



AUTO ITALIA

AUTO ITALIA HOLDINGS LIMITED

意達利控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 720



2024

INTERIM REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. CHONG Tin Lung Benny (*Executive Chairman and Chief Executive Officer*)

Mr. LI Shaofeng

Mr. LIN Chun Ho Simon

Independent Non-executive Directors

Mr. KONG Kai Chuen Frankie

Mr. TO Chun Wai

Dr. SHAM Chung Ping Alain

BOARD COMMITTEES

Audit Committee

Mr. KONG Kai Chuen Frankie (*Chairman*)

Mr. TO Chun Wai

Dr. SHAM Chung Ping Alain

Remuneration Committee

Mr. TO Chun Wai (*Chairman*)

Mr. CHONG Tin Lung Benny

Mr. KONG Kai Chuen Frankie

Dr. SHAM Chung Ping Alain

Nomination Committee

Mr. CHONG Tin Lung Benny (*Chairman*)

Mr. KONG Kai Chuen Frankie

Mr. TO Chun Wai

Dr. SHAM Chung Ping Alain

Executive Directors' Committee

Mr. CHONG Tin Lung Benny (*Chairman*)

Mr. LIN Chun Ho Simon

COMPANY SECRETARY

Ms. KWONG Yin Ping Yvonne

AUTHORISED REPRESENTATIVES

Mr. CHONG Tin Lung Benny
Ms. KWONG Yin Ping Yvonne

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Tel: (852) 2365 0269
Fax: (852) 2469 9927
E-mail: info@autoitalia.com.hk

PRINCIPAL BANKER

China CITIC Bank International Limited

LEGAL ADVISORS

As to Hong Kong Law
Sidley Austin LLP

As to Bermuda Law
Ocorian Law (Bermuda) Limited

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Standard Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 720

WEBSITE ADDRESS

www.autoitalia.com.hk

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Auto Italia Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024.

FINANCIAL REVIEW

Revenue

Property Investment Division

During the period ended 30 June 2024, 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 (2023: HK\$14.0 million). The decrease in rental income of HK\$0.8 million was mainly due to a temporary adjustment in leasing revenue in Scotland resulting from the early termination of a lease by one tenant in 2024.

Car Division

During the first half of 2024, the macroeconomic landscape has proven to be challenging, characterised by a slow recovery, negative consumer sentiment, and weakened purchasing power. These factors have presented significant obstacles to the sales performance of luxury cars in the PRC. Given the prevailing economic difficulties, automotive dealers in the PRC have continued to implement widespread discounts and promotional offers in a bid to stimulate sales and address their financial constraints. Consequently, market competition has remained intense throughout the first half of 2024. As a result of these circumstances, the Car Division reported a revenue of HK\$2.4 million (compared to HK\$11.7 million in 2023).

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 2024 and 2023, the Group did not have any outstanding loan lent to customers. Hence, no revenue was recorded.

Management Discussion and Analysis

Cost of Sales and Gross Profit

Gross profit decreased by HK\$1.8 million to HK\$10.7 million (2023: HK\$12.5 million). The decrease was affected by the performance of the Car Division and the Property Investment Division.

As a result of the shift in revenue distribution between the Car Division and the Property Investment Division, our consolidated gross margin increased by 19.9 percentage points, reaching 68.6% for the current reporting period (2023: 48.7%).

Other Income

For the six months ended 30 June 2024, other income amounted to HK\$0.12 million (2023: HK\$0.28 million). The decrease of HK\$0.16 million was mainly caused by reduction of commission income in the Car Division.

Other Gains and Losses

Other gains and losses amounted to a net loss of HK\$62.4 million (2023: net loss of HK\$117.5 million) which mainly represented unrealized fair value loss of investment of an associate of HK\$60.2 million (2023: HK\$96.4 million) measured at fair value through profit or loss and fair value loss of investment properties of HK\$3.0 million (2023: fair value loss of HK\$22.6 million).

Selling and Distribution Costs and Administrative Expenses

Selling and distribution costs and administrative expenses during the period aggregated to HK\$11.7 million (2023: HK\$15.7 million), which accounted for 74.6% (2023: 61.0%) of revenue. The net decrease of HK\$4.0 million was mainly attributed to decrease in staff cost, marketing expense and legal and professional fee.

Finance Costs

Finance costs during the period were increased to HK\$16.5 million (2023: HK\$7.7 million) which was mainly caused by increase in interest on bank and other borrowings by HK\$8.9 million to HK\$14.5 million (2023: HK\$5.6 million).

Life Science Investment

As at 30 June 2024, the Group held 51,847,997 Series A Preferred Shares of Chime Biologics Limited (“CBL”). The principal activity of CBL is provision of biologics contract development and manufacturing services. The Group’s investment cost in CBL was US\$32 million.

For the six months ended 30 June 2024, CBL generated unaudited consolidated revenue of US\$12.0 million (compared to US\$13.1 million in the first half of 2023) and recorded an unaudited consolidated operating loss of US\$4.1 million (compared to a loss of US\$5.2 million in the first half of 2023).

As at 30 June 2024, the fair value of the Group’s investment in CBL was HK\$57.0 million, which represented approximately 10.3% of the Group’s total assets. For the six months ended 30 June 2024, the Group’s investment in CBL recorded an unrealized fair value loss of HK\$60.2 million (2023: HK\$96.4 million) through profit or loss.

The Group intended to hold this investments for long term purpose aiming to generating future gain.

Loss Attributable to Owners of the Company

Loss attributable to owners of the Company for the six months ended 30 June 2024 was HK\$76.9 million (2023: HK\$117.4 million). It was primarily caused by an unrealized fair value loss of investment of an associate of HK\$60.2 million (2023: HK\$96.4 million) measured at fair value through profit or loss and fair value loss of investment properties of HK\$3.0 million (2023: fair value loss of HK\$22.6 million).

