by the Independent Shareholders of the 2020 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps)
“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”	First Shanghai Capital Limited
“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 2020 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps)
“Independent Shareholder(s)”	Shareholders other than Mr. JJ Zheng, Ze Hui Limited and Hui Limited and their respective associates, and all other Shareholders materially interested in the 2020 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps)
“independent third party(ies)”	person(s) or company(ies) which is/are not connected person(s) of the Company
“Latest Practicable Date”	23 December 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining the information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. JJ Zheng”	Mr. Zheng Jian Jiang (鄭堅江)
“Mr. XW He”	Mr. He Xiwan (何錫萬)
“Ningbo AUX Electric”	寧波奧克斯電氣股份有限公司 (Ningbo AUX Electric Co., Ltd*), a joint stock limited liability company established in the PRC

DEFINITIONS

“Ningbo AUX Healthcare”	寧波奧克斯醫療集團有限公司 (Ningbo AUX Healthcare Group Company Limited*), a limited liability company established in the PRC
“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 indirect wholly-owned subsidiary of the Company
“Ningbo AUX Real Estate”	寧波奧克斯置業有限公司 (Ningbo AUX Real Estate Co., Ltd*), a limited liability company established in the PRC
“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
“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 (Stock code: 601567)
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

* *In this circular, the English translation of the Chinese names of the companies established in the PRC marked with an asterisk 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:

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Mr. Liang Songluan

Mr. Chan Hon Ki

Ms. Shen Guoying

Registered office:

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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:

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288 Hennessy Road

Hong Kong

28 December 2020

To the Shareholders

Dear Sir or Madam

**CONTINUING CONNECTED TRANSACTIONS:
RENEWAL OF EXISTING FRAMEWORK AGREEMENTS
AND
NEW FRAMEWORK AGREEMENT FOR
PROVISION OF PROPERTY MANAGEMENT SERVICES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement of the Company dated 1 December 2020, in relation to among other things, (i) the proposed renewal of 2018 Framework Agreement I by way of the entering into of 2020 Framework Agreement I; (ii) the proposed renewal of 2018 Framework Agreement II by way of the entering into of 2020 Framework Agreement II; (iii) the proposed renewal of 2018 Framework Agreement III by way of the entering into

LETTER FROM THE BOARD

of 2020 Framework Agreement III; (iv) the proposed renewal of Amended 2016 Framework Agreement by way of the entering into of 2020 Framework Agreement IV; and (v) the entering into of 2020 Framework Agreement V.

Given that 2018 Framework Agreement I is due to expire on 31 March 2021 and to accommodate future business needs, on 1 December 2020, Ningbo AUX Property, an indirect wholly-owned subsidiary of the Company (for itself and as trustee for the benefit of its subsidiaries from time to time), as supplier entered into 2020 Framework Agreement I with Ningbo Mingzhou Hospital's intermediate holding company, Ningbo AUX Healthcare (for itself and as trustee for the benefit of its subsidiary from time to time), as customer to renew 2018 Framework Agreement I on comparable terms, such that Ningbo AUX Property could, subject to the Independent Shareholders' approval, continue to provide property housekeeping, transportation and other ancillary services to Ningbo Mingzhou Hospital and its group companies from 1 January 2021 onwards until 31 December 2023.

Given that the rest of the 2018 Framework Agreements are due to expire on 31 December 2020, on 1 December 2020, Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) as supplier entered into 2020 Framework Agreement II, 2020 Framework Agreement III and 2020 Framework Agreement IV with AUX Group, Ningbo Sanxing and Ningbo AUX Real Estate (in each case, for itself and as trustee for the benefit of its subsidiaries from time to time) as customers to renew 2018 Framework Agreement II, 2018 Framework Agreement III and the Amended 2016 Framework Agreement respectively on comparable terms, such that Ningbo AUX Property could, subject to the Independent Shareholders' approval, continue to provide property management and other ancillary services to such customers from 1 January 2021 onwards until 31 December 2023.

The Company confirms that (i) the amounts of service fees charged by the Group pursuant to 2018 Framework Agreement I have not exceeded the annual caps as approved at the extraordinary general meeting of the Company held on 27 April 2018 for the years ended 31 March 2019 and 2020 and the year ending 31 March 2021 (up to the Latest Practicable Date); (ii) the amounts of service fees charged by the Group pursuant to 2018 Framework Agreement II and 2018 Framework Agreement III have not exceeded the respective annual caps as approved at the extraordinary general meeting of the Company held on 27 December 2018 for the years ended 31 December 2018 and 2019 and the year ending 31 December 2020 (up to the Latest Practicable Date); and (iii) the amounts of service fees charged by the Group pursuant to Amended 2016 Framework Agreement have not exceeded the annual cap as approved at the extraordinary general meeting of the Company held on 20 March 2017 for the year ended 31 December 2017 and the annual caps as approved at the extraordinary general meeting of the Company held on 27 December 2018 for the years ended 31 December 2018 and 2019 and the year ending 31 December 2020 (up to the Latest Practicable Date).

LETTER FROM THE BOARD

In addition, on 1 December 2020, Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) as supplier entered into 2020 Framework Agreement V with Ningbo AUX Electric (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer for the provision of property management services (including mainly cleaning services in connection with the industrial park facilities occupied by Ningbo AUX Electric and/or its subsidiaries) for a term commencing on 1 January 2021 and ending on 31 December 2023, subject to the Independent Shareholders' approval.

Accordingly, the Company intends to seek approvals from the Independent Shareholders in respect of each of the 2020 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps) at the EGM. The purpose of this circular is to provide you with, among other things, (i) detailed information regarding each of the 2020 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps); (ii) the recommendations from the Independent Board Committee to the Independent Shareholders in respect of the foregoing matters; (iii) a letter of advice from the IFA to the Independent Board Committee and the Independent Shareholders in respect of the foregoing matters; and (iv) a notice convening the EGM.

THE 2020 FRAMEWORK AGREEMENTS

2020 Framework Agreement I

A summary of the principal terms of 2020 Framework Agreement I is as follows:

Date:	1 December 2020
Parties:	(1) Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) (2) Ningbo AUX Healthcare (for itself and as trustee for the benefit of its subsidiaries from time to time)
Term of the agreement:	Subject to approval by the Independent Shareholders, 2020 Framework Agreement I shall be effective from 1 January 2021 until 31 December 2023. With effect from the date on which 2020 Framework Agreement I comes into operation, 2020 Framework Agreement I shall supersede 2018 Framework Agreement I in all respects and all obligations of the parties thereunder shall cease and determine forthwith.

LETTER FROM THE BOARD

Types of services
to be provided:

Ningbo AUX Property and its subsidiaries shall send workers to the hospital(s) operated by Ningbo AUX Healthcare and/or its subsidiaries from time to time to provide the following services: (i) property housekeeping services, including daily housekeeping and cleaning in areas within the hospital premises and in respect of, among others, medical equipment, furniture and fixtures therein, daily housekeeping and cleaning in all public areas, collection and management of clinical and other wastes, and sanitation of hospital beds, equipment and disposable products, among others; (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, custody and transportation of pure water, transportation of furniture within the hospital area, and collection and reporting of transportation data, among others; (iii) blood transportation services; (iv) order maintenance services, such as maintenance of good public order within the hospital area, management and performance of fire and disaster prevention work, provision of assistance to hospital staff in handling of medical dispute incidents, and ensuring the safety of hospital personnel and the safekeeping of hospital assets; (v) 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; (vi) elevator operation services, including daily inspection of the elevators within the hospital area and provision of assistance to users of the elevators; (vii) auxiliary medical services, such as provision of assistance to nurses in daily performance of their duties, cleaning and sanitisation of hospital beds and management of hospital storage rooms and furniture; (viii) provision of personal nursing support to patients by qualified professional caretakers; and (ix) landscaping services within the hospital area.

LETTER FROM THE BOARD

Pricing policy: The transactions under 2020 Framework Agreement I shall be conducted on normal commercial terms. The number of workers to be sent by Ningbo AUX Property and its subsidiaries, the fees payable by Ningbo AUX Healthcare and/or its relevant subsidiary to Ningbo AUX Property and its subsidiaries for the services to be provided in respect of each hospital facility pursuant to 2020 Framework Agreement I and the relevant service scope shall be agreed between Ningbo AUX Healthcare and/or its relevant subsidiary and Ningbo AUX Property and its subsidiaries on an arm's length and set out in each specific service agreement. The service fees shall be calculated on the basis of the following:

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

LETTER FROM THE BOARD

The Hospital Property Management Service 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 and its subsidiaries to independent third party customers for similar services provided within the six-month period immediately preceding the date of each specific 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 16%, which was determined with reference to the estimated markups charged by other companies listed on the Shenzhen Stock Exchange providing similar services in the PRC, which is calculated based on their published financial information. As at the Latest Practicable Date, to the best of the knowledge and information of the Directors, there were listed companies providing similar services in the PRC.

Payment
arrangement:

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

Specific service
agreements:

Ningbo AUX Property and/or its subsidiaries and Ningbo AUX Healthcare and/or its subsidiaries will enter into, from time to time and as and when necessary, specific service agreements which shall 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 and its subsidiaries for the provision of services, service fee per worker, and service scope.

Any such service agreement shall be within the ambit of 2020 Framework Agreement I and shall not contravene the provisions of 2020 Framework Agreement I; in case of any inconsistency, the provisions of 2020 Framework Agreement I shall prevail.

LETTER FROM THE BOARD

Historical information and annual caps of transactions contemplated under 2020 Framework Agreement I

Historical transaction amounts

The following table sets out the amounts of previous continuing connected transactions between Ningbo AUX Property and its subsidiaries and Ningbo Mingzhou Hospital and/or its subsidiaries under 2018 Framework Agreement I:

	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ending 31 March 2021
	<i>RMB in million</i>	<i>RMB in million</i>	<i>RMB in million</i>
Annual cap	21.0	26.0	27.0
Historical transactions recorded	16.3	14.5	8.4 (Note)
Utilisation rate	77.7%	55.8%	31.1%

Note: Based on the unaudited consolidated management accounts of the Group for the period from 1 April 2020 to 31 October 2020.

The economic turbulence created by the China-US trade dispute has caused a slow-down in Ningbo Mingzhou Hospital's expansion plan. As a result, the utilisation rates in the financial year ended 31 March 2020 and in the financial year ending 31 March 2021 are lower than forecasted.

Proposed annual caps

In order to streamline the workflow in respect of the overall implementation and monitoring and the annual review of the continuing connected transactions contemplated under the 2020 Framework Agreements as a whole, the proposed annual caps for the transactions contemplated under 2020 Framework Agreement I have been aligned with those for the transactions contemplated under the rest of the 2020 Framework Agreements and set with reference to financial years ending 31 December of the relevant years.

The proposed annual caps for the transactions contemplated under 2020 Framework Agreement I for the three years ending 31 December 2023 are as follows:

	For the year ending 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
	<i>RMB in million</i>	<i>RMB in million</i>	<i>RMB in million</i>
Annual cap	26.8	36.4	44.4

LETTER FROM THE BOARD

Basis of determination of the annual caps

The proposed annual caps for the transactions contemplated under 2020 Framework Agreement I are determined with reference to the amounts of previous transactions under 2018 Framework Agreement I and:

- (i) the estimated further increase in the demand of the counterparty for the services to be provided by Ningbo AUX Property and its subsidiaries during the three years ending 31 December 2023, as it is expected that Ningbo AUX Property and its subsidiaries will be providing services in accordance with the existing service scope in respect of the hospital(s) to be acquired by Ningbo AUX Healthcare and/or its subsidiaries in accordance with its expansion plan, in addition to the existing hospitals operated by Ningbo Mingzhou Hospital and/or its subsidiaries. It is expected that its expansion plan, which was affected by the economic slowdown and the outbreak of COVID-19, will be accelerated along with the anticipated economic recovery. On such basis, the service area will be expanded to cover such newly acquired hospital(s). Accordingly, it is expected that the average number of workers required to be sent by Ningbo AUX Property for the provision of services will increase from 331 per month for the year ending 31 December 2020 to an average of approximately 796 per month for the three years ending 31 December 2023; and
- (ii) the anticipated growth of approximately 2.9% in the wages of the workers of Ningbo AUX Property and its subsidiaries during each of the three years ending 31 December 2023, which is estimated based on the growth in consumer price index in China in 2019 of 2.9% as compared with 2018, 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 Hospital Property Management Service Average Wage.

2020 Framework Agreement II

A summary of the principal terms of 2020 Framework Agreement II is as follows:

Date:	1 December 2020
Parties:	(1) Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) (2) AUX Group (for itself and as trustee for the benefit of its subsidiaries from time to time)
Term of the agreement:	Subject to approval by the Independent Shareholders, 2020 Framework Agreement II shall be effective from 1 January 2021 until 31 December 2023.

LETTER FROM THE BOARD

Types of services to be provided, pricing policy and payment arrangement:

Ningbo AUX Property and its subsidiaries shall be commissioned to provide property management services including maintenance, cleaning and security services in connection with the offices, commercial properties and car park units occupied by AUX Group and/or its subsidiaries with the types of services and their respective pricing policies and payment as summarised below.

In addition, in the light of the new industrial park projects undertaken by AUX Group and/or its subsidiaries, it is expected that the service scope shall be extended and Ningbo AUX Property and its subsidiaries will provide pre-sale managements services, sales offices management services and unsold industrial park units property management services in respect of industrial park facilities owned by AUX Group and/or its subsidiaries under 2020 Framework Agreement II.

a. Office and commercial property management services

Types of services to be provided: Maintenance, cleaning and security services in respect of office and commercial properties occupied by AUX Group and its subsidiaries.

Pricing policy: The service fees will be agreed with AUX Group and shall be based on the prevailing rates of management fees charged by Ningbo AUX Property and its subsidiaries for office units and commercial properties leased by independent third parties, ranging from RMB4.5 to RMB6.0 per square metre per month depending on the location and nature of the properties (for example different rates are charged in respect of offices in Ningbo and Hangzhou), and shall be on terms not more favourable to AUX Group and/or its subsidiaries than those offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services.

LETTER FROM THE BOARD

Such rates of management fees have been adopted by the Group based on the prevailing market rates at which comparable services are provided.

Payment arrangement: Payment shall be made monthly pursuant to the relevant terms of the specific service agreements to be entered into.

b. Car park management services

Types of services to be provided: Maintenance, cleaning and security services in respect of car park units occupied by AUX Group and its subsidiaries.

Pricing policy: The service fees will be agreed with AUX Group and shall be based on the prevailing rates of management fees charged by Ningbo AUX Property and its subsidiaries for car park units leased by independent third parties, ranging from RMB50 to RMB210 per unit per month depending on the location of the car park units (for example, different rates are charged in respect of carparks in Ningbo and Hangzhou), and shall be on terms not more favourable to AUX Group and/or its subsidiaries than those offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services.

Such rates of management fee have been adopted by the Group based on the prevailing market rates at which comparable services are provided.

Payment arrangement: Payment shall be made monthly pursuant to the relevant terms of the specific service agreements to be entered into.

LETTER FROM THE BOARD

c. Pre-sale management services

Types of services to be provided: Management and maintenance services in respect of properties and facilities of the industrial park projects of AUX Group and/or its subsidiaries before delivery. It is currently expected that AUX Group will deliver 1, 5 and 5 industrial park project(s) in the years ending 31 December 2021, 2022 and 2023, respectively.

Pricing policy: In relation to the industry park development projects in tier 2 cities, considering the facts that these cities are also tier-2 cities in the PRC similar to Ningbo in terms of size and the nature of such project projects is comparable to that of the projects undertaken in Ningbo, in the absence of any pricing requirement from time to time prescribed by the local government, the service fees will be determined based on the service fees charged for services provided in Ningbo. Except for Ningbo, the prevailing markets prices in cities where the relevant property development projects are undertaken are currently not prescribed by the local governments.

The Group will also take into account the expected operational costs and the anticipated increase in such costs over the agreement term when it decides to enter into specific service agreements for each development project.

Payment arrangement: Payment shall be made monthly pursuant to the relevant terms of the specific service agreements to be entered into.

LETTER FROM THE BOARD

d. Sales offices management services

Types of services to be provided: Cleaning, security and customer services at the sales offices and showrooms of the industrial park projects of AUX Group and/or its subsidiaries.

Pricing policy: The service fees will be determined and charged based on the actual costs relating to provision of management services plus a rate of management fee to be agreed under the specific service agreements for the industrial park projects (which shall in any event be not less than 10%, being the minimum rate generally charged by other independent service providers in the market, and shall be on terms not more favourable to AUX Group and/or its subsidiaries than those offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services).

The group will also take into account the then prevailing market price, and the historical and anticipated property management costs, including labour costs and material costs.

Payment arrangement: Payment shall be made monthly pursuant to the relevant terms of the specific service agreements to be entered into.

LETTER FROM THE BOARD

e. Unsold industrial park units property management services

Types of services to be provided: Maintenance, cleaning and security services in respect of unsold industrial park units of the industrial park projects of AUX Group and/or its subsidiaries.

Pricing policy: The service fees will be agreed with the property developer and shall be based on the prevailing rates of management fees charged by Ningbo AUX Property and its subsidiaries in respect of sold industrial park units of independent third parties, ranging from RMB1.4 to RMB1.8 per square metre per month depending on the respective location and nature of the properties (for example different rates are charged in respect of single-level units, multi-level units without elevator and multi-level units with elevator), and shall be on terms not more favourable to AUX Group and/or its subsidiaries than those offered by Ningbo AUX Properties and its subsidiaries to independent third parties for comparable services. Such rates of management fees have been adopted by the Group based on the prevailing market rates at which comparable services are provided.

