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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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Auto Italia Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue from goods and services		5,976	2,425
Rental income		13,238	13,243
		<hr/>	<hr/>
Total revenue		19,214	15,668
Cost of sales and services		(8,812)	(4,922)
		<hr/>	<hr/>
Gross profit		10,402	10,746
Other income	4	105	115
Other gains and losses	5	36,926	(62,438)
Selling and distribution costs		(1,761)	(972)
Administrative expenses		(16,058)	(10,709)
Finance costs	6	(17,218)	(16,494)
		<hr/>	<hr/>
Profit (loss) before taxation		12,396	(79,752)
Taxation	7	115	139
		<hr/>	<hr/>
Profit (loss) for the period	8	12,511	(79,613)
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* *For identification purpose only*

		Six months ended 30 June	
		2025	2024
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Profit (loss) for the period attributable to:			
– owners of the Company		8,425	(76,931)
– non-controlling interests		4,086	(2,682)
		<u>12,511</u>	<u>(79,613)</u>
Profit (loss) per share			
– Basic	9	HK0.16 cents	(HK1.45 cents)
– Diluted	9	HK0.16 cents	(HK1.45 cents)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit (loss) for the period	<u>12,511</u>	<u>(79,613)</u>
Other comprehensive income (expense) for the period		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>22,930</u>	<u>(1,312)</u>
Total comprehensive income (expense) for the period	<u>35,441</u>	<u>(80,925)</u>
Total comprehensive income (expense) for the period attributable to:		
– owners of the Company	24,709	(77,690)
– non-controlling interests	<u>10,732</u>	<u>(3,235)</u>
	<u>35,441</u>	<u>(80,925)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
	Notes		
Non-current assets			
Investment properties		517,946	455,605
Property, plant and equipment		10,062	5,353
Right-of-use assets		3,914	4,583
Goodwill		66,114	64,220
Intangible assets		23,448	24,372
Investment of an associate measured at fair value through profit or loss ("FVTPL")		39,681	40,402
Financial asset at FVTPL		–	130,743
Trade and other receivables	11	10,249	10,534
		<u>671,414</u>	<u>735,812</u>
Current assets			
Inventories		6,531	6,910
Trade and other receivables	11	13,718	17,094
Financial assets at FVTPL		168,815	15,965
Tax recoverable		–	10
Pledged bank deposits		3,162	3,304
Bank balances and cash		13,834	18,116
		<u>206,060</u>	<u>61,399</u>
Current liabilities			
Trade and other payables	12	36,227	35,161
Tax payable		14	–
Bank and other borrowings	13	268,292	262,480
Loan from a non-controlling member of a subsidiary		13,175	11,377
Loan from a related party	14	10,957	10,643
Lease liabilities		1,741	2,573
		<u>330,406</u>	<u>322,234</u>
Net current liabilities		(124,346)	(260,835)
Total assets less current liabilities		547,068	474,977

		At 30 June 2025 <i>HK\$'000</i> (unaudited)	At 31 December 2024 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
Capital and reserves			
Share capital		121,850	121,850
Reserves		115,446	90,737
		<hr/>	<hr/>
Equity attributable to owners of the Company		237,296	212,587
Non-controlling interests		65,658	54,926
		<hr/>	<hr/>
Total equity		302,954	267,513
		<hr/>	<hr/>
Non-current liabilities			
Other borrowings	13	132,378	119,374
Loan from a shareholder	14	23,339	—
Promissory notes	15	78,830	77,740
Deferred taxation		7,279	7,271
Lease liabilities		2,288	3,079
		<hr/>	<hr/>
		244,114	207,464
		<hr/>	<hr/>
		547,068	474,977
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**the Listing Rules**”).

As at 30 June 2025, the Group had net current liabilities of HK\$124,346,000 and net operating cash outflow of HK\$212,000. In preparing the condensed 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 actions 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 expects to continue to renew the other borrowing of HK\$268,292,000 for a period of one year after its maturity on 18 October 2025. In view of sufficient headroom of the pledged investment property located in Scotland with an estimated fair value of HK\$470,346,000 over the borrowed amount, and based on the experience of successful renewal of the other borrowing in prior years, the Directors are of the opinion that the Group will be able to successfully renew the other borrowings in the last quarter of 2025, with the satisfaction of the existing lender.

