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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:
SUBSCRIPTION OF SERIES A PREFERRED SHARES
IN A BVI COMPANY
THAT CARRIES ON BIOLOGICS CONTRACT DEVELOPMENT AND
MANUFACTURING SERVICE BUSINESS**

AGREEMENT TO SUBSCRIBE FOR CBL SERIES A PREFERRED SHARES

The Board is pleased to announce that on 29 January 2020 (after trading hours), Investor B (an indirect wholly-owned subsidiary of the Company) together with Investor A (an Independent Third Party) entered into the CBL Subscription Agreement with Chime Biologics, Parentco, CBL HKCo, CBL Wuhan I and CBL Wuhan II.

Before the CBL Restructuring, CBL HKCo, CBL Wuhan I and CBL Wuhan II have been carrying on biologics contract development and manufacturing service business; and they are direct or indirect wholly-owned subsidiaries of Parentco. Pursuant to the CBL Restructuring (which includes the transactions as contemplated by the CBL Subscription Agreement), Chime Biologics will become the holding company of the other members of the CBL Group that will continue to carry on the CDMO Business, and Chime Biologics will cease to be wholly-owned by Parentco and it will (immediately after the Completion) become owned (i) as to CBL Ordinary Shares, by Parentco Existing Shareholders, and (ii) as to CBL Series A Preferred Shares, by Investor A and Investor B.

Upon the Completion, Investor B will become holder of 51,847,997 CBL Series A Preferred Shares (which will represent (i) about 25.60% of the issued CBL Series A Preferred Shares, and (ii) about 11.82% of the enlarged issued share capital in Chime Biologics (including both CBL Ordinary Shares and CBL Series A Preferred Shares, on an as-converted basis) immediately after such Completion), and the consideration for the issue of such 51,847,997 CBL Series A Preferred Shares is an aggregate of US\$32 million with a subscription price for each CBL Series A Preferred Share of about US\$0.617, which will be settled by Investor B by way of cash payment.

Following the Completion, Chime Biologics will be accounted for as an associated corporation of the Company, and will not be treated as its subsidiary.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the CBL Subscription by Investor B is more than 5% but less than 25%. Accordingly, the CBL Subscription by Investor B 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.

The Board is pleased to announce that on 29 January 2020 (after trading hours), Investor B (an indirect wholly-owned subsidiary of the Company) together with Investor A (an Independent Third Party) entered into the CBL Subscription Agreement with Chime Biologics, Parentco, CBL HKCo, CBL Wuhan I and CBL Wuhan II. Upon completion of the CBL Subscription Agreement, Investor B will become holder of 51,847,997 CBL Series A Preferred Shares (which will represent (i) about 25.60% of the issued CBL Series A Preferred Shares then in issue, and (ii) about 11.82% of the enlarged issued share capital in Chime Biologics (including both CBL Ordinary Shares and CBL Series A Preferred Shares, on an as-converted basis) immediately after such Completion), and the consideration for the issue of such 51,847,997 CBL Series A Preferred Shares is an aggregate of US\$32 million with a subscription price for each CBL Series A Preferred Share of about US\$0.617, which will be settled by Investor B by way of cash payment. Following the Completion, Chime Biologics will be accounted for as an associated corporation of the Company, and will not be treated as its subsidiary.

Investor B is incorporated in BVI on 18 November 2019. As at 29 January 2020 (being the date of the CBL Subscription Agreement), Investor B is an indirect wholly-owned subsidiary of the Company. It is purchased and activated mainly for the purpose of entering into the CBL Subscription Agreement, and implementing the transactions contemplated thereby. Investor B has not carried on any business, other than the entering into of the CBL Subscription Agreement, and the retainer of various advisers to conduct due diligence exercises and to provide valuation services in connection with the transactions contemplated by the CBL Subscription Agreement.

Pursuant to the CBL Restructuring (which includes the transactions as contemplated by the CBL Subscription Agreement), Chime Biologics will become the holding company of CBL HKCo, CBL Wuhan I and CBL Wuhan II that will continue to carry on the CDMO Business. Further details of Chime Biologics, the CDMO Business and the CBL Restructuring are set out in the section headed “CBL Subscription Agreement — CBL Restructuring and information on the CBL Group” below of this announcement.

