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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)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN RELATION TO THE ACQUISITION OF
AN AGGREGATE OF APPROXIMATELY 40.27% OF
CHINA PREMIUM LIFESTYLE ENTERPRISE, INC.
AND
(2) PROPOSED MERGER OF CPLY ACQUISITION CORP. AND
CHINA PREMIUM LIFESTYLE ENTERPRISE, INC.**

THE PURCHASE AGREEMENTS

Pursuant to the Purchase Agreements, CPLY NewCo has conditionally agreed to purchase, on the Closing Date, an aggregate of 9,879,389 CPLY Shares and each of the Sellers (including Connected Person 1 and Connected Person 2) has conditionally agreed to sell and deliver their respective number of CPLY Shares which in aggregate amount to 9,879,389 CPLY Shares, representing approximately 40.27% of the total CPLY Shares in issue, free and clear of any pledge, mortgage, security interest, encumbrance, lien, charge, assessment, claim or restriction of any kind or nature other than those imposed by the memorandum and articles of association of CPLY.

The total consideration for the Acquisition will be approximately US\$839,749 (equivalent to approximately HK\$6,550,042) (of which US\$262,197 (equivalent to approximately HK\$2,045,137) and US\$234,242 (equivalent to approximately HK\$1,827,088) will be payable to Connected Person 1 and Connected Person 2, respectively, for the purchase of the Sale CPLY Shares held by them as described above), which will be satisfied by CPLY NewCo in cash on the Closing Date. The purchase price per Sale CPLY Share payable by CPLY NewCo will be US\$0.085 (equivalent to approximately HK\$0.663).

Closing will take place on or before the Closing Date. Upon Closing, CPLY NewCo will hold a total of 22,090,958 CPLY Shares (including 12,211,569 CPLY Shares to be transferred by Corich to CPLY NewCo), representing approximately 90.04% of the total CPLY Shares in issue.

INFORMATION ON THE MERGER

After the Closing, the Company proposes to merge CPLY NewCo with and into CPLY in accordance with the applicable laws of the State of Nevada, the United States. On the Merger Effective Date, the separate existence of CPLY NewCo will cease, and CPLY will be the Surviving Corporation and will be governed by the laws of the State of Nevada, the United States. As of the Merger Effective Date, (i) the Surviving Corporation will be wholly-owned by the Company's wholly-owned subsidiary, Corich, and will hold directly a 49% shareholding interest in Technorient and a 100% shareholding interest in CPMM, and (ii) Technorient will be an indirect wholly-owned subsidiary of the Company. On 8 July 2014, the sole director of CPLY NewCo and the board of directors of Corich approved the adoption of the Merger Plan.

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios in respect of the Acquisition and the Merger, as aggregated, are higher than 5% but below 25%, the Acquisition and the Merger constitute a discloseable transaction of the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Connected Person 1 is a connected person of the Company (please refer to the section headed "Information on the Sellers" for details), the CP 1 Purchase Agreement entered into between Connected Person 1 and CPLY NewCo constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As Connected Person 2 is a connected person of the Company (please refer to the section headed "Information on the Sellers" for details), the CP 2 Purchase Agreement entered into between Connected Person 2 and CPLY NewCo constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable Percentage Ratios in respect of the CP 1 Purchase Agreement and CP 2 Purchase Agreement, as aggregated, are below 25% and the total consideration of approximately US\$496,439 (equivalent to approximately HK\$3,872,225 payable to Connected Person 1 and Connected Person 2 for their respective Sale CPLY Shares is less than HK\$10,000,000, the CP 1 Purchase Agreement and CP 2 Purchase Agreement constitute a connected transaction of the Company which are subject to reporting and announcement requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

After the trading hours of the Stock Exchange on 8 July 2014, CPLY NewCo and each of the Sellers entered into the respective Purchase Agreements. The principal terms and conditions of the Purchase Agreements are set out below.

THE PURCHASE AGREEMENTS

Date

8 July 2014

Parties

- (1) CPLY NewCo as the purchaser; and
- (2) each of the Sellers as the sellers.

CPLY NewCo is an indirect wholly-owned subsidiary of the Company and a wholly-owned subsidiary of Corich that was established to acquire CPLY Shares and effect the Merger.

CPLY NewCo entered into the respective Purchase Agreements with each of the Sellers on 8 July 2014. The terms of all of the Purchase Agreements are substantially the same except for the relevant number of Sale CPLY Shares sold by each Seller and thus the total purchase price payable by CPLY NewCo to each Seller.

To the best of the Company's information, knowledge and belief, having made all reasonable enquiries, each of the Sellers (except for Connected Person 1 and Connected Person 2) and its respective ultimate beneficial owner, are third parties independent of the Company and its connected persons.

