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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 2024

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 2024, together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	<i>NOTES</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from goods and services	3	4,682	15,839
Rental income	3	26,640	31,665
Total revenue		31,322	47,504
Cost of sales and services		(10,827)	(18,469)
Gross profit		20,495	29,035
Other income		932	452
Other gains and losses	5	(55,423)	(174,885)
Selling and distribution costs		(2,060)	(4,132)
Administrative expenses		(27,794)	(33,701)
Finance costs	6	(33,781)	(23,567)
Loss before taxation		(97,631)	(206,798)
Taxation	7	625	901
Loss for the year	8	(97,006)	(205,897)

* For identification purpose only

	<i>NOTES</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss) profit for the year attributable to:			
Owners of the Company		(102,136)	(179,285)
Non-controlling interests		5,130	(26,612)
		<u> </u>	<u> </u>
Loss for the year		(97,006)	(205,897)
		<u> </u>	<u> </u>
Loss per share			
– Basic	9	(HK1.93 cent)	(HK3.39 cent)
– Diluted	9	(HK1.93 cent)	(HK3.39 cent)
		<u> </u>	<u> </u>

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

For the year ended 31 December 2024

	2024 HK\$'000	2023 <i>HK\$'000</i>
Loss for the year	<u>(97,006)</u>	<u>(205,897)</u>
Other comprehensive (expense) income for the year		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(2,763)</u>	<u>13,999</u>
Total comprehensive expense for the year	<u>(99,769)</u>	<u>(191,898)</u>
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	(107,011)	(172,853)
Non-controlling interests	<u>7,242</u>	<u>(19,045)</u>
	<u>(99,769)</u>	<u>(191,898)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Investment properties	10	455,605	438,791
Property, plant and equipment		5,353	6,588
Right-of-use assets		4,583	2,202
Goodwill		64,220	–
Intangible assets		24,372	–
Investment of an associate measured at fair value through profit or loss (“FVTPL”)		40,402	117,122
Financial asset at FVTPL		130,743	–
Trade and other receivables	11	10,534	7,589
		735,812	572,292
Current assets			
Inventories		6,910	1,530
Trade and other receivables	11	17,094	12,404
Financial asset at FVTPL		15,965	15,308
Tax recoverable		10	87
Pledged bank deposits		3,304	5,545
Bank balances and cash		18,116	21,373
		61,399	56,247
Current liabilities			
Trade and other payables	12	35,161	18,325
Bank and other borrowings	13	262,480	286,554
Loan from a related party	15	10,643	–
Loan from a non-controlling member of a subsidiary	14	11,377	10,577
Lease liabilities		2,573	2,252
		322,234	317,708
Net current liabilities		(260,835)	(261,461)
Total assets less current liabilities		474,977	310,831

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves			
Share capital		121,850	105,850
Reserves		90,737	58,775
		<hr/>	<hr/>
Equity attributable to owners of the Company		212,587	164,625
Non-controlling interests		54,926	46,658
		<hr/>	<hr/>
Total equity		267,513	211,283
		<hr/>	<hr/>
Non-current liabilities			
Other borrowings	<i>13</i>	119,374	57,079
Loan from a related party	<i>15</i>	–	11,013
Promissory notes	<i>16</i>	77,740	29,700
Deferred taxation		7,271	1,756
Lease liabilities		3,079	–
		<hr/>	<hr/>
		207,464	99,548
		<hr/>	<hr/>
		474,977	310,831
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 trading of cars and related accessories and provision of after sales services in the People’s Republic of China (“**PRC**”), research and development and sales of electric vehicles and related accessories to the European market, property investment and provision of financing.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

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 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has 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.

3. REVENUE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trading of cars and related accessories	3,516	12,536
Provision of after sales services	<u>1,166</u>	<u>3,303</u>
Revenue from contracts with customers	4,682	15,839
Rental income	<u>26,640</u>	<u>31,665</u>
Total revenue	<u>31,322</u>	<u>47,504</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.

As at 31 December 2024, the Group has three operating segments under HKFRS 8 “Operating Segments” which are as follows:

- (i) Cars – Trading of cars and related accessories and provision of after sales services in PRC, research and development and sales of electric vehicles and related accessories to the European market;
- (ii) Property investment; and
- (iii) 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 fair value gain (loss) on investment of an associate measured at FVTPL, fair value gain on other financial assets 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. The accounting policies of this segment are the same as the Group’s accounting policies.