Payment arrangement: Payment shall be made monthly pursuant to the relevant terms of the specific service agreements to be entered into.

Specific service agreements: Ningbo AUX Property and/or its subsidiaries and AUX Group and/or its subsidiaries will enter into, from time to time and as and when necessary, specific service agreements which shall set out the specific terms and conditions in respect of the services to be provided, including the service fees agreed and the pricing basis.

Any such service agreement shall be within the ambit of 2020 Framework Agreement II and shall not contravene the provisions of 2020 Framework Agreement II; in case of any inconsistency, the provisions of 2020 Framework Agreement II shall prevail.

LETTER FROM THE BOARD

Historical information and annual caps of transactions contemplated under 2020 Framework Agreement II

Historical transaction amounts

The following table sets out the amounts of previous continuing connected transactions between Ningbo AUX Property and its subsidiaries and AUX Group and/or its subsidiaries under 2018 Framework Agreement II:

	For the year ended 31 December 2018 <i>RMB in million</i>	For the year ended 31 December 2019 <i>RMB in million</i>	For the year ending 31 December 2020 <i>RMB in million</i>
Annual cap	0.3 <i>(Note 1)</i>	3.7	3.7
Historical transaction recorded	0.04	1.2	1.2 <i>(Note 2)</i>
Utilisation rate	13.3%	32.4%	32.4%

Notes:

1. In respect of the month ended 31 December 2018.
2. Based on the unaudited consolidated management accounts of the Group for the period from 1 January 2020 to 31 October 2020.

Due to the uncertain economic outlook for the time being and the increase in Hangzhou's property value, AUX Group has occupied less office space than previously forecasted. Therefore the utilisation rates in the year ended 31 December 2019 and in the year ending 31 December 2020 have both fallen in the lower range.

Proposed annual caps

The proposed annual caps for the transactions contemplated under 2020 Framework Agreement II for the three years ending 31 December 2023 are as follows:

	For the year ending 31 December 2021 <i>RMB in million</i>	For the year ending 31 December 2022 <i>RMB in million</i>	For the year ending 31 December 2023 <i>RMB in million</i>
Annual cap	5.4	11.0	13.1

LETTER FROM THE BOARD

Basis of determination of the annual caps

The proposed annual caps for the transactions contemplated under 2020 Framework Agreement II are determined with reference to:

- (i) the historical size of office units and commercial properties and number of car park units occupied, and the historical size of industrial park properties owned by AUX Group and its subsidiaries, which require Ningbo AUX Property's property management services as at 31 December 2019 and as at 31 October 2020 as follows:

	Size of office units and commercial properties <i>(square metres)</i>	Number of car park units	Size of industrial park properties <i>(square metres)</i>
As at 31 December 2019	25,878	896	N/A
As at 31 October 2020	15,141	553	N/A

; and

- (ii) other factors such as the expected demand of AUX Group and its subsidiaries for property management services for the years ending 31 December 2021, 2022 and 2023 with reference to their needs for office space, commercial properties and car park units, and the industrial park facilities owned by them. It is estimated that the size of office units and commercial properties and number of car park units occupied, and the size of industrial park properties owned by AUX Group and its subsidiaries in respect of which property management services will be required to be provided by Ningbo AUX Property and its subsidiaries for each of the three years ending 31 December 2021, 2022 and 2023 will be as follows:

	Size of office units and commercial properties <i>(square metres)</i>	Number of car park units	Size of industrial park properties <i>(square metres)</i>
Year ending 31 December 2021	22,944	568	64,000
Year ending 31 December 2022	22,944	568	393,000
Year ending 31 December 2023	22,944	568	752,000

LETTER FROM THE BOARD

Accordingly, based on the estimated average rate of monthly management fee for office units and commercial properties of RMB5.4 per square metre, the average rate of monthly management fee for car park units of RMB78.6 per unit and the average rate of monthly management fee for industrial park properties ranging from RMB1.2 to RMB4.3 per square meter, the aggregate amount of management fees to be charged to AUX Group and/or its subsidiaries in respect of each type of management services to be provided for each of the three years ending 31 December 2021, 2022 and 2023, which forms the basis for the annual caps for 2020 Framework Agreement II, is as follows:

	Office and commercial property management services <i>(RMB million)</i>	Car park management services <i>(RMB million)</i>	Industrial park properties <i>(RMB million)</i>
Year ending 31 December 2021	1.5	0.6	3.3
Year ending 31 December 2022	1.5	0.6	8.9
Year ending 31 December 2023	1.5	0.6	11.0

The proposed annual caps have been increased as compared with the annual caps for the previous continuing connected transactions due to particularly the expansion in service scope, with services to be provided to AUX Group and/or its subsidiaries in respect of three industrial park facilities in Zheng Zhou, Tianjin and Dangtu during the three years ending 31 December 2023.

2020 Framework Agreement III

A summary of the principal terms of 2020 Framework Agreement III is as follows:

Date:	1 December 2020
Parties:	(1) Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) (2) Ningbo Sanxing (for itself and as trustee for the benefit of its subsidiaries from time to time)
Term of the agreement:	Subject to approval by the Independent Shareholders, 2020 Framework Agreement III shall be effective from 1 January 2021 until 31 December 2023.

LETTER FROM THE BOARD

Types of services to be provided, pricing policy and payment arrangement:

Ningbo AUX Property and its subsidiaries shall be commissioned to provide property management services including maintenance, cleaning and security services in connection with the offices and car park units occupied by Ningbo Sanxing and/or its subsidiaries with the types of services to be provided and their respective pricing policy and payment arrangement as summarised below:

a. Office property management services

Types of services to be provided: Maintenance, cleaning and security services in respect of offices occupied by Ningbo Sanxing and/or its subsidiaries

Pricing policy: The service fees will be agreed with Ningbo Sanxing and shall be based on the prevailing rates of management fees charged by Ningbo AUX Property and its subsidiaries for offices leased by independent third parties, ranging from RMB4.5 to RMB6.0 per square metre per month depending on the location and nature of the properties (for example, different rates are charged in respect of offices in Ningbo and Hangzhou), and shall be on terms not more favourable to Ningbo Sanxing and/or its subsidiaries than those offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services.

Such rates of management fees have been adopted by the Group based on the prevailing market rates at which comparable services are provided.

Payment term: Payment shall be made monthly pursuant to the terms of the specific service agreements to be entered into.

LETTER FROM THE BOARD

b. Car park management services

Scope of services: Maintenance, cleaning and security services in respect of car park units occupied by Ningbo Sanxing and/or its subsidiaries.

Pricing policy: The service fees will be agreed with Ningbo Sanxing and shall be based on the prevailing rates of management fees charged by Ningbo AUX Property and its subsidiaries for car park units leased by independent third parties, ranging from RMB50 to RMB210 per unit per month depending on the location of the car park units (for example, different rates are charged in respect of carparks in Ningbo and Hangzhou), and shall be on terms not more favourable to Ningbo Sanxing and/or its subsidiaries than those offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services.

Such rates of management fee have been adopted by the Group based on the prevailing market rates at which comparable services are provided.

Payment term: Payment shall be made monthly pursuant to the terms of the specific service agreements to be entered into.

Specific service agreements:

Ningbo AUX Property and/or its subsidiaries and Ningbo Sanxing and/or its subsidiaries will enter into, from time to time and as and when necessary, specific service agreements which shall set out the specific terms and conditions in respect of the services to be provided, including the service fees agreed and the pricing basis.

Any such service agreement shall be within the ambit of 2020 Framework Agreement III and shall not contravene the provisions of 2020 Framework Agreement III; in case of any inconsistency, the provisions of 2020 Framework Agreement III shall prevail.

LETTER FROM THE BOARD

Historical information and annual caps of transactions contemplated under 2020 Framework Agreement III

Historical transaction amounts

The following table sets out the amounts of previous continuing connected transactions between Ningbo AUX Property and its subsidiaries and Ningbo Sanxing and/or its subsidiaries under 2018 Framework Agreement III:

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the year ending 31 December 2020
	<i>RMB in million</i>	<i>RMB in million</i>	<i>RMB in million</i>
Annual cap	0.04 <i>(Note 1)</i>	0.40	0.40
Historical transaction recorded	0.004	0.30	0.20 <i>(Note 2)</i>
Utilisation rate	10.0%	75.0%	50.0%

Notes:

1. In respect of the month ended 31 December 2018.
2. Based on the unaudited consolidated management accounts of the Group for the period from 1 January 2020 to 31 October 2020.

Proposed annual caps

The proposed annual caps for the transactions contemplated under 2020 Framework Agreement III for the three years ending 31 December 2023 are as follows:

	For the year ending 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
	<i>RMB in million</i>	<i>RMB in million</i>	<i>RMB in million</i>
Annual cap	0.5	0.5	0.5

LETTER FROM THE BOARD

The proposed annual caps for the transactions contemplated under 2020 Framework Agreement III are determined with reference to:

- (i) the historical size of offices units and number of car park units occupied by Ningbo Sanxing and/or its subsidiaries and required Ningbo AUX Property and its subsidiaries' property management services as at 31 December 2019 and as at 31 October 2020 as follows:

	Size of office units <i>(square metres)</i>	Number of car park units
As at 31 December 2019	5,401	30
As at 31 October 2020	4,561	30

; and

- (ii) other factors such as the expected demand of Ningbo Sanxing and/or its subsidiaries for property management services for the years ending 31 December 2021, 2022 and 2023 with reference to their needs for office space and car park units. It is estimated that the size of the office units and the number of car park units occupied by Ningbo Sanxing and/or its subsidiaries in respect of which property management services will be required to be provided by Ningbo AUX Property and its subsidiaries for each of the three years ending 31 December 2021, 2022 and 2023 will be as follows:

	Size of office units <i>(square metres)</i>	Number of car park units
Year ending 31 December 2021	8,255	32
Year ending 31 December 2022	8,255	32
Year ending 31 December 2023	8,255	32

Accordingly, based on the estimated average rate of monthly management fee for office units of RMB4.5 per square metre and the average rate of monthly management fee for car park units of RMB88.1 per unit, the aggregate amount of management fees to be charged to Ningbo Sanxing and/or its subsidiaries in respect of each type of management services to be provided for each of the three years ending 31 December 2021, 2022 and 2023, which forms the basis for the annual caps for 2020 Framework Agreement III, is as follows:

	Office property management services <i>(RMB million)</i>	Car park management services <i>(RMB million)</i>
Year ending 31 December 2021	0.45	0.05
Year ending 31 December 2022	0.45	0.05
Year ending 31 December 2023	0.45	0.05

LETTER FROM THE BOARD

2020 Framework Agreement IV

A summary of the principal terms of 2020 Framework Agreement IV is set forth below:

Date:	1 December 2020
Parties:	(1) Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) (2) Ningbo AUX Real Estate (for itself and as trustee for the benefit of its subsidiaries from time to time)
Term of the agreement:	Subject to approval by the Independent Shareholders, 2020 Framework Agreement IV shall be effective from 1 January 2021 until 31 December 2023.
Types of services to be provided, pricing policy and payment arrangement:	Ningbo AUX Property and its subsidiaries shall be commissioned to provide various types of property management services including management, maintenance, cleaning and security services in connection with the development projects of residential properties and shopping complexes launched from time to time by Ningbo AUX Real Estate and/or its subsidiaries. Pre-sale management services, sales offices management services and unsold residential units property management services will be provided to Ningbo AUX Real Estate and/or its subsidiaries in respect of its property development projects according to the development phase and sales recorded. Vacant retail shop property management services will be provided to existing shopping complexes owned by Ningbo AUX Real Estate and/or its subsidiaries. The types of services to be provided and their respective pricing policy and payment arrangement are summarised below:

a. Pre-sale management services

Types of services to be provided:	Management and maintenance services in respect of residential properties and facilities of property development projects of Ningbo AUX Real Estate and/or its subsidiaries before delivery.
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It is currently expected that Ningbo AUX Real Estate and/or its subsidiaries will deliver around 4, 10 and 5 property development projects in the years ending 31 December 2021, 2022 and 2023, respectively.

LETTER FROM THE BOARD

Pricing policy: In respect of property development projects in the city of Ningbo, the service fees shall be determined with reference to the pricing requirements prescribed by the relevant local regulations from time to time for different types of property development projects (e.g. 寧波市住宅小區物業管理條例實施意見 (Opinions on Implementation of Ningbo Residential Community Property Management Regulations*)). In relation to the property development projects in other cities, considering the facts that these cities are also tier-2 cities in the PRC similar to Ningbo in terms of size and nature of property development projects, in the absence of any pricing requirement from time to time prescribed by the local government, the service fees will be determined based on the service fees charged for services provided in Ningbo. Except for Ningbo, the prevailing market prices in cities where the relevant property development projects are undertaken are currently not prescribed by the local governments.

The Group will also take into account the expected operational costs and the anticipated increase in such costs over the agreement term when it decides to enter into specific service agreements for each development project.

Payment arrangement: Payment shall be made monthly pursuant to the relevant terms of the specific service agreements to be entered into.

LETTER FROM THE BOARD

b. Sales offices management services

Types of services to be provided: Cleaning, security and customer services at the sales offices and showrooms of the property development projects of Ningbo AUX Real Estate and/or its subsidiaries.

Pricing policy: The service fees will be determined and charged based on the actual costs relating to provision of management services plus a rate of management fee to be agreed under the specific service agreements for the property development projects (which shall in any event be not less than 10%, being the minimum rate generally charged by other independent service providers in the market, and shall be on terms not more favourable to Ningbo AUX Real Estate and/or its subsidiaries than those then offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services).

The Group will also take into account the then prevailing market price, and the historical and anticipated property management costs, including labour costs and material costs.

Payment arrangement: Payment shall be made monthly pursuant to the terms of the specific service agreements to be entered into.

LETTER FROM THE BOARD

c. Unsold residential units property management services

Types of services to be provided: Maintenance, cleaning and security services in respect of unsold residential units of the property development projects of Ningbo AUX Real Estate and/or its subsidiaries.

Pricing policy: The service fees will be agreed with the property developer and shall be based on the prevailing rates of management fees charged by Ningbo AUX Property and its subsidiaries for in respect of sold property units of independent third parties, ranging from RMB1.4 to RMB16.0 per square metre per month depending on the location and nature of the properties (for example different rates are charged in respect of high-rises, condominiums and villas), and shall be on terms not more favourable to Ningbo AUX Real Estate and/or its subsidiaries than those offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services.

Such rates of management fees have been adopted by the Group based on the prevailing market rates at which comparable services are provided.

Payment arrangement: Payment shall be made monthly pursuant to the terms of the specific service agreements to be entered into.

LETTER FROM THE BOARD

d. Vacant retail shop property management services

Types of services to be provided: Maintenance, cleaning and security services in respect of vacant retail shop units of the property development projects of Ningbo AUX Real Estate and/or its subsidiaries.

Pricing policy: The service fees will be agreed with the property owner and shall be based on the prevailing rates of management fees charged by Ningbo AUX Property and its subsidiaries for shop units rented to independent third parties, ranging from RMB5.0 to RMB80.0 per square metre per month depending on the location of the vacant shop unit (for example, different rates are charged in respect of anchor shops and ground floor shops), and shall be on terms not more favourable to Ningbo AUX Real Estate and/or its subsidiaries than those offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services.

Such rates of management fees have been adopted by the Group based on the prevailing market rates at which comparable services are provided.

Payment arrangement: Payment shall be made monthly pursuant to the terms of the specific service agreements to be entered into.

Specific service agreements: Ningbo AUX Property and/or its subsidiaries and Ningbo AUX Real Estate and/or its subsidiaries will enter into, from time to time and as and when necessary, specific service agreements which shall set out the specific terms and conditions in respect of the services to be provided, including the service fees agreed and the pricing basis.

LETTER FROM THE BOARD

Any such service agreement shall be within the ambit of 2020 Framework Agreement IV and shall not contravene the provisions of 2020 Framework Agreement IV; in case of any inconsistency, the provisions of 2020 Framework Agreement IV shall prevail.

Historical information and annual caps of transactions contemplated under 2020 Framework Agreement IV

Historical transaction amounts

The following table sets out the amounts of previous continuing connected transactions between Ningbo AUX Property and its subsidiaries and Ningbo AUX Real Estate and/or its subsidiaries under the Amended 2016 Framework Agreement:

	For the year ended 31 December 2017 <i>RMB in million</i>	For the year ended 31 December 2018 <i>RMB in million</i>	For the year ended 31 December 2019 <i>RMB in million</i>	For the year ending 31 December 2020 <i>RMB in million</i>
Annual cap	34.0	30.0	47.7	55.6
Historical transaction recorded	15.5 (Note 1)	27.1	29.2	28.5 (Note 2)
Utilisation rate	45.5%	90.3%	61.2%	51.3%

Notes:

1. Actual fees charged by Ningbo AUX Property for the period from 5 May 2017 to 31 December 2017.
2. Based on the unaudited consolidated management accounts of the Group for the period from 1 January 2020 to 31 October 2020.