To the best of the Company's information, knowledge and belief, having made all reasonable enquiries, as at the date of this announcement, Connected Person 1 is a registered holder of 3,084,665 CPLY Shares, representing approximately 12.57% of the total CPLY Shares in issue. Connected Person 1 is also the executive vice chairman of Auto Italia Limited, a subsidiary of the Group since January 2013, and the director and chief operating officer of CPLY. As Connected Person 1 is interested in more than 10% of CPLY Shares and a director of CPLY, he is a substantial shareholder of CPLY and a connected person of the Company and, therefore, the sale of his CPLY Shares to CPLY NewCo constitutes a connected transaction of the Company under the Listing Rules. As disclosed in the circular of the Company dated 10 November 2006 (the "**Circular**"), certain number of preference convertible shares of Xact Aid, Inc (the former name of CPLY) were issued to Connected Person 1 which were convertible to shares of Xact Aid, Inc as consideration for the sale of 10% interests in shares in Technorient owned by Connected Person 1. Based on the implied value of Technorient as disclosed in the Circular, the implied original purchase price of 3,084,665 CPLY Shares by Connected Person 1 was approximately HK\$4,041,900.

To the best of the Company's information, knowledge and belief, having made all reasonable enquiries, as at the date of this announcement, Connected Person 2 is a registered holder of 2,755,788 CPLY Shares, representing approximately 11.23% of the total CPLY Shares in issue. As Connected Person 2 is interested in more than 10% of CPLY Shares, it is a substantial shareholder of CPLY and a connected person of the Company and, therefore, the sale of its CPLY Shares to CPLY NewCo constitutes a connected transaction of the Company under the Listing Rules. As Connected Person 2 is only a registered shareholder of CPLY

holding more than 10% of CPLY Shares, after having made all reasonable enquiries, the Company is unable to obtain further information from Connected Person 2 in relation to the original purchase price of 2,755,788 CPLY Shares acquired by Connected Person 2.

Sale CPLY Shares to be acquired

Pursuant to the Purchase Agreements, CPLY NewCo has conditionally agreed to purchase on the Closing Date an aggregate of 9,879,389 CPLY Shares and each of the Sellers has conditionally agreed to sell and deliver their respective number of CPLY Shares which in aggregate amount to 9,879,389 CPLY Shares, representing approximately 40.27% of the total CPLY Shares in issue, free and clear of any pledge, mortgage, security interest, encumbrance, lien, charge, assessment, claim or restriction of any kind or nature other than those imposed by the memorandum and articles of association of CPLY (the “Acquisition”).

Consideration

The total consideration for the Acquisition will be approximately US\$839,749 (equivalent to approximately HK\$6,550,042) (of which US\$262,197 (equivalent to approximately HK\$2,045,137) and US\$234,242 (equivalent to approximately HK\$1,827,088) will be payable to Connected Person 1 and Connected Person 2, respectively, for the purchase of the Sale CPLY Shares held by them as described above), which will be satisfied by a member of the Group in cash for CPLY NewCo on the Closing Date. CPLY NewCo will issue promissory note(s) for the consideration of the Acquisition paid by such member of the Group. The purchase price per Sale CPLY Share payable by CPLY NewCo will be US\$0.085 (equivalent to approximately HK\$0.663).

The total consideration for the Acquisition (including CP 1 Purchase Agreement and CP 2 Purchase Agreement) was determined after arm’s length negotiations between the CPLY NewCo and the Sellers with reference to, among others, the fair market value of auto dealership business comparables, the financial results of CPLY and its 49% investment in Technorient, and the factors describe under the section headed “Reasons for the Acquisition and the Merger” below.

Major terms and conditions of the Purchase Agreements

Set out below are the major terms and conditions of the Purchase Agreements. The terms and conditions of all of the Purchase Agreements are substantially the same, except for the number of the Sale CPLY Shares sold by each Seller and thus the total purchase price payable by CPLY NewCo to each Seller. Any reference to “Seller” or “Purchase Agreement” below shall apply to the relevant Sellers in accordance with the relevant Purchase Agreements entered with CPLY NewCo, respectively.

Conditions

(A) Conditions of CPLY NewCo

Closing is subject to the satisfaction, on or before the Closing Date, of the following conditions, any of which may be waived by CPLY NewCo in its sole discretion:

- (1) The representations and warranties of the Seller contained in the Purchase Agreement shall have been true and correct in all material respects on the date of the Purchase Agreement and on and as of the Closing Date.
- (2) All obligations, covenants and agreements of the Seller required to be performed at or prior to the Closing Date shall have been performed.
- (3) No governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, prevents, prohibits, imposes any damages or penalties that are substantial in relation to CPLY or CPLY NewCo, or otherwise makes illegal the consummation of the transactions contemplated by the Purchase Agreement; and no action, suit, proceeding or investigation shall have been instituted by a governmental authority of competent jurisdiction or threatened that seeks to restrain, enjoin, prevent, prohibit, impose any damages or penalties that are substantial in relation to CPLY or CPLY NewCo, or otherwise makes illegal the consummation of the transactions contemplated by the Purchase Agreement.
- (4) There must not have been commenced or threatened any proceeding or action (i) involving any challenge to, or seeking damages or other relief in connection with, the transactions contemplated by the Purchase Agreement or (ii) that may have the effect of preventing, delaying, making illegal, or otherwise interfering with the transactions contemplated the Purchase Agreement, that in either case would materially affect the ability of CPLY NewCo or the Seller to consummate the transactions contemplated by the Purchase Agreement.