The Group has available undrawn committed borrowing facilities amounting to HK\$121,000,000 as at 30 June 2025.

The Group may look for better financing options for the Group or seek opportunity to realise the Group’s non-current assets, if necessary, in order to strengthen the Group’s future liquidity and financial position.

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 condensed consolidated financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments which are measured at fair values, as appropriate.

The accounting policies applied and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2024.

2.1 Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard as issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21 Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

During the six months ended 30 June 2025, 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 the PRC, research and development and sale of electronic 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 before taxation earned by each segment without allocation of fair value loss on investment of an associate measured at FVTPL, fair value gain on certain financial assets at FVTPL, certain unallocated corporate expenses and finance costs. This is the measure reported to chief operating decision maker, being the executive directors of the Company, for the purpose of resource allocation and assessment of segment performance.

3. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

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

Six months ended 30 June 2025 (unaudited)

	Cars	Property	Financial	
	investment	investments		
	and services	and services		
	HK\$'000	HK\$'000	HK\$'000	Consolidated
				HK\$'000
SEGMENT REVENUE				
Group's revenue	<u>5,976</u>	<u>13,238</u>	<u>–</u>	<u>19,214</u>
SEGMENT RESULTS				
Segment profit (loss)	<u>12,292</u>	<u>22,909</u>	<u>(166)</u>	<u>35,035</u>
Fair value loss on investment of an associate measured at FVTPL				(1,129)
Fair value gain on certain financial assets at FVTPL				645
Unallocated corporate expenses				(4,937)
Finance costs				<u>(17,218)</u>
Profit before taxation				<u><u>12,396</u></u>

3. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

Six months ended 30 June 2024 (unaudited)

	Cars HK\$'000	Property investment HK\$'000	Financial investments and services HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE				
Group's revenue	<u>2,425</u>	<u>13,243</u>	<u>–</u>	<u>15,668</u>
SEGMENT RESULTS				
Segment (loss) profit	<u>(2,818)</u>	<u>4,499</u>	<u>(177)</u>	1,504
Fair value loss on investment of an associate measured at FVTPL				(60,212)
Fair value gain on financial assets at FVTPL				653
Unallocated corporate expenses				(5,203)
Finance costs				<u>(16,494)</u>
Loss before taxation				<u><u>(79,752)</u></u>

3. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

At 30 June 2025 (unaudited)

	Cars	Property	Financial	
	investment	investments		
	and services	and services		
	HK\$'000	HK\$'000	HK\$'000	Consolidated
				HK\$'000
Assets				
Segment assets	<u>271,158</u>	<u>531,229</u>	<u>–</u>	802,387
Bank balances and cash				13,834
Pledged bank deposits				3,162
Investment of an associate				
measured at FVTPL				39,681
Financial asset at FVTPL				17,093
Unallocated corporate assets				<u>1,317</u>
Consolidated assets				<u><u>877,474</u></u>
Liabilities				
Segment liabilities	<u>57,095</u>	<u>291,414</u>	<u>–</u>	348,509
Promissory notes				78,830
Deferred taxation				7,279
Tax payable				14
Unallocated corporate liabilities				<u>139,888</u>
Consolidated liabilities				<u><u>574,520</u></u>

3. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

At 31 December 2024 (audited)

	Cars HK\$'000	Property investment HK\$'000	Financial investments and services HK\$'000	Consolidated HK\$'000
Assets				
Segment assets	249,781	467,882	–	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
Financial asset at FVTPL				15,965
Unallocated corporate assets				1,751
Consolidated assets				797,211
Liabilities				
Segment liabilities	50,645	262,830	–	313,475
Promissory notes				77,740
Deferred taxation				7,271
Unallocated corporate liabilities				131,212
Consolidated liabilities				529,698

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

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

4. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	93	2
Commission income	–	113
Others	12	–
	<u>105</u>	<u>115</u>

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net foreign exchange gain	345	102
Fair value loss on investment of an associate measured at FVTPL	(1,129)	(60,212)
Fair value gain (loss) on investment properties	16,117	(2,963)
Fair value gain on financial assets at FVTPL	21,622	653
Loss on disposal of property, plant and equipment	(29)	(18)
	<u>36,926</u>	<u>(62,438)</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interests on bank and other borrowings	15,091	14,459
Interest on loan from a shareholder	339	–
Interest on loan from a non-controlling member of a subsidiary	523	525
Interest on promissory notes	1,091	1,097
Loan arrangement fee	106	372
Interest on lease liabilities	68	41
	<u>17,218</u>	<u>16,494</u>