Proposed annual caps

The proposed annual caps for the transactions contemplated under 2020 Framework Agreement IV for the three years ending 31 December 2023 are as follows:

	For the year ending 31 December 2021 <i>RMB in million</i>	For the year ending 31 December 2022 <i>RMB in million</i>	For the year ending 31 December 2023 <i>RMB in million</i>
Annual cap	37.2	50.1	54.8

Basis of determination of the annual caps

The proposed annual caps for the transactions contemplated under 2020 Framework Agreement IV are determined with reference to:

- (i) the historical amounts of fees charged by Ningbo AUX Property and its subsidiaries for the property management services provided to Ningbo AUX Real Estate and/or its subsidiaries under the Amended 2016 Framework

LETTER FROM THE BOARD

Agreement, being approximately RMB15.5 million for the period from 5 May 2017 to 31 December 2017, RMB27.1 million for the year ended 31 December 2018, RMB29.2 million for the year ended 31 December 2019 and RMB28.5 million for the 10 months ended 31 October 2020;

- (ii) the expected demand of Ningbo AUX Real Estate and its subsidiaries for property management services for the years ending 31 December 2021, 2022 and 2023 with reference to the Amended 2016 Framework Agreement and the timetable of future property development projects of Ningbo AUX Real Estate and its subsidiaries (it is currently expected that, among the existing development projects, Ningbo AUX Real Estate will complete the sale of 8, 4 and 6 new property development project(s) and will deliver around 4, 10 and 5 property development projects in 2021, 2022 and 2023, respectively, and the remaining existing projects are expected to be sold in 2024 and shortly afterwards) and the number of existing shopping complexes;
- (iii) the estimated vacancy rate of the existing shopping complexes owned by Ningbo AUX Real Estate and/or its subsidiaries for the years ending 31 December 2021, 2022 and 2023 with reference to the historical vacancy rate of the year ended 31 December 2019 and of the ten-month period ended 31 October 2020; and
- (iv) other factors such as the business plans of Ningbo AUX Property (based on the business plans to be provided by Ningbo AUX Real Estate and the on-going tracking of the actual construction progress, Ningbo AUX Property will get involved at the preliminary stage of the project management and put together the working teams three to six months before the delivery of the properties constructed in the relevant property development projects, and then enter into specific service agreements under 2020 Framework Agreement IV with Ningbo AUX Real Estate and/or its subsidiaries at appropriate times; hence the property development plans of Ningbo AUX Real Estate will affect Ningbo AUX Property's schedules for the provision of property management services) and inflation.

2020 Framework Agreement V

A summary of the principal terms of 2020 Framework Agreement V is as follows:

- | | |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date: | 1 December 2020 |
| Parties: | (1) Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time)

(2) Ningbo AUX Electric (for itself and as trustee for the benefit of its subsidiaries from time to time) |
| Term of the agreement: | Subject to approval by the Independent Shareholders, 2020 Framework Agreement V shall be effective from 1 January 2021 until 31 December 2023. |

LETTER FROM THE BOARD

Types of services to be provided: Ningbo AUX Property and its subsidiaries shall be commissioned to provide property management services mainly cleaning services in connection with the industrial park facilities occupied by Ningbo AUX Electric and/or its subsidiaries.

Pricing policy: The service fees will be agreed between Ningbo AUX Property and its subsidiaries and Ningbo AUX Electric and/or its relevant subsidiary on an arm's length basis and set out in each specific service agreement, and calculated on the basis of the following:

- the service fee per worker, which is equal to (1) the average wage (the “**Industrial Property Management Service Average Wage**”) of the workers in each function, including mainly cleaning staff, to be sent by Ningbo AUX Property and its subsidiaries for the provision of services to Ningbo AUX Electric and/or the relevant subsidiary during the period covered under the specific service agreement, plus (2) a markup (in terms of percentage to the Industrial Property Management Service Average Wage) (the “**Industrial Property Management Service Markup**”) to cover the other costs and disbursements of Ningbo AUX Property and its subsidiaries in providing the required services and its gross profit margin; and
- the average number of workers to be sent by Ningbo AUX Property and its subsidiaries for the provision of services to Ningbo AUX Electric and/or the relevant subsidiary during the period covered under the specific service agreement, which shall be agreed between Ningbo AUX Property and its subsidiaries and Ningbo AUX Electric and/or its relevant subsidiary with reference to the needs, area size and scale of operation of the industrial park facilities operated by Ningbo AUX Electric or the relevant subsidiary where services are to be provided.

The Industrial Property Management Service 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; and
- (2) where the information as referred to in paragraph (1) above is not available or obtainable, the markups charged by Ningbo AUX Property and its subsidiaries to independent third party customers for similar services provided within the six-month period immediately preceding the date of each specific service agreement.

LETTER FROM THE BOARD

Payment arrangement: Payment shall be made monthly pursuant to the relevant terms of the specific service agreements to be entered into.

Specific service agreements: Ningbo AUX Property and/or its subsidiaries and Ningbo AUX Electric and/or its subsidiaries will enter into, from time to time and as and when necessary, specific service agreements which shall set out the specific terms and conditions in respect of the services to be provided, including the agreed number of workers to be sent by Ningbo AUX Property and its subsidiaries for the provision of services, service fee per worker, and service scope.

Any such service agreement shall be within the ambit of 2020 Framework Agreement V and shall not contravene the provisions of 2020 Framework Agreement V; in case of any inconsistency, the provisions of 2020 Framework Agreement V shall prevail.

Annual caps of transactions contemplated under 2020 Framework Agreement V

Proposed annual caps

The proposed annual caps for the transactions contemplated under 2020 Framework Agreement V for the three years ending 31 December 2023 are as follows:

	For the year ending 31 December 2021	For the year ending 31 December 2022	For the year ending 31 December 2023
	<i>RMB in million</i>	<i>RMB in million</i>	<i>RMB in million</i>
Annual cap	3.8	7.4	7.8

Basis of determination of the annual caps

The proposed annual caps for the transactions contemplated under 2020 Framework Agreement V are determined with reference to:

- (i) the services expected to be provided in connection with the industrial park owned by Ningbo AUX Electric and/or the relevant subsidiaries in Nanchang from 2021 onwards. It is expected that the average number of workers required to be sent by Ningbo AUX Property and its subsidiaries for the provision is approximately 24 per month for the three years ending 31 December 2023;
- (ii) the services expected to be provided in connection with the industrial parks owned by Ningbo AUX Electric and/or the relevant subsidiaries in Ningbo and Anhui from September 2021 onwards. Accordingly, it is expected that the average number of workers required to be sent by Ningbo AUX Property and its subsidiaries for the provision of services to the industrial parks in Anhui and Ningbo is approximately 28 per month and approximately 82 per month respectively for the three years ending 31 December 2023; and

LETTER FROM THE BOARD

- (iii) the anticipated growth of approximately 2.9% in the wages of the workers of Ningbo AUX Property and its subsidiaries during each of the three years ending 31 December 2023, which is estimated based on the growth in consumer price index in China in 2019 of 2.9% as compared with 2018, 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 Industrial Property Management Service Average Wage.

Reasons for and Benefits of the 2020 Framework Agreements

The Group currently owns Zentral, a club in Central (“**Zentral Club**”), and two restaurant and bar outlets across Causeway Bay and Mongkok under the brand of “Mini Club”, collectively as the “Lifestyle Entertainment Segment”.

The Lifestyle Entertainment Segment had generated revenue amounting to approximately HK\$52.0 million for the year ended 31 March 2020, representing a decrease of approximately 37.6% as compared to approximately HK\$83.4 million for the year ended 31 March 2019. For the six months ended 30 September 2020, the revenue of the Life Entertainment Segment has decreased by HK\$27.8 million to HK\$8.8 million from HK\$36.6 million for the six months ended 30 September 2019.

In addition to the economic slowdown, the COVID-19 outbreak has further worsened the operating environment of the Lifestyle Entertainment Segment. While the management is confident that the performance of the Lifestyle Entertainment Segment will rebound after the COVID-19 outbreak comes to an end, it is vital that the Group maintains stable and sustainable revenue and cash flow from its property management business segment. Healthy development of the property management segment will not only provide strong support to the Group’s performance but also minimise any significant fluctuation in the overall revenue and cash flow of the Group.

Ningbo AUX Real Estate, as an established business partner of Ningbo AUX Property, has been a well-known property developer in Yangtze River Delta Economic Zones. As at the Latest Practicable Date, Ningbo AUX Real Estate has a land bank of approximately 1.02 million sq.m.

AUX Group is a well-known conglomerate with business in manufacturing of electrical equipment and household appliance, health care and financial investment. AUX Group owns and maintains a number of offices, industrial parks and car park units in different cities in the PRC.

Ningbo Sanxing, the shares of which are listed on the Shanghai Stock Exchange, operates in the manufacturing of electricity measurement equipment and provision of healthcare services in the PRC. In addition to the offices and car parks occupied by Ningbo Sanxing, it also owns and operates several industrial parks across the country.

Ningbo AUX Healthcare (as intermediate holding company of Ningbo Mingzhou Hospital) and Ningbo Mingzhou Hospital are subsidiaries of Ningbo Sanxing. Ningbo Sanxing has been actively developing its healthcare services, with a view to becoming a

LETTER FROM THE BOARD

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 acquisitions of existing hospitals by way of direct investment and/or setting up of joint ventures.

Ningbo AUX Electric is a subsidiary of AUX Group principally engaged in manufacturing of electrical equipment and household appliance. Ningbo AUX Electric owns six industrial parks in Nanchang, Ningbo, Tianjin, Ma'anshan and Thailand.

Hence, the Directors are of the view that the proposed renewal of the 2018 Framework Agreements (by way of the entering into of 2020 Framework Agreement I, 2020 Framework Agreement II, 2020 Framework Agreement III and 2020 Framework Agreement IV with Ningbo AUX Healthcare, AUX Group, Ningbo Sanxing and Ningbo AUX Real Estate respectively) and the entering into of 2020 Framework Agreement V with Ningbo AUX Electric will provide Ningbo AUX Property and the Group as a whole access to a stable demand for the Group's property management business segment. As such, the Directors believe that the entering into of the 2020 Framework Agreements will help to reduce the impact on the financial performance of the Group while the Lifestyle Entertainment Segment is more susceptible to the impact of COVID-19 outbreak, and thus ensure the Group will have sufficient financial resources to achieve healthy and sustainable development of both its Lifestyle Entertainment Segment and property management business segment, and contribute to the business growth of the Group as a whole in the long run.

The Directors are also of the view that the entering into of 2020 Framework Agreement II and 2020 Framework Agreement V will enable Ningbo AUX Property to expand its business in provision of industrial park property management services.

Except for Mr. Zheng Jiang, the chairman of the Board and an executive Director who is the brother of Mr. JJ Zheng and holds equity interests in the counterparties of the 2020 Framework Agreements, Mr. Liang Songluan, an executive Director who is a director of Ningbo Sanxing, and Ms. Shen Guoying, an executive Director who is a director of Ningbo Sanxing and holds equity interest in certain counterparty of the 2020 Framework Agreements, none of the Directors has or is deemed to have any material interest in the 2020 Framework Agreements and the transactions contemplated thereunder (including their respective proposed annual caps). Mr. Zheng Jiang, Mr. Liang Songluan and Ms. Shen Guoying have abstained from voting on the relevant resolutions at the board meeting.

The terms and conditions of the 2020 Framework Agreements were negotiated between the parties thereto on an arm's length basis. The Directors (other than the independent non-executive Directors whose views will be given after taking the advice of the independent financial adviser) are of the view that the terms and conditions of the 2020 Framework Service Agreements (including the pricing mechanism and procedures) and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps) are fair and reasonable and in the interests of the Shareholders as a whole,

LETTER FROM THE BOARD

and such continuing connected transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

MEASURES OF INTERNAL CONTROL

The Company has implemented the following internal control measures for monitoring the pricing and terms of the transactions contemplated under the 2020 Framework Service Agreements and for ensuring that the transactions conducted under such agreements will be entered into based on normal commercial terms:

- (1) prior to entering into the specific service agreements under the 2020 Framework Agreements, the legal department, the financial department and the operation department of the Company are responsible for the negotiation of the contractual terms with reference to prevailing level of property management fees charged for comparable services for comparable properties (where references will be made (where applicable) to the property management fees charged by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services for comparable properties and the other relevant contract terms in respect thereof and (where practicable) by way of performing research on the recent prices charged by at least two independent service providers in the area(s) in proximity of the new projects by referring to the properties located in the same or nearby streets/complexes, similar-sized properties and services prices charged on those properties, etc. and a report on the above will be prepared afterwards) and/or (where applicable) pricing requirement(s) prescribed by the relevant local regulation(s) and guidance price(s) stipulated by local authority(ies) to ensure that the management fees charged by Ningbo AUX Property and its subsidiaries and the terms of the specific service agreements are in conformity with the 2020 Framework Agreements and on normal commercial terms that are no less favourable to the Group than those available to or from independent third parties. The financial department is responsible for the final approval of the terms of the specific service agreements under the 2020 Framework Agreements;
- (2) upon execution of the specific service agreements under the 2020 Framework Agreements, the legal department of the Group is responsible for continuously monitoring and checking on a monthly basis as to whether the relevant laws and regulations on property management prices have been amended, in order to ensure that the price(s) paid by the property owners remain consistent with the requirements under the relevant laws and regulations; and
- (3) throughout the term of the 2020 Framework Agreements, the operation department and the financial department are responsible for monitoring the implementation of the specific service agreements under the 2020 Framework Agreements to ensure that the terms, including the fees charged under the agreements, are strictly adhered to by the parties to the agreements. Any deviation from the contract terms thereof should be reported to the management of the

LETTER FROM THE BOARD

Group for further actions. In addition, the management of the Group will perform spot checks on the implementation of the 2020 Framework Agreements to ensure compliance with the contract terms as and when necessary.

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 2020 Framework Agreements:

- (i) dedicated personnel of Ningbo AUX Property will be responsible for regular monitoring of the continuing connected transactions under the 2020 Framework Agreements 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 management services have been provided by Ningbo AUX Property to Ningbo AUX Healthcare, AUX Group, Ningbo Sanxing, Ningbo AUX Real Estate and Ningbo AUX Electric from time to time in accordance with the terms of the 2020 Framework Agreements respectively. 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 specific service agreements) on a regular basis;
 - (ii) monitoring whether the transaction terms and pricing and other terms under each of the specific service agreements are consistent with the principles established under the 2020 Framework Agreements 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 2020 Framework Agreements 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 2020 Framework Agreements 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 2020 Framework Agreements on an annual basis and confirm in the annual reports of the Company for the years ending 31 March 2021, 2022, 2023 and 2024 whether such continuing connected transactions have been entered into in the ordinary and usual course of business

LETTER FROM THE BOARD

of the Group, on normal commercial terms or better, and in accordance with the 2020 Framework Agreements 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 contemplated under the 2020 Framework Agreements will be conducted on normal and commercial terms and not prejudicial to the interests of the Group and the Shareholders.

IMPLICATION UNDER THE LISTING RULES

As at the Latest Practicable Date, (i) AUX Group was in aggregate directly held as to 100% by two companies, each of which was held as to 85.00% by Mr. JJ Zheng; (ii) Ningbo Sanxing was in aggregate directly held as to approximately 52.75% by Mr. JJ Zheng and the parties acting in concert with him (including Mr. Zheng Jiang and AUX Group); (iii) Ningbo AUX Electric was in aggregate held as to approximately 87.84% by Mr. JJ Zheng, including direct interests of 25.00% and indirect interests of approximately 62.84% held through various entities; (iv) Ningbo AUX Healthcare was a direct wholly-owned subsidiary of Ningbo Sanxing; and (v) Ningbo AUX Real Estate was indirectly held as to 85.00% by Mr. JJ Zheng, and Mr. JJ Zheng indirectly held approximately 58.66% of the issued Shares. Accordingly, each of AUX Group, Ningbo Sanxing, Ningbo AUX Electric, Ningbo AUX Healthcare and Ningbo AUX Real Estate was an associate (being a 30%-controlled company) of Mr. JJ Zheng as a controlling shareholder of the Company and hence a connected person of the Company. Therefore, the transactions contemplated under the 2020 Framework Agreements 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 2020 Framework Agreements exceed(s) 5% and the relevant consideration exceeds HK\$10 million (based on the largest aggregate annual cap during the term of the 2020 Framework Agreements), such transactions are subject to the announcement, annual review, annual reporting and circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened to seek the approval of the Independent Shareholders in respect of the 2020 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps). Mr. JJ Zheng, Ze Hui Limited and Huiyi Limited and their respective associates, and all other Shareholders materially interested in the foregoing matters shall abstain from voting on the resolutions in relation to such matters at the EGM.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders on the 2020 Framework Agreements and the continuing connected transaction contemplated thereunder (including their respective proposed annual cap), and First Shanghai 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 and restaurant and bar outlets in Hong Kong and provision of property management services in the PRC.

AUX Group

AUX Group is a conglomerate with business in manufacturing of electrical equipment and household appliance, health care and financial investment. As at the Latest Practicable Date, to the best of the knowledge and information of the Directors, AUX Group was in aggregate directly held as to 100% by two companies, each of which was directly held as to 85.00% by Mr. JJ Zheng, 10.00% by Mr. Zheng Jiang and 5.00% by Mr. XW He.

Ningbo AUX Real Estate

Ningbo AUX Real Estate is principally engaged in property development for residential and commercial properties in the PRC. As at the Latest Practicable Date, to the best of the knowledge and information of the Directors, Ningbo AUX Real Estate was indirectly held as to 85.00% by Mr. JJ Zheng, 10.00% by Mr. Zheng Jiang and 5.00% by Mr. XW He.