(B) Conditions of the Seller

Closing is subject to the satisfaction, on or before the Closing Date, of each of the following conditions, any of which may be waived in writing by the Seller in its sole discretion:

- (1) The representations and warranties of CPLY NewCo contained in the Purchase Agreement shall have been true and correct in all material respects on the date of the Purchase Agreement and on and as of the Closing Date.
- (2) All obligations, covenants and agreements of CPLY NewCo required to be performed at or prior to the Closing Date shall have been performed.

- (3) No governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, prevents, prohibits, imposes any damages or penalties that are substantial in relation to the Seller, or otherwise makes illegal the consummation of the transactions contemplated by the Purchase Agreement; and no action, suit, proceeding or investigation shall have been instituted by a governmental authority of competent jurisdiction or threatened that seeks to restrain, enjoin, prevent, prohibit, impose any damages or penalties that are substantial in relation to the Seller, or otherwise makes illegal the consummation of the transactions contemplated by the Purchase Agreement.
- (4) There must not have been commenced or threatened any proceeding or action (i) involving any challenge to, or seeking damages or other relief in connection with, the transactions contemplated by the Purchase Agreement or (ii) that may have the effect of preventing, delaying, making illegal, or otherwise interfering with the transactions contemplated the Purchase Agreement, that in either case would materially affect the ability of CPLY NewCo or the Seller to consummate the transactions contemplated by the Purchase Agreement.

Other terms

(A) Indemnification

Each of the Seller and CPLY NewCo (an “**Indemnifying Party**”) shall indemnify and hold each other and their directors, officers and agents (collectively, the “**Indemnified Party**”) harmless from and against any losses, claims, damages, liabilities, judgments, fines, obligations, expenses and liabilities of any kind or nature whatsoever, including but not limited to any investigative, legal and other expenses incurred in connection with, and any amounts paid in settlement of, any pending or threatened legal action or proceeding, but excluding consequential damages, special or incidental damages, indirect damages, punitive damages, lost profits, and diminution in value (collectively, “**Losses**”) resulting from or arising out of: (i) the breach of any representation or warranty of such Indemnifying Party contained in the Purchase Agreement or in any schedule or exhibit thereto; or (ii) the violation or non-performance, partial or total, of any covenant or agreement of such Indemnifying Party contained in the Purchase Agreement for reasons other than gross negligence or willful misconduct of such Indemnified Party. In calculating the amount of any Losses of an Indemnified Party under the Purchase Agreement, there shall be subtracted the amount of any insurance proceeds and third-party payments received by the Indemnified Party with respect to such Losses, if any.

(B) Termination

The Purchase Agreement may be terminated, and the transactions contemplated thereby may be abandoned at any time prior to Closing, (i) by mutual agreement of the parties, (ii) by any party in the event that the Closing has not occurred by 29 August 2014 (the “**Termination Date**”), provided, however, that the right to terminate the Purchase Agreement pursuant to the terms thereof shall not be available to any party whose willful breach of the Purchase Agreement has resulted in the failure of the Closing to occur on or before the Termination Date and nothing shall be deemed to release any party from any liability for any breach of the Purchase Agreement prior to the effective date of such termination.

Closing

Closing shall take place on or before the Closing Date. Upon Closing, CPLY NewCo will hold a total of 22,090,958 CPLY Shares (including 12,211,569 CPLY Shares to be transferred by Corich to CPLY NewCo), representing approximately 90.04% of the total CPLY Shares in issue.

INFORMATION ON THE MERGER

AGREEMENT AND PLAN OF MERGER

Date

To be signed after the Closing of the Acquisition

Parties

- (1) CPLY NewCo; and
- (2) CPLY

After the Closing, the Company proposes to merge CPLY NewCo with and into CPLY in accordance with the applicable laws of the State of Nevada, the United States. On the Merger Effective Date, the separate existence of CPLY NewCo will cease, and CPLY will be the surviving corporation under the name “China Premium Lifestyle Enterprise, Inc.” (the “**Surviving Corporation**”) and will be governed by the laws of the State of Nevada, the United States. As of the Merger Effective Date, (i) the Surviving Corporation will be wholly-owned by the Company’s wholly-owned subsidiary, Corich, and will hold directly a 49% shareholding interest in Technorient and a 100% shareholding interest in CPMM, and (ii) Technorient will be an indirect wholly-owned subsidiary of the Company. On 8 July 2014, the sole director of CPLY NewCo and the board of directors of Corich approved the adoption of the Merger Plan.

