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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 2021

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 2021, together with the comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	NOTES	Continuing operations		Discontinued operation		Total	
		2021 HK\$'000	2020 HK\$'000 (restated)	2021 HK\$'000	2020 HK\$'000 (restated)	2021 HK\$'000	2020 HK\$'000
Revenue from goods and services	3	-	-	54,648	120,861	54,648	120,861
Rental income		23,337	1,888	-	-	23,337	1,888
Interest income from loan receivables		1,352	3,152	-	-	1,352	3,152
Total revenue		24,689	5,040	54,648	120,861	79,337	125,901
Cost of sales and services		(4,453)	-	(45,723)	(83,467)	(50,176)	(83,467)
Gross profit		20,236	5,040	8,925	37,394	29,161	42,434
Other income		186	-	2,323	13,275	2,509	13,275
Other gains and losses	5	3,498	(1,870)	3,537	(2,086)	7,035	(3,956)
(Impairment losses) reversal of impairment losses on							
- goodwill		-	-	-	(2,480)	-	(2,480)
- trade and other receivables and loan receivables under expected credit loss (“ECL”) model, net		11	158	22	(230)	33	(72)
Selling and distribution costs		-	-	(8,319)	(56,865)	(8,319)	(56,865)
Administrative expenses		(6,026)	(35,323)	(12,939)	(26,277)	(18,965)	(61,600)
Other expense		(4,828)	-	-	-	(4,828)	-
Finance costs	6	(11,233)	(11,965)	(298)	(1,673)	(11,531)	(13,638)
Share of result of an associate accounted for using equity method		768	(7,796)	-	-	768	(7,796)
Profit/(loss) before taxation		2,612	(51,756)	(6,749)	(38,942)	(4,137)	(90,698)
Taxation	7	(2,139)	11	(6)	1,642	(2,145)	1,653
Profit/(loss) for the year	8	473	(51,745)	(6,755)	(37,300)	(6,282)	(89,045)

* For identification purpose only

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

For the year ended 31 December 2021

		Total	
	<i>NOTE</i>	2021	2020
		HK\$'000	HK\$'000
Loss for the year attributable to owners of the Company			
– from continuing operations		(385)	(51,745)
– from discontinued operation		<u>(6,755)</u>	<u>(37,300)</u>
		(7,140)	(89,045)
Profit for the year attributable to non-controlling interests			
– from continuing operations		<u>858</u>	<u>–</u>
Loss for the year		<u>(6,282)</u>	<u>(89,045)</u>
Loss per share (from continuing and discontinued operations)			
– Basic	9	(HK0.13 cents)	(HK1.70 cents)
– Diluted	9	<u>(HK0.13 cents)</u>	<u>(HK1.70 cents)</u>
Loss per share (from continuing operations)			
– Basic	9	(HK0.01 cents)	(HK0.99 cents)
– Diluted	9	<u>(HK0.01 cents)</u>	<u>(HK0.99 cents)</u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year	<u>(6,282)</u>	<u>(89,045)</u>
Other comprehensive (expense) income		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(2,464)</u>	<u>1,178</u>
Other comprehensive (expense) income for the year	<u>(2,464)</u>	<u>1,178</u>
Total comprehensive expense for the year	<u>(8,746)</u>	<u>(87,867)</u>
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	<u>(9,509)</u>	<u>(87,867)</u>
Non-controlling interests	<u>763</u>	<u>–</u>
	<u>(8,746)</u>	<u>(87,867)</u>
Total comprehensive expense for the year attributable to owners of the Company:		
– from continuing operations	<u>(2,754)</u>	<u>(51,272)</u>
– from discontinued operation	<u>(6,755)</u>	<u>(36,595)</u>
	<u>(9,509)</u>	<u>(87,867)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	NOTES	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Investment properties	10	579,155	55,200
Property, plant and equipment		2,684	1,903
Interest in an associate accounted for using equity method		–	56,285
Investment of an associate measured at fair value through profit or loss (“FVTPL”)		249,507	248,080
Other financial asset at FVTPL		14,703	–
Rent and other receivables	11	12,948	791
		<u>858,997</u>	<u>362,259</u>
Current assets			
Inventories		1,492	61,220
Trade, rent and other receivables	11	2,551	16,502
Loan receivables	12	–	21,599
Tax recoverable		–	636
Pledged bank deposits		–	20,000
Bank balances and cash		39,271	52,512
		<u>43,314</u>	<u>172,469</u>
Current liabilities			
Trade and other payables	13	16,705	22,807
Contract liabilities		–	18,750
Tax payable		38	–
Other borrowings	14	–	10,329
Corporate bonds	15	–	62,482
Lease liabilities		–	16,274
		<u>16,743</u>	<u>130,642</u>
Net current assets		<u>26,571</u>	<u>41,827</u>
Total assets less current liabilities		<u><u>885,568</u></u>	<u><u>404,086</u></u>