Ningbo AUX Electric

Ningbo AUX Electric is principally engaged in manufacturing of electrical equipment and household appliance. As at the Latest Practicable Date, to the best of the knowledge and information of the Directors, Ningbo AUX Electric was directly held as to (i) 25.00% by Mr. JJ Zheng; (ii) 4.00% by Mr. Zheng Jiang; (iii) 2.00% by Mr. XW He; (iv) approximately 37.04%, 24.88% and 0.92% by AUX Group, 寧波奧勝貿易有限公司* (Ningbo Aosheng Trading Company Limited, which is a subsidiary of AUX Group) and 寧波元興實業投資有限公司* (Ningbo Yuanxing Industrial Investment Company Limited) respectively, each of which was directly or indirectly held as to 85.00% by Mr. JJ Zheng, 10.00% by Mr. Zheng Jiang and 5.00% by Mr. XW He; (v) approximately 1.95% by 寧波高匯股權投資管理合夥企業(有限合夥)* (Ningbo Gaohui Equity Investment Management Partnership (Limited Partnership)) (“**Ningbo Gaohui Limited Partnership**”); (vi) approximately 1.92% by 寧波眾瑞股權投資管理合夥企業(有限合夥)* (Ningbo Zhongrui Equity Investment Management Partnership (Limited Partnership)) (“**Ningbo Zhongrui Limited Partnership**”); (vii) approximately 1.38% by 寧波高創股權投資管理合夥企業(有限合夥)* (Ningbo Gaochuang Equity Investment Management Partnership (Limited Partnership)) (“**Ningbo Gaochuang Limited Partnership**”); and (viii) approximately 0.92% by 寧波眾美股權投資管理合夥企業(有限合夥)* (Ningbo Zhongmei Equity Investment Management Partnership (Limited Partnership)) (“**Ningbo Zhongmei Limited Partnership**”, together with Ningbo Gaohui Limited Partnership, Ningbo Zhongrui

LETTER FROM THE BOARD

Limited Partnership and Ningbo Gaochuang Limited Partnership, the “**Limited Partnerships**”). As at the Latest Practicable Date, based on publicly available information, the shareholders of each of the Limited Partnerships are as follows:

Ningbo Gaohui Limited Partnership

No.	Name of shareholder	Approximate shareholding
1.	AUX Group	35.95%
2.	Leng Ling (冷冷)	22.97%
3.	Xin Ning (忻寧)	11.28%
4.	Yang Haiping (楊海平)	6.15%
5.	Zhong Weicheng (鍾偉成)	1.74%
6.	Fang Jian (方健)	1.28%
7.	Zhao Yabing (趙亞兵)	1.28%
8.	Han Bo (韓波)	1.24%
9.	Xu Yongyong (徐永勇)	1.12%
10.	Lei Pei (劉培)	1.03%
11.	Qian Jianliang (錢建良)	0.96%
12.	Gui Changhua (桂昌華)	0.90%
13.	You Jianbo (游劍波)	0.85%
14.	Gu Jiyong (古吉勇)	0.85%
15.	Li Xiansheng (李賢勝)	0.83%
16.	Li Jie (李杰)	0.68%
17.	Zhao Helei (趙賀雷)	0.68%
18.	Xuan Jianfeng (宣建鋒)	0.66%
19.	Zheng Keda (鄭科達)	0.65%
20.	Hu Ye (胡野)	0.63%
21.	Hua Mu (花木)	0.61%
22.	Xu Yunping (徐運平)	0.58%
23.	Tan Xiuhui (譚修輝)	0.54%
24.	Jin Weiping (金維平)	0.53%
25.	Wang Xiong (王雄)	0.50%
26.	Cao Zhongbo (曹忠波)	0.49%
27.	Zhang Qianfang (張前防)	0.46%
28.	Chen Zhiqiang (陳志強)	0.43%
29.	Liang Haibin (梁海濱)	0.42%
30.	Zhou Haifeng (周海峰)	0.39%
31.	Zhu Lifang (朱麗芳)	0.38%
32.	Yuan Lishou (袁禮壽)	0.38%
33.	Lei Lei (雷磊)	0.38%
34.	Cheng Laigui (程來貴)	0.36%
35.	Wei Lingyuan (魏凌沅)	0.30%
36.	Sui Xin (隋欣)	0.20%
37.	Zheng Wei (鄭偉)	0.19%
38.	Chang Cheng (常成)	0.19%
39.	Mao Chaoyang (毛朝陽)	0.19%

LETTER FROM THE BOARD

No.	Name of shareholder	Approximate shareholding
40.	Hu Jiatie (胡佳鐵)	0.19%
41.	Wang Chuandeng (王傳登)	0.19%
42.	Zhu Peilong (竺培龍)	0.19%
43.	Mao Kaibo (毛凱波)	0.19%

Ningbo Zhongrui Limited Partnership

No.	Name of shareholder	Approximate shareholding
1.	AUX Group	17.88%
2.	Zhang Xuequan (張學權)	11.48%
3.	Xu Zhong (徐重)	11.48%
4.	Li Jian (李健)	9.57%
5.	Huang Xiaowei (黃小偉)	9.57%
6.	Gu Tangtang (古湯湯)	9.57%
7.	Zhang Jingguo (張靜國)	2.61%
8.	Zheng Weike (鄭偉科)	2.39%
9.	Xiong Yuze (熊裕澤)	1.63%
10.	Wang Xiaobo (王小波)	1.36%
11.	Li Weiqing (李維晴)	1.30%
12.	Zheng Junda (鄭君達)	1.30%
13.	Huang Ruoyu (黃若愚)	1.05%
14.	Zhang Qihong (章其紅)	1.03%
15.	Yu Hong (俞虹)	0.87%
16.	Chen Jin (陳瑾)	0.87%
17.	Lu Meng (呂萌)	0.87%
18.	Wu Xijun (吳錫君)	0.87%
19.	Ren Jiaojiao (任姣姣)	0.87%
20.	Xu Yineng (徐益能)	0.87%
21.	Guo Su (郭粟)	0.87%
22.	Chen Lingxiao (陳凌曉)	0.87%
23.	Gan Xiaolu (幹曉露)	0.84%
24.	Zhou Haihong (周海紅)	0.68%
25.	Huang Fenghua (黃鳳華)	0.65%
26.	Zhang Bo (張波)	0.63%
27.	Liang Meng (梁猛)	0.61%
28.	Qian Lingyang (錢林洋)	0.48%
29.	Wang Feng (王峰)	0.43%
30.	Zhu Xuefang (朱雪芳)	0.43%
31.	Xu Xin (許欣)	0.43%
32.	Zhang Ting (張挺)	0.43%
33.	Zhou Xiaojiao (周曉嬌)	0.43%
34.	Lin Junchao (林俊超)	0.43%
35.	Jiang Junjie (蔣軍杰)	0.43%

LETTER FROM THE BOARD

No.	Name of shareholder	Approximate shareholding
36.	Yan Xinzhao (嚴新朝)	0.43%
37.	Fu Yu (傅俞)	0.43%
38.	Bi Qihong (畢奇宏)	0.43%
39.	Leng Xiaogang (冷曉剛)	0.43%
40.	Yu Wei (喻巍)	0.40%
41.	Wang Chengcheng (王澄澄)	0.38%
42.	Liang Xin (梁鑫)	0.34%
43.	Wu Yuwei (吳雨蔚)	0.26%
44.	Li Fashun (李發順)	0.26%
45.	Su Yunyu (蘇運宇)	0.26%
46.	Qi Hui (齊輝)	0.26%

Ningbo Gaochuang Limited Partnership

No.	Name of shareholder	Approximate shareholding
1.	AUX Group	33.45%
2.	Liang Jian (梁建)	9.64%
3.	Shen Guoying (沈國英)	8.49%
4.	Miu Xilei (繆錫雷)	3.67%
5.	Liu Guiping (劉桂平)	3.61%
6.	Zhuo Senqing (卓森慶)	2.34%
7.	Qin Xian (秦憲)	2.04%
8.	Jiang Lihui (蔣麗輝)	1.70%
9.	Jing Nengbing (靳能兵)	1.63%
10.	Yang Jianqun (楊檢群)	1.45%
11.	Huang Chun (黃春)	1.41%
12.	Yuan Shuangquan (袁雙全)	1.41%
13.	Wang Cheng (王成)	1.30%
14.	Zhang Yuzhong (張玉忠)	1.30%
15.	Bai Wei (白韉)	1.28%
16.	Guo Jianjun (虢建軍)	1.20%
17.	Du Peng (杜鵬)	1.19%
18.	Bo Chuanhai (薄傳海)	1.19%
19.	Wu Lihua (吳麗花)	1.19%
20.	Li Baoyu (李保玉)	1.08%
21.	Yu Yan (禹琰)	1.08%
22.	Wu Xiaomao (吳小毛)	1.06%
23.	Qu Keihui (屈科輝)	0.96%
24.	Liu Shiyong (劉世勇)	0.73%
25.	Zhang Tianshun (張天順)	0.72%
26.	Zhang Qiuping (章秋平)	0.72%
27.	Liu Hexin (劉合心)	0.72%
28.	Lu Ao (呂翱)	0.72%

LETTER FROM THE BOARD

No.	Name of shareholder	Approximate shareholding
29.	Ye Luwei (葉魯偉)	0.72%
30.	Zeng Youjian (曾友堅)	0.72%
31.	Peng Ziyang (彭子影)	0.72%
32.	Li Yang (李陽)	0.66%
33.	Li Cunyong (李存永)	0.66%
34.	Zhang Huazhong (張華中)	0.66%
35.	Li Chaozheng (李朝政)	0.66%
36.	Hou Lifeng (侯麗峰)	0.66%
37.	Chen Wei (陳偉)	0.65%
38.	Li Liang (李亮)	0.65%
39.	Zhao Yonghong (趙永紅)	0.65%
40.	Chen Dong (陳冬)	0.60%
41.	Shang Bin (尚彬)	0.60%
42.	Wang Yixiang (王義祥)	0.60%
43.	Lan Jianghua (蘭江華)	0.60%
44.	Hu Linfeng (胡林鋒)	0.60%
45.	Shi Zhaowen (史兆文)	0.60%
46.	Jin Gaofang (金高芳)	0.60%
47.	Huang Ning (黃寧)	0.53%
48.	Ying Biye (應必業)	0.51%

Ningbo Zhongmei Limited Partnership

No.	Name of shareholder	Approximate shareholding
1.	AUX Group	44.69%
2.	Chen Hu (陳虎)	5.91%
3.	Chen Xianjun (陳賢軍)	5.45%
4.	Wang Wei (汪偉)	3.15%
5.	Yang Xia (楊俠)	2.29%
6.	Chen Guanshui (陳觀水)	2.20%
7.	Ge Jian (葛健)	1.80%
8.	Wu Weiwei (伍唯唯)	1.64%
9.	Li Junfeng (李軍鋒)	1.40%
10.	Ye Nengwei (葉能偉)	1.31%
11.	Li Guohua (李國華)	1.25%
12.	Xu Bin (徐彬)	1.25%
13.	Zhu Rui (朱睿)	1.22%
14.	Chen Hongwu (陳宏武)	1.20%
15.	Li Tao (李濤)	1.18%
16.	Chen Yuanguo (陳遠國)	1.15%
17.	Xing Dongxing (邢東興)	1.15%
18.	Yuan Xinfeng (阮新風)	1.11%
19.	Gou Pucheng (苟普程)	1.05%

LETTER FROM THE BOARD

No.	Name of shareholder	Approximate shareholding
20.	Huang Ruihua (黃瑞華)	1.04%
21.	Xu Xiang (許翔)	0.98%
22.	Bian Longlong (邊龍龍)	0.95%
23.	Zhou Feng (周峰)	0.91%
24.	Zhou Feng (周鋒)	0.91%
25.	Peng Lina (彭麗娜)	0.91%
26.	Guo Jinang (郭金剛)	0.91%
27.	Wang Zongping (王宗平)	0.84%
28.	Pei Dong (裴東)	0.84%
29.	Liu Wei (劉偉)	0.76%
30.	Yang Mingxing (楊明星)	0.76%
31.	Hu Yadong (胡亞東)	0.76%
32.	Huang Yanjun (黃演均)	0.76%
33.	Li He (李賀)	0.75%
34.	Li Wei (李偉)	0.73%
35.	Wang Yi (王義)	0.73%
36.	Dai Weixing (戴唯星)	0.73%
37.	Tao Zheng (陶鄭)	0.71%
38.	Chen Bin (陳斌)	0.64%
39.	Li Haijun (李海君)	0.64%
40.	Chen Xianghui (陳祥輝)	0.64%
41.	Xue Sheng (薛勝)	0.55%
42.	Zou Yongwen (鄒永文)	0.55%
43.	Weng Ming (翁明)	0.45%
44.	Wang Minfei (王敏飛)	0.42%
45.	Lin Ling (林玲)	0.40%
46.	Huang Song (黃松)	0.36%

Ningbo Sanxing

Ningbo Sanxing is a joint stock limited liability company established in the PRC, the issued shares of which are listed on the Shanghai Stock Exchange. Its principal operations include manufacturing of electricity measurement equipment and provision of healthcare services in the PRC. As at the Latest Practicable Date, to the best of the knowledge and information of the Directors, Ningbo Sanxing was in aggregate directly held as to approximately 52.75% by Mr. JJ Zheng and the parties acting in concert with him (including Mr. Zheng Jiang and AUX Group).

Ningbo AUX Healthcare

Ningbo AUX Healthcare is a direct wholly-owned subsidiary of Ningbo Sanxing and an intermediate holding company of Ningbo Mingzhou Hospital. Ningbo AUX Healthcare is principally engaged in provision of medical treatments and services.

LETTER FROM THE BOARD

EGM

The EGM will be held on Wednesday, 13 January 2021 at 11:00 a.m. at Room 1703–1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong during which ordinary resolutions shall be proposed to the Independent Shareholders to approve the 2020 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps). A notice of the EGM is set out on pages EGM-1 to EGM-5 of this circular.

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

Mr. JJ Zheng, Ze Hui Limited and Huiiri Limited and their respective associates, and all other Shareholders materially interested in the 2020 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps) are required to abstain from voting on the resolutions proposed to be passed at the EGM for approving the foregoing matters.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, Huiiri Limited beneficially owned and controlled the voting rights in respect of 219,950,000 Shares, representing approximately 58.66% of the total number of Shares in issue as at the Latest Practicable Date, and Huiiri Limited was directly held as to 90% by Ze Hui Limited, which was in turn directly wholly owned by Mr. JJ Zheng.

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 54, 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 Monday, 11 January 2021 (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.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out in this circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the 2020 Framework Agreements and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps); (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 foregoing matters, together with the reasons for its opinion, the key assumptions made and the factors taken into consideration in forming its opinion; and (iii) the additional information set out in the Appendix to this circular.

LETTER FROM THE BOARD

The Directors (including the Independent Board Committee) are of the view that the terms and conditions of the 2020 Framework Agreements (including the pricing mechanism and procedures) and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps) are fair and reasonable and in the interests of the Shareholders (including the Independent Shareholders) as a whole, 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 Shareholders (including the Independent Shareholders) as a whole.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolutions 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)

28 December 2020

To the Independent Shareholders

Dear Sir or Madam

**CONTINUING CONNECTED TRANSACTIONS:
RENEWAL OF EXISTING FRAMEWORK AGREEMENTS
AND
NEW FRAMEWORK AGREEMENT FOR
PROVISION OF PROPERTY MANAGEMENT SERVICES**

We refer to the circular dated 28 December 2020 (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, (i) the terms of the 2020 Framework Agreements (including the pricing mechanism and procedures) and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps) are fair and reasonable; (ii) whether such continuing connected transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholder as a whole; and (iii) how the Independent Shareholders should vote at the EGM, after taking into account the recommendations of the IFA.

First Shanghai Capital Limited has been appointed by the Board as the IFA to advise the Independent Board Committee and Independent Shareholders in connection with the foregoing matters. 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 51 to 94 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 7 to 48 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 2020 Framework Agreements, the interests of the Independent Shareholders and the advice of the IFA, we are of the opinion that the terms of the 2020 Framework Agreements (including the pricing mechanism and procedures) and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps) are fair and reasonable and in the interests of the Shareholders as a whole, 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 Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM in the terms as set out in the notice of the EGM so as to approve the 2020 Framework Agreements (including the pricing mechanism and procedures) and the continuing connected transactions contemplated thereunder (including their respective proposed annual caps).

Yours faithfully

For and on behalf of

The Independent Board Committee

Mr. Poon Chiu Kwok

Mr. Bau Siu Fung

Ms. Lou Aidong

Independent Non-executive Directors

LETTER FROM THE IFA

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



First Shanghai Capital Limited

19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

28 December 2020

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

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS:
RENEWAL OF EXISTING FRAMEWORK AGREEMENTS
AND
NEW FRAMEWORK AGREEMENT FOR PROVISION OF
PROPERTY MANAGEMENT SERVICES**

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the terms of the 2020 Framework Agreements with their respective proposed annual caps, details of which are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 28 December 2020 (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, on 1 December 2020, Ningbo AUX Property, an indirect wholly-owned subsidiary of the Company, (for itself and as trustee for the benefit of its subsidiaries from time to time) as supplier entered into 2020 Framework Agreement II, 2020 Framework Agreement III and 2020 Framework Agreement IV with AUX Group, Ningbo Sanxing and Ningbo AUX Real Estate (in each case, for itself and as trustee for the benefit of its subsidiaries from time to time) as customers to renew 2018 Framework Agreement II, 2018 Framework Agreement III and the Amended 2016 Framework Agreement respectively on comparable terms which are due to expire on 31 December 2020. As such, Ningbo AUX Property could continue to provide property housekeeping, transportation, management and/or other ancillary services to these customers from 1 January 2021 onwards until 31 December 2023.

LETTER FROM THE IFA

Given that the 2018 Framework Agreement I is due to expire on 31 March 2021 and to accommodate future business needs, Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time), as supplier entered into 2020 Framework Agreement I with Ningbo Mingzhou Hospital's intermediate holding company, Ningbo AUX Healthcare (for itself and as trustee for the benefit of its subsidiary from time to time), as customer to renew 2018 Framework Agreement I on comparable terms, such that Ningbo AUX Property could continue to provide property housekeeping, transportation and other ancillary services to Ningbo Mingzhou Hospital and its group companies from 1 January 2021 onwards until 31 December 2023.