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 2024

	Cars HK\$'000	Property investment HK\$'000	Financial investments and services HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE				
Group's revenue	<u>4,682</u>	<u>26,640</u>	<u>–</u>	<u>31,322</u>
SEGMENT RESULTS				
Segment (loss) profit	<u>(16,682)</u>	<u>39,595</u>	<u>(357)</u>	<u>22,556</u>
Fair value loss on investment of an associate measured at FVTPL				(76,142)
Fair value gain on financial assets measured at FVTPL				1,197
Unallocated corporate expenses				(11,461)
Finance costs				<u>(33,781)</u>
Loss before taxation				<u>(97,631)</u>

For the year ended 31 December 2023

	Cars HK\$'000	Property investment HK\$'000	Financial investments and services HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE				
Group's revenue	<u>15,839</u>	<u>31,665</u>	<u>–</u>	<u>47,504</u>
SEGMENT RESULTS				
Segment loss	<u>(13,791)</u>	<u>(37,472)</u>	<u>(354)</u>	<u>(51,617)</u>
Fair value loss on investment of an associate measured at FVTPL				(120,591)
Fair value gain on financial asset measured at FVTPL				1,219
Recognition of share-based payments, net				(883)
Unallocated corporate expenses				(11,359)
Finance costs				<u>(23,567)</u>
Loss before taxation				<u>(206,798)</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 2024

	Cars	Property	Financial	
	investment	investments		
	and services	Consolidated		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets				
Segment assets	<u>249,781</u>	<u>467,882</u>	<u>–</u>	717,663
Bank balances and cash				18,116
Pledged bank deposits				3,304
Tax recoverable				10
Investment of an associate measured at FVTPL				40,402
Other financial assets measured at FVTPL				15,965
Unallocated corporate assets				<u>1,751</u>
Consolidated assets				<u><u>797,211</u></u>

	Cars	Property	Financial	
	investment	investments		
	and services	Consolidated		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Liabilities				
Segment liabilities	<u>50,645</u>	<u>262,830</u>	<u>–</u>	313,475
Promissory notes				77,739
Deferred taxation				7,271
Unallocated corporate liabilities				<u>131,213</u>
Consolidated liabilities				<u><u>529,698</u></u>

At 31 December 2023

	Cars <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Financial investments and services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets				
Segment assets	<u>10,865</u>	<u>456,264</u>	<u>–</u>	467,129
Bank balances and cash				21,373
Pledged bank deposits				5,545
Tax recoverable				87
Investment of an associate measured at FVTPL				117,122
Other financial asset measured at FVTPL				15,308
Unallocated corporate assets				<u>1,975</u>
Consolidated assets				<u><u>628,539</u></u>
	Cars <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Financial investments and services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Liabilities				
Segment liabilities	<u>14,652</u>	<u>276,754</u>	<u>–</u>	291,406
Promissory note				29,700
Deferred taxation				1,756
Unallocated corporate liabilities				<u>94,394</u>
Consolidated liabilities				<u><u>417,256</u></u>

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 assets 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 and promissory notes.

5. OTHER GAINS AND LOSSES

	2024 HK\$'000	2023 HK\$'000
Net foreign exchange (loss) gain	(558)	355
Fair value loss on investment of an associate measured at FVTPL	(76,142)	(120,591)
Fair value (loss) gain on financial assets measured at FVTPL	(4,858)	1,219
Fair value gain (loss) on investment properties	26,163	(52,601)
Impairment loss on intangible assets	–	(3,267)
Loss on disposal of property, plant and equipment	(61)	–
Gain on lease modification	33	–
	<u>(55,423)</u>	<u>(174,885)</u>

6. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interests on bank and other borrowings	29,972	19,755
Interests on promissory notes	2,206	2,200
Interests on loan from a non-controlling member of a subsidiary	1,059	967
Loan arrangement fee	466	522
Interests on lease liabilities	78	123
	<u>33,781</u>	<u>23,567</u>

7. TAXATION

	2024 HK\$'000	2023 HK\$'000
Current tax		
Hong Kong	<u>70</u>	<u>50</u>
Under provision in prior years		
Hong Kong	<u>11</u>	<u>1</u>
Deferred taxation	<u>(706)</u>	<u>(952)</u>
	<u>(625)</u>	<u>(901)</u>