	<i>NOTES</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Capital and reserves			
Share capital		105,850	105,476
Reserves		285,812	297,558
		<hr/>	<hr/>
Equity attributable to owners of the Company		391,662	403,034
Non-controlling interests		103,390	–
		<hr/>	<hr/>
Total equity		495,052	403,034
		<hr/>	<hr/>
Non-current liabilities			
Other borrowings	<i>14</i>	334,529	–
Loan from a non-controlling member of a subsidiary	<i>16</i>	9,205	–
Promissory note	<i>17</i>	44,500	–
Deferred taxation		2,282	510
Lease liabilities		–	542
		<hr/>	<hr/>
		390,516	1,052
		<hr/>	<hr/>
		885,568	404,086
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

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

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

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

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

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 annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group has early applied the Amendment to HKFRS 16 “COVID-19-Related Rent Concessions” beyond 30 June 2021.

The Group applied the agenda decision of the IFRS Interpretations Committee (the “**Committee**”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

2.1 Impacts on early application of Amendment to HKFRS 16 Covid-19- Related Rent Concessions beyond 30 June 2021

The Group has early applied the amendment in the current year. The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 Leases (“**HKFRS 16**”) by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The application of this amendment has had no material impact on the Group’s financial positions and performance for the current and prior years since the Group has no rent concessions beyond 30 June 2021.

2.2 Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group’s accounting policy prior to the Committee’s agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee’s agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee’s agenda decision has had no material impact on the Group’s financial positions and performance.

3. REVENUE

Disaggregation of revenue from contracts with customers

Discontinued operation

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Types of goods and services		
Trading of cars and related accessories	42,356	70,142
Provision of after sales and pre-delivery inspection services	12,292	50,719
	<hr/>	<hr/>
Total	54,648	120,861
	<hr/>	<hr/>
Geographical markets		
Hong Kong and Macau	54,648	120,213
Mainland China	–	648
	<hr/>	<hr/>
Total	54,648	120,861
	<hr/>	<hr/>
Timing of revenue recognition		
A point of time	42,356	70,142
Overtime	12,292	50,719
	<hr/>	<hr/>
Total	54,648	120,861
	<hr/> <hr/>	<hr/> <hr/>

4. SEGMENT INFORMATION

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

An operating segment regarding the cars business was discontinued in the current year. The segment revenue and results reported on the next pages does not include any amounts for this discontinued operation. The comparative figures in this note have been restated to conform with the current period’s presentation.

During the year ended 31 December 2021, the Group has two operating segments under HKFRS 8 Operating Segments which are as follows:

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

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

Segment revenue and results

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

For the year ended 31 December 2021

Continuing operations

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

For the year ended 31 December 2020 (restated)

Continuing operations

	Financial investments and services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE			
Group's revenue	<u>3,152</u>	<u>1,888</u>	<u>5,040</u>
SEGMENT RESULTS			
Segment loss	<u>(862)</u>	<u>(237)</u>	<u>(1,099)</u>
Share of result of an associate accounted for using equity method			(7,796)
Fair value loss on investment of an associate measured at FVTPL			(720)
Share-based payments			(23,998)
Unallocated corporate expenses			(6,178)
Finance costs			<u>(11,965)</u>
Loss before taxation			<u><u>(51,756)</u></u>

Segment assets and liabilities

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

At 31 December 2021

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

At 31 December 2020 (restated)

	Financial investments and services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets			
Segment assets	<u>22,008</u>	<u>55,303</u>	77,311
Assets relating to discontinued operation			<u>79,181</u>
Total segment assets			156,492
Bank balances and cash			52,512
Interest in an associate accounted for using equity method			56,285
Investment of an associate measured at FVTPL			248,080
Pledged bank deposits			20,000
Tax recoverable			636
Unallocated corporate assets			<u>723</u>
Consolidated assets			<u><u>534,728</u></u>
Liabilities			
Segment liabilities	<u>136</u>	<u>727</u>	863
Liabilities relating to discontinued operation			<u>55,921</u>
Total segment liabilities			56,784
Other borrowings			10,329
Corporate bonds			62,482
Deferred taxation			510
Unallocated corporate liabilities			<u>1,589</u>
Consolidated liabilities			<u><u>131,694</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, interest in an associate accounted for using equity method, investment of an associate measured at FVTPL, other financial asset measured at FVTPL, bank balances and cash and pledged bank deposits;
- all liabilities are allocated to operating segment other than unallocated corporate liabilities, deferred taxation, tax payable, corporate bonds, promissory note and other borrowings.