7. TAXATION

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax charge:		
Hong Kong	47	35
Deferred taxation	(162)	(174)
	<u>(115)</u>	<u>(139)</u>

8. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Rental income from investment properties	13,238	13,243
Less: direct operating expense	<u>(3,820)</u>	<u>(3,010)</u>
	9,418	10,233
Depreciation of property, plant and equipment	786	1,184
Depreciation of right-of-use assets	792	656
Amortisation of intangible assets	1,608	—
Cost of inventories recognised as expense	<u>4,892</u>	<u>1,440</u>

9. PROFIT (LOSS) PER SHARE

The calculation of the basic and diluted profit (loss) per share attributable to owners of the Company is based on the following data:

Profit (loss) figures are calculated as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit (loss) for the period for the purpose of calculating basic and diluted loss per share	<u>8,425</u>	<u>(76,931)</u>

9. PROFIT (LOSS) PER SHARE (CONTINUED)

Number of shares

	Six months ended 30 June	
	2025	2024
Weighted average number of ordinary shares for the purpose of calculating basic profit (loss) per share	5,295,515,390	5,292,515,390
Effect of dilutive potential ordinary shares:		
Options	13,179,635	—
Weighted average number of ordinary shares for the purpose of calculating diluted profit (loss) per share	5,305,695,025	5,292,515,390

The computation of basic profit per share for the six months ended 30 June 2025 does not include contingently returnable shares of 800,000,000 shares relating to the acquisition of Hudson Holding Limited which is subject to recall. The computation of diluted profit per share for the six months ended 30 June 2025 also does not include those shares as the relevant conditions have not been met as of 30 June 2025.

For the six months ended 30 June 2024, the computation of diluted loss per share did not assume the exercise of the Company's share options because the assumed exercise of share options would result in decrease in loss per share.

10. DIVIDEND

No dividend was paid or declared during the six months ended 30 June 2025 and 2024 nor has any dividend been proposed since the end of the reporting period.

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Trade receivables from contracts with customers	1,092	1,146
Rent receivables	7,160	7,345
	8,252	8,491
Utility and rental deposits	1,375	1,853
Value-added tax receivables	3,045	2,780
Prepayment	4,840	8,095
Deposit paid for acquisition of property, plant and equipment	5,807	5,641
Other receivables	648	768
	23,967	27,628
Less: Amount due more than one year shown under non-current assets	(10,249)	(10,534)
Amount shown under current assets	13,718	17,094

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables from contracts with customers

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

	At 30 June 2025 <i>HK\$'000</i> (unaudited)	At 31 December 2024 <i>HK\$'000</i> (audited)
Within 30 days	<u>1,092</u>	<u>1,146</u>

Rent receivables

The Group's rental income is based on effective accrued rentals after taking into account of the rent free period which is recognised under straight line method and initially recorded as rent receivables. Rental income is received from tenants in Scotland and in Hong Kong on a quarterly basis and monthly basis, respectively. Included in the Group's rent receivables as at 30 June 2025 are (i) accrued rent receivables of HK\$5,726,000 over the rent free periods (At 31 December 2024: HK\$5,881,000); (ii) lease incentives paid of HK\$1,434,000 (At 31 December 2024: HK\$1,464,000) represent amount of rent incentives granted to tenants, which are to be recovered through future rental income. The amounts that are expected to be realised after twelve months after the reporting period are presented as non-current assets.

The Group allows its customers a credit period from 0-90 days. There is no past due trade and rent receivables as at 30 June 2025 and 31 December 2024.