CBL SUBSCRIPTION AGREEMENT

On 29 January 2020, Investor B together with Investor A entered into the CBL Subscription Agreement with Chime Biologics, Parentco, CBL HKCo, CBL Wuhan I and CBL Wuhan II. Subject to the conditions precedent to the Completion being satisfied (or, if and to the extent waivable, waived), the Completion will take place.

The major terms of the CBL Subscription Agreement are summarised below:

Date: 29 January 2020

Parties:

- (a) Investor A (as subscriber of 150,683,240 CBL Series A Preferred Shares)
- (b) Investor B (as subscriber of 51,847,997 CBL Series A Preferred Shares)
- (c) Chime Biologics (as issuer)
- (d) Parentco (being the sole shareholder of Chime Biologics before the completion of the CBL Restructuring); and
- (e) other members of the CBL Group

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, each of Parentco, Investor A and their respective ultimate beneficial owners are all Independent Third Parties.

The Parentco was founded by Mr. James Huang, who is currently Executive Chairman and CEO of the Parentco. Mr. Huang had over 27 years of biological executive and investment experience since graduation with MBA degree from Stanford University. Since the founding of the Parentco, Mr. Huang played the key roles to build the company both as major investors representative (Kleiner Perkins Caufield & Byers) and also as seasoned biological executive. He is currently Managing Partner at KBCB China and Founding Partner at Panacea Venture, as well as director for multiple biotech company's board.

Investor A is an investor consortium to be formed by 4 consortium member entities to subscribe for CBL Series A Preferred Shares at a total subscription price of US\$93 million. The single largest consortium member is interested in approximately 57.2% of the issued share capital in Investor A, while the shareholding attributable to each of the other consortium members is approximately between 6.0% to 18.4%.

Investor B is a special purpose vehicle incorporated for taking up the CBL Series A Preferred Shares pursuant to the CBL Subscription Agreement.

CBL Series A Preferred Shares and the related subscription price:

A total of 202,531,237 CBL Series A Preferred Shares are agreed to be issued and subscribed at the total subscription price of US\$125 million. Such subscription price will be paid by a combination of cash and assumption of debts at the Completion.

The subscription price for each CBL Series A Preferred Share is approximately US\$0.617. Under the CBL Subscription Agreement, Investor A and Investor B have agreed to subscribe for 150,683,240 and 51,847,997 CBL Series A Preferred Shares, respectively.

The CBL Subscription by Investor B would be funded as to US\$10 million from the Group's internal resources, and as to US\$22 million from loans borrowed from one Independent Third Party and from a shareholder of Investor A. The maturity date of such loans falls on 18 months from the date of drawdown of such loan (which is expected to be a few Business Days before the date of the Completion) and will carry interest at the rate of 10 per cent. per annum, and will be payable on a half-yearly basis.

Conditions precedent to completion of the CBL Subscription Agreement:

Completion of the CBL Subscription Agreement is subject to certain conditions being fulfilled (or, if and to the extent waivable, waived), and the major conditions precedent include the following: (1) there shall have been no event or events which would have a material adverse effect on the CBL Group members taken as a whole or the CDMO Business (except pursuant to the CBL Restructuring or the CBL Transaction Documents); (2) there shall not be in effect any applicable law enacted, promulgated, enforced or otherwise issued or court order or other legal prohibition restraining, preventing or making illegal the consummation of the transactions contemplated under the CBL Transaction Documents and there shall not be any pending or threatened action by any governmental authority seeking to restrain, prevent or make illegal the consummation of such transactions; (3) all consents which are legally required to be obtained by each of Parentco and the CBL Group members (including but not limited to all applicable and necessary permits, authorizations, approvals or consents of any governmental authority, and consents from third parties (if necessary) in connection with the consummation of the CBL Restructuring and the transactions contemplated under the CBL Transaction Documents) shall have been duly obtained prior to and be effective as of the completion date; (4) the restructuring exercise of Parentco and the CBL Group (as detailed in the CBL Subscription Agreement) shall have been completed to the reasonable satisfaction of each of Investor A and Investor B; (5) certain mutual services agreement and transition services agreement shall have been executed between Chime Biologics and a subsidiary of Parentco (which subsidiary is incorporated in Taiwan, “**Parent-TWCo**”); (6) Chime Biologics shall have issued the CBL Notes and Parentco shall have used the proceeds from the CBL Notes to pay the 2018 Parentco CBs in full to all the holders of such convertible bonds except certain holders of such convertible bonds who agrees to take up the CBL Promissory Notes as the redemption consideration such that all the 2018 Parentco CBs are redeemed in full; and (7) each of Investor A and Investor B shall have received legal opinions with respect to certain jurisdictions, which opinion shall cover the transactions contemplated under the CBL Transaction Documents (including the CBL Restructuring), each in form and substance reasonably satisfactory to each of Investor A and Investor B.

