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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)

**DISCLOSEABLE TRANSACTION
PROVIDING ADDITIONAL FINANCIAL ASSISTANCE
TO THE BORROWER**

PROVISION OF FINANCIAL ASSISTANCE

On 7 July 2017, the Lender (which is a wholly-owned subsidiary of the Company) entered into the 2017 Loan Agreement with the Borrower (which is an Independent Third Party). Pursuant to the 2017 Loan Agreement, the Lender has agreed to provide a loan in the principal amount of HK\$20 million to the Borrower for a period of 12 months from the date of drawing. The New Loan was drawn on 7 July 2017.

The New Loan carries interest at the rate of 8% per annum during the term of the New Loan. Interest is payable on a quarterly basis from the drawdown date of the New Loan. The New Loan is secured by certain listed securities owned by the Borrower.

The Borrower is a debtor of the Group as at 31 December 2016 in respect of a loan drawn in November 2015 and partially paid. The principal amount of such Outstanding Previous Loan is HK\$26 million as at the date of (and immediately before the signing of) the 2017 Loan Agreement.

LISTING RULES IMPLICATION

As some of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the aggregate of the principal amount of the New Loan and the Outstanding Previous Loan are more than 5% but less than 25%, the New Loan (together with the Outstanding Previous Loan) therefore constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements set out in Chapter 14 of the Listing Rules.

PROVISION OF FINANCIAL ASSISTANCE

On 7 July 2017, the Lender and the Borrower entered into the 2017 Loan Agreement.

The principal terms of the 2017 Loan Agreement are set out below.

The 2017 Loan Agreement

Date: 7 July 2017

Parties: Lender: Taine Holdings Limited, an indirect wholly-owned subsidiary of the Company, which is a company incorporated in BVI with limited liability.

Borrower: A company incorporated in BVI with limited liability. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Borrower and its ultimate beneficial owners is an Independent Third Party as at the date of this announcement. The Borrower is an existing debtor of the Group and is a borrower of a loan drawn from the Group in November 2015, which has been partially repaid. As at 31 December 2016 and up to the date of the 2017 Loan Agreement, the principal amount of the Outstanding Previous Loan is HK\$26 million.

Principal amount: HK\$20 million

Interest:	The New Loan carries simple interest accrued at the rate of 8% per annum. Interest is payable on a quarterly basis from the drawdown date of the New Loan.
Drawing of the New Loan:	The principal amount of the New Loan was drawn on 7 July 2017
Term:	12 months commencing from 7 July 2017, being the date of drawdown of the New Loan
Collaterals:	Listed securities held by the Borrower

Funding of the New Loan

The New Loan was financed by the Group's available internal resources.

INFORMATION OF THE GROUP

The Group is principally engaged in the import, marketing and distribution, and provision of after-sales service of branded cars (including Italian "Maserati") in Hong Kong and Macau, the provision of pre-delivery inspection service in Shanghai, the People's Republic of China and Hong Kong as well as provision of financing and property investment.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2017 LOAN AGREEMENT

The terms of the 2017 Loan Agreement (including the interest rate) are negotiated on an arm's length basis between the Lender and the Borrower with reference to the normal prevailing commercial practice and the New Loan. The Directors consider that the New Loan and the 2017 Loan Agreement are on normal commercial terms entered into based on the Group's credit assessment towards the Borrower and the collaterals provided. Having taken into account the satisfactory repayment history, the asset backing given as collateral to secure repayment of the New Loan and the expected return to be generated from the New Loan, the Directors consider that the terms of the New Loan and the 2017 Loan Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The New Loan constitutes a financial assistance provided by the Lender within the meaning of the Listing Rules.

As mentioned above, immediately before the drawdown of the New Loan, the Borrower is a debtor of the Group in respect of the Outstanding Previous Loan, the principal amount of which is HK\$26 million as at 7 July 2017. Following the drawdown of the New Loan, the aggregate principal amounts owing the Borrower to the Group is HK\$46 million.

As some of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the aggregate of the principal amount of the New Loan and the Outstanding Previous Loan are more than 5% but less than 25%, the New Loan (together with the Outstanding Previous Loan) therefore constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements set out in Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below, unless the context otherwise requires:

“2017 Loan Agreement”	the loan agreement dated as of 7 July 2017 and entered into between the Lender and the Borrower in respect of the advance of the New Loan in the principal amount of HK\$20 million
“Board”	the board of Directors
“Borrower”	a company incorporated in BVI, which is an Independent Third Party
“BVI”	British Virgin Islands
“Company”	Auto Italia Holdings Limited (意達利控股有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a third party independent of and not connected with the Company and its subsidiaries and its connected persons
“Lender”	Taine Holdings Limited, a company incorporated in BVI and which is an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Loan”	the loan in the principal amount of HK\$20 million agreed to be advanced by the Lender to the Borrower pursuant to the 2017 Loan Agreement
“Outstanding Previous Loan”	the loan lent by the Lender to the Borrower and drawn in November 2015, which has been partially repaid, and the principal amount of which owing as at 31 December 2016 (and as at 7 July 2017 and immediately before the drawdown of the New Loan) is HK\$26 million
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 13 July 2017

As at the date of this announcement, the Board comprises Mr. Chong Tin Lung Benny (Executive Chairman and Chief Executive Officer) and Mr. Lam Chi Yan, both of whom are executive Directors; and Dr. Santos Antonio Maria, Mr. Kong Kai Chuen Frankie and Mr. Lee Ben Tiong Leong, all of whom are independent non-executive Directors.

* For identification purposes only