8. LOSS FOR THE YEAR

	2024 HK\$'000	2023 HK\$'000
Loss for the year has been arrived at after charging/(crediting):		
Auditor's remuneration	1,278	1,148
Staff costs:		
Directors' emoluments	6,512	6,418
Share-based payments	–	1,519
Other staff costs	3,832	4,165
	10,344	12,102
Rental income from investment properties	26,640	31,665
Less: direct operating expenses	(7,015)	(5,282)
	19,625	26,383
Depreciation of property, plant and equipment	2,302	4,413
Depreciation of right-of-use assets	1,008	3,230
Amortisation of intangible assets	544	803
Cost of inventories recognised as expense	3,018	11,654
Impairment loss on property, plant and equipment	1,081	–
Impairment loss on intangible assets	–	3,267
	<u> </u>	<u> </u>

9. LOSS PER SHARE

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the purpose of basic and diluted loss per share	<u>(102,136)</u>	<u>(179,285)</u>
	2024 Number of share	2023 Number of share
Number of ordinary shares in issue for the purpose of calculating basic and diluted loss per share	<u>5,292,515,390</u>	<u>5,292,515,390</u>

For the years ended 31 December 2024 and 2023, the computation of diluted loss per share do not assume the exercise of the Company's share options because the assumed exercise would result in decrease in loss per share.

The computation of basic loss per share for the year ended 31 December 2024 does not include contingently returnable shares of 800,000,000 shares relating to the acquisition of Hudson Holding Limited which is subject to recall. For the computation of diluted loss per share for the year ended 31 December 2024, the contingently returnable shares are not assumed to be outstanding since it would result in an decrease in loss per share.

10. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
At 1 January 2023	470,211
Fair value loss, net	(52,601)
Exchange adjustments	<u>21,181</u>
At 31 December 2023	<u>438,791</u>
Fair value gain, net	26,163
Exchange adjustments	<u>(9,349)</u>
At 31 December 2024	<u><u>455,605</u></u>

11. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables from contracts with customers	1,146	–
Rent receivables	7,345	10,096
	<u>8,491</u>	<u>10,096</u>
Utility and rental deposits	1,853	804
Value-added tax receivables	2,780	1,173
Prepayment	8,095	3,896
Deposit paid for acquisition of property, plant and equipment	5,641	–
Other receivables	768	4,024
	<u>27,628</u>	<u>19,993</u>
Less: Amount due more than one year shown under non-current assets	(10,534)	(7,589)
	<u>17,094</u>	<u>12,404</u>

Trade receivables from contracts with customers

As at 31 December 2023, there was no trade receivables from contracts with customers.

The Group's trade receivables denominated in foreign currencies of the relevant group entities are as follows:

	2024 HK\$'000	2023 HK\$'000
USD	220	–
EUR	926	–
	<u>1,146</u>	<u>–</u>

There is no past due trade and rent receivables as at 31 December 2024 (2023: nil).

The following is an ageing analysis of trade receivables presented based on the invoice dates at the end of the reporting period:

	2024 HK\$'000	2023 HK\$'000
Within 30 days	<u>1,146</u>	<u>–</u>

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.

	2024 HK\$'000	2023 HK\$'000
Within 30 days	446	–
31 to 60 days	–	279
61 to 90 days	50	335
91 days to 1 year	172	280
Over 1 year	49	49
	<hr/>	<hr/>
Trade payables	717	943
Accrued charges	4,980	2,583
Receipt in advance for rental income	7,429	7,411
Other payables	22,035	7,388
	<hr/>	<hr/>
	35,161	18,325
	<hr/> <hr/>	<hr/> <hr/>

Included in other payables represent an amount of HK\$5,059,000 (2023: HK\$5,059,000) refundable deposits to customers relating to discontinued Hong Kong car business.

