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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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Board of AUTO ITALIA HOLDINGS LIMITED (the “Company”) announces that the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	NOTES	Continuing operations		Discontinued operation		Total	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue from goods and services	3	-	-	1,342	54,648	1,342	54,648
Rental income		28,137	23,337	-	-	28,137	23,337
Interest income from loan receivables		-	1,352	-	-	-	1,352
Total revenue		28,137	24,689	1,342	54,648	29,479	79,337
Cost of sales and services		(5,286)	(4,453)	(1,492)	(45,723)	(6,778)	(50,176)
Gross profit (loss)		22,851	20,236	(150)	8,925	22,701	29,161
Other income		176	186	382	2,323	558	2,509
Other gains and losses	5	(66,678)	3,498	-	3,537	(66,678)	7,035
Reversal of impairment losses under expected credit loss (“ECL”) model, net		-	11	-	22	-	33
Selling and distribution costs		-	-	(184)	(8,319)	(184)	(8,319)
Administrative expenses		(20,942)	(6,026)	(467)	(12,939)	(21,409)	(18,965)
Other expenses		(8,826)	(4,828)	-	-	(8,826)	(4,828)
Finance costs	6	(12,296)	(11,233)	-	(298)	(12,296)	(11,531)
Share of result of an associate accounted for using equity method		-	768	-	-	-	768
(Loss) profit before taxation		(85,715)	2,612	(419)	(6,749)	(86,134)	(4,137)
Taxation	7	814	(2,139)	(270)	(6)	544	(2,145)
(Loss) profit for the year	8	(84,901)	473	(689)	(6,755)	(85,590)	(6,282)

* For identification purpose only

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

For the year ended 31 December 2022

		Total	
	<i>NOTE</i>	2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to owners of the Company			
– from continuing operations		(62,716)	(385)
– from discontinued operation		(689)	(6,755)
		<u>(63,405)</u>	<u>(7,140)</u>
(Loss) profit for the year attributable to non-controlling interests			
– from continuing operations		(22,185)	858
		<u>(85,590)</u>	<u>(6,282)</u>
Loss per share (from continuing and discontinued operations)			
– Basic	9	(HK1.20 cent)	(HK0.13 cent)
– Diluted	9	(HK1.20 cent)	(HK0.13 cent)
		<u>(HK1.20 cent)</u>	<u>(HK0.13 cent)</u>
Loss per share (from continuing operations)			
– Basic	9	(HK1.19 cent)	(HK0.01 cent)
– Diluted	9	(HK1.19 cent)	(HK0.01 cent)
		<u>(HK1.19 cent)</u>	<u>(HK0.01 cent)</u>

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

For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year	<u>(85,590)</u>	<u>(6,282)</u>
Other comprehensive expense		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(23,248)</u>	<u>(2,464)</u>
Other comprehensive expense for the year	<u>(23,248)</u>	<u>(2,464)</u>
Total comprehensive expense for the year	<u><u>(108,838)</u></u>	<u><u>(8,746)</u></u>
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	(74,309)	(9,509)
Non-controlling interests	<u>(34,529)</u>	<u>763</u>
	<u><u>(108,838)</u></u>	<u><u>(8,746)</u></u>
Total comprehensive expense for the year attributable to owners of the Company:		
– from continuing operations	(73,620)	(2,754)
– from discontinued operation	<u>(689)</u>	<u>(6,755)</u>
	<u><u>(74,309)</u></u>	<u><u>(9,509)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	NOTES	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Investment properties	10	470,211	579,155
Property, plant and equipment		1,896	2,684
Investment of an associate measured at fair value through profit or loss (“FVTPL”)		237,357	249,507
Other financial asset at FVTPL		–	14,703
Rent and other receivables	11	9,558	12,948
		<u>719,022</u>	<u>858,997</u>
Current assets			
Inventories		–	1,492
Rent and other receivables	11	4,315	2,551
Other financial asset at FVTPL		14,486	–
Tax recoverable		143	–
Pledged bank deposits		1,498	–
Bank balances and cash		42,798	39,271
		<u>63,240</u>	<u>43,314</u>
Current liabilities			
Trade and other payables	12	17,143	16,705
Tax payable		–	38
Bank and other borrowings	13	331,094	–
Loan from a non-controlling member of a subsidiary	14	9,105	–
		<u>357,342</u>	<u>16,743</u>
Net current (liabilities) assets		<u>(294,102)</u>	<u>26,571</u>
Total assets less current liabilities		<u><u>424,920</u></u>	<u><u>885,568</u></u>

	<i>NOTES</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Capital and reserves			
Share capital		105,850	105,850
Reserves		216,215	285,812
		<hr/>	<hr/>
Equity attributable to owners of the Company		322,065	391,662
Non-controlling interests		68,861	103,390
		<hr/>	<hr/>
Total equity		390,926	495,052
		<hr/>	<hr/>
Non-current liabilities			
Bank and other borrowings	<i>13</i>	5,049	334,529
Loan from a non-controlling member of a subsidiary	<i>14</i>	–	9,205
Promissory note	<i>15</i>	27,500	44,500
Deferred taxation		1,445	2,282
		<hr/>	<hr/>
		33,994	390,516
		<hr/>	<hr/>
		424,920	885,568
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the provision of financing and property investment. Certain subsidiaries of the Company was previously engaged in the import, marketing and distribution, and provision of after-sales service of Italian branded cars in Hong Kong and Macau. During the year ended 31 December 2021, the Group entered into a transitional services and settlement agreement with Maserati S.p.A. (“**Maserati**”) in relation to the termination of car dealership. The termination was effective on 26 April 2021, accordingly, the Group’s car business was treated as discontinued operation.