CBL Board:

Unless otherwise agreed in accordance with the CBL Transaction Documents, the CBL Board shall consist of four (4) members. The rights to appoint such members are as follows:

- (i) so long as the Investor A (together with its affiliates) holds a majority of the CBL Series A Preferred Shares acquired by it (i.e. Investor A) at the Completion, Investor A is entitled to appoint one (1) director (the “**Investor A Director**”) and the Investor A Director can only be removed by Investor A;
- (ii) so long as the Investor B (together with its affiliates) holds a majority of the CBL Series A Preferred Shares acquired by it (i.e. Investor B) at the Completion, Investor B is entitled to appoint one (1) director (the “**Investor B Director**”) and the Investor B Director can only be removed by Investor B;
- (iii) so long as there are any CBL preferred shares outstanding, holder(s) of the majority of CBL Ordinary Shares shall be entitled jointly to appoint two (2) directors, one of which must initially be Mr. James Huang, and such directors may only be removed jointly by holders holding a majority of the CBL Ordinary Shares (voting as a separate class and excluding any CBL Ordinary Share issuable or issued pursuant to conversion of any CBL preferred shares)

Quorum and
proceedings of
the CBL Board:

So long as Investor A and Investor B (together with their affiliates) hold a majority of the CBL Series A Preferred Shares acquired by them at the Completion, the chairman of the Board shall be nominated and designated by the holders of at least a majority of the CBL Series A Preferred Shares (voting as a separate class and on an as-converted basis); and thereafter the CBL Chairman shall be designated by a majority of the CBL Directors duly appointed to the CBL Board. The chairman of the Board has a casting vote in case of equality of votes.

The quorum for meetings of the Board shall be a majority of the directors, which shall include at least one of Investor A Director or Investor B Director, for so long as Investor A and/or Investor B have the right to appoint such CBL Directors; provided, however, if a quorum for a CBL Board meeting is not present, the meeting shall be adjourned to the next business day at the same time and place or to such other time or such other place as a majority of the CBL Directors present at the meeting may determine, and if a quorum remains not satisfied due to the absence of Investor A Director and Investor B Director at such adjourned meeting, the quorum shall be deemed satisfied for such meeting. The Board shall meet at least once per quarter.

Certain matters require the approval of the CBL Board (including the affirmative vote of at least Investor A Director or Investor B Director). These matters include (but are not limited to) the following: incurrence of any capital expenditures; any investment inconsistent with any investment policy approved by the CBL Board; any change in dividend policy of any declaration or payment of dividends to CBL shareholders; any decision on matters relating to public offering of CBL shares; any change of the principal business of Chime Biologics.

Protective provisions as
shareholder level:

No CBL Group member shall, directly or indirectly, by amendment, merger, consolidation or otherwise, take any of the following actions so long as any CBL Preferred Shares are outstanding without first obtaining (i) the prior written consent of the majority of the holders of the CBL Preferred Shares:

- (a) amendment to the constitutional documents of any member of the CBL Group;
- (b) any repurchase, redemption, or other acquisition of any equity securities of Chime Biologics (other than repurchases from employees upon termination of employment pursuant to the terms of an employee share or option plan approved by the CBL Board) and redemptions or repurchases in connection with any conversion of CBL Preferred Shares into Ordinary Shares;

- (c) liquidation, termination or dissolution of any CBL Group member (or the sale of all or substantially all of the assets of any such CBL Group member);
- (d) any amendment of the rights, privileges or power of, or the restrictions provided for the benefit of, the CBL Preferred Shares;
- (e) any merger, consolidation, amalgamation, scheme of arrangement, joint venture or other business combination with or into any other entity;

and (ii) with respect to the corporate actions as mentioned in items (b), (c) and (e) above, the prior written consent of outstanding CBL Ordinary Shares and CBL Preferred Shares representing at least sixty-seven per cent. (67%) of the voting power of Chime Biologics voting together as a single class on an as-converted basis.