Pursuant to the Merger Plan:

- (A) The Merger will become effective on the date and at the time that the articles of merger, together with the Merger Plan, are accepted and declared effective by the Secretary of State of the State of Nevada, the United States.
- (B) On the Merger Effective Date, CPLY NewCo will be merged with and into CPLY in accordance with the applicable laws of the State of Nevada, the United States. The separate existence of CPLY NewCo will cease, and CPLY will be the Surviving Corporation under the name “China Premium Lifestyle Enterprise, Inc.” and will be governed by the laws of the State of Nevada, the United States.
- (C) On the Merger Effective Date, the Articles of Incorporation of CPLY, as in effect immediately prior to the Merger Effective Date, will continue in full force and effect as the Articles of Incorporation of the Surviving Corporation.
- (D) On the Merger Effective Date, the Bylaws of CPLY, as in effect immediately prior to the Merger Effective Date, will continue in full force and effect as the bylaws of the Surviving Corporation.
- (E) On the Merger Effective Date, by virtue of the Merger and without any action on the part of the holder thereof, each CPLY Share of common stock of CPLY, par value of US\$0.005 per share, issued and outstanding and held by CPLY NewCo immediately prior to the Merger Effective Date will be cancelled.
- (F) On the Merger Effective Date, by virtue of the Merger and without any action on the part of the holder thereof, each share of common stock of CPLY, par value of US\$0.005 per share, issued and outstanding and held by any shareholder other than CPLY NewCo (“**CPLY Minority Shareholders**”) immediately prior to the Merger Effective Date will be cancelled and exchanged for the right to receive approximately US\$207,701 (equivalent to approximately HK\$1,620,068) (the “**Merger Consideration**”) and the CPLY Minority Shareholders will not receive any ownership interest in the Surviving Corporation.

Pursuant to the laws of the State of Nevada, the United States, no vote of the shareholders of CPLY is necessary in connection with the Merger. However, CPLY Minority Shareholders will be entitled to dissent from the Merger and may elect to, rather than accept the Merger Consideration, demand that the Surviving Corporation pay to them the “fair value” of their shares, either determined through negotiations of the parties or, if necessary, in a judicial proceeding in accordance with the law of the State of Nevada, the United States. Only CPLY Minority Shareholders that do not tender their shares in exchange for the Merger Consideration will be entitled to exercise dissenters’ rights, and those rights must be validly asserted within 30 days of the date that such shareholders receive notice of their right to dissent.

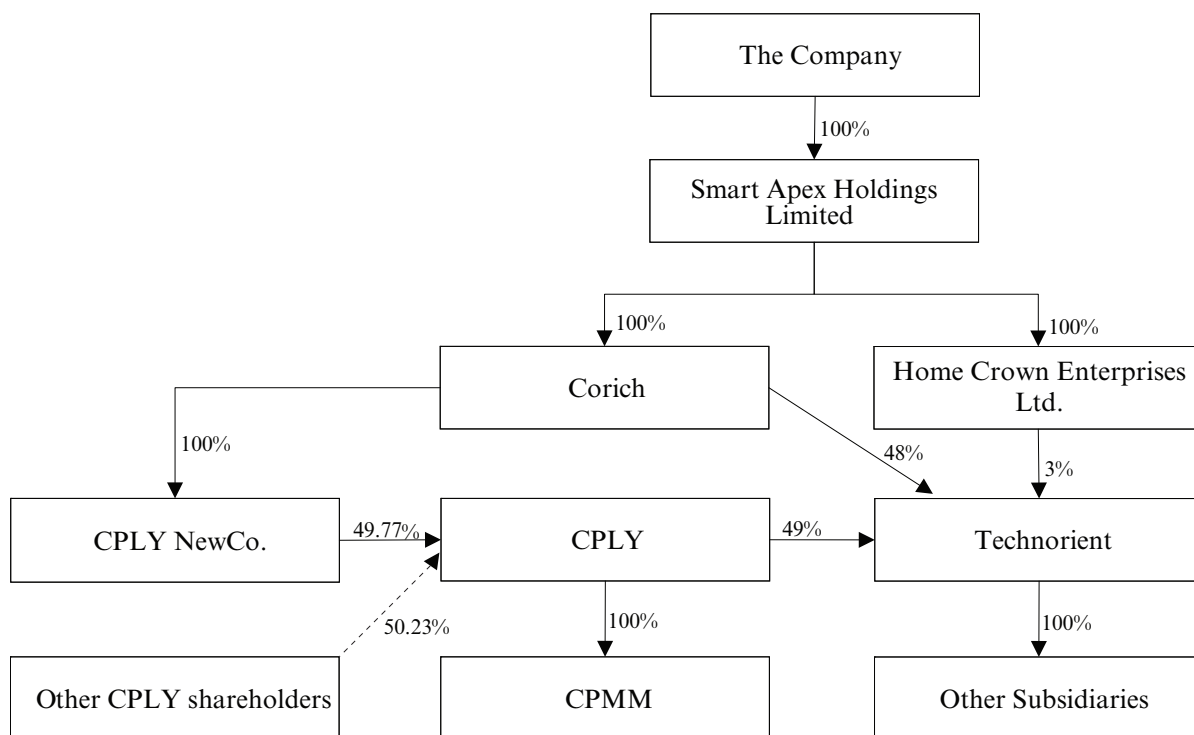
- (G) On the Merger Effective Date, by virtue of the Merger and without any action on the part of any holder thereof, each share of common stock of CPLY NewCo, par value of US\$0.01 per share, issued and outstanding immediately prior to the Merger Effective Date will be changed and converted into one fully paid and non-assessable share of the common stock of the Surviving Corporation, par value of US\$0.005 per share.
- (H) On the Merger Effective Date, the Surviving Corporation, without further act, deed or other transfer, will retain or succeed to, as the case may be, and possess and be vested with all the rights, privileges, immunities, powers, franchises and authority, of a public as well as of a private nature, of CPLY NewCo and CPLY; all property of every description and every interest therein, and all debts and other obligations of or belonging to or due to each of CPLY NewCo and CPLY on whatever account will thereafter be taken and deemed to be held by or transferred to, as the case may be, or invested in the Surviving Corporation without further act or deed, title to any real estate, or any interest therein vested in CPLY NewCo and CPLY, will not revert or in any way be impaired by reason of this merger; and all of the rights of creditors of CPLY NewCo and CPLY will be preserved unimpaired, and all liens upon the property of CPLY NewCo and CPLY will be preserved unimpaired, and all debts, liabilities, obligations and duties of the respective corporations will thenceforth remain with or be attached to, as the case may be, the Surviving Corporation and may be enforced against it to the same extent as if all of said debts, liabilities, obligations and duties had been incurred or contracted by it.
- (I) Notwithstanding any approval of the Merger or the Merger Plan by the shareholders of CPLY NewCo, the Merger Plan may be terminated and the Merger may be abandoned at any time prior to the Effective Date by mutual written agreement of CPLY NewCo and CPLY.