As at 31 December 2022, the Group had net current liabilities of HK\$294,102,000. In preparing the consolidated financial statements, the directors of the Company (the “**Directors**”) have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and considerations have been taken by the Directors to mitigate the liquidity position of the Group and to improve the financial position of the Group, and the plans and considerations are as follows.

The Group has planned to refinance other borrowing of HK\$300,508,000, which is due for repayment in May 2023. Management is in discussion with existing lender and other financial institutions, to refinance other borrowing of HK\$300,508,000 and has received quotations from existing and other financial institutions who have high interest in providing loan facilities to the Group. In view of adequate headroom between the amount of the borrowing of HK\$300,508,000 and the fair value of pledged investment properties of HK\$408,111,000 as at 31 December 2022, the Directors are of the opinion that the refinance of existing borrowing is highly probable and management is in the process of comparing and assessing the terms offered by different financial institutions for the best interest of the Group before executing the refinance plan.

In the event that there is shortfall between other borrowing of HK\$300,508,000 and the refinanced amount, the Group and other non-controlling shareholders of both Dakota Capella LLP and Dakota RE II Limited agreed to inject funds into Dakota Capella LLP and Dakota RE II Limited in accordance with their respective shareholding proportion.

It was agreed among the shareholders of Dakota Capella LLP that the maturity date of shareholders’ loans of Dakota Capella LLP (including loan from a non-controlling member of subsidiary of HK\$9,105,000) will be extended for a further one year from May 2023 to May 2024.

The Group has a bank term loan of HK\$30,586,000, which contains a repayment on demand clause and is pledged by investment properties with fair value of HK\$62,100,000 as at 31 December 2022. Management confirmed with the bank that based on the currently available financial information, the bank has no intention in calling for repayment on demand within coming twelve months from the date of approval of the consolidated financial statements, except for HK\$1,937,500 which will be repayable between 1 January 2023 and 31 March 2024 according to the agreed repayment schedule.

The Group has available undrawn committed other borrowing facilities amounting to HK\$25,000,000 as at 31 December 2022, and the committed other borrowing facilities have been further increased by HK\$30,000,000 in March 2023 to HK\$55,000,000.

In March 2023, the noteholder of promissory note of HK\$27,500,000 intended to extend the maturity date for a further two years from 25 March 2024 to 25 March 2026.

The Directors are of the opinion that, taking into account the above-mentioned plans and considerations, the Group will have sufficient working capital to meet its financial obligations as they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND AGENDA DECISIONS OF THE IFRS INTERPRETATION COMMITTEE (THE “COMMITTEE”)

2.1 Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of amendments to HKFRSs in the current year have had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.2 Application of the agenda decision of the Committee – Costs necessary to sell inventories

In addition, the Group applied the agenda decision of the Committee of the International Accounting Standards Board (the “IASB”) issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories. The application of the Committee’s agenda decision results in change in accounting policy for inventories.

The application of the Committee’s agenda decision has had no material impact on the Group’s consolidated financial statements and performance in the current and prior years.

3. REVENUE

(i) Reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

	Continuing operations		Discontinued operation		Total	
	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trading of cars and related accessories	–	–	1,342	42,356	1,342	42,356
Provision of after sales and pre-delivery inspection services	–	–	–	12,292	–	12,292
Revenue from contract with customers	–	–	1,342	54,648	1,342	54,648
Rental income	28,137	23,337	–	–	28,137	23,337
Interest income from loan receivables	–	1,352	–	–	–	1,352
Total revenue	<u>28,137</u>	<u>24,689</u>	<u>1,342</u>	<u>54,648</u>	<u>29,479</u>	<u>79,337</u>

4. SEGMENT INFORMATION

Information reported to the chief operating decision maker (“CODM”), being the executive directors of the Company, for the purposes of resource allocation and assessment of segment performance, focuses on the types of goods or services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

An operating segment regarding the cars business was discontinued in the last year. The segment revenue and results reported on the next pages does not include any amounts for this discontinued operation.

As at 31 December 2022, the Group has two operating segments for continuing operations under HKFRS 8 “Operating Segments” which are as follows:

- (i) Property investment; and
- (ii) Financial investments and services – Investments in securities and provision for financing and corporate finance services.

Segment profit/loss represents the profit/loss earned by each segment without allocation of share of result of an associate accounted for using equity method, fair value gain (loss) on investment of an associate measured at FVTPL, fair value gain on other financial asset measured at FVTPL, share-based payments, certain unallocated corporate expenses and finance costs. This is the measure reported to CODM for the purpose of resource allocation and assessment of segment performance.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 December 2022

Continuing operations

	Property investment <i>HK\$'000</i>	Financial investments and services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE			
Group's revenue	<u>28,137</u>	<u>–</u>	<u>28,137</u>
SEGMENT RESULTS			
Segment loss	<u>(37,477)</u>	<u>(357)</u>	<u>(37,834)</u>
Fair value loss on investment of an associate measured at FVTPL			(12,530)
Fair value gain on other financial asset measured at FVTPL			936
Recognition of share-based payments, net			(4,712)
Unallocated corporate expenses			(19,279)
Finance costs			<u>(12,296)</u>
Loss before taxation			<u>(85,715)</u>