Pre-emptive rights and other similar rights:

The CBL Transaction Documents provide for right of first refusal, co-sale, drag along and pre-emptive rights which are customary in the type of special purpose vehicles with different classes of shares, and holders of CBL Preferred Shares are entitled to access to information concerning the CBL Group, such as regular financial information, annual consolidated budget and business plan.

CBL RESTRUCTURING AND INFORMATION ON THE CBL GROUP

As indicated above, following the Completion, Investor B (together with Investor A) will become holders of CBL Series A Preferred Shares. In this context, information on the CBL Group and the CBL Restructuring is set out below:

Information on the CBL Group

Before the CBL Restructuring, CBL HKCo, CBL Wuhan I and CBL Wuhan II have been carrying on biologics contract development and manufacturing service business; and they are direct or indirect wholly-owned subsidiaries of Parentco.

Parentco is incorporated in the Cayman Islands. The Parentco Existing Shareholders and directors of Parentco are not connected persons of the Company. During the period between September 2015 and February 2018, Parentco's shares were listed on the Emerging Stock Market of the Taipei Exchange. In February 2018, Parentco was privatized and the listing status of Parentco's shares was withdrawn on a voluntary basis. Subsequently in May 2018, the 2018 Parentco CBs in the principal amount of US\$106 million were issued. As at 8 January 2020, the aggregate principal amounts and accrued interests of the outstanding 2018 Parentco CBs were in the sum of about US\$123.78 million.

Prior to the issue of the 2018 Parentco CBs, Parentco and its then subsidiaries ("**Old Parentco Group**") were principally engaged in the research and development of biosimilars (i.e. biologic medical products highly similar to other already approved biological medicines). From late 2018 onward, the business focus of Parentco and its subsidiaries have been changed to the provision of biologics development and manufacturing services to biotech and pharmaceutical companies.

CBL group is a fully-integrated biologics CDMO platform providing comprehensive services. With its high-quality laboratory and more than 130 employees with industry-leading expertise and advanced facilities, CBL Group is well equipped to provide full-suite CDMO services as a stand-alone business. The operating site of the CBL Group is located in Wuhan's BioLake Biotech Industry Development Zone. It currently has pre-IND facility as well as 2 x 500 litres and 4 x 2,000 litres bioreactors, which are manufacturing device used in biologics production. Construction of a new fill-finish facility has also been recently completed in late 2019. The manufacturing facility has been European Union Qualified Person audited and produced material that has been used in early and late stage clinical trials globally (including European Union, Australia, and China).

Financial information of the CBL Group

The following summarizes the financial information of the CBL Group based on the unaudited management accounts prepared on a pro forma basis on the assumption that the CBL Restructuring had been completed as of 31 December 2018 in accordance with IFRS.

As at 31 December 2018, the CBL Group had an unaudited consolidated net assets value of approximately US\$47 million (equivalent to approximately HK\$366.6 million), and had an unaudited consolidated total assets of approximately US\$112 million (equivalent to approximately HK\$873.6 million). For each of the years ended 31 December 2017 and 2018, the CBL Group recorded:

- (i) unaudited consolidated gross profit of approximately US\$8 million and US\$4 million (equivalent to approximately HK\$62.4 million and HK\$31.2 million), respectively, and

- (ii) unaudited consolidated losses before taxation (which are same as unaudited consolidated losses after taxation) of approximately US\$8 million and US\$32 million (equivalent to approximately HK\$62.4 million and HK\$249.6 million), respectively.