The Merger Consideration was determined by CPLY NewCo and CPLY with reference to the consideration for the Acquisition. The Merger Consideration per CPLY Share to the CPLY Minority Shareholders holding an aggregate of 2,443,534 CPLY Shares is US\$0.085 (equivalent to approximately HK\$0.663). The Merger Consideration will be satisfied by a member of the Group in cash. The Surviving Corporation will issue promissory note(s) for the Merger Consideration paid by such member of the Group.

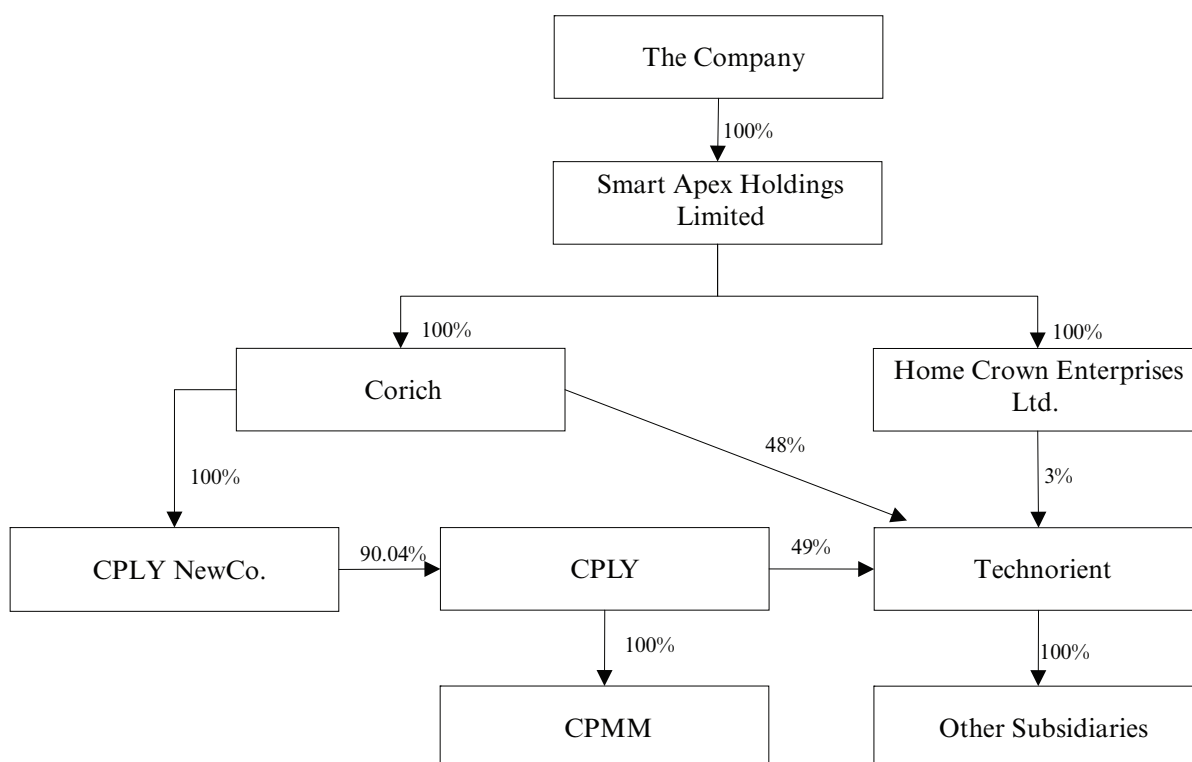
CORPORATE STRUCTURE OF THE GROUP BEFORE CLOSING, AFTER CLOSING AND AFTER THE MERGER EFFECTIVE DATE