Liquidity and Financial Resources

Cash Flow

During the period, the Group financed its operations and investments principally through reserves as well as bank and other borrowings. The Group successfully secured other borrowing of HK\$11 million. Additionally, the Group repaid bank borrowing of HK\$5.8 million.

Management Discussion and Analysis

Bank Balances and Cash

As at 30 June 2024, the Group had bank balances and cash of HK\$20.9 million as compared with HK\$21.4 million as at 31 December 2023, which were mainly denominated in Pound Sterling (as to 94%), Hong Kong dollars (as to 4.7%) and Renminbi (as to 1.4%).

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

As at 30 June 2024, the Group had bank and other borrowings, loan from a non-controlling member of a subsidiary of the Company (which holds 7.25% of the issued share capital of the subsidiary as at the date of this report), loan from a related party and promissory note totaling HK\$402.2 million (31 December 2023: HK\$394.9 million), of which HK\$30.8 million was repayable more than one year. The Group's debt to equity ratio for the six months ended 30 June 2024 increased to 308.4% from 186.9% for the year ended 31 December 2023 based on the total of bank and other borrowings, loan from a non-controlling member of a subsidiary, loan from a related party and promissory note of HK\$402.2 million (31 December 2023: HK\$394.9 million) and total equity of HK\$130.4 million (31 December 2023: HK\$211.3 million).

The increase in debt to equity ratio was mainly due to decrease in total equity caused by an unrealized fair value loss of investment of an associate of HK\$60.2 million measured at fair value through profit or loss and the fair value loss of investment properties of HK\$3.0 million during the period.

The bank borrowing represents a bank loan which was secured by an investment property in Hong Kong and pledged bank deposit which is repayable in instalments over a period of 3 years, with a repayment on demand clause and carry interest at variable market rates of Hong Kong Interbank Offered Rate plus 2% per annum. The bank borrowing balance with accrued interest as at 30 June 2024 are HK\$23.2 million (31 December 2023: HK\$29.7 million).

The loan from a related party is unsecured, interest-free and has maturity in February 2025.

The other borrowing, secured by an investment property in Scotland, and loan from a non-controlling member of a subsidiary have maturity in October 2024 and carry interest at 8.5% and 10% per annum respectively. During the reporting period, the Group incurred interest expense of HK\$10.8 million and HK\$0.5 million and repaid interest of HK\$11.0 million and nil, respectively. The loan balance of the other borrowing and loan from a non-controlling member of a subsidiary as at 30 June 2024 are HK\$255.6 million and HK\$11.0 million, respectively. The remaining balance of the other borrowings, totaling HK\$70.9 million is unsecured, carrying interest at 9% per annum and scheduled to mature in April 2025.

The promissory note has initial maturity of three years and further extended two years until March 2026 and carries interest at 8% per annum. During the reporting period, the Group incurred interest expense of HK\$1.1 million, the remaining promissory note balance as at 30 June 2024 is HK\$30.8 million (31 December 2023: HK\$29.7 million).

Loan Receivables

During the current period of market distress, the Group has continued to adopt a prudent and cautious approach to balance the return and risk of the financing activities. As at 30 June 2024 and 31 December 2023, the Group did not have any outstanding secured loan lent to customers.

Foreign Exchange Exposure

The Group currently does not have a foreign currency hedging policy. The Group manages its foreign exchange exposure by monitoring the matching of the currency of its debt with (i) the collateral assets; and (ii) the debt servicing income derived from its business activities. During the period ended 30 June 2024, loan secured by property in Scotland was denominated in the Pound Sterling and serviced by income from Scotland denominated in the Pound Sterling.

Due to the weakness of the Pound Sterling over the period, a negative exchange difference arising on translation of foreign operations attributable to owners of the Company of approximately HK\$0.8 million was recorded during the period (2023: positive exchange difference of approximately HK\$4 million).

Management Discussion and Analysis

Pledge of Assets

As at 30 June 2024, certain of the Group's bank deposits and properties totaling HK\$438.5 million (31 December 2023: bank deposits and properties totaling HK\$444.3 million) were pledged as security for relevant borrowings.

CAPITAL EXPENDITURES AND COMMITMENTS

As at 30 June 2024 and 31 December 2023, the Group had no capital commitments, all are authorized and contracted for.

CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group had no significant contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the reporting period, there was no material acquisition or disposal of subsidiaries, associates or joint ventures undertaken by the Group.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events after the end of the six months ended 30 June 2024.

HUMAN RESOURCES AND CHARITY

As at 30 June 2024, the Group employed a total of 18 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, 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 (2023: HK\$1.1 million and HK\$12.9 million respectively) from leasing the investment properties. During the period, the Group recorded an unrealized loss on fair value change of investment properties of HK\$3.0 million (2023: fair value loss of HK\$22.6 million).

As at 30 June 2024, approximately 80% of the total net internal area of the office building in Scotland is subject to various tenancy agreements at a total rental of approximately GBP2.7 million per annum with the expiry date in February 2030 at the latest and a weighted average unexpired lease term to expiry of 4.31 years.

Management Discussion and Analysis

Cars

In the first half of 2024, we curated a series of cross-marketing events such as jewelry appreciation, music concerts, and club gatherings. These events were designed not only to facilitate Maserati owners in networking with elites across various industries and enhance brand loyalty but also to identify collaborative sales opportunities with other sectors. Moreover, we actively engaged in Maserati car shows showcasing the latest electric vehicle models. These initiatives successfully captured the interest of numerous potential customers, particularly those residing at a distance from our current showroom locations.

Financial Investments and Services

The Group holds a valid money lender license and successfully renew the license in January 2024. The Group also has adequate infrastructure to support the financial services division such as subscribing to the World-Check database system operated by Reuters to conduct comprehensive background checks of the borrowers and security providers.