In addition, on 1 December 2020, Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) as supplier entered into 2020 Framework Agreement V with Ningbo AUX Electric (for itself and as trustee for the benefit of its subsidiaries from time to time) as customer for the provision of property management services (including mainly cleaning services in connection with the industrial park facilities occupied by Ningbo AUX Electric and/or its subsidiaries) for a term commencing on 1 January 2021 and ending on 31 December 2023, subject to the Independent Shareholders' approval.

As at the Latest Practicable Date, (i) AUX Group was in aggregate directly held as to 100% by two companies, each of which was held as to 85.00% by Mr. JJ Zheng; (ii) Ningbo Sanxing was in aggregate directly held as to approximately 52.75% by Mr. JJ Zheng and the parties acting in concert with him (including Mr. Zheng Jiang and AUX Group); (iii) Ningbo AUX Electric was in aggregate held as to approximately 87.84% by Mr. JJ Zheng, including direct interests of 25.00% and indirect interests of approximately 62.84% held through various entities; (iv) Ningbo AUX Healthcare was a direct wholly-owned subsidiary of Ningbo Sanxing; and (v) Ningbo AUX Real Estate was indirectly held as to 85.00% by Mr. JJ Zheng, and Mr. JJ Zheng indirectly held approximately 58.66% of the issued Shares. Accordingly, each of AUX Group, Ningbo Sanxing, Ningbo AUX Electric, Ningbo AUX Healthcare and Ningbo AUX Real Estate (collectively, the "**Counterparties**") was an associate (being a 30%-controlled company) of Mr. JJ Zheng as a controlling shareholder of the Company and hence a connected person of the Company. Therefore, the transactions contemplated under the 2020 Framework Agreements 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 2020 Framework Agreements exceed(s) 5% and the relevant consideration exceeds HK\$10 million (based on the largest aggregate annual cap during the term of the 2020 Framework Agreements), such transactions are subject to the announcement, annual review, annual reporting and circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save for Mr. JJ Zheng, Ze Hui Limited and Huiyi Limited and their respective associates which their interests in the 2020 Framework Agreements as mentioned above, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholders are materially interested in all or any of the matters at the EGM who are required to abstain from voting at the EGM as aforesaid.

LETTER FROM THE IFA

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 2020 Framework Agreements 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 2020 Framework Agreements and the continuing connected transactions contemplated thereunder. We, First Shanghai Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We are independent from, and are not associated with the Company, Mr. JJ Zheng, AUX Group, Ningbo Sanxing, Ningbo AUX Electric, Ningbo AUX Healthcare and Ningbo AUX Real Estate, and any of their respective associates who are interested or involved in the continuing connected transactions. In the last two years, there was no engagement between the Group and us. 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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background of the Group and the Counterparties

The Group

The Company is an investment holding company. The principal activities of the Group include operation of clubbing business and restaurant and bar outlets in Hong Kong and provision of property management services in the PRC. As mentioned in the Group's annual report for the year ended 31 March 2020 (the "**2020 Annual Report**"), Ningbo AUX, an indirectly wholly-owned subsidiary of the Group, was ranked 38th among the 2020 China's Top 100 Best Property Management Service Companies and awarded "Management Excellence in Hospital Premises China 2020". These successes indicate the Group's growth in the property management industry in the PRC.

According to the 2020 Annual Report, despite the significant impact on the Group's Lifestyle Entertainment Segment from the US-China trade dispute and COVID-19 outbreak, the Group recorded revenue of approximately HK\$340.0 million for the year ended 31 March 2020, an increase of approximately 7.1% as compared with the corresponding period in 2019, benefiting from the double-digit revenue growth from the Group's property management segment of approximately HK\$53.9 million.

According to the interim result announcement of the Group for the six months ended 30 September 2020 published on 30 November 2020 (the "**2021 Interim Result**"), the Lifestyle Entertainment Segment was greatly suffered from the COVID-19 outbreak and the Group recorded an approximately 75.9% drop in revenue in this segment as compared with the same period in 2020. Supported by the relatively stable performance in the property management segment with an approximately 6.4% decrease in segment revenue during the period, revenue of the Group for the six months ended 30 September 2020 decreased by approximately 21.0% as compared to the corresponding period in 2019.

As per the 2021 Interim Result, as at 30 September 2020, the Group managed over 63 property management projects with a gross floor area of approximately 7.08 million square metres.

AUX Group

AUX Group is a well-known conglomerate with business in manufacturing of electrical equipment and household appliance, health care and financial investment. AUX Group owns and maintains a number of offices, industrial parks and car parks in different cities in the PRC. As at the Latest Practicable Date, to the best of the knowledge and information of the Directors, AUX Group was in aggregate directly held as to 100% by tow companies, each of which was directly held as to 85.00% by Mr. JJ Zheng, 10.00% by Mr. Zheng Jiang and 5.00% by Mr. XW He.

LETTER FROM THE IFA

Ningbo AUX Real Estate

Ningbo AUX Real Estate is principally engaged in property development for residential and commercial properties in the PRC. It is a well-known property developer in Yangtze River Delta Economic Zones. As at the Latest Practicable Date, to the best of the knowledge and information of the Directors, Ningbo AUX Real Estate has land bank of approximately 1.02 million square meters. As at the Latest Practicable Date, Ningbo AUX Real Estate was indirectly held as to 85.00% by Mr. JJ Zheng, 10.00% by Mr. Zheng Jiang and 5.00% by Mr. XW He.

Ningbo AUX Electric

Ningbo AUX Electric is a subsidiary of AUX Group principally engaged in manufacturing of electrical equipment and household appliance and owns six industrial parks in Nanchang, Ningbo, Tianjin and Ma'anshan in the PRC and Thailand. As at the Latest Practicable Date, to the best of the knowledge and information of the Directors, Ningbo AUX Electric was in aggregate held as to approximately 87.84% by Mr. JJ Zheng, including direct interests of 25.00% and indirect interests of approximately 62.84% held through various entities.

Ningbo Sanxing

Ningbo Sanxing is a joint stock limited liability company established in the PRC, the issued shares of which are listed on the Shanghai Stock Exchange. Its principal operations include manufacturing of electricity measurement equipment and provision of healthcare services in PRC. In addition to the offices and car parks occupied by Ningbo Sanxing, it also owns and operates several industrial parks in the PRC. As at the Latest Practicable Date, to the best of the knowledge and information of the Directors, Ningbo Sanxing was in aggregate directly held as to approximately 52.75% by Mr. JJ Zheng and the parties acting in concert with him (including Mr. Zheng Jiang and AUX Group).

Ningbo AUX Healthcare

Ningbo AUX Healthcare is a whole-owned subsidiary of Ningbo Sanxing and an intermediate holding company of Ningbo Mingzhou Hospital. It is principally engaged in provision of medical treatments and services. As at the Latest Practicable Date, Ningbo AUX Healthcare was an indirect wholly-owned subsidiary of Ningbo Sanxing. 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 acquisitions of existing hospital by way of direct investments and/or setting up of joint ventures.

2. Reasons for and benefits of entering into the Framework Agreements

The connected transactions contemplated under 2020 Framework Agreement II, 2020 Framework Agreement III, 2020 Framework Agreements IV are renewed on comparable terms and are of a recurrent nature. The 2020 Framework Agreement I was also entered into on comparable terms as to that of the 2018 Framework Agreement I despite Ningbo Mingzhou Hospital's intermediate holding company (i.e. Ningbo AUX Healthcare) being the customer of the 2020 Framework Agreement I for future business needs. All of the 2020 Framework Agreements are entered into for the provision of housekeeping, transportation, property management and/or other ancillary services to the connected persons. According to the 2020 Annual Report and the 2021 Interim Report, revenue from property management contracts accounted for approximately 85% and 94% of the total revenue in the respective period. Thus, it is considered that the connected transactions contemplated under the 2020 Framework Agreements will occur on a regular and continuing basis in the ordinary and usual course of business of the Group.

The growth in the Group's property management business is also shown by the recent recognition of the Group among the property management industry in the PRC. Ningbo AUX, an indirectly wholly-owned subsidiary of the Group and the party entered into the 2020 Framework Agreements, was ranked 38th among the 2020 China's Top 100 Best Property Management Service Companies and awarded "Management Excellence in Hospital Premises China 2020".

With reference to the 2020 Annual Report, revenue from property management segment increased by approximately 23.0% to approximately HK\$288.0 million for the year ended 31 March 2020, contributed to majority of the Group's revenue, of approximately 84.7%. The strong performance of the Group's property management business in 2020 not only alleviated the undesirable performance of the Group's Lifestyle Entertainment Segment (revenue decreased by approximately 37.6% for the year ended 31 March 2020) under the economic slowdown and the COVID-19 outbreak, but also led to an increase in the Group's revenue by approximately 7.1% for the year ended 31 March 2020. According to the 2021 Interim Result, despite the current vulnerable economic situation, property management segment had shown its relatively stable performance in which revenue from the property management segment decreased by approximately 6.3% whereas Lifestyle Entertainment Segment recorded an approximately 75.9% drop in revenue for the six months ended 30 September 2020, as compared to the corresponding period in 2019.

As stated in the Letter from the Board, it is vital that the Group maintains stable and sustainable revenue and cash flow from its property management business segment. Healthy development of the property management segment will not only provide strong support to the Group's performance, but also minimise any significant fluctuation in the overall revenue and cash flow of the Group.

As mentioned in the section headed "Background of the Group and the Counterparties" above, each of the Counterparties to the 2020 Framework Agreements are with profound experiences and reputation in their respective areas of services and solid financial standing. The Directors believe that the maintenance of the strategic business

LETTER FROM THE IFA

relationships with them will not only provide the Group access to a stable demand for the Group's property management business segment, but will also allow realisation of synergies and economies of scale and continue to bring sustainable contribution to the Group's growth in the long run. The Board does not consider that there is any disadvantage to the Group in entering into the 2020 Framework Agreements.

3. The 2020 Framework Agreements

3.1 2020 Framework Agreement I

(a) The major terms

Date:	1 December 2020
Parties:	(1) Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) (2) Ningbo AUX Healthcare (for itself and as trustee for the benefit of its subsidiaries from time to time)
Term of the agreement:	Subject to approval by the Independent Shareholders, 2020 Framework Agreement I shall be effective from 1 January 2021 until 31 December 2023. With effect from the date on which 2020 Framework Agreement I comes into operation, 2020 Framework Agreement I shall supersede 2018 Framework Agreement I in all respects and all obligations of the parties thereunder shall cease and determine forthwith.
Types of services to be provided:	Ningbo AUX Property and its subsidiaries shall send workers to the hospital(s) operated by Ningbo AUX Healthcare and/or its subsidiaries from time to time to provide the following services: (i) property housekeeping services, including daily housekeeping and cleaning in areas within the hospital premises and in respect of, among others, medical equipment, furniture and fixtures therein, daily housekeeping and cleaning in all public areas, collection and management of clinical and other wastes, and sanitation of hospital beds, equipment and disposable products, among others;

LETTER FROM THE IFA

- (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, custody and transportation of pure water, transportation of furniture within the hospital area and collection and reporting of transportation data, among others;
- (iii) blood transportation services;
- (iv) order maintenance services such as maintenance of good public order within the hospital area, management and performance of fire and disaster prevention work, provision of assistance to hospital staff in handling of medical dispute incidents, and ensuring the safety of hospital personnel and the safekeeping of hospital assets;
- (v) 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;
- (vi) elevator operation services, including daily inspection of the elevators within the hospital area and provision of assistance to users of the elevators;
- (vii) auxiliary medical services, such as provision of assistance to nurses in daily performance of their duties, cleaning and sanitization of hospital beds and management of hospital storage rooms and furniture;
- (viii) provision of personal nursing support to patients by qualified professional caretakers; and
- (ix) landscaping services within the hospital area.

LETTER FROM THE IFA

Pricing policy: The transactions under 2020 Framework Agreement I shall be conducted on normal commercial terms. The number of workers to be sent by Ningbo AUX Property and its subsidiaries, the fees payable by Ningbo AUX Healthcare and/or its relevant subsidiary to Ningbo AUX Property and its subsidiaries for the services to be provided in respect of each hospital facility pursuant to 2020 Framework Agreement I and the relevant service scope shall be agreed between Ningbo AUX Healthcare and/or its relevant subsidiary and Ningbo AUX Property and its subsidiaries on an arm's length and set out in each specific service agreement. The service fees shall be calculated on the basis of the following:

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

LETTER FROM THE IFA

The Hospital Property Management Service 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 and its subsidiaries to independent third party customers for similar services provided within the six-month period immediately preceding the date of each specific 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 16%, which was determined with reference to the estimated markups charged by other companies listed on the Shenzhen Stock Exchange providing similar services in the PRC, which is calculated based on their published financial information. As at the Latest Practicable Date, to the best of the knowledge and information of the Directors, there were listed companies providing similar services in the PRC.

Payment
arrangement:

Payment will be settled on a monthly basis within 10 business days after issue of the relevant invoices by Ningbo AUX Property.

Specific service
agreements:

Ningbo AUX Property and/or its subsidiaries and Ningbo AUX Healthcare and/or its subsidiaries will enter into, from time to time and as and when necessary, specific service agreements which shall 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 and its subsidiaries for the provision of services, service fee per worker, and service scope.

Any such service agreement shall be within the ambit of 2020 Framework Agreement I and shall not contravene the provisions of 2020 Framework Agreement I; in case of any inconsistency, the provisions of 2020 Framework Agreement I shall prevail.

LETTER FROM THE IFA

(b) Our assessment on the major terms

We have obtained and reviewed the 2020 Framework Agreement I and compared with the 2018 Framework Agreement I and understood from the management of the Group that since the 2018 Framework Agreement I is due to expire on 31 March 2021 and to accommodate future business needs, the 2020 Framework Agreement I is entered with Ningbo AUX Healthcare (the intermediate holding company of Ningbo Mingzhou Hospital) as customer, instead of Ningbo Mingzhou Hospital at comparable terms of the 2018 Framework Agreement I. We also noted that the Hospital Property Management Service Markup was adjusted from 18% in the 2018 Framework Agreement I to 16% in the 2020 Framework Agreement I.

We have also discussed with the management of the Group and compared the major terms under the 2020 Framework Agreement I with contracts with customers or quotations offered by service providers who are not connected to the Group for similar services in the past two years and noted that service fees charged to those customers or by those service providers are also based on monthly average service fee per worker and the number of workers assigned to perform the services. Furthermore, we have performed our own independent research, on our best effort basis, on the pricing terms of comparable PRC property management listed on providing similar services in the PRC and noted that it is not uncommon that service fees of similar services are charged based on total costs incurred (including staff costs and other expenses) plus a markup.

In terms of the Hospital Property Management Service Markup at or above 16%, based on our own independent research and the publicly available information, we noted that the relevant gross profit margins of providing similar services by the comparable companies ranged from approximately 10% to 16% in 2019.

Based on the above, we are of the view that the major terms of the 2020 Framework Agreement I are fair and reasonable and on normal commercial terms.

(c) Assessment of the Proposed Annual Caps

In order to streamline the workflow in respect of the overall implementation and monitoring and the annual review of the continuing connected transactions contemplated under the 2020 Framework Agreements as a whole, the periods covered in the proposed annual caps for the transactions contemplated under 2020 Framework Agreement I have been aligned with those for the transactions contemplated under the rest of the 2020 Framework Agreements as well as the financial year of the Group, to the financial years ending 31 December of the relevant years.

LETTER FROM THE IFA

Set out below are the existing annual caps of the 2018 Framework Agreement I for the three years ending 31 March 2021 and the proposed annual caps of the 2020 Framework Agreement I for the three years ending 31 December 2023:

	Existing Annual Caps			Proposed Annual Caps		
	For the year ended/ending 31 March			For the year ending 31 December		
	2019	2020	2021	2021	2022	2023
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
Annual caps	21.0	26.0	27.0	26.8	36.4	44.4

The proposed annual cap of the 2020 Framework Agreement I for the year ending 31 December 2021 will be at RMB26.8 million, a slight decrease of approximately 1% from the existing annual cap for the year ending 31 March 2021. The proposed annual caps for the two years ending 31 December 2022 and 2023 are with approximately 36% and 22% annual growth, respectively.