5. OTHER GAINS AND LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
Continuing operations		
Net foreign exchange gain	15	150
Fair value gain (loss) on investment of an associate measured at FVTPL	1,427	(720)
Fair value gain on other financial asset at FVTPL	818	–
Fair value gain (loss) on investment properties	1,238	(1,300)
	<u>3,498</u>	<u>(1,870)</u>

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
Continuing operations		
Interests on bank and other borrowings	5,903	19
Interests on corporate bonds	1,775	11,946
Interests on promissory note	2,885	–
Interests on loan from a non-controlling member of a subsidiary	670	–
	<u>11,233</u>	<u>11,965</u>

7. TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
Continuing operations		
Current tax		
Hong Kong	162	92
Other jurisdictions	215	–
	<u>377</u>	<u>92</u>
Overprovision in prior years		
Hong Kong	(10)	(103)
Deferred taxation	1,772	–
	<u>2,139</u>	<u>(11)</u>

8. PROFIT (LOSS) FOR THE YEAR

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (restated)
Continuing operations		
Profit (loss) for the year has been arrived at after charging:		
Auditor's remuneration	315	345
Staff costs:		
Directors' emoluments	(6,301)	23,753
Share-based payments	4,285	3,275
	(2,016)	27,028
Rental income from investment properties	23,337	1,888
Less: direct operating expenses	(4,453)	–
	<u>18,884</u>	<u>1,888</u>
Depreciation of property, plant and equipment	484	–

9. LOSS PER SHARE

From continuing operations

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

Loss figures are calculated as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company (from continuing and discontinued operations)	(7,140)	(89,045)
Less: Loss for the year from discontinued operation	<u>6,755</u>	<u>37,300</u>
Loss for the purpose of basic and diluted loss per share from continuing operations	<u>(385)</u>	<u>(51,745)</u>
	2021 Number of share	2020 Number of share
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>5,291,849,363</u>	<u>5,230,366,372</u>

For the year ended 31 December 2021 and 2020, the computation of diluted loss per share from continuing operations do not assume the exercise of the Company's share options because the assumed exercise would result in a decrease in loss per share.

From continuing and discontinued operations

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

Loss figures are as follow:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the purpose of basic and diluted loss per share	<u>(7,140)</u>	<u>(89,045)</u>

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

For the year ended 31 December 2021 and 2020, the computation of diluted loss per share from continuing and discontinued operations does not assume the exercise of the Company's share options because the assumed exercise would result in a decrease in loss per share.

10. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
At 1 January 2020	56,500
Fair value loss	<u>(1,300)</u>
At 31 December 2020	55,200
Acquired through acquisition of a subsidiary	531,168
Fair value gain	1,238
Exchange adjustments	<u>(8,451)</u>
At 31 December 2021	<u><u>579,155</u></u>

11. TRADE, RENT AND OTHER RECEIVABLES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rent receivables	14,827	–
Trade receivables from contract with customers	–	4,423
Less: Allowance for ECL	<u>–</u>	<u>(22)</u>
	14,827	4,401
Utility and rental deposits	123	6,975
Prepayments and other receivables	549	5,508
Interest receivables	<u>–</u>	<u>409</u>
	15,499	17,293
Less: Amount due more than one year shown under non-current assets	<u>(12,948)</u>	<u>(791)</u>
Amount shown under current assets	<u><u>2,551</u></u>	<u><u>16,502</u></u>

The Group allows its trade customers an average credit period of 90 days. No credit period is granted to tenants of rental of premises. The following is an aged analysis of trade receivables from contract with customers net of allowance for ECL presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	–	3,311
31 to 60 days	–	546
61 to 90 days	–	42
91 days to 1 year	–	502
	<u>–</u>	<u>4,401</u>

12. LOAN RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Fixed-rate loans	–	21,610
Less: Allowance for ECL	–	(11)
	<u>–</u>	<u>21,599</u>