The following sets out a simplified corporate structure of members of the Group relevant to the Acquisition and the Merger before the Closing, after the Closing and as of the Merger Effective Date:

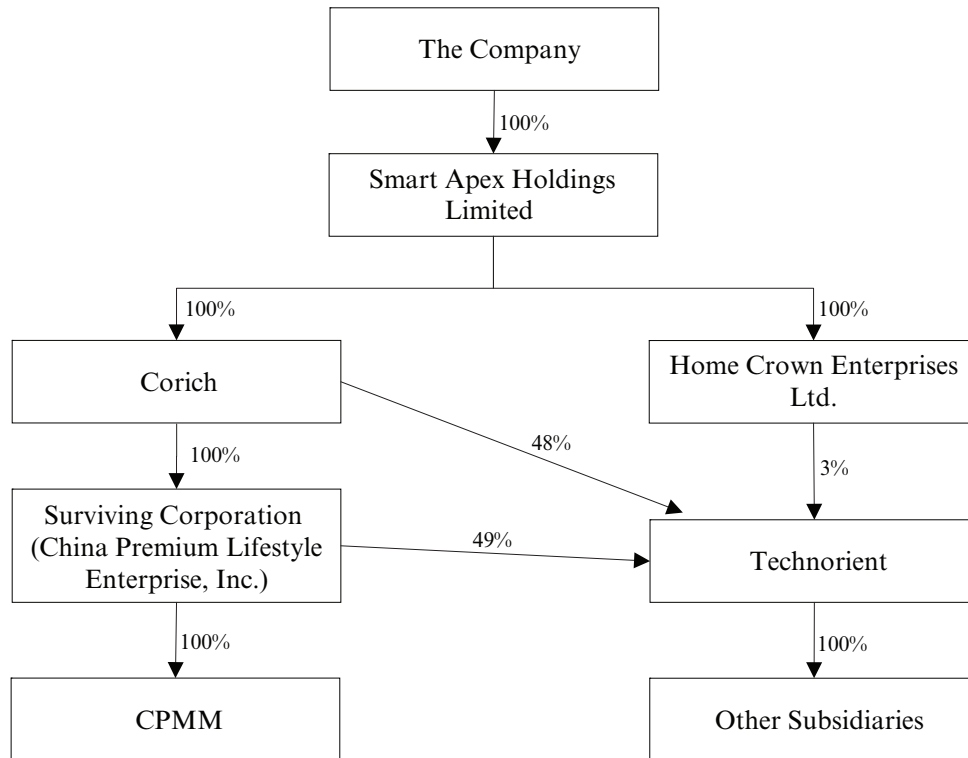
(1) Before the Closing



(2) After the Closing



(3) As of the Merger Effective Date



INFORMATION ON CPLY

As of the date of this announcement, CPLY is an investment holding company and is indirectly owned by the Company as to approximately 49.77%. CPLY has a wholly-owned subsidiary, CPMM, which has been dormant since 2010. CPLY also holds 49% shareholding interest of Technorient and the remaining 51% shareholding interest of Technorient is indirectly held by the Company. Technorient, a company incorporated in Hong Kong, is a holding company of the operating subsidiaries of the Company for import, distribution and provision of after-sales services of Italian “Ferrari” and “Maserati” branded cars in Hong Kong and Macau, and for the provision of pre-delivery inspection service in Shanghai, the PRC. CPLY is quoted on the Over-the-counter Bulletin Board (“OTCBB”) in the US. The remaining 50.23% of CPLY Shares are currently owned by about 50 shareholders who are individuals and corporations (including Connected Person 1 and Connected Person 2).

INFORMATION ON THE SELLERS

The Sellers, comprising six(6) individuals and corporations, together hold the Sale CPLY Shares. To the best of the Company’s information, knowledge and belief, having made all reasonable enquiries, each of the Sellers (except for Connected Person 1 and Connected Person 2) and its respective ultimate beneficial owner, are third parties independent of the Company and its connected persons.

As stated in the section headed “The Purchase Agreements” above, Connected Person 1 is an individual holding approximately 12.57% of the total CPLY Shares in issue. Connected Person 1 is the executive vice chairman of Auto Italia Limited, a subsidiary of the Company since January 2013, and the director and chief operating officer of CPLY.

As stated in the section headed “The Purchase Agreements” above, Connected Person 2 is a corporation incorporated in the Cayman Islands holding approximately 11.23% of the total CPLY Shares in issue. To the best of the Company’s information, knowledge and belief, having made all reasonable enquiries, Connected Person 2 is an investment holding company.