To cope with the recent susceptible market sentiments and market volatility, the Group has continued to adopt a prudent and cautious approach to balance the return and risk of the financing activities. As at 30 June 2024 and 31 December 2023, the Group did not have any outstanding secured loan lent to customers.

Life Sciences Investment

In the first half of 2024, CBL continued to make significant business development progress in both the Chinese and overseas markets, despite geopolitical tensions between the U.S. and China. As of June 30, 2024, CBL had a US\$69.5 million current backlog, representing a more than 30% growth from the contract level in first half of 2023. Furthermore, CBL is in late-stage discussions regarding potential contracts with an estimated value of over US\$60 million, including several large contracts from overseas clients.

Management Discussion and Analysis

In the first half of 2024, CBL successfully completed three batches of 2000L scale qualification runs for a major client, paving the way for large commercial orders from the same client in the future. In marketing, CBL actively participated in major trade fairs, such as BIO-Europe Spring, which increased CBL's brand awareness in the European and Asia Pacific regions. Also, during this period, CBL passed multiple audits from overseas clients with high scores, demonstrating CBL's capability to serve the high-margin overseas contract development and manufacturing organisation market segment.

OUTLOOK

Taking into consideration the economic uncertainties owing to the elevated interest rates and geopolitical tensions, the macro environment looks set to remain challenging for the Group. The Group will continue to identify potential business opportunities include but not limited to car related business with the aim of bringing long-term enhancement of value to our shareholders.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

DISCLOSURE OF INTERESTS

Directors' interests and chief executive's interests and short positions in the shares, underlying shares and debentures

At 30 June 2024, the interests and short positions of each Director and chief executive of the Company in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") as recorded in the register required to be kept under Section 352 of the SFO; or are required, pursuant to the Model Code as set out in Appendix C3 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), to be notified to the Company and the Stock Exchange are as follows:

Long positions in the Shares and underlying Shares

Name of Director	Capacity	Nature of Interest	Number of ordinary Shares held	Number of underlying Shares	Total Number of Shares and underlying Shares involved	Approximate percentage of the Company's total issued Shares ^(Note 1)
Mr. CHONG Tin Lung Benny ("Mr. Chong")	Beneficial owner	Personal interest	51,891,000 ^(Note 2)	60,000,000 ^(Note 2)	111,891,000	2.11%
Mr. LIN Chun Ho Simon ("Mr. Lin")	Beneficial owner	Personal interest	2,377,500 ^(Note 3)	30,000,000 ^(Note 3)	32,377,500	0.61%
Mr. LI Shaofeng ("Mr. Li")	Beneficial owner	Personal interest	209,000,000 ^(Note 4)	-	209,000,000	3.75%

Corporate Governance and Other Information

Notes:

1. *The percentage of shareholding is calculated on the basis of the Company's issued share capital of 5,292,515,390 Shares as at 30 June 2024.*
2. *Mr. Chong is beneficially interested in 51,891,000 ordinary Shares and 60,000,000 underlying Shares, representing interests in share options under the share option scheme of the Company, further details of which are set out in the section headed "Share Option Schemes".*
3. *Mr. Lin is beneficially interested in 2,377,500 ordinary Shares and 30,000,000 underlying Shares, representing interests in share options under the share option scheme of the Company, further details of which are set out in the section headed "Share Option Schemes".*
4. *Mr. Li is beneficially interested in 209,000,000 ordinary Shares.*

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Arrangement for Directors to acquire Shares or debentures

Save as disclosed in the section headed "**Share Option Scheme**" of this report, at no time during the six months ended 30 June 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and the Chief Executives (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Corporate Governance and Other Information

Substantial shareholders' interests and short positions in the Shares, underlying Shares and debentures

As at 30 June 2024, so far as is known to the Directors, the persons or corporations (other than the Directors or the chief executives of the Company) who had interests or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in the Shares and underlying Shares

Name of Shareholder(s)	Nature of Interest	Number of Shares	Approximate percentage of the Company's total issued Shares ^(Note 1)
Gustavo International Limited	Beneficial owner	304,725,000 ^(Note 2)	5.76%
Maini Investments Limited	Interest of controlled corporation	304,725,000 ^(Note 2)	5.76%
VMS Investment Group Limited ("VMSIG")	Beneficial owner and interest of controlled corporation	1,519,016,472 ^(Note 2)	28.70%
Ms. MAK Siu Hang Viola	Interest of controlled corporation	1,519,016,472 ^(Note 2)	28.70%

Corporate Governance and Other Information

Notes:

1. *The percentage of shareholding is calculated on the basis of the Company's issued share capital of 5,292,515,390 Shares as at 30 June 2024.*
2. *Gustavo International Limited is beneficially interested in approximately 5.76% of the issued share capital of the Company. Given Gustavo International Limited is wholly-owned by Maini Investments Limited, Maini Investments Limited will be deemed to be interested in approximately 5.76% of the issued share capital of the Company through its controlled corporation, Gustavo International Limited.*

Ms. MAK Siu Hang Viola wholly-owns VMSIG, which directly owns approximately 22.94% of the issued share capital of the Company and indirectly owns approximately 5.76% of the issued share capital of the Company through its wholly-owned subsidiary, Maini Investments Limited. VMSIG is thus interested in a total of approximately 28.70% of the issued share capital of the Company. Ms. MAK Siu Hang Viola is also therefore deemed to be interested in such 28.70% of the issued share capital of the Company.

All interests in Shares and underlying shares of equity derivatives of the Company are long positions. None of the substantial shareholders of the Company held any short positions in the Shares or underlying shares of equity derivatives of the Company.

Save as disclosed above, as at 30 June 2024, the Company had not been notified by any persons or corporations (other than the Directors or the chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

Expired Share Option Scheme

The previous share option scheme (the “**Expired Share Option Scheme**”), which was adopted by the Company on 28 May 2012, expired on 27 May 2022. Save for and except that the rules of the Expired Share Option Scheme remain in full force and effect to the extent necessary to give effect to the exercise of the options granted thereunder prior to its expiry, or otherwise to the extent as may be required in accordance with the rules of the Expired Share Option Scheme. No further options may be granted under the Expired Share Option Scheme upon its expiry.