13. 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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	–	15,286
31 to 60 days	–	265
61 to 90 days	–	1
91 days to 1 year	–	8
Over 1 year	10	–
	<u>10</u>	<u>15,560</u>
Trade payables	10	15,560
Advance payments from customers	236	388
Accrued charges	2,903	4,366
Receipt in advance for rental income	5,114	–
Other payables	8,442	2,493
	<u>16,705</u>	<u>22,807</u>

14. OTHER BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trust receipt loans	–	1,143
Other borrowings	<u>334,529</u>	<u>9,186</u>
Secured	<u><u>334,529</u></u>	<u><u>10,329</u></u>
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Carrying amount repayable:		
On demand or within one year	–	10,329
Within a period of more than one year but not exceeding two years	<u>334,529</u>	–
Less: Amounts due within one year shown under current liabilities	<u>–</u>	<u>(10,329)</u>
Amounts shown under non-current liabilities	<u><u>334,529</u></u>	<u><u>–</u></u>

15. CORPORATE BONDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Corporate bonds	<u>–</u>	<u>62,482</u>
Unsecured	<u>–</u>	<u>62,482</u>
Carrying amount repayable:		
On demand or with one year	<u><u>–</u></u>	<u><u>62,482</u></u>

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

Through the acquisition of Dakota RE II, a loan from a non-controlling member of a subsidiary increased by HK\$8,681,000. The unsecured loan will mature in May 2023 or after full repayment of the other borrowing, related to the financing of the acquisition of Dakota RE II in Scotland, whichever earlier, and carries interest at 10% per annum.

17. PROMISSORY NOTE

On 25 March 2021, the Group issued unsecured promissory note amounting to HK\$53,500,000 in Hong Kong to acquire additional equity interest of 27.49% in Dakota RE II. The unsecured promissory note has maturity of three years until March 2024 and carries interest at 8% per annum. The Group may redeem all or part of the promissory note at any time to the maturity date at 100% of the face value of the promissory note. During the year ended 31 December 2021, the Group early repaid principal of HK\$9,000,000.

18. DIVIDEND

No dividend was paid or proposed for ordinary shares of the Company during the year ended 31 December 2021 (2020: Nil), nor has any dividend been proposed since the end of the reporting period (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Property Investment Division

For the investment in Capella Building (“**Capella**”), an office building in Glasgow, Scotland, the Group increased the equity interest in Dakota RE II Limited (“**Dakota**”) which indirectly holds 92.75% interest in the registered owner of Capella to 54.98% (2020: 27.49%) on 25 March 2021, by further investment of HK\$53.5 million through issuance of promissory note. After such acquisition, Dakota became a subsidiary of the Group.

For the year ended 31 December 2021, the Property Investment Division recorded a rental income of HK\$23.3 million for leasing the properties of the Group to third parties in Hong Kong and Scotland (2020: HK\$1.9 million). The increase of HK\$21.4 million rental income was mainly contributed by recognition of income derived from Capella after Dakota became a subsidiary of the Group during the year ended 31 December 2021.

Financial Investments and Services Division

As at 31 December 2021, the loan receivables narrowed to nil from HK\$21.6 million in 2020. Hence, the revenue of Financial Investments and Services Division for the year ended 31 December 2021 decreased to HK\$1.4 million (2020: HK\$3.2 million), representing a decrease of HK\$1.8 million.

Car Division

For the year ended 31 December 2021, the Car Division’s revenue decreased by 54.8% to HK\$54.6 million (2020: HK\$120.9 million). The business is treated as discontinued operation during the year ended 31 December 2021.

Cost of Sales and Gross Profit

For the year ended 31 December 2021, gross profit decreased by HK\$13.2 million to HK\$29.2 million (2020: HK\$42.4 million). The decrease is mainly due to the adverse impact caused by the COVID-19 pandemic and close down of Maserati Dealership Business in April 2021.

Gross profit margin increased 3.1 percentage points to 36.8% (2020: 33.7%). The increase is mainly contributed by higher gross margin of Property Investment Division of 81.0%, which was mainly derived from Capella after Dakota became a subsidiary of the Group during the year ended 31 December 2021.

Other Income

For the year ended 31 December 2021, other income amounted to HK\$2.5 million (2020: HK\$13.3 million). The net decrease of HK\$10.8 million was mainly caused by decrease in commission income by HK\$2.4 million to HK\$1.6 million (2020: HK\$4.0 million) and non-recurrence of handling fee of HK\$1.2 million, forfeit deposit income of HK\$1.1 million and government subsidy of HK\$4.2 million.

