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AUTO ITALIA HOLDINGS LIMITED

意達利控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 720)

**(I) COMPLETION OF MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL
OF WO KEE HONG (B.V.I.) LIMITED**

**(II) CONNECTED TRANSACTION IN RELATION TO PROVISION OF
FINANCIAL ASSISTANCE**

AND

**(III) RESIGNATION OF EXECUTIVE DIRECTOR AND
MEMBER OF THE EXECUTIVE DIRECTORS' COMMITTEE,
AND CHANGE OF CHIEF FINANCIAL OFFICER, COMPANY SECRETARY
AND AUTHORISED REPRESENTATIVE**

COMPLETION OF THE DISPOSAL

The Board is pleased to announce that on 30 December 2013:

- (i) the Company and the Purchaser entered into a letter to vary a Condition to the effect that the Corporate Guarantee shall be released on or before 31 January 2014 provided that a back-to-back personal guarantee from Dr. LEE is duly executed; and
- (ii) the Disposal was completed.

Following Completion, the Company ceases to hold any interest in the Target Group and the Target Group ceases to be a subsidiary of the Company.

PROVISION OF FINANCIAL ASSISTANCE

Immediately after Completion, Wo Kee Hong Electronics becomes a connected person of the Company as it is wholly and ultimately owned by Dr. LEE, a former Director within the preceding 12 months of the date of Completion. Therefore, the on-going provision of the Corporate Guarantee after Completion constitutes a financial assistance by the Company to a connected person pursuant to Rule 14A.13(2)(a)(i) of the Listing Rules.

As the applicable percentage ratio for the provision of financial assistance by the Company does not exceed 5%, the Corporate Guarantee is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements pursuant to Rule 14A.66(2) of the Listing Rules.

RESIGNATION OF EXECUTIVE DIRECTOR AND MEMBER OF THE EXECUTIVE DIRECTORS' COMMITTEE, AND CHANGE OF CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND AUTHORISED REPRESENTATIVE

The Board further announces that:

- (i) Mr. WONG has tendered his resignation as an executive Director, the Chief Financial Officer and the Company Secretary of the Company, a member of the Executive Directors' Committee of the Board and the Authorised Representative with effect from 30 December 2013; and
- (ii) Mr. HON has been appointed as the Chief Financial Officer and the Company Secretary of the Company, and the Authorised Representative with effect from 30 December 2013.

Reference is made to the announcement of Auto Italia Holdings Limited (the "**Company**") dated 23 October 2013 and the circular (the "**Circular**") of the Company dated 22 November 2013 in relation to, among other things, the proposed disposal of the entire issued share capital of Wo Kee Hong (B.V.I.) Limited. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Circular.

COMPLETION OF THE DISPOSAL

The Board is pleased to announce that on 30 December 2013:

- (i) the Company and the Purchaser entered into a letter to vary a Condition (the "**Variation**") to the effect that the corporate guarantee given by the Company (the "**Corporate Guarantee**") in favour of a licensed bank in Malaysia (the "**Bank**") for lending or granting credit facilities to Wo Kee Hong Electronics Sdn. Bhd. ("**Wo Kee Hong Electronics**"), a member of the Target Group, shall be released on or before 31 January 2014 provided that a back-to-back personal guarantee from Dr. LEE is duly executed; and
- (ii) the Disposal was completed.

Following Completion, the Company ceases to hold any interest in the Target Group and the Target Group ceases to be a subsidiary of the Company.

PROVISION OF FINANCIAL ASSISTANCE

Immediately after Completion, Wo Kee Hong Electronics becomes a connected person of the Company as it is wholly and ultimately owned by Dr. LEE, a former Director within the preceding 12 months of the date of Completion. Therefore, the on-going provision of the Corporate Guarantee after Completion constitutes a financial assistance by the Company to a connected person pursuant to Rule 14A.13(2)(a)(i) of the Listing Rules.

Parties

- (1) the Bank, as lender;
- (2) Wo Kee Hong Electronics, a wholly-owned member of the Target Group, as borrower; and
- (3) the Company, as guarantor.

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

Obligation of the Company as a guarantor

On 14 May 1992, the Company agreed to secure the due and punctual performance of the obligations and liabilities of Wo Kee Hong Electronics under the banking facilities granted by the Bank (the "**Banking Facilities**"). As at the date of this announcement, the total outstanding principal amounts and interests owing by Wo Kee Hong Electronics under the Banking Facilities amount to approximately Malaysian Ringgit ("**MYR**") 4,200,000 (equivalent to approximately HK\$9.87 million).

Back-to-back personal guarantee

It was a condition precedent to the on-going provision of the Corporate Guarantee by the Company after Completion that a back-to-back personal guarantee from Dr. LEE, the ultimate sole beneficial owner of the Target Group after Completion, should be obtained. On 30 December 2013, the Company obtained a back-to-back personal guarantee from Dr. LEE to irrevocably and unconditionally (i) guarantee to the Company the due and punctual observance and performance by Wo Kee Hong Electronics of its obligations and liabilities under the Banking Facilities and (ii) undertake, as a separate, additional and continuing obligation, to indemnify the Company against all losses, liabilities, damages, costs and expenses whatsoever arising out of any failure by Wo Kee Hong Electronics in the due and punctual performance of its obligations under the Banking Facilities or any guaranteeing obligations on the part of the Company under the Banking Facilities.

Reasons for and Benefits of the Provision of the Financial Assistance

It was one of the Conditions to the Disposal Agreement that all the corporate guarantees given by the Company in favour of any bank or third party for lending or granting credit facilities to members of the Target Group shall have been released before Completion.