12. TRADE AND OTHER PAYABLES

	At 30 June 2025 <i>HK\$'000</i> (unaudited)	At 31 December 2024 <i>HK\$'000</i> (audited)
Trade payables	2,247	717
Accrued charges	3,440	4,980
Receipt in advance	7,890	7,429
Other payables	<u>22,650</u>	<u>22,035</u>
	<u>36,227</u>	<u>35,161</u>

12. TRADE AND OTHER PAYABLES (CONTINUED)

The following is an aged analysis of trade payables, presented based on invoice date, at the end of the reporting period:

	At 30 June 2025 HK\$'000 (unaudited)	At 31 December 2024 HK\$'000 (audited)
Within 30 days	1,362	446
61 days to 90 days	21	50
91 days to 1 year	444	172
Over 1 year	420	49
	<u>2,247</u>	<u>717</u>

13. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained other borrowings amounting to HK\$8,198,000 (for the six months ended 30 June 2024: other borrowing of HK\$11,000,000). The new other borrowing carries interest with ranging between 3.85% to 9% (for the six months ended 30 June 2024: 9%) per annum with maturity date ranging between 15 January 2028 to 16 April 2028 (for the six months ended 30 June 2024: 17 April 2025). During the six months ended 30 June 2025, the Group repaid bank and other borrowing of HK\$20,125,000 (for the six months ended 30 June 2024: repaid of HK\$5,775,000).

14. LOAN FROM A RELATED PARTY/A SHAREHOLDER

The loan from a related party is unsecured and interest-free with maturity date on 12 February 2026 (At 31 December 2024: 12 February 2025).

The loan from a shareholder is unsecured and carries interest at 7% per annum with maturity date on 7 April 2028.

15. PROMISSORY NOTES

On 29 October 2024, the Group issued promissory notes of fair value of HK\$45,834,000 as part of the 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.

On 25 March 2021, the Group issued unsecured promissory notes 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 initial maturity of three years, with a first extension of two years and a further extension of another two years until March 2028 and carries interest at 8% per annum.

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 six months ended 30 June 2025 and 30 June 2024, the Group has not repaid any of the principal.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Property Investment Division

For the period ended 30 June 2025, the Property Investment Division recorded a rental income of HK\$13.2 million for leasing the properties of the Group to third parties in Hong Kong and Scotland (2024: HK\$13.2 million). The rental income remained stable in 2025.

Car Division

For the six months ended 30 June 2025, the Car Division reported revenue of HK\$6.0 million, a notable increase from HK\$2.4 million recorded in the same period of 2024. This remarkable year-on-year growth was mainly driven by the acquisition of Hudson Holding Limited and its subsidiaries (the “**Hudson Group**”) on 29 October 2024, which contributed HK\$5.8 million to the division’s revenue during the period. This development underscores the Group’s strategic initiatives to broaden its revenue base and capture new opportunities in an expanding 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 30 June 2025 and 2024, 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\$0.3 million to HK\$10.4 million (2024: HK\$10.7 million). The slight decline was primarily attributable to the weaker performance of the Investment Property Division, partially offset by the solid contribution from the Car Division. However, as the car industry generally operates with structurally lower gross profit margins compared to the property investment sector, the shift in revenue mix resulted in a contraction in overall gross profit margin by 14.5 percentage points to 54.1% during the reporting period (2024: 68.6%).

Other Income

For the period ended 30 June 2025, other income amounted to HK\$0.11 million (2024: HK\$0.12 million). The decrease of HK\$0.01 million was mainly caused by reduction of commission income in the Car Division but partially offset by the bank interest income of time deposits maintained in United Kingdom.

Other Gains and Losses

Other gains and losses amounted to a net gain of HK\$36.9 million (2024: net loss of HK\$62.4 million) which mainly represented unrealized fair value loss of investment of an associate of HK\$1.1 million (2024: HK\$60.2 million) measured at fair value through profit or loss, net fair value gain of investment properties of HK\$16.1 million (2024: fair value loss of HK\$3.0 million) and fair value gain on financial assets of HK\$21.6 million (2024: HK\$0.7 million) measured at fair value through profit or loss.

Selling and Distribution Costs and Administrative Expenses

Selling and distribution costs and administrative expenses during the period aggregated to HK\$17.8 million (2024: HK\$11.7 million). The net increase of HK\$6.1 million was mainly caused by legal and professional fee, staff cost and marketing expense in NEV business which was acquired in October 2024.

Finance Costs

Finance costs during the period increased to HK\$17.2 million (2024: HK\$16.5 million) which was mainly caused by increase in interests on bank and other borrowings by HK\$0.6 million to HK\$15.1 million (2024: HK\$14.5 million).

Life Science Investment section

As at 30 June 2025, 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 six months ended 30 June 2025, CBL generated unaudited consolidated revenue of US\$13.6 million (compared to US\$12.0 million in the first half of 2024) and recorded an unaudited consolidated operating loss of US\$6.4 million (compared to a loss of US\$4.1 million in the first half of 2024).