13. BANK AND OTHER BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Bank borrowing	20,371	29,067
Other borrowings	361,483	314,566
	<u>381,854</u>	<u>343,633</u>
Secured	262,480	286,554
Unsecured	119,374	57,079
	<u>381,854</u>	<u>343,633</u>
	2024 HK\$'000	2023 HK\$'000
Other borrowings		
Carrying amount repayable:		
Within one year	242,109	257,487
Within a period of more than one year but not exceeding two years	91,702	57,079
Within a period of more than two years but not exceeding five years	27,672	–
	<u>361,483</u>	<u>314,566</u>
Bank borrowing		
Carrying amounts that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	20,371	1,942
Within a period of more than one year but not exceeding two years	–	27,125
	<u>20,371</u>	<u>29,067</u>
Less: Amounts due within one year shown under current liabilities	<u>(262,480)</u>	<u>(286,554)</u>
Amounts shown under non-current liabilities	<u>119,374</u>	<u>57,079</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 October 2025 (2023: October 2024) or after full repayment of the other borrowing of HK\$257,487,000, related to the financing of the acquisition of Dakota RE II in Scotland, whichever earlier, and carries interest at 10% per annum.

15. LOAN FROM A RELATED PARTY

During the year ended 31 December 2023, the Group obtained a loan of RMB10,000,000 from a related party which is interest free with maturity date on 12 February 2025. Subsequent to the reporting period, the loan has been extended with the new maturity date of 12 February 2026.

16. PROMISSORY NOTES

On 29 October 2024, the Group issued promissory notes of fair value of HK\$45,834,000 in Hong Kong which is part of consideration to acquire the equity interest in Hudson Holding Limited. The promissory notes are not transferable and have a maturity date of three years since issuance and do not carry interest. The Group may redeem all or part of the promissory notes at any time to the maturity date at 100% of the face value of the promissory notes. During the year ended 31 December 2024, the Group has not repaid any principal.

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 Limited. The unsecured promissory note has extended the maturity date from original maturity date of three years until March 2024 to a further two years from March 2024 to March 2026 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 2024, the Group has not repaid any principal (2023: HK\$Nil).

17. DIVIDEND

No dividend was paid or proposed for ordinary shares of the Company during the year ended 31 December 2024 (2023: nil), nor has any dividend been proposed since the end of the reporting period (2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Property Investment Division

For the year ended 31 December 2024, the Property Investment Division recorded a rental income of HK\$26.6 million for leasing the properties of the Group to third parties in Hong Kong and Scotland (2023: HK\$31.7 million). The decrease of HK\$5.1 million rental income was mainly due to a temporary adjustment in leasing revenue in Scotland resulting from the early termination of a lease by one tenant in 2024.

Car Division

For the year ended 31 December 2024, the Car Division recorded a revenue of HK\$4.7 million, decline from HK\$15.8 million in 2023, primarily due to a challenging macroeconomic environment, intensified market competition, and a lack of manufacturer support for brand promotion. The increasing market share of new energy vehicles (NEVs), driven by local government incentives, further impacted demand for traditional luxury cars. Additionally, aggressive pricing strategies by competing dealerships led to further pressure on sales performance.

Despite these challenges, the Division recorded HK\$1.2 million in revenue from the export sale of electric vehicles to various European countries. This reflects the financial contribution of Hudson Holding Limited, which was acquired by the Group on 29 October 2024. This positive development highlights the Group's strategic efforts to diversify revenue streams and capture opportunities in the growing NEV market.

Financial Investments and Services Division

Amid the prevailing market turbulence, the Group has adopted a cautious approach in its lending business to mitigate the risk of loan defaults and non-performing debts. As at 31 December 2024 and 2023, the Group did not have any outstanding loan lent to customers. Hence, no revenue was recorded.

Cost of Sales and Gross Profit

Gross profit decreased by HK\$8.5 million to HK\$20.5 million (2023: HK\$29.0 million). The decrease was affected by the performance of the Car Division and the Property Investment Division.

As a result of the shift in revenue distribution between the Car Division and the Property Investment Division, our consolidated gross margin increased by 4.3 percentage points, reaching 65.4% for the current reporting period (2023: 61.1%).

Other Income

For the year ended 31 December 2024, other income amounted to HK\$0.9 million (2023: HK\$0.5 million). The increase of HK\$0.4 million was mainly contributed by bank interest income of time deposits maintained in United Kingdom.

Other Gains and Losses

Other gains and losses amounted to a net loss of HK\$55.4 million (2023: HK\$174.9 million) which mainly represented unrealized fair value loss of investment of an associate of HK\$76.1 million (2023: HK\$120.6 million) measured at fair value through profit or loss and fair value gain of investment properties of HK\$26.2 million (2023: fair value loss of HK\$52.6 million).