To assess the fairness and reasonableness of the proposed annual caps for the 2020 Framework Agreement I for the three years ending 31 December 2023, we have taken into consideration of the following:

- (i) we have discussed with the management the basis and assumptions of the proposed annual caps above and we understood that the Directors have taken into account, among other things, (i) the estimated increase in the demand from Ningbo AUX Healthcare and its subsidiaries for the services to be provided by Ningbo AUX Property and its subsidiaries during the three years ending 31 December 2023, as it is expected that Ningbo AUX Property and its subsidiaries will be providing services in accordance with the existing service scope in respect of the hospital(s) to be acquired by Ningbo AUX Healthcare and/or its subsidiaries in accordance with its expansion plan, in addition to the existing hospitals operated by Ningbo Mingzhou Hospital and/or its subsidiaries. The management of the Group is given to understand that the expansion plan of Ningbo Mingzhou Hospital, which was affected by the economic slowdown and the outbreak of COVID-19 and will accelerate along with the anticipated estimate economic recovery. On such basis, the services will cover those newly acquired hospital(s); and (ii) the anticipated growth of approximately 2.9% in the wages of the workers of Ningbo AUX Property and its subsidiaries during each of the three years ending 31 December 2023;
- (ii) we have obtained and reviewed a list of services expected to be provided by Ningbo AUX Property to Ningbo AUX Healthcare and/or its subsidiaries under the 2020 Framework Agreement I and noted that the number of hospitals served by Ningbo AUX Property will be increased from two currently to five in 2021, eight in 2022 and nine in 2023. We further understood from the management of the Group that, based on

LETTER FROM THE IFA

the best of their knowledge, the new hospitals to be served by Ningbo AUX Property are potential hospitals that Ningbo AUX Healthcare and/or its subsidiaries contemplate to acquire from 2021 to 2023 under their expansion plan;

- (iii) we have obtained and reviewed a breakdown of the proposed service scope, the expected number of workers and the service fee per worker in each function to be sent by Ningbo AUX Property under the 2020 Framework Agreement I and note that number of workers to be sent by Ningbo AUX Property will increase from approximately 330 currently to approximately 530 in 2021 and 710 in 2022 and further to approximately 800 workers in 2023. As advised by the management of the Group, the number of workers to be sent in each hospital is determined with reference to the particular manner of delivery of each individual type of service, which may also depend on the size and scale of operation of the hospital(s) concerned, and the effects to the increase in service area may have on the manpower requirement relating to each individual type of service;
- (iv) in relation to the anticipated growth of approximately 2.9% in the wages of the workers to be sent by Ningbo AUX Property and its subsidiaries included in the annual cap calculation, we have conducted our own independent research on the 2019 consumer price index of China and according to National Bureau of Statistics of the People's Republic of China, the consumer price index of China in 2019 increased by 2.9% as compared with 2018, which is in line with the expected annual growth in wages of the workers adopted in the annual caps calculation;
- (v) the historical transaction amounts of the 2018 Framework Agreement I was approximately RMB16.3 million for the year ended 31 March 2019, RMB14.5 million for the year ended 31 March 2020 and RMB8.4 million for the seven months ended 31 October 2020. Utilisation rate was approximately 78%, 56% and 53% (annualised) for the three years ended/ending 31 March 2019, 2020 and 2021, respectively. We have discussed with the management of the Group and were given to understand that Ningbo Mingzhou Hospital postponed its hospital acquisition plan due to the economic turbulence created by the China-US trade dispute and the outbreak of COVID-19. Thus, the utilisation rates for the year ended/ending 31 March 2020 and 2021 were lower than that of the previous forecast. Notwithstanding the aforesaid lower-than-forecasted utilisation rates, the Group understood that Ningbo AUX Healthcare will resume its hospital acquisitions plan along with the anticipated economic recovery and expects demand on Ningbo AUX Property's services from Ningbo AUX Healthcare and/or its subsidiaries will increase for the three years ending 31 December 2023. Had the acquisition plans of Ningbo AUX Healthcare and/or its subsidiaries executed as planned, aggregate gross floor area to be served by Ningbo

LETTER FROM THE IFA

AUX Property would increase by over 60% in the next three years, from approximately 186,000 square metres Ningbo AUX Property and its subsidiary are currently serving, to approximately 250,000 square metres in 2021, approximately 296,000 square metres in 2022 and further to approximately 311,000 square metres in 2023.

Having considered the above, we consider that the annual caps in respect of the continuing connected transactions under the 2020 Framework Agreement I for the three years ending 31 December 2023 are fair and reasonable so far as the Independent Shareholders are concerned.

3.2 2020 Framework Agreement II

(a) The major terms

Date:	1 December 2020
Parties:	(1) Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) (2) AUX Group (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, 2020 Framework Agreement II shall be effective from 1 January 2021 until 31 December 2023.
Type of services to be provided, pricing policy and payment arrangement:	Ningbo AUX Property and its subsidiaries shall be commissioned to provide property management services including maintenance, cleaning and security services in connection with the offices, commercial properties and car park units occupied by AUX Group and/or its subsidiaries with the types of services and their respective pricing policies and payment as summarised below.

In addition, in the light of the new industrial park projects undertaken by AUX Group and/or its subsidiaries, it is expected that the service scope shall be extended and Ningbo AUX Property and its subsidiaries will provide pre-sale managements services, sales offices management services and unsold industrial park units property management services in respect of industrial park facilities owned by AUX Group and/or its subsidiaries under 2020 Framework Agreement II.

LETTER FROM THE IFA

- a. Office and commercial property management services

Types of services to be provided:

Maintenance, cleaning and security services in respect of office and commercial properties occupied by AUX Group and its subsidiaries.

Pricing policy:

The service fees will be agreed with AUX Group and shall be based on the prevailing rates of management fees charged by Ningbo AUX Property and its subsidiaries for office units and commercial properties leased by independent third parties, ranging from RMB4.5 to RMB6.0 per square metre per month depending on the location and nature of the properties (for example different rates are charged in respect of offices in Ningbo and Hangzhou), and shall be on terms not more favourable to AUX Group and/or its subsidiaries than those offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services.

Such rates of management fees have been adopted by the Group based on the prevailing market rates at which comparable services are provided.

Payment arrangement:

Payment shall be made monthly pursuant to the relevant terms of the specific service agreements to be entered into.

- b. Car park management services

Types of services to be provided:

Maintenance, cleaning and security service in respect of car park units occupied by AUX Group and its subsidiaries

LETTER FROM THE IFA

Pricing policy:

The service fees will be agreed with AUX Group and shall be based on the prevailing rates of management fees charged by Ningbo AUX Property and its subsidiaries for car park units leased by independent third parties, ranging from RMB50 to RMB210 per unit per month depending on the location of the car park units (for example, different rates are charged in respect of car parks in Ningbo and Hangzhou), and shall be on terms not more favourable to AUX Group and/or its subsidiaries than those offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services.

Such rates of management fee have been adopted by the Group based on the prevailing market rates at which comparable services are provided.

Payment arrangement:

Payment shall be made monthly pursuant to the relevant terms of the specific service agreements to be entered into.

c. Pre-sale management services

Types of services to be provided:

Management and maintenance services in respect of properties and facilities of the industrial park projects of AUX Group and/or its subsidiaries before delivery. It is currently expected that AUX Group will deliver 1, 5 and 5 industrial park project(s) in the years ending 31 December 2021, 2022 and 2023, respectively.

LETTER FROM THE IFA

Pricing policy:

In relation to the industry park development projects in tier 2 cities, considering the facts that these cities are also tier 2 cities in the PRC similar to Ningbo in terms of size and the nature of such project projects is comparable to that of the projects undertaken in Ningbo, in the absence of any pricing requirement from time to time prescribed by the local government, the service fees will be determined based on the service fees charged for services provided in Ningbo. Except for Ningbo, the prevailing markets prices in cities where the relevant property development projects are undertaken are currently not prescribed by the local governments.

The Group will also take into account the expected operational costs and the anticipated increase in such costs over the agreement term when it decides to enter into specific service agreements for each development project.

Payment arrangement:

Payment shall be made monthly pursuant to the relevant terms of the specific service agreements to be entered into.

d. Sales offices management services

Types of services to be provided:

Cleaning, security and customer services at the sales offices and showrooms of the industrial park projects of AUX Group and/or its subsidiaries.

LETTER FROM THE IFA

Pricing policy:

The service fees will be determined and charged based on the actual costs relating to provision of management services plus a rate of management fee to be agreed under the specific service agreements for the industrial park projects (which shall in any event be not less than 10%, being the minimum rate generally charged by other independent service providers in the market, and shall be on terms not more favourable to AUX Group and/or its subsidiaries than those offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services). The Group will also take into account the then prevailing market price, and the historical and anticipated property management costs, including labour costs and material costs.

Payment arrangement:

Payment shall be made monthly pursuant to the relevant terms of the specific service agreements to be entered into.

- e. Unsold industrial park units property management services

Types of services to be provided:

Maintenance, cleaning and security services in respect of unsold industrial park units of the industrial park projects of AUX Group and/or its subsidiaries.

LETTER FROM THE IFA

Pricing policy:

The service fees will be agreed with the property developer and shall be based on the prevailing rates of management fees charged by Ningbo AUX Property and its subsidiaries in respect of sold industrial park units of independent third parties, ranging from RMB1.4 to RMB1.8 per square metre per month depending on the respective location and nature of the properties (for example different rates are charged in respect of single-level units, multi-level units without elevator and multi-level units with elevator), and shall be on terms not more favourable to AUX Group and/or its subsidiaries than those offered by Ningbo AUX Properties and its subsidiaries to independent third parties for comparable services. Such rates of management fees have been adopted by the Group based on the prevailing market rates at which comparable services are provided.

Payment arrangement:

Payment shall be made monthly pursuant to the relevant terms of the specific service agreements to be entered into.

Specific services agreements:

Ningbo AUX Property and/or its subsidiaries and AUX Group and/or its subsidiaries will enter into, from time to time and as and when necessary, specific service agreements which shall set out the specific terms and conditions in respect of the services to be provided, including the service fees agreed and the pricing basis.

Any such service agreement shall be within the ambit of 2020 Framework Agreement II and shall not contravene the provisions of 2020 Framework Agreement II; in case of any inconsistency, the provisions of 2020 Framework Agreement II shall prevail.

LETTER FROM THE IFA

(b) Our assessment on the major terms

We have obtained and reviewed the 2020 Framework Agreement II and compared with the 2018 Framework Agreement II and noted that (i) the service scope have been extended from two services (i.e. office and commercial property management services and car park management services) to five services (with the additions of pre-sale management services, sales offices management services, and unsold industrial park units property management services) and (ii) the pricing policy of office and commercial property management services has updated to RMB4.5 to 6.0, from RMB3.5 to RMB6.0 per square metre per month and car park management services from RMB50 to RMB80 per unit per month to RMB50 to RMB210 per unit per month. We also noted Ningbo AUX Property and its subsidiaries will introduce stacker parking system to enhance the car park management services in some parking areas. The costs of installation and maintenance, to certain extent, are reflected to the increase in the charge of car park management services for these car park units.

In terms of the property management services for office, commercial property, car park and unsold industrial park units, we have obtained and reviewed contracts entered between Ningbo AUX Property with customers independent from the Group and quotations from independent third parties service providers regarding the provision of similar services in the past two years and noted that the price charged by Ningbo AUX Property is within the market range or better.

In respect of the pre-sale property management services, we have also independently searched and reviewed the details of Opinions on Implementation of Ningbo Residential Community Property Management Regulations* (《寧波市住宅小區物業管理條例實施意見》) which has stated the respective minimum pricing requirement per square metre the pre-sale property management services shall be charged on various types of property. We further understood from the management that the pre-sale property management service fee is also mainly charged based on a predetermined price per the square metre to be served after taking into account of the operational costs (such as labour costs and material costs) to be incurred. We have obtained contracts of the similar services provided by Ningbo AUX Property and/or its subsidiaries in the past two years and noted that such services were charged based on service area Ningbo AUX Property and/or its subsidiaries are expected to serve. We also performed our independent online research, on our best effort basis, on the publicly available information of comparable listed PRC property management companies and noted that the pricing basis of the pre-sale property management services fee contemplating under the 2020 Framework Agreement II is not uncommon.

In relation to the sales offices management services, we have obtained and reviewed quotations by independent third parties for provision of similar services as well as contracts of the similar services provided by Ningbo AUX Property and/or its subsidiaries in the past two years and noted that the sales offices

LETTER FROM THE IFA

management services are generally charged based on the actual costs incurred plus a management fee ranging from 8% to 10%. Given the sales offices management services will be charged on actual costs plus a management fee of not less than 10%, it is considered the rate of management fee to be charged is fair and reasonable. We also performed our own independent research, on our best effort basis, on the pricing terms of comparable listed PRC property management companies for the provision of similar services and noted that it is not uncommon to charge the sales offices management services on a costs plus management fee basis.

Based on the above, we are of the view that the major terms of the 2020 Framework Agreement II are fair and reasonable and on normal commercial terms.

(c) Assessment of the Proposed Annual Caps

Set out below are the existing annual caps of the 2018 Framework Agreement II for the three years ending 31 December 2020 and the proposed annual caps of the 2020 Framework Agreement II for the three years ending 31 December 2023:

	Existing Annual Caps			Proposed Annual Caps		
	For the year ended/ending 31 December			For the year ending 31 December		
	2018	2019	2020	2021	2022	2023
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
Annual caps	0.3 <i>(Note)</i>	3.7	3.7	5.4	11.0	13.1

Note: In respect of the month ended 31 December 2018

The proposed annual cap of the 2020 Framework Agreement II for the year ending 31 December 2021 will be at RMB5.4 million, which represents an approximately 46% increase from the existing annual cap for the year ending 31 December 2021 of RMB3.7 million. The proposed annual caps for the two years ending 31 December 2022 and 2023 represent annual growth of approximately 104% and 19%, respectively.

To assess the fairness and reasonableness of the proposed annual caps for the 2020 Framework Agreement II for the three years ending 31 December 2023, we have taken into consideration of the following:

- (i) we have discussed with the management of the Group and the Directors considered that Ningbo AUX Property is yet to provide property management services to any industrial park facilities, the pre-sale management services, sales offices management services and unsold industrial park units property management services to be provided to the industrial park projects of AUX Group and/or its subsidiaries are similar to the services Ningbo AUX Property currently providing to other customers of which Ningbo AUX Property have extensive

LETTER FROM THE IFA

experience. The Directors also believe that extending the services scope to these services under 2020 Framework Agreement II will enable Ningbo AUX Property to further expand its business in provision of industrial park property management services;

- (ii) we have discussed with the management the basis and assumptions underlying of the proposed annual caps above and we understand that the Directors have taken into account, among other things, (i) the historical size of office units and commercial properties and number of car park units occupied, and the historical size of industrial park properties owned by AUX Group and its subsidiaries which required property management services from Ningbo AUX Property and its subsidiaries; and (ii) other factors such as the expected demand from AUX Group and its subsidiaries for property management services for the years ending 31 December 2021, 2022 and 2023 with reference to their needs for office space, commercial properties and car park units, and the industrial park facilities owned by them. We understand that the size of office units and commercial properties Ningbo AUX Property and its subsidiaries provided property management services to AUX Group and its subsidiaries as at 31 December 2019 and as at 31 October 2020 was approximately 26,000 square metres and 15,000 square meters respectively, in which the decrease was mainly attributable to the uncertain economic outlook for the time being and thus less office units and commercial properties were occupied by AUX Group and its subsidiaries. With the anticipated economic recovery, AUX Group and its subsidiaries are expected to increase their demand on office units and commercial properties property management services from Ningbo AUX Property and its subsidiaries to approximately 23,000 square metres for each of the three years ending 31 December 2023. The number of car park units Ningbo AUX Property and its subsidiaries are expected to provide property management services will be increased to approximately 570 car park units for each of the three years ending 31 December 2023, from approximately 550 car park units currently. Ningbo AUX Property and its subsidiaries did not provide any property management services to the industrial parks of AUX Group and its subsidiaries before but are expected to be engaged for the provision of property management services for the industrial park properties of AUX Group and its subsidiaries of approximately 64,000 square metres for the year ending 31 December 2021, 393,000 square metres for the year ending 31 December 2022 and 752,000 for the year ending 31 December 2023, subsequent to the establishment of the industrial parks;
- (iii) we have obtained and reviewed the list of services expected to be provided by Ningbo AUX Property to AUX Group and/or its subsidiaries under the 2020 Framework Service Agreement II and note that the expected pre-sale management services and sales offices management services for the new industrial parks to be established by

LETTER FROM THE IFA

AUX Group in the next three year with aggregate gross floor areas of over 1 million square metres attributed to the main reason of significant increase in the proposed annual caps for the three years ending 31 December 2023. Based on our independent online search, we noted that AUX Group will establish a number of large industrial parks in the PRC, including Zheng Zhou (land area of approximately 156,000 square meters), Tianjin (land area of approximately 980,000 square meters) and Ma'anshan (land area of approximately 1 million square meters). As per our further understanding from the management of the Group, these industrial parks will be completed by different phrases in the next three years and Ningbo AUX Property and/or its subsidiaries will be engaged for the provision of various property management services, namely pre-sale management services, sales offices management services as well as unsold industrial park units property management services to part of these new industrial parks;

- (iv) the historical transaction amounts of the 2018 Framework Agreement II was approximately RMB0.04 million for the one month ended 31 December 2018, RMB1.2 million for the year ended 31 December 2019 and RMB1.2 million for the ten months ended 31 October 2020. Utilisation rate was approximately 13%, 32% and 39% (annualised) for the three years ended/ending 31 December 2019, 2020 and 2021, respectively. As advised by the management of the Group, the lower-than-forecasted utilisation rate was mainly due to AUX Group has occupied less office space than expected because of the uncertain economic outlook for the time being.

Having considered the above, we consider that the annual caps in respect of the continuing connected transactions under the 2020 Framework Agreement II for the three years ending 31 December 2023 are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE IFA

3.3 2020 Framework Agreement III

(a) The major terms

Date:	1 December 2020
Parties:	(1) Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) (2) Ningbo Sanxing (for itself and as trustee for the benefit of its subsidiaries from time to time)
Term of the agreement:	Subject to approval by the Independent Shareholders, 2020 Framework Agreement III shall be effective from 1 January 2021 until 31 December 2023.
Types of services to be provided, pricing policy and payment arrangement:	Ningbo AUX Property and its subsidiaries shall be commissioned to provide property management services including maintenance, cleaning and security services in connection with the offices and car park units occupied by Ningbo Sanxing and/or its subsidiaries with the types of services to be provided and their respective pricing policy and payment arrangement as summarised below: a. Office property management services <u>Types of services to be provided:</u> Maintenance, cleaning and security services in respect of offices occupied by Ningbo Sanxing and/or its subsidiaries

LETTER FROM THE IFA

Pricing policy:

The service fees will be agreed with Ningbo Sanxing and shall be based on the prevailing rates of management fees charged by Ningbo AUX Property and its subsidiaries for offices leased by independent third parties, ranging from RMB4.5 to RMB6.0 per square metre per month depending on the location and nature of the properties (for example, different rates are charged in respect of offices in Ningbo and Hangzhou), and shall be on terms not more favourable to Ningbo Sanxing and/or its subsidiaries than those offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services.