CBL Restructuring

As mentioned above, from late 2018 onward, the business focus of Parentco and its subsidiaries have been changed to the provision of biologics development and manufacturing services to biotech and pharmaceutical companies. To have better corporate structure for implementing such business change and also to retire the liabilities of Parentco attributable to the 2018 Parentco CBs, certain restructuring (including, among others, the following steps) was and will be implemented:

- (1) the CDMO Business and the related CDMO Facilities (which are located in Wuhan, the PRC) originally held by the Old Parentco Group was agreed to be transferred to CBL Group;
- (2) in respect of the 2018 Parentco CBs, the aggregate principal amounts and accrued interests were in the sum of US\$123.78 million as of 8 January 2020, and prior to the signing of the CBL Subscription Agreement:
 - (2a) the 2018 Parentco CBs which carried total outstanding liabilities of US\$83.98 million would be retired with funds supplied by Chime Biologics, which funds were sourced from one Independent Third Party and a shareholder of Investor A under the CBL Notes; and following such retirement by way of cash payment, Chime Biologics became owing to the holders of the CBL Notes in the aggregate sum of US\$85.20 million; and
 - (2b) the 2018 Parentco CBs which carried total outstanding liabilities of US\$39.80 million were waived by their respective holders, in consideration of Chime Biologics issuing the CBL Promissory Notes (whose principal amounts in the sum of US\$39.80 million are, as of the date of their issue, same as the total outstanding liabilities of US\$39.80 million under the 2018 Parentco CBs held by such holders);
- (3) subject to and following completion of the CBL Subscription Agreement:
 - (3a) the indebtedness in the sum of US\$53.2 million and US\$39.8 million owing by Chime Biologics to a holder of one of the CBL Notes and the holders of CBL Promissory Notes, respectively, would be assumed by Investor A;

(3b) pursuant to the CBL Subscription Agreement, CBL Series A Preferred Shares will be issued by Chime Biologics to Investor A and Investor B, and for purpose of settling the consideration for the subscription of the CBL Series A Preferred Shares:

- (i) in respect of US\$93 million, the indebtedness owing by Chime Biologics to a holder of one of the CBL Notes and the holders of CBL Promissory Notes as mentioned in item (3a) above would be repaid by the Investor A and Chime Biologics will be released from such indebtedness; and
- (ii) in respect of US\$32 million, payment in cash will be made by Investor B to Chime Biologics,

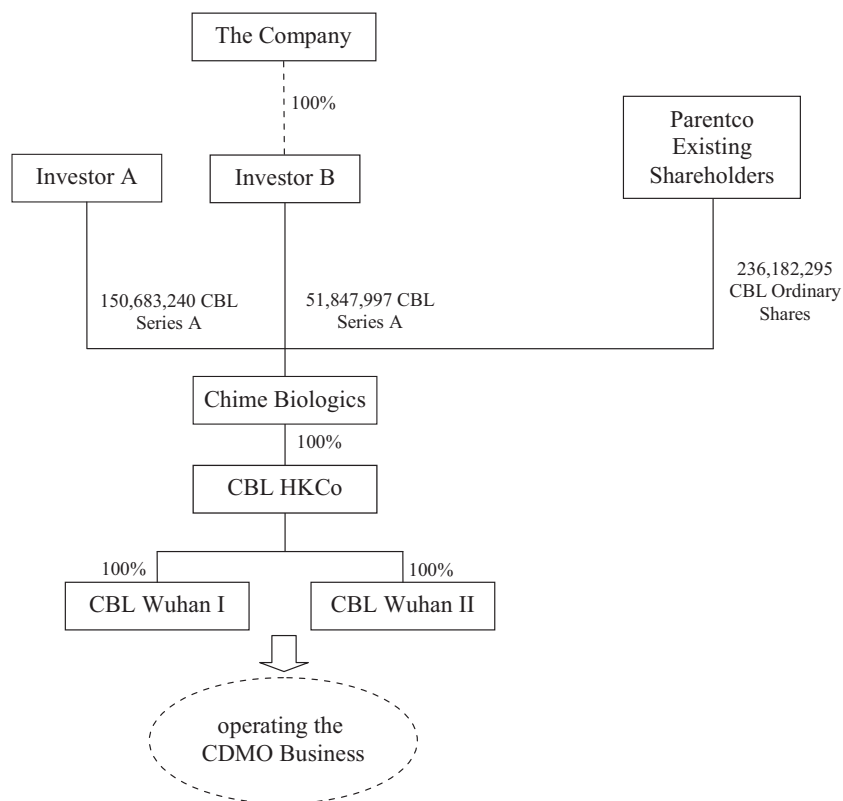
and upon the Completion, Investor A and Investor B will become the holder of 150,683,240 and 51,847,997 CBL Series A Preferred Shares, respectively;

