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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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE CONTINUING
CONNECTED TRANSACTIONS – THE FRAMEWORK AGREEMENT**

Reference is made to the announcement of Auto Italia Holdings Limited (the “**Company**”) dated 17 February 2023 (the “**Announcement**”) in relation to, among others, the Framework Agreement. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

This announcement is to provide supplemental information on the pricing policy under the Framework Agreement as follows.

THE FRAMEWORK AGREEMENT

Pricing policy

As disclosed in the Announcement, the respective proposed annual caps of the Group Automobile Purchases and the CTF Automobile Purchases were determined after having taken into account (a) the projected demand for the Automobiles for the three years ended 31 December 2025; and (b) the pricing policy of each of the Automobile Purchases.

In relation to (a), the projected demand for the Automobiles is based on:

- (i) the growth of the Mainland China luxury car market in the coming years with reference to statistics published by an independent market research agency;
- (ii) the production of new models of luxury cars in late 2022 and the coming years by Maserati;

- (iii) the rising customer demand of luxury cars in Wuhan as illustrated by the steady sales volume of Maserati cars sold in Wuhan for the three years ended 31 December 2022, based on which the Company is confident that the demand for and sales of Maserati cars in Wuhan shall sustain and increase steadily for the three years ended 31 December 2025; and
- (iv) the historical sales volume of Maserati cars sold by official dealers in various main cities including Beijing, Hangzhou, Chongqing, Chengdu, Shanxi and Shaanxi in Mainland China during the six years ended 31 December 2022.

As a whole, the sales performance of Maserati cars for the three years ended 31 December 2019 drastically outperformed that of the three years ended 31 December 2022 given the adverse impacts brought by the COVID-19 pandemic on the latter period. Comparatively, the sales volume in each main city for the three years ended 31 December 2019 was significantly higher than the three years ended 31 December 2022, and the total sales volume in all the main cities aggregated for the three years ended 31 December 2019 almost doubled that of the three years ended 31 December 2022. As the impacts of COVID-19 continues to diminish, the former serves as a more appropriate reference point for illustrating the original track records and future potential of the Maserati dealership business in Mainland China and for projecting the demand of Maserati cars for the three years ending 31 December 2025.

In relation to (b), the pricing policy of the Automobile Purchases provides that Wuhan Junyi will compare the market prices quoted by the Independent Third Parties and ensure that the pricing terms of the Group Automobile Purchases are conducted in no less favourable terms to the Group than such pricing terms offered by the Independent Third Parties, and the pricing terms of the CTF Automobile Purchases are conducted in more favourable terms to the Group than such pricing terms offered to the Independent Third Parties.

Based on the above, taking into account the projected demand of Automobiles and the current market prices of the Automobiles, the Board is of the view that the proposed annual caps under the Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Based on the mutually beneficial relationship between the Group and the CTF Automobile Group, the Framework Agreement is in place to create synergies between the parties, and to leverage on each other's strengths, skills and competencies to enhance value-adding capabilities, to capture more business opportunities, and to better gauge the changing needs of customers and the business environment through which the Group may develop its new strategic fit in business performance.

The Board confirms that the supplemental information disclosed herein does not affect any other information contained in the Announcement. Save as disclosed above, the content of the Announcement remains unchanged.

By order of the Board
AUTO ITALIA HOLDINGS LIMITED
Chong Tin Lung Benny
Executive Chairman and Chief Executive Officer

Hong Kong, 24 March 2023

As at the date of this announcement, the Board comprises Mr CHONG Tin Lung Benny (Executive Chairman and Chief Executive Officer), Mr HUANG Zuie-Chin, Mr NG Siu Wai, Mr. LI Shaofeng and Mr. LIN Chun Ho Simon, all of whom are executive Directors; and Mr KONG Kai Chuen Frankie, Mr LEE Ben Tiong Leong and Mr TO Chun Wai, all of whom are independent non-executive Directors.

* *For identification purposes only*