As at 30 June 2025, the fair value of the Group’s investment in CBL was HK\$39.7 million, which represented approximately 4.5% of the Group’s total assets. For the six months ended 30 June 2025, the Group’s investment in CBL recorded an unrealized fair value loss of HK\$1.1 million (2024: HK\$60.2 million) through profit or loss.

Profit (loss) Attributable to Shareholders

Profit attributable to shareholders of the Company for the six months ended 30 June 2025 was HK\$8.4 million (2024: loss of HK\$76.9 million). It was primarily contributed by a decrease in unrealized fair value loss from the Group's investment in an associate measured at fair value through profit or loss, amounting to approximately HK\$1.1 million for the current period as compared with approximately HK\$60.2 million in the previous period and a net unrealized fair value gain of approximately HK\$16.1 million arising from investment properties for the current period, as compared with a fair value loss of approximately HK\$3.0 million in the previous period.

Liquidity and Financial Resources

Cash Flow

During the period ended 30 June 2025, 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 borrowings of HK\$31.2 million. Additionally, the Group repaid bank borrowing of HK\$20.1 million.

Cash and Cash Equivalents

As at 30 June 2025, the Group had cash and cash equivalents (including pledged bank deposits) of HK\$17.0 million as compared with HK\$21.4 million as at 31 December 2024, which were denominated in Pound Sterling (as to 84.3%), Hong Kong dollars (as to 12.3%) and Renminbi (as to 3.1%).

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

As at 30 June 2025, the Group had bank and other borrowings, loan from a non-controlling member of a subsidiary, loan from a related party, loan from a shareholder and promissory notes totaling HK\$527.0 million (31 December 2024: HK\$481.6 million), of which HK\$234.5 million were repayable more than one year (31 December 2024: HK\$197.1 million were repayable more than one year). The Group's debt to equity ratio for the period ended 30 June 2025 decreased to 173.9% from 180.0% for the year ended 31 December 2024 based on the total of bank and other borrowings, loan from a non-controlling member of a subsidiary, loan from a related party, loan from a shareholder and promissory notes totaling HK\$527.0 million (31 December 2024: HK\$481.6 million) and total equity of HK\$303.0 million (31 December 2024: HK\$267.5 million).

The decrease in debt to equity ratio resulted from the net effects of an increase in equity, driven by the fair value gains on investment properties and financial assets at FVTPL, and an increase in other borrowings.

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 has been fully repaid in April 2025 (31 December 2024: HK\$20.4 million). The promissory note has maturity of seven years until March 2028 and carry interest at 8% per annum (“**Promissory Note 1**”). Due to the acquisition of the Hudson Group, the Company issued another promissory note having maturity of 3 years and without interest (“**Promissory Note 2**”). For the period ended 30 June 2025, the Group incurred interest expense of HK\$1.1 million for Promissory Note 1 and the balance of Promissory Note 1 as at 30 June 2025 is HK\$33.0 million. The fair value of Promissory Note 2 as at 30 June 2025 is HK\$45.8 million.

The other borrowings of HK\$268.3 million, secured by an investment property in Scotland, and loan from a non-controlling member of a subsidiary have maturity in October 2025 and carry interest at 8.5% and 10% per annum respectively. Additionally, unsecured borrowings totaling HK\$132.4 million carry interest rates ranging from 2% to 9% per annum, with maturities spanning from 2026 to 2028. For the period ended 30 June 2025, the Group incurred total interest expenses of HK\$15.1 million on secured and unsecured other borrowings with a balance of HK\$400.7 million, and HK\$0.5 million on a loan from a non-controlling interest in a subsidiary, which had a balance of HK\$13.2 million.

The loan from a shareholder of HK\$23.3 million is unsecured, carries interest at 7% per annum and will be matured in April 2028. For the period ended 30 June 2025, the Group incurred interest expense of HK\$0.3 million on this loan.

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 30 June 2025 and 31 December 2024, 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 period ended 30 June 2025, loan secured by property in Scotland was denominated in Pound Sterling and serviced by income from Scotland denominated in Pound Sterling.

Due to the appreciation of the Pound Sterling over the period, a positive exchange difference arising on translation of foreign operations of approximately HK\$16 million was recorded during the period (2024: negative exchange difference of approximately HK\$0.8 million).