For the year ended 31 December 2021

Continuing operations

	Property investment <i>HK\$'000</i>	Financial investments and services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE			
Group's revenue	<u>23,337</u>	<u>1,352</u>	<u>24,689</u>
SEGMENT RESULTS			
Segment profit	<u>17,109</u>	<u>500</u>	17,609
Share of result of an associate accounted for using equity method			768
Fair value gain on investment of an associate measured at FVTPL			1,427
Fair value gain on other financial asset measured at FVTPL			818
Reversal of recognition of share-based payments, net			3,606
Unallocated corporate expenses			(10,383)
Finance costs			<u>(11,233)</u>
Profit before taxation			<u><u>2,612</u></u>

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

At 31 December 2022

	Property investment HK\$'000	Financial investments and services HK\$'000	Consolidated HK\$'000
Assets			
Segment assets	<u>485,372</u>	<u>–</u>	485,372
Assets relating to discontinued operation			<u>94</u>
Total segment assets			485,466
Bank balances and cash			42,798
Pledged bank deposits			1,498
Tax recoverable			143
Investment of an associate measured at FVTPL			237,357
Other financial asset measured at FVTPL			14,486
Unallocated corporate assets			<u>514</u>
Consolidated assets			<u><u>782,262</u></u>
Liabilities			
Segment liabilities	<u>317,897</u>	<u>16</u>	317,913
Liabilities relating to discontinued operation			<u>6,389</u>
Total segment liabilities			324,302
Promissory note			27,500
Deferred taxation			1,445
Unallocated corporate liabilities			<u>38,089</u>
Consolidated liabilities			<u><u>391,336</u></u>

At 31 December 2021

	Property investment <i>HK\$'000</i>	Financial investments and services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets			
Segment assets	596,998	–	596,998
Assets relating to discontinued operation			1,492
Total segment assets			598,490
Bank balances and cash			39,271
Investment of an associate measured at FVTPL			249,507
Other financial asset measured at FVTPL			14,703
Unallocated corporate assets			340
Consolidated assets			902,311
Liabilities			
Segment liabilities	350,343	–	350,343
Liabilities relating to discontinued operation			9,699
Total segment liabilities			360,042
Promissory note			44,500
Deferred taxation			2,282
Tax payable			38
Unallocated corporate liabilities			397
Consolidated liabilities			407,259

For the purpose of monitoring segment performance and allocating resource between segment:

- all assets are allocated to operating segment other than unallocated corporate assets, tax recoverable, investment of an associate measured at FVTPL, other financial asset measured at FVTPL, bank balances and cash and pledged bank deposits;
- all liabilities are allocated to operating segment other than unallocated corporate liabilities, deferred taxation, tax payable and promissory note.

5. OTHER GAINS AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Net foreign exchange gain	365	15
Fair value (loss) gain on investment of an associate measured at FVTPL	(12,530)	1,427
Fair value gain on other financial asset measured at FVTPL	936	818
Fair value (loss) gain on investment properties	(55,449)	1,238
	<u>(66,678)</u>	<u>3,498</u>

6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Interests on bank and other borrowings	8,056	5,903
Interests on corporate bonds	–	1,775
Interests on promissory note	2,891	2,885
Interests on loan from a non-controlling member of a subsidiary	884	670
Loan arrangement fee	465	–
	<u>12,296</u>	<u>11,233</u>

7. TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Current tax		
Hong Kong	83	162
Other jurisdictions	–	215
	<u>83</u>	<u>377</u>
Overprovision in prior years		
Hong Kong	(60)	(10)
Deferred taxation	(837)	1,772
	<u>(814)</u>	<u>2,139</u>

8. (LOSS) PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
(Loss) profit for the year has been arrived at after charging/(crediting):		
Auditor's remuneration	1,060	315
Staff costs:		
Directors' emoluments	5,625	(6,301)
Share-based payments	4,712	4,285
Other staff costs	2,797	–
	13,134	(2,016)
Rental income from investment properties	28,137	23,337
Less: direct operating expenses	(5,286)	(4,453)
	22,851	18,884
Depreciation of property, plant and equipment	630	484
Other expense (<i>note a</i>)	8,826	4,828

Note:

- (a) Other expense represents legal and professional fee incurred for the year ended 31 December 2022 and 2021 in respect of proposed acquisition of the entire issued share capital of VMS Auto Italia Fin Services Holdings Limited (“**Acquisition**”). The Acquisition was subsequently terminated by a deed of termination dated 25 November 2022.

9. LOSS PER SHARE

From continuing operations

The calculation of the basic and diluted loss per share for continuing operations attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company (from continuing and discontinued operations)	(63,405)	(7,140)
Less: Loss for the year from discontinued operation	<u>689</u>	<u>6,755</u>
Loss for the purpose of basic and diluted loss per share from continuing operations	<u>(62,716)</u>	<u>(385)</u>
	2022 Number of share	2021 Number of share
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>5,292,515,390</u>	<u>5,291,849,363</u>

For the year ended 31 December 2022 and 2021, the computation of diluted loss per share from continuing operations do not assume the exercise of the Company's share options because the assumed exercise would result in decrease in loss per share.

From continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

Loss figures are as follow:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the purpose of basic and diluted loss per share	<u>(63,405)</u>	<u>(7,140)</u>

The denominator used are the same as those detailed above for both basic and diluted loss per share.

For the year ended 31 December 2022 and 2021, the computation of diluted loss per share from continuing and discontinued operations does not assume the exercise of the Company's share options because the assumed exercise would result in a decrease in loss per share.

10. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
At 1 January 2021	55,200
Acquired through acquisition of a subsidiary	531,168
Fair value gain, net	1,238
Exchange adjustments	<u>(8,451)</u>
At 31 December 2021	<u>579,155</u>
Fair value loss, net	(55,449)
Exchange adjustments	<u>(53,495)</u>
At 31 December 2022	<u><u>470,211</u></u>

11. RENT AND OTHER RECEIVABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rent receivables	<u>11,938</u>	<u>14,827</u>
	<u>11,938</u>	<u>14,827</u>
Utility and rental deposits	130	123
Prepayments and other receivables	<u>1,805</u>	<u>549</u>
	13,873	15,499
Less: Amount due more than one year shown under non-current assets	<u>(9,558)</u>	<u>(12,948)</u>
Amount shown under current assets	<u><u>4,315</u></u>	<u><u>2,551</u></u>

There is no past due rent receivables as at 31 December 2022 (2021: nil).

12. TRADE AND OTHER PAYABLES

Trade and other payables comprise amounts outstanding for trade purposes and daily operating costs. The average credit period on purchase of goods is 30 to 90 days. The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	–	–
31 to 60 days	–	–
61 to 90 days	–	–
91 days to 1 year	38	–
Over 1 year	10	10
	<hr/>	<hr/>
Trade payables	48	10
Advance payments from customers	–	236
Accrued charges	3,647	2,903
Receipt in advance for rental income	5,517	5,114
Other payables	7,931	8,442
	<hr/>	<hr/>
	17,143	16,705
	<hr/> <hr/>	<hr/> <hr/>

Included in other payables represent an amount of HK\$5,114,000 (2021: HK\$7,281,000) refundable deposits to customers relating to discontinued car business.

13. BANK AND OTHER BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank borrowing	30,586	–
Other borrowings	305,557	334,529
	<u>336,143</u>	<u>334,529</u>
Secured	331,094	334,529
Unsecured	5,049	–
	<u>336,143</u>	<u>334,529</u>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other borrowings		
Carrying amount repayable:		
Within one year	300,508	–
Within a period of more than one year but not exceeding two years	5,049	334,529
	<u>305,557</u>	<u>334,529</u>
Bank borrowing		
Carrying amounts that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	1,911	–
Within a period of more than one year but not exceeding two years	1,550	–
Within a period of more than two years but not exceeding five years	27,125	–
	<u>30,586</u>	<u>–</u>
Less: Amounts due within one year shown under current liabilities	<u>(331,094)</u>	<u>–</u>
Amounts shown under non-current liabilities	<u>5,049</u>	<u>334,529</u>

14. LOAN FROM A NON-CONTROLLING MEMBER OF A SUBSIDIARY

The loan from a non-controlling member of a subsidiary is an unsecured loan which will mature in May 2023 or after full repayment of the other borrowing of HK\$300,508,000, related to the financing of the acquisition of Dakota RE II in Scotland, whichever earlier, and carries interest at 10% per annum. The directors of the Company are in opinion that the non-controlling member of a subsidiary agreed to extend the loan for a further one year from May 2023 to May 2024.

15. PROMISSORY NOTE

On 25 March 2021, the Group issued unsecured promissory note amounting to HK\$53,500,000 in Hong Kong to acquire additional equity interest of 27.49% in Dakota RE II. The unsecured promissory note has maturity of three years until March 2024 and carries interest at 8% per annum. The Group may redeem all or part of the promissory note at any time to the maturity date at 100% of the face value of the promissory note. During the year ended 31 December 2022, the Group early repaid principal of HK\$17,000,000 (2021: HK\$9,000,000). The directors of the Company are in opinion that the noteholder intended to extend the maturity date for a further two years from March 2024 to March 2026.

16. DIVIDEND

No dividend was paid or proposed for ordinary shares of the Company during the year ended 31 December 2022 (2021: Nil), nor has any dividend been proposed since the end of the reporting period (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Property Investment Division

For the year ended 31 December 2022, the Property Investment Division recorded a rental income of HK\$28.1 million for leasing the properties of the Group to third parties in Hong Kong and Scotland (2021: HK\$23.3 million). The increase of HK\$4.8 million rental income was mainly contributed by recognition of income derived from Capella after Dakota became a subsidiary of the Group during the year ended 31 December 2021.

Financial Investments and Services Division

During the current period of market distress, the Group has taken a prudent approach in its lending business to avoid potential loan defaults and bad debts, and to protect the interests of the Company and the Shareholders as a whole. As at 31 December 2022 and 2021, the Group did not have any outstanding secured loan lent to customers. Hence, no revenue was recorded for the year ended 31 December 2022 (2021: HK\$1.4 million).

Car Division

For the year ended 31 December 2022, the Car Division recorded a revenue of HK\$1.3 million (2021: HK\$54.6 million). The decrease of revenue was mainly caused by the close down of the Maserati dealership business in Hong Kong in April 2021.

As announced on 28 December 2022 the Group entered into the acquisition agreement with an independent third party in relation to the acquisition of 51% equity interest in Wuhan Junyi Cars Sales & Service Company Ltd (the “**Target**”) for a total consideration of RMB10.2 million (the “**Wuhan Junyi Acquisition**”). The Target Company is principally engaged in the 4S Maserati dealership business in the PRC, with a dealership network covering Wuhan city. The Wuhan Junyi Acquisition was completed in February 2023 and the Target has become a subsidiary of the Group.

Cost of Sales and Gross Profit

For the year ended 31 December 2022, gross profit decreased by HK\$6.5 million to HK\$22.7 million (2021: HK\$29.2 million). The decrease is mainly due to the close down of Maserati Dealership Business in Hong Kong in April 2021.