Such rates of management fees have been adopted by the Group based on the prevailing market rates at which comparable services are provided.

Payment term:

Payment shall be made monthly pursuant to the terms of the specific service agreements to be entered into.

- b. Car park management services

Scope of services:

Maintenance, cleaning and security services in respect of car park units occupied by Ningbo Sanxing and/or its subsidiaries.

LETTER FROM THE IFA

Pricing policy:

The service fees will be agreed with Ningbo Sanxing and shall be based on the prevailing rates of management fees charged by Ningbo AUX Property and its subsidiaries for car park units leased by independent third parties, ranging from RMB50 to RMB210 per unit per month depending on the location of the car park units (for example, different rates are charged in respect of carparks in Ningbo and Hangzhou), and shall be on terms not more favourable to Ningbo Sanxing and/or its subsidiaries than those offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services.

Such rates of management fee have been adopted by the Group based on the prevailing market rates at which comparable services are provided.

Payment term:

Payment shall be made monthly pursuant to the terms of the specific service agreements to be entered into.

Specific service agreements:

Ningbo AUX Property and/or its subsidiaries and Ningbo Sanxing and/or its subsidiaries will enter into, from time to time and as and when necessary, specific service agreements which shall set out the specific terms and conditions in respect of the services to be provided, including the service fees agreed and the pricing basis.

Any such service agreement shall be within the ambit of 2020 Framework Agreement III and shall not contravene the provisions of 2020 Framework Agreement III; in case of any inconsistency, the provisions of 2020 Framework Agreement III shall prevail.

LETTER FROM THE IFA

(b) Our assessment on the major terms

We have obtained and reviewed the 2020 Framework Agreement III and compared with the 2018 Framework Agreement III and noted that the pricing policy of car park management services has updated to RMB50 per month to RMB210 per month, from RMB50 per month to RMB80 per month under 2018 Framework Agreement III.

We have obtained and reviewed contracts entered between Ningbo AUX Property with customers independent from the Group in respect of the office property management services and car park management services in the past two years and noted that the price charged by Ningbo AUX Property is within the market range or better.

Based on the above, we are of the view that the major terms of the 2020 Framework Agreement III are fair and reasonable and on normal commercial terms.

(c) Assessment of the Proposed Annual Caps

Set out below are the existing annual caps of the 2018 Framework Agreement III for the three years ending 31 December 2020 and the proposed annual caps of the 2020 Framework Agreement III for the three years ending 31 December 2023:

	Existing Annual Caps			Proposed Annual Caps		
	For the year ended/ending 31 December			For the year ending 31 December		
	2018	2019	2020	2021	2022	2023
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
Annual caps	0.04 <i>(Note)</i>	0.4	0.4	0.5	0.5	0.5

Note: In respect of the month ended 31 December 2018

The proposed annual cap of the 2020 Framework Agreement III for the year ending 31 December 2021 will be at RMB0.5 million, which represents a 25% increase from the existing annual cap for the year ending 31 December 2020 of RMB0.4 million. The proposed annual caps for the two years ending 31 December 2022 and 2023 remained at RMB0.5 million, respectively.

To assess the fairness and reasonableness of the proposed annual caps for the 2020 Framework Agreement III for the three years ending 31 December 2022, we have taken into consideration of the following:

- (i) we have discussed with the management the basis and assumptions of the proposed annual caps above and we understand that the Directors have taken into account, among other things, (i) the historical size of offices units and number of car park units occupied by Ningbo Sanxing and/or its subsidiaries; and (ii) other factors such as the expected

LETTER FROM THE IFA

demand from Ningbo Sanxing and/or its subsidiaries for property management services for the years ending 31 December 2021, 2022 and 2023 with reference to their needs for office space and car park units. We understood that, as at 31 October 2020, Ningbo AUX Property was providing property management services to approximately 4,600 square metres of office units and 30 car park units occupied by Ningbo Sanxing and/or its subsidiaries and it is expected that such demand will be increased to approximately 8,300 square metres and 32 car park units for each of the three years ending 31 December 2023;

- (ii) we have obtained and reviewed the list of services expected to be provided by Ningbo AUX Property to AUX Sanxing and/or its subsidiaries under the 2020 Framework Agreement III and noted that the property managements services to be provided to AUX Sanxing by Ningbo AUX Property is relatively stable and the increase in the annual caps of RMB0.1 million was mainly due to the expected increase in demand on the office property management services in AUX Sanxing's Hangzhou office;
- (iii) the historical transaction amounts of the 2018 Framework Agreement III was approximately RMB0.004 million for the one month ended 31 December 2018, RMB0.3 million for the year ended 31 March 2019 and RMB0.2 for the ten months ended 31 October 2020. Utilisation rate was approximately 10%, 75% and 60% (annualised) for the three years ending 31 December 2018, 2019 and 2020.

Having considered the above, we consider that the Annual Caps in respect of the continuing connected transactions under the 2020 Framework Service Agreement III for the three years ending 31 December 2023 are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE IFA

3.4 2020 Framework Agreement IV

(a) The major terms

Date:	1 December 2020
Parties:	(1) Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) (2) Ningbo AUX Real Estate (for itself and as trustee for the benefit of its subsidiaries from time to time)
Term of the agreement:	Subject to approval by the Independent Shareholders, 2020 Framework Agreement IV shall be effective from 1 January 2021 until 31 December 2023.
Type of services to be provided, pricing policy and payment arrangement:	Ningbo AUX Property and its subsidiaries shall be commissioned to provide various types of property management services including management, maintenance, cleaning and security services in connection with the development projects of residential properties and shopping complexes launched from time to time by Ningbo AUX Real Estate and/or its subsidiaries. Pre-sale management services, sales offices management services and unsold residential units property management services will be provided to Ningbo AUX Real Estate and/or its subsidiaries in respect of its property development projects according to the development phase and sales recorded. Vacant retail shop property management services will be provided to existing shopping complexes owned by Ningbo AUX Real Estate and/or its subsidiaries. The types of services to be provided and their respective pricing policy and payment arrangement are summarised below:

a. Pre-sale management services

Types of services to be provided:

Management and maintenance services in respect of residential properties and facilities of property development projects of Ningbo AUX Real Estate and/or its subsidiaries before delivery.

LETTER FROM THE IFA

It is currently expected that Ningbo AUX Real Estate and/or its subsidiaries will deliver around 4, 10 and 5 property development projects in the years ending 31 December 2021, 2022 and 2023, respectively.

Pricing policy:

In respect of property development projects in the city of Ningbo, the service fees shall be determined with reference to the pricing requirements prescribed by the relevant local regulations from time to time for different types of property development projects (e.g. 寧波市住宅小區物業管理條例實施意見 (Opinions on Implementation of Ningbo Residential Community Property Management Regulations*)). In relation to the property development projects in other cities, considering the facts that these cities are also tier-2 cities in the PRC similar to Ningbo in terms of size and nature of property development projects, in the absence of any pricing requirement from time to time prescribed by the local government, the service fees will be determined based on the service fees charged for services provided in Ningbo. Except for Ningbo, the prevailing market prices in cities where the relevant property development projects are undertaken are currently not prescribed by the local governments.

The Group will also take into account the expected operational costs and the anticipated increase in such costs over the agreement term when it decides to enter into specific service agreements for each development project.

Payment arrangement:

Payment shall be made monthly (as the case may be) pursuant to the relevant terms of the specific service agreements to be entered into.

LETTER FROM THE IFA

b. Sales offices management services

Types of services to be provided:

Cleaning, security and customer services at the sales offices and showrooms of the property development projects of Ningbo AUX Real Estate and/or its subsidiaries.

Pricing policy:

The service fees will be determined and charged based on the actual costs relating to provision of management service plus a rate of management fee to be agreed under the specific service agreements for the property development projects (which shall in any event be not less than 10%, being the minimum rate generally charged by other independent service providers in the market, and shall be on terms not more favourable to Ningbo AUX Real Estate and/or its subsidiaries than those then offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services).

The Group will also take into account the then prevailing market price, and the historical and anticipated property management costs, including labour costs and material costs.

Payment arrangement:

Payment shall be made monthly pursuant to the terms of the specific service agreements to be entered into.

c. Unsold residential units property management services

Types of services to be provided:

Maintenance, cleaning and security services in respect of unsold residential units of the property development projects of Ningbo AUX Real Estate and/or its subsidiaries.

LETTER FROM THE IFA

Pricing policy:

The service fees will be agreed with the property developer and shall be based on the prevailing rates of management fees charged by Ningbo AUX Property and its subsidiaries in respect of sold property units of independent third parties, ranging from RMB1.4 to RMB16.0 per square metre per month depending on the location and nature of the properties (for example different rates are charged in respect of high-rises, condominiums and villas), and shall be on terms not more favourable to Ningbo AUX Real Estate and/or its subsidiaries than those offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services.

Such rates of management fees have been adopted by the Group based on the prevailing market rates at which comparable services are provided.

Payment arrangement:

Payment shall be made monthly pursuant to the terms of the specific agreements to be entered into.

- d. Vacant retail shop property management services

Types of services to be provided:

Maintenance, cleaning and security services in respect of vacant retail shop units of the property development projects of Ningbo AUX Real Estate and/or its subsidiaries.

LETTER FROM THE IFA

Pricing policy:

The service fees will be agreed with the property owner and shall be based on the prevailing rates of management fees charged by Ningbo AUX Property and its subsidiaries for shop units rented to independent third parties, ranging from RMB5.0 to RMB80.0 per square metre per month depending on the location of the vacant shop unit (for example, different rates are charged in respect of anchor shops and ground floor shops), and shall be on terms not more favourable to Ningbo AUX Real Estate and/or its subsidiaries than those offered by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services.

Such rates of management fees have been adopted by the Group based on the prevailing market rates at which comparable services are provided.

Payment arrangement:

Payment shall be made monthly pursuant to the terms of the specific service agreements to be entered into.

Specific service agreements:

Ningbo AUX Property and/or its subsidiaries and Ningbo AUX Real Estate and/or its subsidiaries will enter into, from time to time and as and when necessary, specific service agreements which shall set out the specific terms and conditions in respect of the services to be provided, including the service fees agreed and the pricing basis.

Any such service agreement shall be within the ambit of 2020 Framework Agreement IV and shall not contravene the provisions of 2020 Framework Agreement IV; in case of any inconsistency, the provisions of 2020 Framework Agreement IV shall prevail.

LETTER FROM THE IFA

(b) Our assessment on the major terms

We have obtained and reviewed the 2020 Framework Agreement IV and compared with the Amended 2016 Framework Agreement and noted that except for (i) the change of pricing policy of unsold residential units property management services from RMB1.8 to RMB8.5 per square metre in the Amended 2016 Framework Agreement to RMB1.4 to RMB16.0 per square metre in the 2020 Framework Agreement IV; (ii) the change of pricing policy of vacant retail shop property management services from RMB5.0 to RMB65.0 per square metre in the Amended 2016 Framework Agreement to RMB5.0 to RMB80.0 per square metre in the 2020 Framework Agreement IV; and (iii) the change of payment term of pre-sale management services from “annual, half year, quarterly or monthly payment (as the case may be)” to “monthly payment”, all other major terms under the 2020 Framework Agreement IV are in line with those stipulated under the Amended 2016 Framework Agreement.

In respect of the pre-sale property management services, we have independently searched and reviewed the details of Opinions on Implementation of Ningbo Residential Community Property Management Regulations* (《寧波市住宅小區物業管理條例實施意見》) which has stated the respective minimum pricing requirement per square metre the pre-sale property management services shall be charged on various types of property. We further understood from the management that the pre-sale property management service fee is mainly charged based on a predetermined price per the square metre to be served after taking into account of the expected operational costs (such as labour costs and material costs) to be incurred. We have obtained contracts of the similar services provided by Ningbo AUX Property and/or its subsidiaries in the past two years and noted that such services were charged based on area Ningbo AUX Property and/or its subsidiaries are expected to serve. We also performed our independent online research, on our best effort basis, on the publicly available information of the comparable listed PRC property management companies and noted that the pricing basis of the pre-sale property management services contemplating under the 2020 Framework Agreement IV is not uncommon.

In relation to the sales offices management services, we have obtained and reviewed quotations by independent third parties for provision of similar services as well as contracts of the similar services provided by Ningbo AUX Property in the past two years and noted that the sales offices management services are generally charged based on the actual costs incurred plus a management fee ranging from 8% to 10%. Given the sales offices management services will be charged on actual costs plus a management fee of not less than 10%, it is considered the rate of management fee to be charged is fair and reasonable. We also performed our own independent research, on our best effort basis, on the pricing terms of the comparable listed PRC property management companies for the provision of similar services and noted that it is not uncommon to charge the sales office management services on a costs plus management fee basis.

LETTER FROM THE IFA

In terms of the unsold residential units property management services and vacant retail shops property management services, we have obtained and reviewed contracts entered into between Ningbo AUX Property and/or its subsidiaries with customers independent from the Group for similar services in the last two years, quotations from independent third parties for similar services in the last two years as well as performed our independent research, on our best effort basis, on the prices of similar services and noted that the price charged by Ningbo AUX Property and/or its subsidiaries in each of the city they are expected to provide property management services, is within the market range or better.

Based on the above, we are of the view that the major terms of the 2020 Framework Agreement IV are fair and reasonable and on normal commercial terms.

(c) Assessment of the Proposed Annual Caps

Set out below are the existing annual caps of the 2016 Amended Framework Agreement for the three years ending 31 December 2020 and the proposed annual caps of the 2020 Framework Agreement IV for the three years ending 31 December 2023:

	Existing Annual Caps				Proposed Annual Caps		
	For the year ended/ending 31 December				For the year ending 31 December		
	2017	2018	2019	2020	2021	2022	2023
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
Annual caps	34.0	30.0	47.7	55.6	37.2	50.1	54.8

The proposed annual cap of the 2020 Framework Agreement IV for the year ending 31 December 2021 will be at RMB37.2 million, which represents a decrease of approximately 33% from the annual cap for the year ending 31 December 2020 of RMB55.6 million. The proposed annual caps for the two years ending 31 December 2022 and 2023 are with annual growth of approximately 35% and 9%, respectively.

To assess the fairness and reasonableness of the proposed annual caps for the 2020 Framework Agreement IV for the three years ending 31 December 2023, we have taken into consideration of the following:

- (i) we have discussed with the management the basis and assumptions of the proposed annual caps above and we understand that the Directors have taken into account, among other things, (i) the historical amounts of fees charged by Ningbo AUX Property and its subsidiaries for the property management services provided to Ningbo AUX Real Estate and/or its subsidiaries under the Amended 2016 Framework Agreement; (ii) the expected demand of Ningbo AUX Real Estate and/or its subsidiaries for property management services for the years ending 31 December 2021, 2022 and 2023 and the timetable of future property

LETTER FROM THE IFA

development projects of Ningbo AUX Real Estate and/or its subsidiaries and the number of existing shopping complexes; (iii) the estimated vacancy rate of the existing shopping complexes owned by Ningbo AUX Real Estate and/or its subsidiaries for the years ending 31 December 2021, 2022 and 2023 with reference to the historical vacancy rate for the year ended 31 December 2019 and the ten months ended 31 October 2020; and (iv) other factors such as the business plans of Ningbo AUX Property and inflation.

- (ii) we have obtained and reviewed a list of services expected to be provided by Ningbo AUX Property to Ningbo AUX Real Estate and/or its subsidiaries under the 2020 Framework Agreement IV and noted that Ningbo AUX Property is expected to provide services to over 60 projects in total of Ningbo AUX Real Estate and/or its subsidiaries for the three years ending 31 December 2023, of which 14 are new projects for the three years ending 31 December 2023;
- (iii) we have discussed with the management of the Company and we understand that, as at the Latest Practicable Date, the total land bank of Ningbo AUX Real Estate was approximately 1.02 million square meters. To the best of the knowledge of the Group's management, it is expected the demand on property management services from Ningbo AUX Real Estate and/or its subsidiaries remains strong for the next three years. With reference to its current list of development projects and the plans of land acquisition in the coming three years, Ningbo AUX Real Estate and its subsidiaries will complete the sale of 8, 4 and 6 new property development project(s) and will deliver around 4, 10 and 5 property development projects in 2021, 2022 and 2023, respectively which will require Ningbo AUX Property's property management services in the next three years; and
- (iv) the historical transaction amounts of the was approximately RMB15.5 million for the year ended 31 December 2017, RMB27.1 million for the year ended 31 December 2018, RMB29.2 million for the year ended 31 December 2019 and RMB28.5 for the ten months ended 31 October 2020. Utilisation rate was approximately 46%, 90%, 61% and 62% (annualised) for the three years ended/ending 31 December 2017, 2018, 2019 and 2020, respectively.