Selling and Distribution Costs and Administrative Expenses

Selling and distribution costs and administrative expenses in 2024 aggregated to HK\$29.9 million (2023: HK\$37.8 million). The net decrease of HK\$7.9 million was mainly attributed to decrease in legal and professional fee, depreciation expense, staff cost and marketing expense.

Finance Costs

Finance costs during the year were increased to HK\$33.8 million (2023: HK\$23.6 million) which was mainly caused by increase in interest on bank and other borrowings by HK\$10.2 million to HK\$30.0 million (2023: HK\$19.8 million).

Life Science Investment section

As at 31 December 2024, the Group held 51,847,997 Series A preferred Shares of Chime Biologics Limited (“CBL”). The principal activity of CBL is provision of biologics contract development and manufacturing services. The Group’s investment cost in CBL was US\$32 million.

For the full year ended 31 December 2024, CBL generated unaudited consolidated adjusted revenue of US\$37.3 million (2023: US\$40.0 million) and recorded unaudited consolidated adjusted operating loss of US\$3.3 million (2023: loss of US\$2.3 million). At 31 December 2024, the fair value of this investment decreased to HK\$40.4 million (December 2023: HK\$117.1 million) and represents around 5.1% (December 2023: 18.6%) of the total assets of the Group. The decrease was mainly caused by the unfavorable market condition during the period.

Our investment holding strategy meticulously considers both strengthening our portfolio’s resilience and aligning our asset allocation with our long-term growth goals to ensure a balances and prosperous financial future. We are assessing various strategic options for our investment in CBL with the aim of optimising our financial position, ensuring long-term business sustainability, and enhancing operational efficiency in alignment with our overall business objectives.

Loss Attributable to Shareholders

Loss attributable to shareholders of the Company for the year was HK\$102.1 million (2023: HK\$179.3 million). It was primarily caused by an unrealized fair value loss of investment of an associate of HK\$76.1 million measured at fair value through profit or loss (2023: HK\$120.6 million) and finance cost of HK\$33.8 million incurred in 2024 (2023: HK\$23.6 million).

Liquidity and Financial Resources

Cash Flow

During the year ended 31 December 2024, the Group financed its operations and investments through cash generated from the Group's operations, as well as bank and other borrowings. The Group successfully secured a borrowing of HK\$30.6 million. Additionally, the Group repaid bank and other borrowings of HK\$18.5 million.

Cash and Cash Equivalents

As at 31 December 2024, the Group had cash and cash equivalents (including pledged bank deposits) of HK\$21.4 million as compared with HK\$26.9 million as at 31 December 2023, which were denominated in Pound Sterling (as to 74.5%), Hong Kong dollars (as to 23.6%) and Renminbi (as to 1.7%).

Bank and Other Borrowings, Loan from a non-controlling member of a subsidiary, Loan from a related party and Promissory Note

As at 31 December 2024, the Group had bank and other borrowings, loan from a non-controlling member of a subsidiary, loan from a related party and promissory notes totaling HK\$481.6 million (2023: HK\$394.9 million), of which HK\$197.1 million were repayable more than one year (2023: HK\$97.8 million were repayable more than one year). The Group's debt to equity ratio for the year ended 31 December 2024 decreased to 180.0% from 186.9% for the year ended 31 December 2023 based on the total of bank and other borrowings, loan from a non-controlling member of a subsidiary, loan from a related party and promissory notes totaling HK\$481.6 million (2023: HK\$394.9 million) and total equity of HK\$267.5 million (2023: HK\$211.3 million).

The decrease in debt to equity ratio resulted from the combined effects to an increase in equity, driven by the issuance of shares for the acquisition of EV business, and a rise in other borrowings and issuance of promissory notes.

The bank borrowing represents a 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 2024 are HK\$20.4 million (2023: HK\$29.1 million). The promissory note has maturity of five years until March 2026 and carries interest at 8% per annum (**"Promissory Note 1"**). Subsequent to the Reporting Period, Promissory Note 1 has been extended with the new maturity date of March 2028. Due to the acquisition of Hudson Holding Limited, the Company issued another promissory notes having maturity of 3 years and without interest (**"Promissory Notes 2"**). For the year ended 31 December 2024, the Group incurred interest expense of HK\$2.2 million, the balance of Promissory Note 1 as at 31 December 2024 is HK\$31.9 million. The fair value of Promissory Notes 2 as at 31 December 2024 is HK\$45.8 million.

