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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)

UPDATE ON PLACING OF REVERSE CONVERTIBLE NOTES AND STRAIGHT BONDS

Reference is made to the announcement of the Company dated December 24, 2012 in relation to the placing of Reverse Convertible Notes and Straight Bonds (the “**Announcement**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company is still in discussions with the Principal in respect of the Principal’s Requirements. The Company will further notify the Shareholders the results of such discussions and the consequential amendments to the Reverse Convertible Notes Instrument. A specific mandate (the “**New Specific Mandate**”) will be sought from the Shareholders to allot and issue the conversion shares to be issued under the Reverse Convertible Notes Instrument with amendments to be made.

A special general meeting will be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the New Specific Mandate. A circular containing, among other things, further details regarding the amendments to the Reverse Convertible Notes Instrument and the New Specific Mandate, together with the notice of the special general meeting, will be despatched by the Company to the Shareholders as soon as practicable.

Completion of the Placing is subject to fulfillment of conditions precedent and the parties' rights to terminate. 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, January 28, 2013

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*