Having considered the above, we consider that the annual caps in respect of the continuing connected transactions under the 2020 Framework Agreement IV for the three years ending 31 December 2023 are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE IFA

3.5 2020 Framework Agreement V

(a) The major terms

Date:	1 December 2020
Parties:	(1) Ningbo AUX Property (for itself and as trustee for the benefit of its subsidiaries from time to time) (2) Ningbo AUX Electric (for itself and as trustee for the benefit of its subsidiaries from time to time)
Term of the agreement:	Subject to approval by the Independent Shareholders, 2020 Framework Agreement V shall be effective from 1 January 2021 until 31 December 2023.
Type of services to be provided:	Ningbo AUX Property and its subsidiaries shall be commissioned to provide property management services mainly cleaning services in connection with the industrial park facilities occupied by Ningbo AUX Electric and/or its subsidiaries.
Pricing policy:	The service fees will be agreed between Ningbo AUX Property and its subsidiaries and Ningbo AUX Electric and/or its relevant subsidiary on an arm's length basis and set out in each specific service agreement, and calculated on the basis of the following: <ul style="list-style-type: none">the service fee per worker, which is equal to (1) the average wage (the "Industrial Property Management Service Average Wage") of the workers in each function, including mainly cleaning staff, to be sent by Ningbo AUX Property and its subsidiaries for the provision of services to Ningbo AUX Electric and/or the relevant subsidiary during the period covered under the specific service agreement, plus (2) a markup (in terms of a percentage to the Industrial Property Management Service Average Wage) (the "Industrial Property Management Service Markup") to cover the other costs and disbursements of Ningbo AUX Property and its subsidiaries in providing the required services and its gross profit margin; and

LETTER FROM THE IFA

- the average number of workers to be sent by Ningbo AUX Property and its subsidiaries for the provision of services to Ningbo AUX Electric and/or the relevant subsidiary during the period covered under the specific service agreement, which shall be agreed between Ningbo AUX Property and its subsidiaries and Ningbo AUX Electric and/or its relevant subsidiary with reference to the needs, area size and scale of operations of the industrial park facilities operated by Ningbo AUX Electric or the relevant subsidiary where services are to be provided.

The Industrial Property Management Service 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 and its subsidiaries to independent third party customers for similar services provided within the six-month period immediately preceding the date of each specific service agreement.

Payment
arrangement:

Payment shall be made monthly pursuant to the relevant terms of the specific service agreements to be entered into.

Specific service
agreements:

Ningbo AUX Property and/or its subsidiaries and Ningbo AUX Electric and/or its subsidiaries will enter into, from time to time and as and when necessary, specific service agreements which shall set out the specific terms and conditions in respect of the services to be provided, including the agreed number of workers to be sent by Ningbo AUX Property and its subsidiaries for the provision of services, service fee per worker, and service scope.

LETTER FROM THE IFA

Any such service agreement shall be within the ambit of 2020 Framework Agreement V and shall not contravene the provisions of 2020 Framework Agreement V; in case of any inconsistency, the provisions of 2020 Framework Agreement V shall prevail.

(b) Our assessment on the major terms

We have obtained and reviewed the major terms of the 2020 Framework Agreement V. We have discussed with the management of the Group and understand that the property management services to be provided to Ningbo AUX Electric and/or its subsidiaries are mainly daily cleaning services of the whole industrial park facilities (including the production departments, offices, public areas as well as toilets) occupied by Ningbo AUX Electric and/or its subsidiaries. We have obtained and reviewed contracts entered between Ningbo AUX Property and service providers independent from the Group for the provision of similar services in the past two years and noted that these services were charged based on number of workers allocated and the average fee per worker expected to be charged by Ningbo AUX Property to AUX Electric and/or its subsidiaries is higher than that of the prices charged by the independent third parties. We also noted from our independent research on the pricing terms of similar services on comparable listed PRC property management companies that prices of similar services are determined expected costs to be incurred (including the headcount for the provision of the services) with a markup.

In relation to the reasonableness of the service fee per worker under the 2020 Framework Agreement V, we have performed our independent research, on our best effort basis, on the market price of the workers providing similar services of each of the area Ningbo AUX Property and its subsidiaries will provide property management services (namely Ningbo, Nanchang and Anhui Province). We noted that, based on the statistics issued by the Ministry of Human Resources and Social Security of the People's Republic of China, the service fee per worker to be charged by Ningbo AUX Property and its subsidiaries in 2021 is higher than the 2019 medium guided wages of worker providing similar services in Nanchang and Ningbo by approximately 18% and 39%, respectively. It is considered that the service fee per worker charged by Ningbo AUX Property and/or its subsidiaries in respect of the Ningbo and Nanchang industrial parks are better than the relevant market prices. In respect of the service fee per worker to be charged to the Anhui industrial park, although the relevant 2019 guided wages issued by the local government is not available, we consider the service fee per worker to be charged to the Anhui industrial park is fair in the sense that given the 2019 disposal income per urban resident in Anhui Province is approximately 15% less than that of in Nanchang, Ningbo AUX Property and/or its subsidiaries will still charge the service fee per worker to the Anhui industrial park on the same level as compared to that in Nanchang industrial park.

LETTER FROM THE IFA

Based on the above, we are of the view that the major terms of the 2020 Framework Agreement V are fair and reasonable and on normal commercial terms.

(c) Assessment of the Proposed Annual Caps

Having considered the increase in demand on industrial property management services of Ningbo AUX Property from Ningbo AUX Electric, they entered into the 2020 Framework Agreement IV and set out below are the proposed annual caps for the three years ending 31 December 2023:

	Proposed Annual Caps		
	For the year ending 31 December		
	2021	2022	2023
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
Annual caps	3.8	7.4	7.8

To assess the fairness and reasonableness of the proposed Annual Caps for the 2020 Framework Agreement V for the three years ending 31 December 2023, we have taken into consideration of the following:

- (i) we have discussed with the management of the Group and the Directors considered that notwithstanding the 2020 Framework Agreement is a new connected transaction and Ningbo AUX Property is yet to provide property management services to any industrial park facilities, the services to be provided to Ningbo AUX Electric and/or its subsidiaries are mainly daily cleaning services which are similar to the services Ningbo AUX Property currently providing to other customers of which Ningbo AUX Property have extensive experience. The Directors also believe that entering into of 2020 Framework Agreement V will enable Ningbo AUX Property to further expand its business in provision of industrial park property management services;
- (ii) we have discussed with the management of the Group the basis and assumptions of the proposed annual caps above and we understand that the Directors have taken into account, among other things, (i) the manpower required for provision of property management services in connection with the industrial park owned by Ningbo AUX Electric and/or its subsidiaries in Nanchang from January 2021 onwards (i.e. an average of approximately 24 workers per month for the three years ending 31 December 2023) and in Ningbo and Anhui from September 2021 onwards (i.e. an average of approximately 28 and 82 workers per month respectively for the three years ending 31 December 2023) and (ii) the anticipated growth of approximately 2.9% in the wage of the workers of Ningbo AUX Property and its subsidiaries during each of the three years ending 31 December 2023;

LETTER FROM THE IFA

- (iii) we have obtained and reviewed the list of services expected to be provided by Ningbo AUX Property to Ningbo AUX Electric under the 2020 Framework Agreement V and understood from the management of the Group that the gross floor area for the property management services is expected to be approximately 354,000 square meters, approximately 1.8 million square meters and 1.8 million square meters in 2021, 2022 and 2023, respectively;
- (iv) we have obtained and reviewed a breakdown of number of workers to be assigned to each of the factories of Ningbo AUX Electric and its subsidiaries in the relevant departments as well as the average wages of the workers to be assigned. We noted that number of workers to be engaged in the provision of 2020 Framework Agreement V is expected to increase from 83 workers per month in 2021, to 156 workers per month in 2022, and to 161 workers per month in 2023. As advised by the management of the Group, the number of workers to be sent in each industrial park is determined with reference to the size and scale of operation of the industrial park concerned.

Having considered the above, we consider that the Annual Caps in respect of the continuing connected transactions under the 2020 Framework Agreement V for the three years ending 31 December 2023 are fair and reasonable so far as the Independent Shareholders are concerned.

4. The Internal Control Measures

We note that the Group will also adopt the following internal control measures to monitor the pricing and terms of the transactions contemplated under the 2020 Framework Service Agreements and to ensure that the transactions conducted under such agreements will be entered into base on normal commercial terms:

- (1) prior to entering into the specific service agreements under the 2020 Framework Agreements, the legal department, the financial department and the operation department of the Company are responsible for the negotiation of the contractual terms with reference to prevailing level of property management fees charged for comparable services for comparable properties (where references will be made (where applicable) to the property management fees charged by Ningbo AUX Property and its subsidiaries to independent third parties for comparable services for comparable properties and the other relevant contract terms in respect thereof and (where practicable) by way of performing research on the recent prices charged by at least two independent service providers in the area(s) in proximity of the new projects by referring to the properties located in the same or nearby streets/complexes, similar-sized properties and services prices charged on those properties, etc. and a report on the above will be prepared afterwards) and/or (where applicable) pricing requirement(s) prescribed by the relevant local regulation(s) and guidance price(s) stipulated by local authority(ies) to ensure that the management fees charged by Ningbo AUX Property and its subsidiaries and the terms of the specific service agreements are in conformity with the 2020 Framework Agreements and on normal commercial terms that are no less favourable to the Group than those available to or from independent third parties. The financial department is responsible for the final approval of the terms of the specific service agreements under the 2020 Framework Agreements;
- (2) upon execution of the specific service agreements under the 2020 Framework Agreements, the legal department of the Group is responsible for continuously monitoring and checking on a monthly basis as to whether the relevant laws and regulations on property management prices have been amended, in order to ensure that the price(s) paid by the property owners remain consistent with the requirements under the relevant laws and regulations; and
- (3) throughout the term of the 2020 Framework Agreements, the operation department and the financial department are responsible for monitoring the implementation of the specific service agreements under the 2020 Framework Agreements to ensure that the terms, including the fees charged under the agreements, are strictly adhered to by the parties to the agreements. Any deviation from the contract terms thereof should be reported to the management of the Group for further actions. In addition, the management of the Group will perform spot checks on the implementation of the 2020 Framework Agreements to ensure compliance with the contract terms as and when necessary.

LETTER FROM THE IFA

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 2020 Framework Agreements:

- (i) dedicated personnel of Ningbo AUX Property will be responsible for regular monitoring of the continuing, connected transactions under the 2020 Framework Agreements 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 management services have been provided by Ningbo AUX Property to Ningbo AUX Healthcare, AUX Group, Ningbo Sanxing, Ningbo AUX Real Estate and Ningbo AUX Electric from time to time in accordance with the terms of the 2020 Framework Agreements respectively. 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 specific service agreements) on a regular basis;
 - (ii) monitoring whether the transaction terms and pricing and other terms under each of the specific service agreements are consistent with the principles established under the 2020 Framework Agreements 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 2020 Framework Agreements 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 2020 Framework Agreements 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 2020 Framework Agreements on an annual basis and confirm in the annual reports of the Company for the years ending 31 March 2021, 2022, 2023 and 2024 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 2020 Framework Agreements on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

LETTER FROM THE IFA

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.

RECOMMENDATION

Having considered the above principal factors and reasons for entering into the 2020 Framework Agreements, 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 2020 Framework Agreements 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 be proposed at the EGM to approve the 2020 Framework Agreements and the continuing connected transactions contemplated thereunder with proposed annual caps.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited
Kenneth Yam
Director
Corporate Finance

Mr. Kenneth Yam are licensed persons registered with the Securities and Futures Commission of Hong Kong and the responsible officers of First Shanghai Capital Limited to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance. Mr. Kenneth Yam has over eight years of experience in corporate finance industry.

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

To the best of the knowledge of 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) entered in the register 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 of a controlled corporation	0.1 ordinary share	10%
China Prosper Enterprise Holding Co., Ltd. (<i>Note 2</i>)	Zheng Jiang	Interest of 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. By virtue of the SFO, Mr. Zheng Jiang was taken to be interested in the shares in Huiji Limited, an associated corporation of the Company, in which Ze Hong Limited was interested.
- 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 Prosper Enterprise Holding Co., Ltd., which was a subsidiary of Huiji Limited, the holding company of the Company, as at the Latest Practicable Date. By virtue of the SFO, Mr. Zheng Jiang was taken to be interested in the shares in China Prosper Enterprise Holding Co., Ltd., an associated corporation of the Company, in which Ze Hong Limited was interested.

Save as disclosed above, to the best of the knowledge of 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 any of 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) entered in the register 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.

To the best of the knowledge of the Directors, as at the Latest Practicable Date, none of the Directors was a director or employee of any 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 contracts expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' 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 2020 (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 apart from the businesses of the Group 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, there was no material adverse change in the financial or trading position of the Group since 31 March 2020, being 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 is the qualification of the expert which has given advice, letter and opinion contained in this circular:

Name	Qualification
First Shanghai 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 2020 (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 advice, letter and letter and references to its name in the form and context in which they are included.

7. DOCUMENTS 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 First Shanghai Capital Ltd. to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) 2020 Framework Agreement I;
- (d) the 2020 Framework Agreement II;
- (e) the 2020 Framework Agreement III;
- (f) the 2020 Framework Agreement IV; and

- (g) the 2020 Framework Agreement V.

8. GENERAL

- (a) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.
- (b) The joint company secretaries 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.



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 Room 1703–1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on Wednesday, 13 January 2021 at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) each of the following resolutions as an ordinary resolution of the Company:

ORDINARY RESOLUTION

(1) “**THAT**

- (a) 2020 Framework Agreement I (as defined in the circular of the Company dated 28 December 2020 (the “**Circular**”) and a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the annual caps in respect of the transactions contemplated under 2020 Framework Agreement I in the amounts of RMB26.8 million, RMB36.4 million and RMB44.4 million for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 respectively be and are hereby approved; and
- (c) any director of the Company (the “**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 2020 Framework Agreement I and all transactions and other matters contemplated thereunder or ancillary thereto, to agree to any waiver of compliance with or amendment or supplement to any of the provisions of 2020 Framework Agreement I which is in his/her opinion not of a material nature and necessary, desirable or expedient for or in connection with the implementation of 2020 Framework Agreement I and all transactions and other matters contemplated thereunder or ancillary thereto, and to effect or implement any other matter referred to in this resolution.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

(2) **“THAT**

- (a) 2020 Framework Agreement II (as defined in the Circular and a copy of which is tabled at the meeting and marked “B” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the annual caps in respect of the transactions contemplated under 2020 Framework Agreement II in the amounts of RMB5.4 million, RMB11.0 million and RMB13.1 million for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 respectively be and are hereby approved; and
- (c) 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 2020 Framework Agreement II and all transactions and other matters contemplated thereunder or ancillary thereto, to agree to any waiver of compliance with or amendment or supplement to any of the provisions of 2020 Framework Agreement II which is in his/her opinion not of a material nature and necessary, desirable or expedient for or in connection with the implementation of 2020 Framework Agreement III and all transactions and other matters contemplated thereunder or ancillary thereto, and to effect or implement any other matter referred to in this resolution.”

(3) **“THAT**

- (a) 2020 Framework Agreement III (as defined in the Circular and a copy of which is tabled at the meeting and marked “C” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the annual caps in respect of the transactions contemplated under 2020 Framework Agreement III in the amounts of RMB0.5 million, RMB0.5 million and RMB0.5 million for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 respectively be and are hereby approved; and
- (c) 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 2020 Framework Agreement III and all transactions and other matters contemplated thereunder or ancillary thereto, to agree to any waiver of compliance with or amendment or supplement to any of the provisions of 2020 Framework Agreement III which is in his/her opinion not of a material nature and necessary, desirable or expedient for or in connection with the implementation of 2020 Framework Agreement III and all transactions and other matters contemplated thereunder or ancillary thereto, and to effect or implement any other matter referred to in this resolution.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

(4) **“THAT**

- (a) 2020 Framework Agreement IV (as defined in the Circular and a copy of which is tabled at the meeting and marked “D” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the annual caps in respect of the transactions contemplated under 2020 Framework Agreement IV in the amounts of RMB37.2 million, RMB50.1 million and RMB54.8 million for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 respectively be and are hereby approved; and
- (c) 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 2020 Framework Agreement IV and all transactions and other matters contemplated thereunder or ancillary thereto, to agree to any waiver of compliance with or amendment or supplement to any of the provisions of 2020 Framework Agreement IV which is in his/her opinion not of a material nature and necessary, desirable or expedient for or in connection with the implementation of 2020 Framework Agreement IV and all transactions and other matters contemplated thereunder or ancillary thereto, and to effect or implement any other matter referred to in this resolution.”

(5) **“THAT**

- (a) 2020 Framework Agreement V (as defined in the Circular and a copy of which is tabled at the meeting and marked “E” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the annual caps in respect of the transactions contemplated under 2020 Framework Agreement V in the amounts of RMB3.8 million, RMB7.4 million and RMB7.8 million for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 respectively be and are hereby approved; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) 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 2020 Framework Agreement V and all transactions and other matters contemplated thereunder or ancillary thereto, to agree to any waiver of compliance with or amendment or supplement to any of the provisions of 2020 Framework Agreement V which is in his/her opinion not of a material nature and necessary, desirable or expedient for or in connection with the implementation of 2020 Framework Agreement V and all transactions and other matters contemplated thereunder or ancillary thereto, and to effect or implement any other matter referred to in this resolution.”

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

Hong Kong, 28 December 2020

Registered office:

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

*Principal place of business
in Hong Kong:*

Unit 1, 10/F
Emperor Group Centre
288 Hennessy Road
Wanchai
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 or a notarially certified copy of that power or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, 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 Monday, 11 January 2021 (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 (or in the case of a shareholder being a corporation, its duly authorised representative) at the 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 at any meeting, 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 personally or by proxy that one of the said persons so present whose name stands first on the register of shareholders of the Company in respect of such share shall alone be entitled to vote in respect thereof.

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. On a poll, a shareholder of the Company entitled to more than one vote need not, 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 Friday, 8 January 2021 to Wednesday, 13 January 2021, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Thursday, 7 January 2021.

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