The other borrowings of HK\$242.1 million, secured by an investment property in Scotland (“**Other Borrowings 1**”), and loan from a non-controlling member of a subsidiary have maturity in October 2024 and carry interest at 8.5% and 10% per annum respectively. The other borrowing of HK\$91.7 million is unsecured, carries interest at 9% per annum and scheduled to mature in April 2026 (“**Other Borrowings 2**”). Subsequent to the Reporting Period, Other Borrowings 2 has been extended with the new maturity date of April 2028. The remaining balance of the other borrowings, totaling HK\$27.7 million is unsecured, carries interests at 2 to 3.95% per annum with the same lender and have maturity of 3 years until 2027 (“**Other Borrowings 3**”). For the year ended 31 December 2024, the Group incurred interest expense of HK\$28.4 million in total on Other Borrowings 1, Other Borrowings 2 and Other Borrowings 3 (collectively “**Three Other Borrowings**”) and HK\$1.0 million on loan from a non-controlling member of a subsidiary. The Group also repaid interest of HK\$21.5 million on Other Borrowings 1. As at 31 December 2024, the total balance of Three Other Borrowings is HK\$361.5 million and loan from a non-controlling member of a subsidiary is HK\$11.4 million.

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 2024 and 2023, 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\$4.9 million was recorded during the year (2023: positive exchange difference of approximately HK\$6.4 million).

Pledge of Assets

As at 31 December 2024, certain of the Group’s bank deposit and properties totaling HK\$458.9 million (2023: bank deposit and properties totaling HK\$444.3 million) were pledged as securities for relevant borrowings.

CAPITAL EXPENDITURES, COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2024, the Group had total capital commitment of HK\$6.9 million (31 December 2023: Nil), all capital commitments as at 31 December 2024 are authorized but not contracted for. The capital commitment primarily related to addition of equipment for EV business. These capital commitments are expected to be financed by internal resources of the Group.

As at 31 December 2024 and 31 December 2023, the Group had no material contingent liabilities.

EVENTS AFTER REPORTING PERIOD

There are no material subsequent events after the end of the Reporting Period.

HUMAN RESOURCES AND CHARITY

As at 31 December 2024, the Group employed a total of 30 employees in Hong Kong and Mainland China. 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 2024 amounted to HK\$10.3 million (2023: HK\$12.1 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 decrease in total remuneration expenses for the year was primarily driven by the absence of share-based payment recognition (2023: HK\$1.5 million) during the year.

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.

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\$2.3 million and HK\$24.3 million respectively (2023: HK\$2.3 million and HK\$29.4 million respectively) from leasing the investment properties. During the year, the Group recorded an unrealised gain on fair value change of investment properties of HK\$26.2 million (2023: fair value loss of HK\$52.6 million).

As at 31 December 2024, approximately 86% of the total net internal area of Capella is subject to various tenancy agreements at a total rental of approximately GBP2.7 million per annum with the expiry date in February 2030 at the latest and a weighted average unexpired lease term to expiry of 3.87 years.

Cars

On 29 October 2024, the Group successfully completed the acquisition of Hudson Holding Limited (please refer to “The acquisition of Hudson Holding Limited” in the section headed “Material Acquisitions And Disposals of Subsidiaries, Associates And Joint Ventures” in this announcement for details). Leveraging on the extensive dealership experience and well-established network of Hudson Holding Limited, the Group aims to expand its car-related business into the European electric vehicle (EV) market through the acquisition.

Since completing the acquisition, we have made significant progress in our international expansion strategy, with a strong focus on strengthening our foothold in the European market. As part of this effort, the management team of EV operation conducted a multi-country visit, engaging with clients across various European nations. This initiative underscored our commitment to building robust partnerships and positioning the company as a key player in the region. The productive discussions held during this period resulted in the signing of several sales cooperation agreements, marking a pivotal step toward enhancing our market presence.

Strategic Agreements and Market Expansion

The sales cooperation agreements secured during these engagements are multifaceted, encompassing commitments to vehicle delivery, market promotion, and sales expansion. These agreements reflect the trust that our European clients place in our offerings and are poised to drive a meaningful increase in our sales volume throughout 2025. By aligning with strategic partners, we aim to capitalize on the growing demand for our EV products and services, ensuring that it remains competitive in a dynamic market landscape. A central focus of our client discussions was the development of collaborative market promotion strategies. By leveraging the local networks and expertise of our partners, we intend to amplify our reach and enhance market penetration across diverse European territories. This approach not only strengthens our distribution channels but also fosters a deeper understanding of regional consumer needs, enabling us to tailor our offerings effectively.