Gross profit margin increased 40.2 percentage points to 77.0% (2021: 36.8%). The increase is mainly contributed by higher gross margin of Property Investment Division of 81.2%, which was mainly derived from Capella after Dakota became a subsidiary of the Group during the year ended 31 December 2021.

Other Income

For the year ended 31 December 2022, other income amounted to HK\$0.6 million (2021: HK\$2.5 million). The net decrease of HK\$1.9 million was mainly caused by non-recurrence of commission income of HK\$1.6 million.

Other Gains and Losses

Other gains and losses amounted to a net loss of HK\$66.7 million (2021: net gain of HK\$7.0 million) which mainly represented net fair value losses of investment properties of HK\$55.4 million (2021: gain of HK\$1.3 million) and the investment of an associate measured at fair value through profit or loss of HK\$12.5 million (2021: gain of HK\$1.4 million).

Selling and Distribution Costs and Administrative Expenses

Selling and distribution costs and administrative expenses in 2022 aggregated to HK\$21.6 million (2021: HK\$27.3 million), which accounted for 73.2% (2021: 34.4%) of revenue. The net decrease of HK\$5.7 million was mainly due to decrease in depreciation of right-of-use assets, staff related cost of Car division, legal and professional fee and partially offset by the increase of share based payment.

Other expenses

On 26 November 2021, Racing Time Limited (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company and VMS Holdings Limited (the “**Vendor**”) entered into an agreement in relation to the acquisition of the entire issued share capital of VMS Auto Italia Fin Services Holdings Limited (the “**Target Company**”) (the “**Acquisition**”). Other expenses represent legal and professional fee incurred during the period in respect of the Acquisition. The Acquisition was subsequently terminated by a deed of termination dated 25 November 2022.

Finance Costs

In 2022, Finance costs rose to HK\$12.3 million (compared to HK\$11.5 million in 2021), primarily due to an increase in interest expenses incurred by the registered owner of Capella, which became a subsidiary of the Group on 25 March 2021. Additionally, the costs included interest expenses and an arrangement fee for a bank loan obtained during the period. The increase of finance costs was partially offset by reduced bond interest expense of HK\$1.8 million since the bond principal has been fully repaid during the year ended 31 December 2021.

Life Science Investment section

For the full year ended 31 December 2022, Chime Biologics Limited (“CBL”) generated unaudited consolidated revenue of US\$36.5 million (2021: US\$21.5 million). At 31 December 2022, the fair value of this investment decreased to HK\$237.4 million (December 2021: HK\$249.5 million) and represents around 30.3% (December 2021: 27.7%) of the total assets of the Group.

Loss Attributable to Shareholders

Loss attributable to shareholders of the Company for the year was HK\$63.4 million (2021: loss of HK\$7.1 million). The increase in loss was mainly caused by an unrealized net fair value losses of investment properties and an unrealized fair value loss of investment of an associate measured at fair value through profit or loss.

Liquidity and Financial Resources

Cash Flow

During the year ended 31 December 2022, the Group financed its operations and investments through cash generated from the Group’s operations, as well as bank and other borrowings. We have raised a new bank loan and other borrowings of HK\$36 million and made a net repayment (principal and interests) of promissory notes of HK\$19.9 million and bank and other borrowings of HK\$8.9 million.

Cash and Cash Equivalents

As at 31 December 2022, the Group had cash and cash equivalents (including pledged bank deposits) of HK\$44.3 million as compared with HK\$39.3 million as at 31 December 2021, which were denominated in Pound Sterling (as to 88.9%), Hong Kong dollars (as to 8.6%) and Renminbi (as to 2.4%).

Bank and Other Borrowings, Promissory Notes and Loan from a non-controlling member of a subsidiary

As at 31 December 2022, the Group had bank and other borrowings, promissory note and loan from a non-controlling member of a subsidiary totaling HK\$372.7 million (2021: HK\$388.2 million), of which HK\$32.5 million were repayable more than one year (2021: all were repayable more than one year). The Group debt to equity ratio for the year ended 31 December 2022 increased to 95.4% from 78.4% for the year ended 31 December 2021 based on the total of bank and other borrowings, promissory note and loan from a non-controlling member of a subsidiary of HK\$372.7 million (2021: HK\$388.2 million) and total equity of HK\$390.9 million (2021: HK\$495.1 million).

The increase is mainly caused by an unrealized net fair value loss of investment properties and an unrealized fair value loss of investment of an associate measured at fair value through profit or loss that lower the equity of the Group.

The bank borrowing represents a new bank loan which was secured by an investment property in Hong Kong and pledged bank deposit which is repayable in instalments over a period of 3 years, with a repayment on demand clause and carry interest at variable market rates of Hong Kong Interbank Offered Rate plus 2% per annum. The bank borrowing balance with accrued interest as at 31 December 2022 are HK\$30.5 million (2021: nil).

The promissory note have maturity of three years until March 2024 and carry interest at 8% per annum. For the year ended 31 December 2022, the Group incurred interest expense of HK\$2.9 million and repaid principal and interest of HK\$17 million, the remaining promissory note balance as at 31 December 2022 is HK\$27.5 million.