Under the Expired Share Option Scheme, options were granted to certain Directors and other eligible participants of the Company entitling them to subscribe for shares of HK\$0.02 each in the capital of the Company.

Details of the movements in outstanding share options, which have been granted under the Expired Share Option Scheme, during the six months ended 30 June 2024 are set out below:

Name or category of participants	Date of grant (Note 1)	Exercise price (HK\$)	Exercisable period	As at 1 January 2024	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	As at 30 June 2024
(a) Directors								
Mr. CHONG Tin Lung Benny	07/10/2020	0.1754	27/07/2021 to 26/07/2025 (Note 2)	60,000,000	-	-	-	60,000,000
Mr. LIN Chun Ho Simon	27/07/2020	0.1754	27/07/2021 to 26/07/2025 (Note 2)	30,000,000	-	-	-	30,000,000
(b) Other eligible participants								
Consultants of the Group (the “ Consultants ”) (Note 2)	27/07/2020	0.1754	27/07/2021 to 26/07/2025 (Note 2)	90,700,000	-	-	-	90,700,000
Mr. NG Siu Wai (“ Mr. Ng ”) (Note 4)	07/10/2020	0.1754	27/07/2021 to 26/07/2025 (Note 2)	42,000,000	-	-	-	42,000,000
Total				222,700,000				222,700,000

Corporate Governance and Other Information

Notes:

- (1) The closing prices per Share immediately before 27 July 2020 and 7 October 2020 (the dates on which the share options were granted) were HK\$0.172 and HK\$0.170 respectively.
- (2) Share options granted under the Expired Share Option Scheme on 27 July 2020 and 7 October 2020 shall vest in the grantees in accordance with the timetable below (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a “Vesting Date”):

Vesting Date	Percentage of Share Options to vest
First anniversary of the Date of Offer	40% of the total number of options
Second anniversary of the Date of Offer	30% of the total number of options
Third anniversary of the Date of Offer	30% of the total number of options

- (3) These share options are conditionally granted on 27 July 2020 and approved by the Company’s special general meeting on 7 October 2020. The purpose of these share options is to provide incentives to the Consultants to lead, identify and/or exploit business opportunities in the life science sector as, the Consultants are working in the life science business of the Company without being entitled to any fixed salaries or emoluments. The Company considered that this is in line with the objective of the Company’s share option scheme to provide incentive rewards to, the Consultants for their contribution to the Group and to retain them to make continuous contribution to the Company.
- (4) Mr. Ng resigned as an executive Director of the Company on 27 July 2023. Pursuant to the service agreement entered between the Company and Mr. Ng on 27 July 2020 (the “Agreement”), the share options granted to Mr. Ng under the Expired Share Option Scheme shall not be lapsed if the Company and Mr. Ng do not enter into a new service agreement after the completion of the service in the Agreement. Mr. Ng had completed the service term commencing from 27 July 2020 to 26 July 2023 as stipulated in the Agreement and no new service agreement was being entered by him and the Company. Therefore, the share options held by Mr. Ng were not lapsed upon his resignation and he held 42,000,000 share options as at 30 June 2024.

Save as disclosed above, no share option was granted or exercised or cancelled or lapsed under the Expired Share Option Scheme for the six months ended 30 June 2024.

Corporate Governance and Other Information

New Share Option Scheme

References were made to (i) the circular of the Company dated 22 April 2022 in relation to, among other things, the adoption of the new share option scheme ("**New Share Option Scheme**"), (ii) the poll results announcement of the AGM of the Company dated 25 May 2022, (iii) the announcement of the Company dated 26 November 2021 in relation to the proposed acquisition of VMS Auto Italia Fin Services Holdings Limited by the Company (the "**Acquisition**"), which constitutes a very substantial acquisition, connected transaction and reverse takeover under the Listing Rules, and (iv) the announcement of the Company dated 25 November 2022 regarding the termination of the Acquisition, including the special mandate in relation to the allotment and issuance of consideration shares would not proceed. The New Share Option Scheme is not effective as a certain condition was not fulfilled.

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 2024.

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**") and Corporate Governance Report as set out in Appendix C1 of the Listing Rules throughout the six months ended 30 June 2024, 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.

Corporate Governance and Other Information

Mr. CHONG Tin Lung Benny is the Executive Chairman and the Chief Executive Officer. 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) up to the date of this report and three Independent Non-executive Directors who offer advices and views from different perspectives. Moreover, the audit committee of the Company (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 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 2024.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2023 annual report of the Company are set out below:

Mr. CHONG Tin Lung Benny, an executive Director of the Company, entered into an old service agreement with the Company for three years commencing from 13 June 2021 to 12 June 2024 (both dates inclusive). On 11 June 2024, the Company entered into a new service agreement with Mr. Chong for a term of three years commencing from 13 June 2024 to 12 June 2027 (both dates inclusive), and he is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Memorandum of association and amended and restated bye-laws of the Company (the "**Bye-laws**").

Corporate Governance and Other Information

Mr. LIN Chun Ho Simon, an executive Director of the Company, entered into an old service agreement with the Company for three years commencing from 13 June 2021 to 12 June 2024 (both dates inclusive). On 11 June 2024, the Company entered into a new service agreement with Mr. Lin for a term of three years commencing from 13 June 2024 to 12 June 2027 (both dates inclusive), and he is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

THE BOARD

The Directors who held office during the six months ended 30 June 2024 and up to the date of this report are:

Executive Directors

Mr. CHONG Tin Lung Benny (*Executive Chairman and Chief Executive Officer*)

Mr. LI Shaofeng

Mr. LIN Chun Ho Simon

Independent non-executive Directors

Mr. KONG Kai Chuen Frankie

Mr. TO Chun Wai

Dr. SHAM Chung Ping Alain

BOARD COMMITTEES

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.