INFORMATION ON CPLY NEWCO

CPLY NewCo was established on 16 May 2014 for the purpose of acquiring the Sale CPLY Shares and effecting the Merger. As of the date of this announcement, Corich is a shareholder of CPLY holding 12,211,569 CPLY Shares, representing approximately 49.77% of the total CPLY Shares in issue. Corich will transfer all of its CPLY Shares to CPLY NewCo on or before the Closing Date. Upon Closing, CPLY will hold a total of 22,090,958 CPLY Shares, representing approximately 90.04% of the total CPLY Shares in issue.

Unaudited Consolidated Financial Information of CPLY and the financial effect of the completion of the Acquisition and the Merger becoming effective

The table below sets forth the unaudited consolidated financial information of CPLY prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) for each of the two financial years ended 31 December 2012 and 2013:

	For the financial year ended 31 December 2012 (HK\$'000)	For the financial year ended 31 December 2013 (HK\$'000)
Turnover	–	–
Loss before taxation	5,345	14,811
Loss after taxation	6,567	16,006

The unaudited consolidated negative net asset value of CPLY for the two financial years ended 31 December 2012 and 2013 amounted to HK\$17,463,521 and HK\$34,982,422, respectively.

For the two financial years ended 31 December 2012 and 2013, CPLY did not record any revenue as its major investment is the 49% interest in Technorient, which is accounted for as an associate of CPLY under HKFRS.

Upon completion of the Acquisition and the Merger becoming effective, the Company’s effective interest in Technorient will be increased from approximately 75.39% to 95.12% and to 100%, respectively.

REASONS FOR THE ACQUISITION AND THE MERGER

As at the date of this announcement, the Group is principally engaged in the import, distribution and provision of after-sales service of Italian “Ferrari” and “Maserati” branded cars in Hong Kong and Macau as well as the provision of pre-delivery inspection service in Shanghai, the PRC.

In 2006, Corich, an indirect wholly-owned subsidiary of the Company, and among others entered into a share exchange agreement with Xact Aid, Inc. (the former name of CPLY) under which Corich sold its 49% interest in Technorient to CPLY in return for an

approximately 49.77% interest in CPLY (the “Exchange”). Upon completion of the Exchange, the Company’s effective interests in Technorient has been reduced to approximately 75.39%, of which approximately 24.39% is held through CPLY, and remains as a subsidiary of the Company. The then purpose for the Exchange was to provide a platform to raise fund and to finance the expansion of the business of Technorient.

Following the completion of the disposal of the non-car business of the Group on 30 December 2013, the Group has been re-assessing its existing business strategies and Group structure with a view to reorganising and streamlining the Group’s operations and creating value for the Shareholders. The Company considers that the Group does not require CPLY as a separate listing platform to raise funds from overseas and eliminating CPLY will reduce administrative costs and time. The Acquisition and the Merger will enable the Company to better integrate the structure of the Group and to create potential operational synergies.

Based on the total consideration for the Acquisition of approximately US\$839,749 (equivalent to approximately HK\$6,550,042) and the unaudited consolidated negative net asset value of CPLY (assuming the Closing will take place) as at 31 December 2013 of approximately HK\$34,982,422, the Acquisition is not expected to result in any material gain or loss for the Group.

Based on the total consideration for the Merger of approximately US\$207,701 (equivalent to approximately HK\$1,620,068) and the unaudited consolidated negative net asset value of CPLY and CPLY NewCo (assuming the Closing and Merger will take place and become effective) as at 31 December 2013 of approximately HK\$34,982,422, the Merger is not expected to result in any material gain or loss for the Group.

Based on the above, the Directors (including the independent non-executive Directors but excluding Mr. William Keith Jacobsen who is the sole director of CPLY NewCo but does not own any interest in CPLY NewCo) consider that the terms of the Purchase Agreements (including CP1 Purchase Agreement and CP2 Purchase Agreement) and the Merger are fair and reasonable and on normal commercial terms, and the Acquisition and the Merger are in the interests of the Company and the Shareholders as a whole. Save as disclosed above, none of the Directors has a material interest in the Acquisition and the Merger.