The other borrowings of HK\$300.5 million and loan from a non-controlling member of a subsidiary have maturity in May 2023 and carry interest at 2.3% and 10% per annum respectively. In additions, the Group also raised a new loan of HK\$5,049,000 classified as other borrowing with a fixed interest rate of 8% per annum and maturity date of 17 November 2024. For the year ended 31 December 2022, the Group incurred interest expense of HK\$8.1 million on other borrowings and HK\$0.9 million on loan from a non-controlling member of a subsidiary. The Group also repaid interest of HK\$8.1 million on other borrowings. The remaining loan balance as at 31 December 2022 are HK\$305.6 million and HK\$9.1 million respectively.

Loan Receivables

During the current period of market distress, the Group has continued to adopt a prudent and cautious approach to balance the return and risk of the financing activities. As at 31 December 2022 and 2021, the Group did not have any outstanding secured loan lent to customers.

Foreign Exchange Exposure

The Group currently does not have a foreign currency hedging policy. The Group manages its foreign exchange exposure by monitoring the matching of the currency of its debt with (i) the collateral assets; and (ii) the debt servicing income derived from its business activities. During the year, loan secured by property in Scotland was denominated in Pound Sterling and serviced by income from Scotland denominated in Pound Sterling.

Due to the weakness of the Pound Sterling over the period, a negative exchange difference arising on translation of foreign operations of approximately HK\$14.9 million was recorded during the year (2021: negative exchange difference of approximately HK\$3.0 million).

Pledge of Assets

As at 31 December 2022, certain of the Group's bank deposit and properties totaling HK\$471.7 million (2021: property totaling HK\$517.2 million) were pledged as securities for relevant borrowings.

CAPITAL EXPENDITURES, COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2022 and 31 December 2021, the Group had no capital commitment and no significant contingent liabilities.

EVENTS AFTER REPORTING PERIOD

Reference is made to the announcement of the Company dated 17 February 2023.

On 17 February 2023, the Company entered into a framework agreement with CTF (defined below) (the "**Framework Agreement**"), pursuant to which the Group agreed to sell to and purchase from CTF and its subsidiaries (the "**CTF Automobile Group**") certain cars and auto parts of the Maserati brand (the "**Automobiles**") for a term from 17 February 2023 to 31 December 2025.

Pursuant to the Framework Agreement, the annual caps for the total consideration of the Automobiles to be purchased by the Group from the CTF Automobile Group for each of the three years ending 31 December 2025 will not exceed RMB52 million, RMB50 million and RMB40 million respectively, and the annual caps for the total consideration of the Automobiles to be purchased by the CTF Automobile Group from the Group for each of the three years ending 31 December 2025 will not exceed RMB30 million.

As at the date of the Framework Agreement, CTF held 49% of the entire equity interests of Wuhan Junyi (defined below), which is a non-wholly owned subsidiary of the Company. CTF is a substantial shareholder of Wuhan Junyi and hence a connected person at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Framework Agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

HUMAN RESOURCES AND CHARITY

As at 31 December 2022, the Group employed a total of 7 employees in Hong Kong. The Group believes that employees are all pivotal to our development and representing the most valuable asset for supporting our sustainable business growth. Total remuneration expenses in 2022 amounted to HK\$13.1 million (2021: HK\$12.3 million), which comprised fixed compensation such as basic salaries and allowances; variable incentives such as performance bonus; and long term incentives such as share-based payments as well as retirement benefits scheme. The increase in total remuneration expenses for the year was primarily due to the share-based payment of HK\$4.7 million recognised (2021: net reversal of HK\$3.6 million) as non-recurrence of reversal of share-based payment in current period.

Due to the continued spread of the COVID-19 pandemic during 2022, we have highly maintained various pandemic control measures to ensure our employees and customers can stay safe, such as sanitize regularly touchpoints at offices and common areas, mandatory wearing masks and maintain social distancing, allow work from homes and staggered lunch hours, etc.

As always, we not only provided competitive remuneration packages and benefits programs to our employees, but also provided reasonable and safe working environment, as well as supporting employee's continued education to uncover their hidden potential.

In this unprecedented challenge caused by the COVID-19 pandemic, the Group continues to make contributions to local communities through donations.

BUSINESS REVIEW

Property Investment

The property investment business has formed part of the Group's reportable segments since 2014. The property investment division of the Group oversees and reviews its property portfolio from time to time to enhance returns and holds investment properties to earn rentals or for capital appreciation purposes. The Company funds the operations of the property investment division with its internal resources and banking facility. Our property investments consist principally of a portfolio of an office building in Scotland, an industrial building and a car park in Hong Kong.

For our investment properties in Hong Kong and Scotland, the Group continued to earn a rental income of HK\$2.2 million and HK\$25.9 million respectively (2021: HK\$2.0 million and HK\$21.3 million respectively) from leasing the investment properties. Despite the challenging economic environment, the Group managed to extend the lease in Hong Kong for an additional 2 years with the tenant commencing on 1 June 2023 and expiring on 31 May 2025 with 3% increase in rent.

As at 31 December 2022, approximately 94% of the total net internal area of Capella is subject to various tenancy agreements at a total rental of approximately GBP2.9 million per annum with the expiry date in February 2030 at the latest and a weighted average unexpired lease term to expiry of 5.84 years.

Financial Investments and Services

The Group holds a valid money lender license and successfully renew the license in February 2023. The Group also has adequate infrastructure to support the financial services division such as subscribing to the World-Check database system operated by Reuters to conduct comprehensive background checks of the borrowers and security providers.

To cope with the recent susceptible market sentiments and market volatility, the Group has continued to adopt a prudent and cautious approach to balance the return and risk of the financing activities. As at 31 December 2022 and 2021, the Group did not have any outstanding secured loan lent to customers.