Corporate Governance and Other Information

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.

Remuneration Committee

The members of the remuneration committee of the Company (the “**Remuneration 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, and Mr. CHONG Tin Lung Benny, an executive Director. Mr. TO Chun Wai is the chairman of the Remuneration Committee.

The Remuneration Committee has the delegated responsibility to determine the remuneration packages of individual executive Directors and senior management and review the share option scheme and other share schemes (if any) of the Company on annual basis. The Remuneration Committee has also adopted a set of policy and guidelines to govern its administration in reviewing, considering and fixing the remuneration packages and benefits of Directors and senior management of the Group.

Nomination Committee

The members of the nomination committee of the Company (the “**Nomination 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 and Mr. CHONG Tin Lung Benny, an executive Director. Mr. CHONG Tin Lung Benny is the chairman of the Nomination Committee.

The Nomination Committee is primarily responsible for making recommendations to the Board on appointment of directors regarding the qualifications and competency of the candidates.

Corporate Governance and Other Information

Executive Directors' Committee

The members of the executive directors' committee of the Company (the "**Executive Directors' Committee**") comprise Mr. CHONG Tin Lung Benny and Mr. LIN Chun Ho Simon, all of whom are executive Directors. Mr. CHONG Tin Lung Benny is the chairman of the Executive Directors' Committee.

The Executive Directors' Committee is formed for the management of the Company's business. The Board delegated its power to the Executive Directors' Committee to carry on the business of the Company; to negotiate, enter into and sign on behalf of all contracts, tenders, agreements and distributorship; to negotiate with bankers for obtaining banking facilities, to enter into any guarantee, contract of indemnity; and to manage the Company's business activities and investments.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2024 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 2024.

By order of the Board

CHONG Tin Lung Benny

Executive Chairman and Chief Executive Officer

Hong Kong, 29 August 2024

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF AUTO ITALIA HOLDINGS LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Auto Italia Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 27 to 58, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss, condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Report on Review of Condensed Consolidated Financial Statements

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

29 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue from goods and services		2,425	11,731
Rental income		13,243	14,006
Total revenue		15,668	25,737
Cost of sales and services		(4,922)	(13,213)
Gross profit		10,746	12,524
Other income	4	115	282
Other gains and losses	5	(62,438)	(117,482)
Selling and distribution costs		(972)	(2,148)
Administrative expenses		(10,709)	(13,510)
Finance costs	6	(16,494)	(7,691)
Loss before taxation		(79,752)	(128,025)
Taxation	7	139	321
Loss for the period	8	(79,613)	(127,704)

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Loss for the period attributable to:			
– owners of the Company		(76,931)	(117,400)
– non-controlling interests		(2,682)	(10,304)
		(79,613)	(127,704)
Loss per share			
– Basic	9	(HK\$1.45 cents)	(HK2.22 cents)
– Diluted	9	(HK\$1.45 cents)	(HK2.22 cents)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	(79,613)	(127,704)
Other comprehensive (expense) income		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(1,312)	6,166
Other comprehensive (expense) income for the period	(1,312)	6,166
Total comprehensive expense for the period	(80,925)	(121,538)
Total comprehensive expense for the period attributable to:		
– owners of the Company	(77,690)	(113,974)
– non-controlling interests	(3,235)	(7,564)
	(80,925)	(121,538)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Non-current assets			
Investment properties	11	433,167	438,791
Property, plant and equipment	12	4,731	6,588
Right-of-use assets	12	1,509	2,202
Investment of an associate measured at fair value through profit or loss ("FVTPL")	13	56,996	117,122
Trade and other receivables	14	5,959	7,589
		502,362	572,292
Current assets			
Inventories		1,193	1,530
Trade and other receivables	14	8,079	12,404
Other financial asset at FVTPL		15,573	15,308
Tax recoverable		57	87
Pledged bank deposits		5,336	5,545
Bank balances and cash		20,869	21,373
		51,107	56,247
Current liabilities			
Trade and other payables	15	17,109	18,325
Bank and other borrowings	16	349,622	286,554
Loan from a non-controlling member of a subsidiary		11,029	10,577
Loan from a related party	17	10,740	–
Lease liabilities		2,237	2,252
		390,737	317,708
Net current liabilities		(339,630)	(261,461)
Total assets less current liabilities		162,732	310,831

Condensed Consolidated Statement of Financial Position

At 30 June 2024

	Notes	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Capital and reserves			
Share capital	19	105,850	105,850
Reserves		(18,915)	58,775
Equity attributable to owners of the Company			
Non-controlling interests		86,935	164,625
		43,423	46,658
Total equity			
		130,358	211,283
Non-current liabilities			
Bank and other borrowings	16	–	57,079
Loan from a related party	17	–	11,013
Promissory note	18	30,797	29,700
Deferred taxation		1,577	1,756
		32,374	99,548
		162,732	310,831

Approved by the Board of Directors on 29 August 2024 and are signed on its behalf by:

CHONG Tin Lung Benny
DIRECTOR

LIN Chun Ho Simon
DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to the owners of the Company								Non-controlling interests	Total	
	Share capital	Share premium	Capital redemption reserve	Share option reserve	Property revaluation reserve	Translation reserve	Other reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000	HK\$'000 (Note b)	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2024 (audited)	105,850	265,726	2,151	19,362	19,246	(7,319)	166,431	(406,822)	164,625	46,658	211,283
Loss for the period	-	-	-	-	-	-	-	(76,931)	(76,931)	(2,682)	(79,613)
Other comprehensive expense for the period	-	-	-	-	-	(759)	-	-	(759)	(553)	(1,312)
Total comprehensive expense for the period	-	-	-	-	-	(759)	-	(76,931)	(77,690)	(3,235)	(80,925)
At 30 June 2024 (unaudited)	105,850	265,726	2,151	19,362	19,246	(8,078)	166,431	(483,753)	86,935	43,423	130,358
At 1 January 2023 (audited)	105,850	265,726	2,151	25,999	19,246	(13,751)	166,431	(249,587)	322,065	68,861	390,926
Loss for the period	-	-	-	-	-	-	-	(117,400)	(117,400)	(10,304)	(127,704)
Other comprehensive income for the period	-	-	-	-	-	3,426	-	-	3,426	2,740	6,166
Total comprehensive income (expense) for the period	-	-	-	-	-	3,426	-	(117,400)	(113,974)	(7,564)	(121,538)
Arising on acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	11,372	11,372
Recognition of equity settled share-based payments	-	-	-	1,319	-	-	-	-	1,319	-	1,319
Transfer upon lapse of share option	-	-	-	(1,210)	-	-	-	1,210	-	-	-
At 30 June 2023 (unaudited)	105,850	265,726	2,151	26,108	19,246	(10,325)	166,431	(365,777)	209,410	72,669	282,079

Notes:

- The property revaluation reserve represents the change in use of a property from owner-occupied property to investment property in previous years.
- The other reserve of the Group was transferred from the share premium pursuant to the capital re-organisation and the changes in the Group's ownership interest in its subsidiaries in previous years.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Loss before taxation	(79,752)	(128,025)
Adjustments for:		
Depreciation of property, plant and equipment	1,184	1,267
Depreciation of right-of-use assets	656	900
Amortisation of intangible assets	–	374
Fair value loss on investment of an associate measured at FVTPL	60,212	96,400
Fair value gain on other financial asset at FVTPL	(653)	(680)
Fair value loss on investment properties	2,963	22,635
Finance costs	16,494	7,691
Other adjustments	16	1,291
Operating cash flows before movement in working capital	1,120	1,853
Decrease in inventories	304	2,046
Decrease (increase) in trade and other receivables	5,763	(1,376)
Decrease in trade and other payables	(1,151)	(4,032)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	6,036	(1,509)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
INVESTING ACTIVITIES		
Interest received	2	7
Purchase of property, plant and equipment	(24)	(39)
Proceeds from disposal of property, plant and equipment	619	–
Net cash outflows on acquisition of a subsidiary	–	(2,069)
Withdrawal (placement) of pledged bank deposits	209	(495)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	806	(2,596)
FINANCING ACTIVITIES		
Bank and other borrowings raised	11,000	12,000
Advanced from a related party	–	11,604
Repayment of bank and other borrowings	(5,775)	(29,701)
Interest paid on bank and other borrowings	(11,915)	(4,972)
NET CASH USED IN FINANCING ACTIVITIES	(6,690)	(11,069)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	152	(15,174)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	21,373	42,798
Effect of exchange rate changes	(656)	(472)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	20,869	27,152

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 2024, the Group had net current liabilities of HK\$339,630,000 (31 December 2023: HK\$261,461,000). 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 actions are as follows.

The Group will be able to renew the other borrowing of HK\$255,558,000 for a period of one year after its maturity on 18 October 2024 given that the Group has a one-year extension option, subject to the fulfillment of certain conditions (mainly financial ratios) by the Group, with the satisfaction of the existing lender. In view of sufficient headroom of pledged investment property located in Scotland with fair value of HK\$379,537,000 over the borrowing amount, the Directors are of the opinion that the Group will be able to fulfill those conditions and will do partial repayment of the borrowing where necessary, with the satisfaction of the existing lender, and the Directors are confident that the extension of the borrowing will be successful.

The Group has available undrawn committed borrowing facilities amounting to HK\$34,000,000 as at 30 June 2024, in August 2024, the Group and counterparty agreed that the committed borrowing facilities further increased by HK\$30,000,000 to HK\$64,000,000 and the maturity date of other borrowing amounting to HK\$66,000,000 as at 30 June 2024 has been extended to 16 April 2026.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

1. BASIS OF PREPARATION *(Continued)*

The Directors are of the opinion that, taking into account the above-mentioned plans and actions, 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.

1A. SIGNIFICANT EVENT IN THE CURRENT INTERIM PERIOD

During the current interim period, there was a fair value loss on investment of an associate measured at FVTPL of HK\$60,212,000, the details of which are set out in note 13.

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.

Other than additional accounting policy resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRS**”) and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies applied and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

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

The application of the amendments to HKFRSs in the current 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3. SEGMENT INFORMATION

During the six months ended 30 June 2024, the Group has three operating segments under HKFRS 8 “Operating Segments” from continuing operations as follows:

- (i) Cars – Trading of cars and related accessories and provision of after sales services in PRC;
- (ii) Property investment; and
- (iii) Financial investments and services – Investments in securities and provision for financing and corporate finance services.

Segment profit/loss represents the profit/loss earned by each segment without allocation of fair value loss on investment of an associate measured at FVTPL, fair value gain on other financial assets at FVTPL, share-based payments, 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

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 revenue	2,425	13,243	–	15,668
SEGMENT RESULTS				
Segment (loss) profit	(2,818)	4,499	(177)	1,504
Fair value loss on investment of an associate measured at FVTPL				(60,212)
Fair value gain on other financial asset at FVTPL				653
Unallocated corporate expenses				(5,203)
Finance costs				(16,494)
Loss before taxation				(79,752)

Note: As at 30 June 2024, the management continues to operate the financial investments and services and will continue to explore business opportunity in this segment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Six months ended 30 June 2023 (unaudited)