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios in respect of the Acquisition and the Merger, as aggregated, are higher than 5% but below 25%, the Acquisition and the Merger constitute a discloseable transaction of the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Connected Person 1 is a connected person of the Company (please refer to the section headed “Information on the Sellers” for details), the CP 1 Purchase Agreement entered into between Connected Person 1 and CPLY NewCo constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As Connected Person 2 is a connected person of the Company (please refer to the section headed “Information on the Sellers” for details), the CP 2 Purchase Agreement entered into between Connected Person 2 and CPLY NewCo constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable Percentage Ratios in respect of the CP 1 Purchase Agreement and CP 2 Purchase Agreement, as aggregated, are below 25% and the total consideration of approximately US\$496,439 (equivalent to approximately HK\$3,872,225 payable to Connected Person 1 and Connected Person 2 for their respective Sale CPLY Shares is less than HK\$10,000,000, the CP 1 Purchase Agreement and the CP 2 Purchase Agreement constitute a connected transaction of the Company which are subject to reporting and announcement requirements and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Acquisition”	the proposed acquisition of the Sale CPLY Shares by CPLY NewCo as defined in the paragraph headed “Sale CPLY Shares to be acquired” of the section headed “The Purchase Agreements” of this announcement
“Board”	the board of Directors
“Closing”	the closing of the sale and purchase of the Sale CPLY Shares pursuant to the terms and conditions of the Purchase Agreements
“Closing Date”	on or before 29 August 2014 or any other date and time that is agreed upon in writing by the Sellers and CPLY NewCo for the Closing
“Company”	Auto Italia Holdings Limited (意達利控股有限公司*), a company incorporated in Bermuda, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 720)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Connected Person 1”	Mr. Herbert Adamczyk and a substantial shareholder (as defined in the Listing Rules) of CPLY holding approximately 12.57% of the total CPLY Shares in issue
“Connected Person 2”	STI Wealth Management (Cayman) Limited, company incorporated in the Cayman Islands, and a substantial shareholder (as defined in the Listing Rules) of CPLY holding approximately 11.23% of the total CPLY Shares in issue
“Corich”	Corich Enterprises, Inc., a company incorporated in the British Virgin Islands, and an indirect wholly-owned subsidiary of the Company
“CP 1 Purchase Agreement”	the purchase agreement entered into between Connected Person 1 and CPLY NewCo on 8 July 2014 in respect of the sale and purchase of the 3,084,665 CPLY Shares owned by Connected Person 1
“CP 2 Purchase Agreement”	the purchase agreement entered into between Connected Person 2 and CPLY NewCo on 8 July 2014 in respect of the sale and purchase of the 2,755,788 CPLY Shares owned by Connected Person 2

“CPLY”	China Premium Lifestyle Enterprise, Inc., a company incorporated in US, and an indirect non wholly-owned subsidiary of the Company
“CPLY NewCo”	CPLY Acquisition Corp., a company organized under the laws of the State of Nevada, US, and a wholly-owned subsidiary of Corich
“CPLY Share(s)”	share(s) of common stock of CPLY, par value of US\$0.005 per share
“CPMM”	CPMM (Asia) Limited, a company incorporated in Hong Kong, and a wholly-owned subsidiary of CPLY
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Merger”	the proposed merger of CPLY NewCo with and into CPLY after the Closing in accordance with the applicable laws of the State of Nevada, the United States and the Merger Plan
“Merger Effective Date”	the effective date of the Merger
“Merger Plan”	the agreement and plan of the Merger to be entered into between CPLY NewCo and CPLY after the Closing of the Acquisition, details of which are set out in the section headed “Information on the Merger” of this announcement
“Percentage Ratios”	the five percentage ratios set out in Rule 14.07 of the Listing Rules
“PRC”	The People’s Republic of China
“Purchase Agreements”	all of the purchase agreements entered into between the Sellers and CPLY NewCo, respectively, all of which dated 8 July 2014 in respect of the sale and purchase of the Sale CPLY Shares pursuant to the terms and conditions of the Purchase Agreements, and “Purchase Agreement” means any one of the Purchase Agreements, including CP 1 Purchase Agreement and CP 2 Purchase Agreement
“Sale CPLY Shares”	an aggregate of 9,879,389 CPLY Shares, representing approximately 40.27% of the total CPLY Shares in issue
“Sellers”	six (6) of the shareholders of CPLY who have agreed to sell their relevant number of the Sale CPLY Shares registered or to be registered in their names with CPLY as of Closing pursuant to the terms and conditions of the Purchase Agreements entered into by them with CPLY NewCo, respectively, namely Main Pacific Ltd, Lucky Time Asia Ltd, Mr. Nils A Ollquist, Ms. Kathleen S Sweeney, Connected Person 1 and Connected Person 2, and “Seller” means any one of the Sellers

“Share(s)”	ordinary share(s) of HK\$0.02 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Surviving Corporation”	the surviving corporation of the Merger under the name “China Premium Lifestyle Enterprise, Inc. as defined in the section headed “Information on the Merger”
“Technorient”	Technorient Limited, a company incorporated in Hong Kong, and an indirect non-wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US”, “U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

Throughout this announcement, amounts in US\$ have been translated, for illustration only, into HK\$ at the exchange rate of US\$1 = HK\$7.80. No representation is made that any amounts in US\$ or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

By order of the Board
Auto Italia Holdings Limited
Chong Tin Lung Benny
Executive Chairman and Chief Executive Officer

Hong Kong, 8 July 2014

As at the date of this announcement, the Board comprises Mr. Chong Tin Lung Benny (Executive Chairman and Chief Executive Officer), Mr. William Keith Jacobsen and Mr. Lam Chi Yan, all of whom are executive Directors; and Mr. Tan Boon Seng, Dr. Antonio Maria Santos and Mr. Kong To Yeung Frankie, all of whom are independent non-executive Directors.

* *For identification purposes only*