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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)

**ANNOUNCEMENT ON
SETTLEMENT OF LEGAL PROCEEDINGS INVOLVING THE COMPANY**

This announcement is made by Auto Italia Holdings Limited (the “**Company**”), together with its subsidiaries (collectively, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the litigation announcement dated 16 January 2017 in relation to the application to the Court of First Instance and obtained the Order under HCA 60/2017 on even date with respect to: (1) restriction on the disposal of 2 Ferrari vehicles; (2) preservation of the said 2 Ferrari vehicles; and (3) disclosure of information to Mr Sum Mun Kid Frederick (“**Mr Sum**”) on the location and storage details of the said 2 vehicles.

On 10 September 2019, the Company has entered into a conditional settlement agreement with Mr Sum which has taken effect after the board of directors of the Company’s (the “**Board**”) approval on 13 September 2019 (the “**Settlement Agreement**”).

* *For identification purpose only*

Relevant terms of the Settlement Agreement include:

- (a) the Company to refund Mr Sum the sum of HK\$5,515,000 being the deposits received from Mr Sum by the Company for the purchase of the two Ferraris (the “**Deposits**”);
- (b) the Company shall grant Mr Sum the right of first refusal to purchase one of the two Ferraris in dispute as in the Group’s ordinary and usual course of business by executing the sale and purchase agreement previously entered into; and
- (c) Mr Sum shall declare that he will not assume any right or interest over the other Ferrari in dispute.

The Company is of the view that the Settlement Agreement is beneficial to the Company by having all uncertainties and possible consequences in relation to the legal proceedings eliminated and all further legal costs to be incurred saved.

As the Deposits were forfeited by the Company and recognised as income in prior year, the refund to the customers as agreed under the Settlement Agreement will be recognised as expenses. The Settlement Agreement will have no financial impact on the operation of the Company.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
AUTO ITALIA HOLDINGS LIMITED
CHONG Tin Lung Benny
Executive Chairman and Chief Executive Officer

Hong Kong, 13 September 2019

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, all 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.