Other Gains and Losses and Impairment Losses, Net

Other gains and losses amounted to a net gain of HK\$7.0 million (2020: net loss of HK\$4.0 million) which mainly represented net fair value gain of investment properties of HK\$1.2 million (2020: loss of HK\$1.3 million), gain on lease modification of HK\$3.4 million (2020: Nil), fair value gain on investment of an associate measured at FVTPL of HK\$1.4 million (2020: loss of HK\$0.7 million), fair valuation gain on other financial asset at FVTPL of HK\$0.8 million (2020: Nil) and gain on disposal of property, plant and equipment of HK\$0.4 million (2020: loss of HK\$2.0 million).

For the year ended 31 December 2021, there is no impairment loss in respect of right-of-use assets (2020: HK\$16.2 million), goodwill (2020: HK\$2.5 million), and property, plant and equipment (2020: HK\$0.5 million).

Selling and Distribution Costs and Administrative Expenses

Selling and distribution costs and administrative expenses in 2021 aggregated to HK\$27.3 million (2020: HK\$118.5 million), which accounted for 34.4% (2020: 94.1%) of revenue. The net decrease of HK\$91.2 million was mainly due to decrease in depreciation of right-of-use assets, depreciation of property, plant and equipment resulting from written off of right-of-use assets and property, plant and equipment of Car Division in 2020, reduced staff related cost and share-based payment, caused by our cost optimization and restructuring plan, upon acceptance of termination notice of the Maserati dealership during the year ended 31 December 2021.

Finance Costs

Finance costs in 2021 were decreased to HK\$11.5 million (2020: HK\$13.6 million) which was mainly contributed by reduced bond interest expense by HK\$10.1 million to HK\$1.8 million (2020: HK\$11.9 million) since the bond principal decreased from HK\$60 million as at 31 December 2020 to nil as at 31 December 2021, partially offset by increase in interest expense of HK\$6.6 million (2020: Nil) incurred by the registered owner of Capella which has become a subsidiary of the Group during the year ended 31 December 2021 and interest of promissory note of HK\$2.9 million (2020: Nil).

Life Science Investment

For the year ended 31 December 2021, CBL generated unaudited consolidated revenue of US\$21.5 million (2020: US\$14.7 million) and recorded unaudited consolidated operating losses of US\$14.6 million (2020: US\$7.8 million). At 31 December 2021, the fair value of this investment is HK\$249.5 million and represents around approximately 27.7% of the total assets of the Group. The Group presently intends to hold such investment as long-term investment.

Loss Attributable to Shareholders

Loss attributable to shareholders of the Company for the year was HK\$7.1 million (2020: loss of HK\$89.0 million). The decrease in loss was mainly contributed by decrease in impairment loss of right-of-use assets, goodwill and property, plant and equipment for the Car Division, decrease in expenses, such as staff related cost, due to our cost optimization and reversal of share-based payment and increase in net fair value gain on investment properties.

Liquidity and Financial Resources

Cash Flow

During the year ended 31 December 2021, the Group financed its operations and investments through cash generated from the Group's operations, as well as issuance of promissory note. We have made a net repayment (principal and interests) of bank borrowings of HK\$10.4 million, corporate bonds of HK\$64.3 million, promissory notes of HK\$11.9 million and other borrowings of HK\$5.8 million.

Cash and Cash Equivalents

As at 31 December 2021, the Group had cash and cash equivalents (including pledged bank deposits) of HK\$39.3 million as compared with HK\$72.5 million as at 31 December 2020, which were denominated in Pound Sterling (as to 70%), Hong Kong dollars (as to 26%) and Renminbi (as to 4%).

Bank and Other Borrowings and Corporate Bonds

As at 31 December 2021, the Group had bank and other borrowings, loan from a non-controlling member of a subsidiary, corporate bonds and promissory note totalling HK\$388.2 million (2020: HK\$72.8 million), all were repayable more than one year (2020: all were repayable within one year). The Group debt to equity ratio for the year ended 31 December 2021 increased to 78.4% from 18.1% for the year ended 31 December 2020 based on the total of bank and other borrowings loan from a non-controlling member of a subsidiary, corporate bonds and promissory note of HK\$388.2 million (2020: HK\$72.8 million) and total equity of HK\$495.1 million (2020: HK\$403.0 million).