Pledge of Assets

As at 30 June 2025, certain of the Group's bank deposit and properties totaling HK\$521.1 million (31 December 2024: bank deposit and properties totaling HK\$458.9 million) were pledged as securities for relevant borrowings.

CAPITAL EXPENDITURES, COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2025, the Group had total capital commitment of HK\$6.6 million (31 December 2024: HK\$6.9 million), all capital commitments as at 30 June 2025 are contracted but not provided for. The capital commitment primarily related to addition of equipment for Electric Vehicle ("EV") business. These capital commitments are expected to be financed by internal resources of the Group.

As at 30 June 2025 and 31 December 2024, the Group had no material contingent liabilities.

EVENTS AFTER REPORTING PERIOD

Reference is made to the announcement of the Company dated 28 April 2025 in relation to the business update of the Group's Maserati dealership business, subsequent to the reporting period, the Group has terminated the car dealership business in Wuhan. Saved as disclosed above, there are no material subsequent events after the end of the reporting period.

HUMAN RESOURCES AND CHARITY

As at 30 June 2025, the Group employed a total of 36 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.

As always, we provided not only 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. The Group also continued its contribution to local communities through participation in charitable events such as 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 ("Capella"), 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\$1.1 million and HK\$12.1 million respectively (2024: HK\$1.1 million and HK\$12.1 million respectively) from leasing the investment properties. During the period, the Group recorded a net unrealised gain on fair value change of investment properties of HK\$16.1 million (2024: fair value loss of HK\$3.0 million).

As at 30 June 2025, approximately 86% of the total net internal area of Capella is subject to various tenancy agreements at a total rental of approximately GBP3.0 million per annum with the expiry date in February 2030 at the latest and a weighted average unexpired lease term to expiry of 4.26 years.

Cars

In the first half of 2025, the Group made significant progress in establishing a robust and sustainable presence within the European automotive market. Through strategic organizational enhancements, expanded sales channels, focused product strategies, and active engagement in key industry events, the Group has laid a solid foundation for long-term growth and competitive positioning in Europe's evolving EV landscape.

Organizational Enhancement and Establishing Local Presence

The Group strategically established two subsidiaries in the Netherlands, serving as the European management headquarters. These subsidiaries are responsible for brand management, sales strategy development, pricing approvals, and unified oversight of European operations. The principal operating entity based in the Netherlands manages vehicle and parts import/export, marketing, channel development, key account sales, and after-sales services within the Benelux region (Netherlands, Belgium, Luxembourg). Additionally, these subsidiaries provide operational coverage and support in European countries where the Group has yet to establish a local presence, thereby facilitating a cohesive regional management framework.

Sales Channel Development and Agency Expansion

Adopting a “low-investment, quick-return” agency business model has enabled the Group to rapidly expand its sales network across Europe. Leveraging partnerships with local industry insiders, the Group appointed eight agents to date, enhancing market penetration with minimal upfront capital investment while ensuring localized marketing effectiveness. This agile approach allows the Group to quickly adapt to market dynamics and efficiently disseminate its products throughout the region.

Focused Product Strategy and Regulatory Milestones

The Group maintained its sales focus on three key EV models within its portfolio during the period. A major milestone was achieved on 28 July 2025, when the Group’s Swiss partner successfully completed the official registration and licensing of the eBOLD and eBEAR models in Switzerland. This milestone was complemented by the opening of a dedicated image store in Switzerland to showcase and promote these models, symbolizing the formal importation and regulatory acceptance of the Group’s core vehicles in the Swiss market.

The Group has now completed the multi-country regulatory approval process across key European markets including Germany, France, Italy, Poland, the Czech Republic, and Switzerland. This regulatory progress not only underpins compliance with stringent European standards but also supports the Group’s strategic expansion and brand establishment efforts in the region. Through technological innovation and targeted marketing, the Group has successfully attracted European consumer attention, reinforcing its competitive positioning.

Active Engagement in Automotive Industry Events

To drive brand recognition, support channel development, and accelerate sales momentum, the Group actively participated in prominent automotive exhibitions and events during the first half of 2025. Key engagements included:

Rencontres Flotauto Paris (February 2025): Participation in this leading fleet management event enabled the Group to showcase its latest EV models to a diverse audience of corporate and public fleet managers across Europe. Extensive media coverage through over 250 outlets amplified the Group’s visibility and bolstered its market promotion efforts.