Product Validation and Client Confidence

Another critical component of our European strategy involved hands-on product testing with major clients. These sessions provided valuable opportunities to demonstrate the reliability and performance of our EV products under real-world conditions. The positive feedback received from these tests has reinforced our confidence in the market fit of our offerings, affirming their suitability for the European market. This validation is a key milestone, as it solidifies client trust and supports our efforts to scale operations in the region.

Strengthening Our Brand Foundation

Complementing these business development efforts, we achieved a significant milestone by successfully registering two trademarks in the European Union on November 26, 2024. This accomplishment is more than a procedural step– it represents a strategic investment in safeguarding our brand identity and intellectual property as we deepen our presence in the region. The newly registered trademarks enhance our legal protections and bolster our marketing initiatives, providing a solid foundation for building a recognizable and trusted brand across Europe.

For our Maserati dealership business in PRC, we curated a series of cross-marketing events such as jewelry appreciation, club gatherings, starlit camping and music festivals. These events were designed not only to facilitate Maserati owners in networking with elites across various industries and enhance brand loyalty but also to identify collaborative sales opportunities with other sectors. Moreover, we actively engaged in Maserati car shows showcasing the latest electric vehicle models and VIP test drive events. These initiatives successfully captured the interest of numerous potential customers, particularly those residing at a distance from our current showroom locations.

Financial Investments and Services

The Group holds a valid money lender license and successfully renew the license in January 2024. 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 2024 and 2023, the Group did not have any outstanding secured loan lent to customers.

Life Sciences Investment section

As of December 31, 2024, CBL achieved a significant milestone, amassing a contract backlog of US\$97.2 million– a remarkable 105% increase from the previous year’s number (US\$47.4 million). This considerable growth underscores our strategic expansion and the effectiveness of our client engagement strategies.

CBL’s leadership team was significantly strengthened this year with the addition of several top-tier executives, including a Senior Vice President to spearhead the ADC initiative, four Vice Presidents focused on business development, and a Director of cell line development. CBL’s sales and marketing efforts were also amplified through active participation in key industry events, such as the Europe-China Biotech Business Forum 2024. These engagements have been instrumental in improving CBL brand image and attracting potential clients from the European market.

In 2025, CBL will continue to expand its CDMO business through geographical and business line expansion. Firstly, CBL will enhance its global presence by intensifying international client outreach, focusing particularly on the mature European market to boost revenue and margin growth in the main biologics and biosimilars CDMO segment. Secondly, CBL will venture into the new Antibody-Drug Conjugate (ADC) business line. Having started building early-stage ADC technical capabilities in the latter half of 2024, CBL is expected to offer early-stage ADC development services to its clients in 2025. This will create an additional growth trajectory alongside the existing antibody business line.

OUTLOOK

Taking into consideration the economic uncertainties owing to escalation of geopolitical tensions, the macro environment looks set to remain challenging for the Group. Our management team will proactively identify opportunities to optimise our financial position and mitigate financial cost pressures. We remain committed to prudent capital management while exploring strategies to enhance operational efficiency and ensure long-term business sustainability.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The acquisition of Hudson Holding Limited

References are made to the announcements of the Company dated 11 September 2024, 21 October 2024 and 29 October 2024.

On 11 September 2024, Racing Time Limited, an indirectly wholly-owned subsidiary of the Company (“**Racing Time**”), entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Power Sky Investments Limited (“**Power Sky**”), AB Holding Limited (“**AB Holding**”) and Red Maple Holdings Limited (“**Red Maple**”, and together with Power Sky and AB Holding, the “**Vendors**”) pursuant to which Racing Time conditionally agreed to acquire, and the Vendors conditionally agreed to sell the entire issued share capital of Hudson Holding Limited (the “**Sale Shares**”), at a consideration of HK\$165,900,000 (the “**Consideration**”), which shall be settled (a) as to HK\$104,000,000 by the issue and allotment of the 800,000,000 consideration shares of the Company (the “**Consideration Share(s)**”) to the Vendors at the issue price of HK\$0.13 per Consideration Share and (b) as to the remaining balance of HK\$61,900,000 by the issue of the promissory notes (the “**Promissory Notes**”) in the principal amounts by Racing Time to the Vendors (the “**Acquisition**”). Hudson Holding Limited is a company incorporated in Samoa with limited liability and is principally engaged in investment holding and its subsidiaries are engaging in research and development, as well as the production and export of electric vehicles to the European market.