	Cars HK\$'000	Property investment HK\$'000	Financial investments and services HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE				
Group revenue	11,731	14,006	–	25,737
SEGMENT RESULTS				
Segment loss	(3,640)	(14,448)	(167)	(18,255)
Fair value loss on investment of an associate measured at FVTPL				(96,400)
Fair value gain on other financial asset at FVTPL				680
Share-based payments				(1,319)
Unallocated corporate expenses				(5,040)
Finance costs				(7,691)
Loss before taxation				(128,025)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

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 2024 (unaudited)

	Cars HK\$'000	Property investment HK\$'000	Financial investments and services HK\$'000	Consolidated HK\$'000
Assets				
Segment assets	8,751	444,166	–	452,917
Bank balances and cash				20,869
Pledged bank deposits				5,336
Tax recoverable				57
Investment of an associate measured at FVTPL				56,996
Other financial asset at FVTPL				15,573
Unallocated corporate assets				1,721
Consolidated assets				553,469
Liabilities				
Segment liabilities	3,378	274,931	–	278,309
Promissory note				30,797
Deferred taxation				1,577
Unallocated corporate liabilities				112,428
Consolidated liabilities				423,111

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

At 31 December 2023 (audited)

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

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 other financial asset at FVTPL;
- all liabilities are allocated to operating segments other than unallocated corporate liabilities, promissory note and deferred taxation.

4. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Commission income	113	275
Bank interest income	2	7
	115	282

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net foreign exchange gain	102	873
Fair value loss on investment of an associate measured at FVTPL (note)	(60,212)	(96,400)
Fair value loss on investment properties	(2,963)	(22,635)
Fair value gain on other financial asset at FVTPL	653	680
Loss on disposal of property, plant and equipment	(18)	–
	(62,438)	(117,482)

Note: Details of fair value loss on investment of an associate measured at FVTPL are set out in note 13.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

6. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interests on bank and other borrowings	14,459	5,589
Interest on loan from a non-controlling member of a subsidiary	525	462
Interest on promissory note	1,097	1,091
Loan arrangement fee	372	480
Interest on lease liabilities	41	69
	16,494	7,691

7. TAXATION

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax charge:		
Hong Kong	35	15
Deferred taxation	(174)	(336)
	(139)	(321)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	1,184	1,267
Depreciation of right-of-use assets	656	900
Amortisation of intangible assets	–	374

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

9. LOSS PER SHARE

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

Loss figures are calculated as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	(76,931)	(117,400)
Loss for the period for the purpose of calculating basic and diluted loss per share	(76,931)	(117,400)

Number of shares

	Six months ended 30 June	
	2024	2023
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	5,292,515,390	5,292,515,390

For the six months ended 30 June 2024 and 30 June 2023, 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

10. DIVIDEND

No dividend was paid or declared during the six months ended 30 June 2024 and 2023 nor has any dividend been proposed since the end of the reporting period.

11. INVESTMENT PROPERTIES

	HK\$'000
Fair value	
At 1 January 2023	470,211
Fair value loss on investment properties	(52,601)
Exchange adjustments	21,181
At 31 December 2023	438,791
Fair value loss on investment properties	(2,963)
Exchange adjustments	(2,661)
At 30 June 2024	433,167

The investment properties comprised an industrial building and a car park located in Hong Kong and an office building located in Scotland.

The fair value of the Group's investment properties has been arrived at on the basis of a valuation carried out by Roma Appraisal Limited, independent qualified professional valuer not connected to the Group.

The fair value of the investment properties located in Hong Kong was under Level 3 of fair value hierarchy based on direct comparison method making reference to market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject properties.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

11. INVESTMENT PROPERTIES *(Continued)*

The fair values of the investment properties located in Scotland was under level 3 of fair value hierarchy and have been arrived at by income approach which is capitalizing net rental income on a fully leased basis. Current passing rental income from existing tenancies and the potential future reversionary income at market levels, which are expected to be re-leased at market rental rates, are capitalized by the term yield and the reversionary yield, respectively.

There has been no change from the valuation technique used in prior year. In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. The fair values of investment properties have been adjusted to exclude accrued lease income to avoid double counting.

12. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2024, the Group spent HK\$24,000 (six months ended 30 June 2023: HK\$39,000) on the acquisition of property, plant and equipment. The Group disposed of certain plant and machinery with an aggregate carrying amount of HK\$637,000 (six months ended 30 June 2023: HK\$nil) for cash proceeds of HK\$619,000 (six months ended 30 June 2023: HK\$nil), resulting in a loss on disposal of HK\$18,000 (six months ended 30 June 2023: HK\$nil).

During the six months ended 30 June 2023, the Group recognised right-of-use assets of HK\$5,712,000 through acquisition of a subsidiary (2024: HK\$nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

13. INVESTMENT OF AN ASSOCIATE MEASURED AT FVTPL

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Investment of an associate measured at FVTPL	56,996	117,122

At 30 June 2024 and 31 December 2023, 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 has the right to appoint 1 out of 6 directors of the board of CBL and therefore the Group has the power to exercise significant influence over CBL and CBL becomes an associate of the Group.

The fair value of the Group’s investment of an associate measured at FVTPL has been arrived at on the basis of a valuation carried out by Kroll (HK) Limited, independent qualified professional valuer not connected to the Group.

The investment in CBL is measured at FVTPL in accordance with HKFRS 9 “Financial Instruments”. The fair value loss is mainly attributed to the decrease in the equity values of similar companies in the same industry due to unfavorable market condition during the period, which were being used as input in estimating the equity value of CBL. Details of fair value measurements are set out in note 22.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

14. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Rent receivables	8,449	10,096
	8,449	10,096
Utility and rental deposits	752	804
Value-added tax receivables	1,140	1,173
Prepayment	2,055	3,896
Other receivables	1,642	4,024
	14,038	19,993
Less: Amount due more than one year shown under non-current assets	(5,959)	(7,589)
Amount shown under current assets	8,079	12,404

Rent receivables

The Group's rental income are based on effective accrued rentals after taking into account of rent free period which are recognised under straight line method and 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 2024 are (i) accrued rent receivables of HK\$6,790,000 over the rent free periods (At 31 December 2023: HK\$7,660,000); (ii) lease incentives paid of HK\$1,659,000 (At 31 December 2023: HK\$2,436,000) 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.