Life Sciences Investment section

In April 2022, CBL's Shanghai R&D Centre made a breakthrough achievement, developing a cell line with super productivity (8-10 g/L), much higher than industry average of 3-5 g/L. This achievement will significantly boost CBL's capability in serving the early-stage drug development markets in China and beyond.

In July 2022, CBL received the first drug registration certification for commercial manufacturing of an anti-PD-1 antibody. This major achievement has made CBL one of the very few CDMOs who are qualified for commercial antibody drug production in China.

The new third Good Manufacturing Practices facility (GMP-3 facility), expected to open in 2023 second quarter, will enable CBL to offer early-stage drug development (Investigational New Drug projects) markets with cost-effective solutions. In addition, the second drug product facility (DP-2) is expected to commence operation by 2023 first quarter, adding the new lyophilization and prefilled syringes (“PFS”) fill & finish formats into CBL's integrated manufacturing solution offering. The expanded capacity and capability will increase flexibility to scale between early-stage and late-stage production.

Cars

As announced on 28 December 2022 the Group entered into the acquisition agreement with an independent third party in relation to the acquisition of 51% equity interest in the Target for a total consideration of RMB10.2 million.

The Target Company is principally engaged in the 4S dealership business in the PRC for a premium brand vehicle named Maserati, with a dealership network covering Wuhan city. The Wuhan Junyi Acquisition represents a strategic investment of the Group, which will expand the Group's network for Maserati car dealership in the PRC. Such dealership network of the Target Company will also compliment and leverage on the Group's strength and experience in Maserati dealership. The revenue generating capacity and growth potential of the Target Company will contribute to the Group's growth.

Subsequent to the completion of the Acquisition on 17 February 2023, the Target Company has become a subsidiary of the Group.

OUTLOOK

Taking into consideration the economic uncertainties owing to the rise of interest rate and geopolitical tensions, the marco environment looks set to remain challenging for the Group. The Group will keep monitoring the effect that could be caused by the COVID-19 on the business operations and financial position of the Group. The Group will continue to identify potential business opportunities with the aim of bringing long-term enhancement of value to our shareholders.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The termination of the acquisition of VMS Auto Italia Fin Services Holdings Limited

References are made to the announcements of the Company dated 26 November 2021, 14 April 2022, 21 November 2022 and 25 November 2022, respectively.

On 26 November 2021, Racing Time Limited, an indirect wholly-owned subsidiary of the Company ("**Racing Time**") entered into an agreement (the "**Agreement**") with VMS Holdings Limited (the "**VMS Holdings**"), pursuant to which Racing Time conditionally agreed to acquire, and VMS Holdings conditionally agreed to sell the entire issued share capital of VMS Auto Italia Fin Services Holdings Limited for the consideration of HK\$960 million, which would be settled by way of allotment and issue to VMS Holdings 6,956,521,739 new shares of the Company (the "**Consideration Shares**") at the issue price of HK\$0.138 per Consideration Share (the "**VMS Acquisition**").

The VMS Acquisition constituted a very substantial acquisition and a reverse takeover for the Company under Chapter 14 of the Listing Rules and the Company was treated as if it was a new listing applicant under Rule 14.54 of the Listing Rules. Accordingly, the VMS Acquisition was subject to the approval of the Listing Committee of the new listing application to be made by the Company (the “**New Listing Application**”), which was submitted to the Stock Exchange on 14 April 2022.

Following the lapse of the New Listing Application, having considered recent susceptible market sentiments and market volatility at the relevant material time, the New Listing Application was not renewed and the Agreement was terminated with immediate effect by a deed of termination entered into between Racing Time and VMS Holdings dated 25 November 2022. Accordingly, the VMS Acquisition and other transactions contemplated under the Agreement did not proceed.

The acquisition of Wuhan Junyi Cars Sales & Service Company Ltd

References are made to the announcement of the Company dated 28 December 2022 and 17 February 2023.

On 28 December 2022, Success Master (Shanghai) Consultancy Limited, an indirect wholly-owned subsidiary of the Company (“**Success Master**”) entered into an agreement with CTF Automobile (China) Investment Co., Ltd* 運天(中國)投資有限公司 (“**CTF**”), pursuant to which Success Master conditionally agreed to acquire, and CTF conditionally agreed to sell 51% equity interest in Wuhan Junyi Cars Sales & Service Company Ltd* 武漢駿意汽車銷售服務有限公司 (“**Wuhan Junyi**”) for the consideration of RMB10,200,000 (the “**Wuhan Junyi Acquisition**”). Wuhan Junyi is a company established in the PRC with limited liability, and is principally engaged in the 4S dealership business in the PRC for a premium brand vehicle named Maserati.

Completion of the Wuhan Junyi Acquisition has taken place on 17 February 2023 (the “**Completion**”). Upon Completion, Wuhan Junyi has become a subsidiary of the Company and its financial statements will be consolidated by the Group.

As all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Wuhan Junyi Acquisition were lower than 5%, it did not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2022.