Before the scheduled date for Completion, the Company was informed by the Purchaser that all corporate guarantees given by the Company were fully released and discharged except that the Corporate Guarantee was discharged but subject to completion of certain formal discharge procedures and fulfillment of certain conditions. In order to avoid delay in Completion so as to allow the Remaining Group to focus on the Business and on the basis that the Purchaser expects that the procedures and conditions imposed by the Bank for the full release and discharge of the Corporate Guarantee shall be completed and fulfilled, respectively, within January 2014, the Company agrees to vary the Condition to the effect that the Corporate Guarantee shall be released on or before 31 January 2014 provided that a back-to-back personal guarantee from Dr. LEE is duly executed. Such back-to-back personal guarantee was obtained by the Company on 30 December 2013. In effect, the release of the Corporate Guarantee on or before 31 January 2014 becomes a condition subsequent to Completion pursuant to the letter of variation dated 30 December 2013.

Given that (i) conditional discharge of the Corporate Guarantee has been obtained; (ii) a back-to-back personal guarantee has been provided by Dr. LEE to irrevocably and unconditionally guarantee to the Company the due and punctual observance and performance by Wo Kee Hong Electronics of its obligations and liabilities under the Banking Facilities; (iii) an indemnity has been given by Dr. LEE under the back-to-back personal guarantee in favour of the Company against all losses, liabilities, damages, costs and expenses whatsoever arising out of any failure by Wo Kee Hong Electronics in the due and punctual performance of its obligations under the Banking Facilities or any guaranteeing obligations on the part of the Company under the Banking Facilities; and (iv) the release of the Corporate Guarantee has been made a condition subsequent to Completion, the Company is of the opinion that the position of the Remaining Group is adequately safeguarded.

Based on the above, the Directors (including the independent non-executive Directors) consider the Variation (including the on-going provision of the Corporate Guarantee by the Company) is in the interest of the Company and that the terms of the Variation (including the Corporate Guarantee) are fair and reasonable and in the interests of the Company and Shareholders as a whole.

Information of Wo Kee Hong Electronics

Wo Kee Hong Electronics was incorporated in Malaysia on 11 May 1981 and is a wholly-owned member of the Target Group. It is currently carrying on the business of distribution of audio-equipment in Malaysia.

Information of the Remaining Group

The Remaining Group is principally engaged in the import, distribution and after-sales service of motor cars.

Listing Rules implications

Immediately after Completion, Wo Kee Hong Electronics becomes a connected person of the Company as it is wholly and ultimately owned by Dr. LEE, a former Director within the preceding 12 months of the date of Completion. Therefore, the on-going provision of the Corporate Guarantee after Completion constitutes a financial assistance by the Company to a connected person pursuant to Rule 14A.13(2)(a)(i) of the Listing Rules. No Director has a material interest in the provision of the Corporate Guarantee.

As the applicable percentage ratio for the provision of financial assistance by the Company does not exceed 5%, the Corporate Guarantee is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements pursuant to Rule 14A.66(2) of the Listing Rules.

RESIGNATION OF EXECUTIVE DIRECTOR AND MEMBER OF THE EXECUTIVE DIRECTORS' COMMITTEE, AND CHANGE OF CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND AUTHORISED REPRESENTATIVE

The Board also announces that Mr. WONG has tendered his resignation as an executive Director, the Chief Financial Officer and the Company Secretary of the Company with effect from 30 December 2013 due to his other business engagements. Mr. WONG has also tendered his resignation as a member of the Executive Directors' Committee of the Board and an authorised representative of the Company under Rule 3.05 of the Listing Rules (the "**Authorised Representative**") with effect from the same date.

Mr. WONG confirms that he does not have any disagreement with the Board and that he is not aware of any matter in relation to his resignation that needs to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to express its gratitude to Mr. WONG for his valuable contributions to the Company during his tenure of office.

The Board would like to announce that Mr. Terence Ping Cho HON ("**Mr. HON**") has been appointed as the Chief Financial Officer and the Company Secretary of the Company, and the Authorised Representative with effect from 30 December 2013. The biography of Mr. HON is as follows:

Mr. HON has substantial experience in auditing, accounting and financial management. Prior to joining the Company, he worked in an international accounting firm before he was appointed to various senior financial positions in a number of listed companies in Hong Kong. Mr. HON holds a Master's degree in business administration (financial services) from The Hong Kong Polytechnic University. He is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales.

The Board would like to welcome Mr. HON to his new roles in the Company.

By Order of the Board
AUTO ITALIA HOLDINGS LIMITED
Mr. Benny Tin Lung CHONG
Executive Chairman and Chief Executive Officer

Hong Kong, 30 December 2013

As at the date of this announcement, the Board comprises Mr. Benny Tin Lung CHONG (Executive Chairman and Chief Executive Officer), Mr. William Keith JACOBSEN and Mr. Chi Yan LAM, all of whom are executive Directors; and Mr. Boon Seng TAN, Dr. Antonio Maria SANTOS and Mr. Frankie To Yeung KONG, all of whom are independent non-executive Directors.

Unless the context requires otherwise, the amount denominated in MYR has been converted into HK\$ at an exchange rate of MYR1: HK\$2.35 for the purpose of illustration only. No representation is made that any amount in HK\$ or MYR could have been or could be converted at the relevant dates at the above rate or at any other rates or at all.

* *For identification purposes only*