The increase is mainly caused by other borrowings under the registered owner of Capella which has become a subsidiary of the Group during the year ended 31 December 2021.

The promissory note have maturity of 3 years and carry interest at 8% per annum. For the year ended 31 December 2021, the Group incurred interest expense of HK\$2.9 million and repaid principal and interest of HK\$11.9 million, the remaining promissory note balance as at 31 December 2021 is HK\$44.5 million.

The other borrowings and loan from a non-controlling member of a subsidiary have maturity in May 2023 and carry interest at 2.3% and 10% per annum respectively. For the year ended 31 December 2021, the Group incurred interest expense of HK\$5.9 million and HK\$0.7 million and repaid interest of HK\$5.8 million and nil, respectively. The remaining loan balance as at 31 December 2021 are HK\$334.5 million and HK\$9.2 million respectively.

Loan Receivables

During the year, the Group had engaged in financial investment and services business, which included the provision of loan financing. As at 31 December 2021, the Group did not have any outstanding secured loans lent to customers (31 December 2020: HK\$21.6 million).

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\$3.0 million was recorded during the year (2020: positive exchange difference of approximately HK\$0.5 million).

Pledge of Assets

As at 31 December 2021, certain of the Group's property totaling HK\$517.2 million (2020: bank deposits and inventories totaling HK\$40.4 million) were pledged as securities for relevant borrowings.

CAPITAL EXPENDITURES, COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2021 and 31 December 2020, the Group had no capital commitment and no significant contingent liabilities.

EVENT AFTER THE REPORTING PERIOD

On 26 November 2021, the Group entered into an agreement with VMS Holdings Limited in relation to the acquisition of the entire issued share capital of VMS Auto Italia Fin Services Holdings Limited, details of which are set out under the section headed “Material Acquisitions” below. The acquisition constituted a very substantial acquisition and a reverse takeover for the Company under Chapter 14 of the Listing Rules, and the completion of the acquisition has yet to take place subject to the satisfaction or (as the case may be) waiver of a number of condition precedents.

As mentioned in the Company’s announcements dated 17 December 2021, 14 January 2022, 14 February 2022 and 14 March 2022 respectively, the Company is in the course of preparing the new listing application in relation to the reverse takeover. In view of the preparatory works in progress and subject to factors including but not limited to the development of the COVID-19 outbreak and any due diligence issues identified during the process, the Company currently expects to submit the new listing application, and the first proof of the draft circular in relation to, among other things, the very substantial acquisition and the reverse takeover to the Stock Exchange in April 2022.

Save as disclosed above, there are no significant events subsequent to the end of the Reporting Period.

HUMAN RESOURCES AND CHARITY

As at 31 December 2021, the Group employed a total of 7 employees in Hong Kong. The Group believes that employees are all pivotal to our development and representing the most valuable asset for supporting our sustainable business growth. Total remuneration expenses in 2021 amounted to HK\$12.3 million (2020: HK\$52.7 million), which comprised fixed compensation such as basic salaries and allowances; variable incentives such as commission, 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 due to our cost optimization and net reversal of the share-based payment of HK\$3.6 million recognised (2020: expense of HK\$24 million).

Due to the continued spread of the COVID-19 pandemic during 2021, we have highly maintained various pandemic control measures to ensure our employees and customers can stay safe, such as sanitize regularly touchpoints at offices and common areas, mandatory wearing masks and maintain social distancing, allow work from homes and staggered lunch hours, etc.

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

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

LITIGATION

On 31 December 2020, the Group commenced legal proceedings against Maserati as defendant, for wrongful purported termination of dealership agreement in reliance on a purported “Importership and Distributorship Agreement” allegedly signed on 1 October 2018 (the “**Proceedings**”).

As announced on 16 April 2021, having considered (i) the substantial time and costs to be involved in pursuing the Proceedings and the associated litigation risk; (ii) the increasingly challenging business environment which has been adversely affecting the Maserati car dealership business (the “**Dealership Business**”); and (iii) the unsatisfactory performance of the Dealership Business in recent years, the Board came to the decision that the Group had no option but to accept the termination notice of the Maserati dealership notified by Maserati on 28 October 2020 (the “**Acceptance of Termination**”), with a view to reallocating and focusing its resources to develop the Group’s other principal businesses, namely financial investments and services, life sciences investment and property investment. The Dealership Business was terminated on 26 April 2021. As at the date of this announcement, pursuant to negotiations between Maserati and the Group, the disputes have been settled and resolved out of court and the Group will not be proceeding with the litigation.

