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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)

PLACING OF REVERSE CONVERTIBLE NOTES AND STRAIGHT BONDS

Reference is made to the announcement of the Company dated September 12, 2012 and the circular of the Company dated November 9, 2012 (the “**Circular**”) in relation to the placing of Reverse Convertible Notes and Straight Bonds. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

After hearing about the proposed Placing, Ferrari Greater China (the “**Principal**”) indicated to the Company that it would like to impose certain requirements on Shareholders taking Shares under the Reverse Convertible Notes (the “**Principal’s Requirements**”). The Principal’s Requirements are to the effect that the Principal does not wish to see Shareholders taking Shares under the Reverse Convertible Notes in an active role in the Company or any of the Company’s subsidiaries, and in particular, taking any active role in the operations of the Company’s Ferrari and Maserati car businesses in mainland China, Hong Kong and Macau. The Company believes that the Principal’s Requirements apply to the Subscribers as well as future transferees (if any) of the Reverse Convertible Notes.

In view of the Principal's Requirements, the Company discussed possible solutions with the Placing Agent. On December 24, 2012, the Company and the Placing Agent entered into a supplemental agreement to the Placing Agreement (the "**Supplemental Agreement**") which provides for the revised arrangements for the Placing as agreed between the Company and the Placing Agent. The key terms of the Supplemental Agreement are set out below:

1. The Placing Period is extended to June 30, 2013. The extension of the Placing Period allows more time for the Company to clarify and discuss the Principal's Requirements with the Principal. In the case that the Principal insists on imposing the Principal's Requirements, the Placing Agent would also need time to identify and/or confirm a list of Subscribers who (a) satisfy the Principal's Requirements and (b) agree to subscribe for the Reverse Convertible Notes containing the additional transfer restrictions referred to in 5. below.
2. In view of the extension of the Placing Period, the time allowed for the satisfaction of the conditions to the Placing has also been extended to July 15, 2013.
3. The obligations of the Placing Agent to procure Subscribers for the Reverse Convertible Notes and Straight Bonds shall be on a best efforts basis (and not on a fully underwritten basis). Given the Principal's Requirements are contrary to the arrangements contemplated in the Placing Agreement (which allows the Placing Agent to determine the choice of Subscribers in its sole discretion) and the additional transfer restrictions referred to in 5. below (which was not in the original Reverse Convertible Notes Instrument), the Placing Agent would now only agree to continue with the Placing on a best efforts basis.
4. Subject to compliance with the Principal's Requirements, the choice of Subscribers for the Reverse Convertible Notes and Straight Bonds shall remain in the sole discretion of the Placing Agent.
5. Once the Company has clarified and agreed the Principal's Requirements with the Principal, the Reverse Convertible Notes Instrument will need to be amended to insert the appropriate restrictions on subscription and transferability to reflect the Principal's Requirements as agreed. The Company will make a separate announcement once the revisions to the Reverse Convertible Notes Instrument have been agreed between the Company and the Placing Agent.

Save for the amendments described above as reflected in the Supplemental Agreement, the terms of the Placing Agreement (including the terms of the Reverse Convertible Notes and Straight Bonds) remain unchanged.

After taking into account the Principal's Requirements as well as the Company's funding requirements to continue to grow and develop its Ferrari and Maserati businesses, the Directors believe that continuing with the Placing on the terms of the Placing Agreement as amended by the Supplemental Agreement is in the interest of the Company and its Shareholders as a whole.

Completion of the Placing is subject to fulfillment of conditions precedent and the parties' rights to terminate – see the Circular for details. Furthermore, the Placing will only be conducted on a best efforts basis. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

By order of the Board
AUTO ITALIA HOLDINGS LIMITED
Tik Tung WONG
Company Secretary

Hong Kong, December 24, 2012

As at the date of this announcement, the Board comprises Dr. Richard Man Fai LEE (Executive Chairman and Chief Executive Officer), Mr. Jeff Man Bun LEE, Mr. Tik Tung WONG and Mr. William Keith JACOBSEN, all of whom are executive Directors; Mr. Boon Seng TAN, Mr. Ying Kwan CHEUNG, Mr. Peter Pi Tak YIN and Mr. Antonio Maria SANTOS, all of whom are independent non-executive Directors.

* *for identification purposes only*