No credit period is granted to tenants of rental of premises. There is no past due rent receivables as at 30 June 2024 and 31 December 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

15. TRADE AND OTHER PAYABLES

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Trade payables	686	943
Accrued charges	2,172	2,583
Receipt in advance for rental income	7,337	7,411
Other payables	6,914	7,388
	17,109	18,325

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

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
31 days to 60 days	118	279
61 days to 90 days	247	335
91 days to 1 year	272	280
Over 1 year	49	49
	686	943

16. BANK AND OTHER BORROWINGS

During the current interim period, the Group obtained an other borrowing amounting to HK\$11,000,000 (for the six months ended 30 June 2023: other borrowing of HK\$12,000,000). The new other borrowing carries interest at 9% per annum with maturity date of 17 April 2025. During the six months ended 30 June 2024, the Group repaid bank and other borrowing of HK\$5,775,000 (for the six months ended 30 June 2023: repaid of HK\$29,701,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

17. LOAN FROM A RELATED PARTY

The loan is unsecured and interest-free with maturity date on 12 February 2025.

18. 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 Limited. The unsecured promissory note has initial maturity of three years and further extended two years until March 2026 and carries interest at 8% per annum. During the six months ended 30 June 2024 and 30 June 2023, the Group has not repaid any principal.

19. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.02 each:		
Authorised		
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	17,500,000,000	350,000
Issued and fully paid		
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	5,292,515,390	105,850

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

20. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these condensed consolidated financial statements, the Group entered into the following transaction with non-controlling shareholder of Wuhan Junyi during the six months period ended 30 June 2024 and 30 June 2023.

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Purchase of automobiles (Note)	2,263	8,212
Sales of automobiles (Note)	195	–

Note: Automobiles represent cars and auto parts.

Compensation of key management personnel

The remuneration of key management personnel of the Group during the period is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Key management personnel compensation (Note)	3,476	4,294

Note: The remuneration of key management personnel during the period was determined by the directors having regard to the performance of individuals and market trends.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

21. SHARE-BASED PAYMENTS

The share option scheme (the “**Expired Share Option Scheme**”) adopted by the Company on 28 May 2012, expired on 27 May 2022.

References were made to (i) the circular of the Company dated 22 April 2022 in relation to, among other things, the adoption of the New Share Option Scheme, (ii) the poll results announcement of the annual general meeting of the Company dated 25 May 2022, (iii) the announcement of the Company dated 26 November 2021 in relation to the proposed acquisition of VMS Auto Italia Fin Services Holdings Limited by the Company, which constitutes a very substantial acquisition, connected transaction and reverse takeover under the Listing Rules, and (iv) the announcement of the Company dated 25 November 2022 regarding the termination of the Acquisition, including the special mandate in relation to the allotment and issuance of consideration shares would not proceed. The New Share Option Scheme is not effective as a certain condition was not fulfilled.

Save for and except that the rules of the Expired Share Option Scheme remain in full force and effect to the extent necessary to give effect to the exercise of the options granted thereunder prior to its expiry, or otherwise to the extent as may be required in accordance with the rules of the Expired Share Option Scheme. No further options may be granted under the Expired Share Option Scheme upon its expiry.

For the particulars of the Expired Share Option Scheme, please refer to annual report of the Company dated 22 March 2024.

The table below discloses movement of the Company’s share options:

	Number of share options
Outstanding as at 1 January 2024 and 30 June 2024	222,700,000

During the six months ended 30 June 2024, the Group recognised a total expense of HK\$nil (six months ended 30 June 2023: HK\$1,319,000) in administrative expenses in relation to share options granted by the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

22. FINANCIAL INSTRUMENTS

Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Fair value hierarchy

Financial assets	Fair values at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30 June 2024 HK\$'000	31 December 2023 HK\$'000			
Investment of an associate measured at FVTPL	56,996	117,122	Level 3	Market approach and option model	Volatility of 57.5% (At 31 December 2023: 47.5%) (Note 1); equity value (Note 2); time to liquidity event (Note 3); and liquidation and conversion probability (Note 3)
Other financial asset at FVTPL	15,573	15,308	Level 3	Investment cost plus accumulated return	Rate of return of 8% in compound interest (Note 3)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

22. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

Fair value hierarchy (Continued)

Note 1: An increase in the volatility used in isolation would result in a decrease in the fair value, and vice versa. 5% lower/higher in volatility holding all other variables constant would increase/decrease the fair value by HK\$2,342,000/(HK\$3,123,000) (At 31 December 2023: HK\$100,000).

Note 2: An increase in the equity value used in isolation would result in an increase in the fair value, and vice versa. 10% higher/lower in equity value holding all other variables constant would increase/decrease the fair value by HK\$10,150,000/(HK\$9,369,000) (At 31 December 2023: HK\$23,424,000).

Note 3: No sensitivity is provided as the management of the Company considered that the impact arising from this input is insignificant.

Reconciliation of Level 3 fair value measurements of financial assets

	HK\$'000
Balance at 1 January 2023 (audited)	251,843
Unrealised fair value change recognised in profit or loss	(95,720)
Exchange adjustments	176
Balance at 30 June 2023 (unaudited)	156,299
Balance at 1 January 2024 (audited)	132,430
Unrealised fair value change recognised in profit or loss	(59,559)
Exchange adjustments	(302)
Balance at 30 June 2024 (unaudited)	72,569

There were no other transfer between Level 1, 2 and 3 during both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

22. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments (Continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

23. EVENT AFTER THE REPORTING PERIOD

There are no subsequent events after the end of reporting period.