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 property in Hong Kong, the Group managed to extend the lease for an additional 2 years with the tenant commencing on 1 June 2021 and expiring on 31 May 2023 with an 8% increase in rent despite the challenging economic environment.

Subsequent to our further investment of approximately HK\$53.5 million in March 2021, the Group currently holds 54.98% equity interest in Dakota Capella LLP, which in turn holds 92.75% interest in Capella, an office building located at 60 York Street, Glasgow, G2 8JX, United Kingdom. As the Group is now a controlling shareholder of the investment property, the financial results will be consolidated into the financial results of the Group.

As at 31 December 2021, approximately 93% of the total net internal area of Capella is subject to various tenancy agreements at a total rental of approximately GBP2.9 million per annum with the latest expiry date in February 2030 and a weighted average unexpired lease term to expiry of 6.28 years.

Financial Investments and Services

As a result of the COVID-19 pandemic outbreak which has impacted the global economic outlook, the US Federal Reserve continued the adoption of easing policy and market interest rates stayed low with adverse impact on investment return of interest-bearing assets. The financial market became more volatile amidst the pandemic situation and elevated Sino-US political and trade disputes.

Faced with the aforementioned challenging operating environment, the Group has continued to adopt a prudent and cautious approach to balance the return and risk of the financing activities. During the year, the Financial Investments and Services Division recorded a revenue of HK\$1.4 million (2020: HK\$3.2 million). As at 31 December 2021, the Group did not have any outstanding secured loan lent to customer.

Life Sciences Investment

In February 2021, CBL, an associate company of the Group, entered into a convertible bond purchase agreement with VMS Group and Fidelity International (collectively, the “**CB Investors**”) in relation to the proposed issuance of certain convertible bonds by CBL to the CB Investors. To the best of the knowledge of the Directors, the ultimate beneficial owner of VMS Group is Ms Mak Siu Hang Viola, who is a substantial shareholder of the Company. On 19 March 2021, CBL issued the first tranche of convertible bonds due 2024 to the CB Investors in the aggregate principal amount of US\$105 million. On 23 September 2021, CBL issued the second tranche of convertible bond due 2024 to VMS Group in the aggregate principal amount of US\$65 million. The proceeds of the convertible bonds will be mainly used for the expansion of Good Manufacturing Practices (“**GMP**”) manufacturing capacity from 9,000 litres to over 24,000 litres at the operating site of the CBL in Wuhan’s BioLake Biotech Industry Development Zone. The new second GMP facility (GMP-2) will include expanded drug substance capacity with 8 x 2000 litres GMP mammalian cell culture production lines. In addition, lyophilization and prefilled syringes (“**PFS**”) fill & finish drug product lines will add to CBL’s integrated manufacturing capability. The expanded capacity and capability will increase flexibility to scale between early-stage and late-stage production.

In May 2021, CBL announced that they have been selected by Humanigen, Inc. (Nasdaq: HGEN), a clinical-stage biopharmaceutical company in the United States, as a manufacturing partner for ex-US supply of lenzilumab. Currently, lenzilumab is being evaluated by US Food and Drug Administration and United Kingdom’s Medicines and Healthcare Products Regulatory Agency for the treatment of patients hospitalized with COVID-19.

In August 2021, CBL announced the construction of GMP-2 facility and expected to be ready for GMP manufacturing at the end of 2022. The protein science and formulation platforms are also upgraded and expanded, to better support process development, characterization and qualification, to deliver clinical and commercial projects compliant with global standards on time and within budget.

Based on the investment in CBL, the Group is actively searching for investment targets within the CDMO value chain, including cell line development and chemically defined culture media development.

Maserati

As announced on 16 April 2021, the Board have considered (i) the substantial time and costs to be involved in pursuing the legal proceedings against Maserati for wrongful purported termination of dealership agreement in reliance on a purported “Importership and Distributorship Agreement” allegedly signed on 1 October 2018 and the associated litigation risk; (ii) the increasingly challenging business environment which has been adversely affecting the Dealership Business; and (iii) the unsatisfactory performance of the Dealership Business in recent years, the Board has make a decision that the Group has no option but to accept the Acceptance of Termination, with a view to reallocating and focusing its resources to develop the Group’s other principal businesses, namely financial investments and services, life sciences investment and property investment. The Dealership Business was terminated on 26 April 2021.