* *For identification purpose only*

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil). No interim dividend was paid during the year ended 31 December 2022 (2021: Nil).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

CORPORATE GOVERNANCE

Maintaining an effective corporate governance framework is one of the priorities of the Company. In the opinion of the Directors, the Company had complied with all the CG Code Provisions throughout the year ended 31 December 2022, except the following deviations:

CG Code Provision C.2.1

Code Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr CHONG Tin Lung Benny is the Executive Chairman and the Chief Executive Officer. Mr Chong has extensive experience in corporate management and securities investments and is responsible for the overall corporate strategies, planning and business development of the Group. The Board considers that the vesting of two roles in the same person provides our Group with strong and consistent leadership and facilitates the implementation and execution of our Group's business strategy. Although the positions of the Executive Chairman and Chief Executive Officer are not separate, the broke and authorities have not been concentrated as all major decisions have been made in consultation with the Board and appropriate Board Committee. The Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high caliber individuals including five Executive Directors (including Mr CHONG Tin Lung Benny) and three Independent Non-executive Directors as at the Latest Practicable Date who offer advices and views from different perspectives. Moreover, the Audit Committee has be provided with sufficient resources to perform its duties, including obtaining outside legal or other independent professional advice when it considers necessary. The Company shall nevertheless review the structure from time to time in light of the prevailing circumstances.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as standard for dealings in securities of the Company by the Directors. Having made specific enquiry of all Directors by the Company, during the year ended 31 December 2022, the Directors confirmed that they have complied with the standards set out in the Model Code.

REVIEW OF ANNUAL RESULTS

The members of the Audit Committee comprise Mr KONG Kai Chuen Frankie, Mr LEE Ben Tiong Leong and Mr TO Chun Wai, all of whom are INEDs. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2022 including the accounting principles and practices adopted by the Group, and discussed the risk management, internal control and financial reporting matters during the review.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (“AGM”) will be held on Wednesday, 24 May 2023. For further details of the AGM, please refer to the notice of AGM, which will be dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

In order to determine the identity of the Shareholders who are entitled to attend and vote at the forthcoming AGM, all transfers accompanied by the relevant Share certificates must be lodged with the Company’s Hong Kong share registrar and transfer office, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 17 May 2023. The register of members of the Company will be closed from Thursday, 18 May 2023 to Wednesday, 24 May 2023 (both dates inclusive), during which period no transfer of Shares will be registered.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 30 March 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.autoitalia.com.hk) respectively. The annual report of the Company for the year ended 31 December 2022 will be dispatched to the Shareholders and published on the aforesaid websites in due course.

GLOSSARY OF TERMS

In this announcement, unless the context otherwise requires, the following expressions have the meanings as mentioned below:

“Acquisition”	the acquisition of the entire issued share capital of the Target Company by the Purchaser from the Vendor pursuant to the terms and the conditions of the Agreement
“Agreement”	the agreement dated 26 November 2021 entered into among the Purchaser and the Vendor in relation to the Acquisition;
“AGM”	the annual general meeting of the Company;
“Associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company;
“Board”	the board of Directors;
“Capella”	the property known as Capella, 60 York Street, Glasgow, G2 8JX, United Kingdom;
“Car Division”	the business segment of the Group in respect of trading cars and related accessories;
“CB Investors”	VMS Group and Fidelity International;
“CBL”	Chime Biologics Limited, a company incorporated in British Virgin Islands with limited liability and which is an associate company of the Company;
“CG Code”	the Corporate Governance Code contained in Appendix 14 of the Listing Rules;
“Chief Executive Officer”	the chief executive officer of the Company;

“CODM”	the chief operating decision maker of the Company;
“Company”	AUTO ITALIA HOLDINGS LIMITED, an exempted company incorporated in Bermuda with limited liability, whose Shares are listed on the main board of the Stock Exchange;
“Connected person”	has the same meaning as ascribed to it under the Listing Rules
“Connected transaction”	has the same meaning as ascribed to it under the Listing Rules
“Consideration Shares”	the consideration of HK\$960 million, which will be settled by way of allotment and issue to the Vendor 6,956,521,739 new Shares;
“Controlling shareholder”	has the same meaning as ascribed to it under the Listing Rules
“COVID-19”	the novel coronavirus epidemia;
“Dealership Business”	the Maserati car dealership business;
“Director(s)”	the director(s) of the Company;
“ECL”	the expected credit loss;
“Executive Chairman”	the chairman of the Board;
“Executive Director(s)”	the executive director(s) of the Company;
“Financial Investments and Services Division”	the business segment of the Group in respect of securities investment, financing and corporate finance services;
“GBP”	British pound sterling, the lawful currency of the United Kingdom
“Group”	the Company and its subsidiaries;
“HKFRSs”	Hong Kong Financial Reporting Standards;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Latest Practicable Date”	30 March 2023
“Life Science Investment Division”	the business segment of the Group in respect of life science investment;
“Independent Non-executive Director(s)” or “INED(s)”	the independent non-executive director(s) of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time;
“Maserati”	an Italian luxury vehicle manufacturer, was initially associated with Ferrari S.p.A., and recently becomes partial of the sporty vehicles group;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules;
“PRC” or “Mainland China” or “China”	The People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
“Proceedings”	the wrongful purported termination of dealership agreement in reliance on a purported “Importership and Distributorship Agreement” allegedly signed on 1 October 2018;
“Purchaser”	Racing Time Limited, a company incorporated in British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company;
“Property Investment Division”	the business segment of the Group in respect of property investment;
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	has the same meaning as ascribed to it under the Listing Rules

“substantial shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Target Company”	VMS Auto Italia Fin Services Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor;
“Vendor”	VMS Holdings Limited, a company incorporated in the British Virgin Islands and owned as to 92% by Ms. Mak Siu Hang Viola and 8% by VMS Management Partners Limited as per the announcement dated 26 November 2021;
“US\$”	United States Dollars, the lawful currency of the United States of America; and
“%”	per cent.

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

Hong Kong, 30 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 both 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.