On 29 October 2024, the Company issued (a) the 800,000,000 Consideration Shares to the Vendors, representing approximately 13.13% of the enlarged issued share capital of the Company immediately after the allotment and issuance of the Consideration Shares, and (b) the Promissory Notes to the Vendors.

Pursuant to the Sale and Purchase Agreement, the Vendors irrevocably and unconditionally warrant and guarantee to Racing Time that the consolidated revenue of Hudson Holding Limited and its subsidiaries (the “**Hudson Group**”) for the financial year or period commencing from 1 January 2025 to 31 December 2025 or an earlier date of fulfilment of the 2025 Guaranteed Revenue (whichever is the earlier) (the “**Guaranteed Period**”), prepared in accordance with the Hong Kong Financial Reporting Standards will not be less than RMB422,243,785 (equivalent to approximately HK\$464,468,000) (the “**2025 Guaranteed Revenue**”). In the event that the actual consolidated revenue of the Hudson Group during the Guaranteed Period is less than the 2025 Guaranteed Revenue, Racing Time shall be compensated by the Vendors (in proportion to their respective Sale Shares sold to Racing Time) of the shortfall. The shortfall amount shall first be offset by the Consideration Shares. The residual amount (if any) of the shortfall amount shall then be offset by the face value of the Promissory Notes.

Given the potential adjustment on the Consideration, on 29 October 2024, each of the Vendors, Racing Time and VMS Securities Limited (the “**Escrow Agent**”) entered into the escrow letter, pursuant to which the Consideration Shares and Promissory Notes shall be held by the Escrow Agent.

Completion of the Acquisition has taken place on 29 October 2024 (the “**Completion**”). Upon the Completion, Hudson Holding Limited has become an indirect wholly-owned subsidiary of the Company, and the financial results of the Hudson Group will be consolidated into the consolidated financial statements of the Group.

The total issued Shares as at the date of this announcement is 6,092,515,390 Shares.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil). No interim dividend was paid during the year ended 31 December 2024 (2023: 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 (including treasury shares (as defined in the Listing Rules, if any)) during the year ended 31 December 2024.

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 2024, except the following deviations:

CG Code Provision C.2.1

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 three Executive Directors (including Mr. CHONG Tin Lung Benny), one Non-executive Director 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 2024, the Directors confirmed that they have complied with the standards set out in the Model Code.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024 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 AGM will be held on Friday, 16 May 2025. For further details of the AGM, please refer to the notice of AGM, which will be despatched to the Shareholders by the means of receipt of communications they selected 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 Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 12 May 2025. The register of members of the Company will be closed from Tuesday, 13 May 2025 to Friday, 16 May 2025 (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 2024 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 28 March 2025. 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 2024 will be despatched to the Shareholders by the means of receipt of communications they selected 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:

“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 under the Board;
“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, research and development and sales of electric vehicles and related accessories to the European market;
“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 C1 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;
“Director(s)”	the director(s) of the Company;
“Executive Chairman”	the chairman of the Board;
“Executive Director(s)”	the executive director(s) of the Company;

“EUR”	the lawful currency of the members states of the European Union;
“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”	28 March 2025;
“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 which was currently owned by Stellantis N.V.;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 of the Listing Rules;
“Non-executive Director”	the non-executive director of the Company;
“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;
“Property Investment Division”	the business segment of the Group in respect of property investment;

“Reporting Period”	the reporting period for the year ended 31 December 2024;
“RMB”	Renminbi, the lawful currency of the PRC;
“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;
“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, 28 March 2025

As at the date of this announcement, the Board comprises Mr. CHONG Tin Lung Benny (Executive Chairman and Chief Executive Officer), Mr. LI Shaofeng and Mr. LIN Chun Ho Simon as executive Directors; Ms. HANG Qingli as a non-executive Director; and Mr. KONG Kai Chuen Frankie, Mr. TO Chun Wai and Dr. SHAM Chung Ping Alain as independent non-executive Directors.