During the year, the Maserati business delivered 74 new vehicles to customers (2020: 110) included Levante GranSport, Levante Trofeo, Ghibli, Quattroporte, GranTurismo MC and GranCabrio MC. The Group also provided certain aftersales service for our customers until 26 April 2021 to show our business commitment.

OUTLOOK

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

MATERIAL ACQUISITION

During the Reporting Period, there was an agreement (the “**Agreement**”) entered into by the Group on 26 November 2021, of which the acquisition (the “**Acquisition**”) contemplated thereunder constituted a very substantial acquisition and a reverse takeover for the Company under Chapter 14 of the Listing Rules. Racing Time Limited (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company and VMS Holdings Limited (the “**Vendor**”) entered into the Agreement, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of VMS Auto Italia Fin Services Holdings Limited (the “**Target Company**”) for the consideration of HK\$960 million, which will be settled by way of allotment and issue to the Vendor 6,956,521,739 new Shares (the “**Consideration Shares**”) at the issue price of HK\$0.138 per Consideration Share. The completion of the Acquisition has yet to take place pending the satisfaction or (as the case may be) waiver of a number of condition precedents. Upon completion of the Acquisition, the Company will hold the entire issued share capital of the Target Company through the Purchaser and the Target Company and its subsidiaries will become subsidiaries of the Company.

The Vendor is beneficially owned as to 92% by Ms. MAK Siu Hang Viola, the substantial shareholder of the Company who is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition also constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

For details of the Acquisition, please refer to the announcement of the Company dated 26 November 2021.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil). No interim dividend was paid during the year ended 31 December 2021 (2020: Nil).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

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 2021, except the following deviations:

CG Code Provision A.2.1 (which has been renumbered as CG Code Provision C.2.1 since 1 January 2022)

CG Code Provision A.2.1 of the CG Code (which has been renumbered as CG Code Provision C.2.1 since 1 January 2022) stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr CHONG Tin Lung Benny is the Executive Chairman and the Chief Executive Officer. Mr Chong has extensive experience in corporate management and securities investments and is responsible for the overall corporate strategies, planning and business development of the Group. The Board considers that the vesting of two roles in the same person provides our Group with strong and consistent leadership and facilitates the implementation and execution of our Group's business strategy. 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 four Executive Directors (including Mr CHONG Tin Lung Benny) and three Independent Non-executive Directors who offer advices and views from different perspectives. Moreover, 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.

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 2021, the Directors confirmed that they have complied with the standards set out in the Model Code.

REVIEW OF ANNUAL RESULTS

The members of the Audit Committee comprise Mr KONG Kai Chuen Frankie, Mr LEE Ben Tiong Leong and Mr TO Chun Wai, all of whom are INEDs. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2021 including the accounting principles and practices adopted by the Group, and discussed the risk management, internal control and financial reporting matters during the review.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (“AGM”) will be held on Wednesday, 25 May 2022. For further details of the AGM, please refer to the notice of AGM, which will be dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

In order to determine the identity of the Shareholders who are entitled to attend and vote at the forthcoming AGM, all transfers accompanied by the relevant Share certificates must be lodged with the Company’s Hong Kong share registrar and transfer office, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 18 May 2022. The register of members of the Company will be closed from Thursday, 19 May 2022 to Wednesday, 25 May 2022 (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 2021 as set out in the preliminary announcement have been agreed by the Group’s auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2021. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance 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 2021 will be dispatched to the Shareholders and published on the aforesaid websites in due course.

GLOSSARY OF TERMS

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

“Acceptance of Termination”	the termination notice of the Maserati dealership notified by Maserati on 28 October 2020;
“Acquisition”	the acquisition of the entire issued share capital of the Target Company by the Purchaser from the Vendor pursuant to the terms and the conditions of the Agreement
“Agreement”	the agreement dated 26 November 2021 entered into among the Purchaser and the Vendor in relation to the Acquisition;
“AGM”	the annual general meeting of the Company;
“Associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company;
“Board”	the board of Directors;
“Capella”	the property known as Capella, 60 York Street, Glasgow, G2 8JX, united Kingdom;
“Car Division”	the business segment of the Group in respect of trading cars and related accessories;
“CB Investors”	VMS Group and Fidelity International;
“CBL”	Chime Biologics Limited, a company incorporated in British Virgin Islands with limited liability and which is an associate company of the Company;
“CG Code”	the Corporate Governance Code contained in Appendix 14 of the Listing Rules;

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

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

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

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

Hong Kong, 30 March 2022

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