Lamborghini Super Trofeo Asia Series (July 2025): As part of its commitment to high-performance electric mobility, the Group engaged in this prestigious motorsport event in South Korea. This high-profile platform further elevated the brand’s automotive and racing community presence and facilitated influential industry networking.

Beyond these events, the Group continues to enhance brand communication through localized Hudson brand websites, local event participation, social media campaigns on platforms such as YouTube, TikTok, and LinkedIn, as well as targeted local media publicity.

Financial Investments and Services

The Group holds a valid money lender license and successfully renew the license in January 2025. 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 30 June 2025 and 31 December 2024, the Group did not have any outstanding secured loan lent to customers.

Life Sciences Investment section

In the first half of 2025, the CBL continued to achieve great results in both expanding the China and overseas markets, signing a total of 17 contracts and providing over 60 proposals to prospects. As of the end of June 2025, CBL recorded a pre-commercial contract backlog of USD112 million, representing a 61% increase compared to that of June 2024.

In the first half of 2025, CBL successfully completed three commercial-scale performance qualification runs for its second commercial product and produced five batches of commercial-scale production for its first commercial product.

For the overseas market, CBL successfully passed a major audit for its first European late-clinical-stage project in June 2025. This achievement positions the company to capture a larger share of the high-margin, large-scale overseas late-clinical to commercial-stage market segment.

In addition, CBL established the European Innovation Hub in Basel, Switzerland. The Hub serves as an early-stage R&D center, attracting more European clients to partner with CBL and creating synergies with the large-scale facility in Wuhan.

CBL also launched the Chime Innovation Alliance in collaboration with its key supplier partner, offering one-stop-shop biological drug development and manufacturing solutions for global clients.

Anticipating increased demand for commercial-scale capacity, CBL management accelerated the GMP-2 expansion project. The new GMP-2 facility will provide up to twice the current commercial production capacity of GMP-1 and is expected to commence operations in the first half of 2026.

OUTLOOK

Building on the progress made in the first half of 2025, the Group remains committed to sustainable growth and leadership in the European EV market. While economic uncertainties and geopolitical tensions may pose challenges, management remains cautious and will work to optimize the financial position, manage costs carefully, and improve operational efficiency. With prudent capital management and ongoing strategic efforts, the Group aims to navigate the market environment responsibly and seek opportunities for sustainable development.

INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 June 2025 (2024: 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 six months ended 30 June 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the six months ended 30 June 2025, except Code Provision C.2.1 of the CG Code.

CG 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 of the Company. Mr. CHONG Tin Lung Benny 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. 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 date of the announcement who offer advices and views from different perspectives. Moreover, the audit committee under the Board (the “**Audit Committee**”) has been 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.

Save as disclosed above and those disclosed in the corporate governance report in the 2024 annual report of the Company, none of the Directors is aware of any information which would reasonably indicate that the Company has not complied with the code provisions as set out in the CG Code during the reporting period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers set out in Appendix C3 of the Listing Rules (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, the Directors confirmed in writing that they have complied with the standards set out in the Model Code throughout the six months ended 30 June 2025.

AUDIT COMMITTEE

The members of the Audit Committee comprise Mr. KONG Kai Chuen Frankie, Mr. TO Chun Wai and Dr. SHAM Chung Ping Alain, all of whom are independent non-executive Directors. Mr. KONG Kai Chuen Frankie is the chairman of the Audit Committee.

The principal duties of the Audit Committee should be to make recommendations to the Board on the appointment, re-appointment and removal of the external auditors and their remuneration for audit and non-audit services; to review the effectiveness of the audit process in accordance with applicable standards; to review changes in accounting policies and practices; to review the fairness and reasonableness of any connected transaction; to review the cash flow position of the Group; and to review the dividend policy, internal control and risk management systems of the Group and to provide advices and comments to the Board.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2025 have not been audited but have been reviewed by Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants, the Company’s auditor. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company's website (<http://www.autoitalia.com.hk>) respectively. The interim report of the Company for the six months ended 30 June 2025 will be published on the websites of the Stock Exchange and the Company, respectively, in due course, and will be dispatched to the shareholders of the Company by the means of receipt of communications they selected.

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

Hong Kong, 29 August 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, all of whom are 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, all of whom are independent non-executive Directors.