(3c) the ordinary shares in Chime Biologics held by Parentco were distributed by Parentco to its existing shareholders

Mr. Chong, an executive director of the Company, is the founder and chairman of VMSIG which in turn is a substantial shareholder of the Company. VMSIG is the holding company of a group of companies principally engaged in the provision of proprietary investments, private equity, asset management, securities brokerage and corporate finance advisory services. One of the subsidiaries of VMSIG (“VMS-AM”) is engaged in asset management business. For the avoidance of doubt, VMS-AM is not a member of the Group. VMS-AM has been acting as a manager of certain funds, and one of such funds relates to fund-management services provided in connection with the holding of the 2018 Parentco CBs. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, all investors which held the 2018 Parentco CBs (including those investors which make investments through the said fund managed by VMS-AM) are Independent Third Parties, except for Mr. Chong and Ms. Viola Mak (the mother of Mr. Chong) who together held less than 5% of the entire outstanding convertible bonds. The proposal on CBL Restructuring was related by Parentco to VMS-AM, and Parentco proposed to VMS-AM to extend invitation to appropriate investors to acquire CBL Shares. In October 2019 when VMS-AM passed the proposal to Mr. Chong, Mr. Chong considered that the proposed investment in CBL Shares would represent an opportunity of potential high growth, and could be to the benefit of the Company. Such proposal was then given to the Company for consideration.

In order to avoid any conflict of interests, the 2018 Parentco CBs attributable to Mr. Chong and Ms. Viola Mak were retired under step (2a) above, and neither of them nor the VMS Group has any shareholding or interest in Chime Biologics (other than through their shareholding in the Company).

The following diagram depicts the corporate structure of Investor B and the CBL Group immediately after the Completion:



FURTHER INFORMATION REGARDING THE CBL GROUP

Valuation

The Company obtained a valuation report dated 20 January 2020 and prepared by an independent valuer in respect of the CBL Group. The value of the CBL Group was determined by the valuer to be in a range of US\$276 million to US\$288 million as of 30 September 2019. Such value has been determined on the following major bases and assumptions and methodologies:

- (a) The valuer considered the three basic approaches to perform a valuation (namely, cost approach, income approach and market approach), and considered that the market approach was the most appropriate one.
- (b) The valuer took into information collected and collated from discussions with the management of the CBL Group with regard to the history and operations of the CBL Group's business, including an overview of certain financial data, an analysis of the industry and competitive environment, analysis of historical financial results, an analysis of comparable transactions and review of transaction documents, operating statistics and other due diligence documents.

- (c) The valuer calculated the price-to-book ratio (“**P/B ratio**”) and enterprise value to invested capital ratio (“**EV/IC ratio**”) of certain comparable companies (as mentioned below). Price is defined as total market capitalization. Book is defined as the total book value of equity. Enterprise value is deducted by the amount of debt to form the equity value of the Company on free of cash and debt basis. Invested capital is defined as total equity value plus interest bearing debt. The selection periods are 12 February 2018, the date of privatization of Parentco and 30 September 2019 (being the valuation date).
- (d) The valuer identified 9 comparable companies whose business natures are similar to that of the CBL Group and excluded certain outliers. The selection criteria of comparable companies include: having engaged in similar businesses (i.e. CDMO industry), the place of operation being China, and the business mode including both contract development and contract manufacturing.
- (e) As some of the comparable companies are public or listed companies, the valuer applied certain discount for lack of marketability as to the value of the CBL Group, as the share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company due to the additional cost and time to sell the shares.
- (f) The principal factors taken into account by the valuer in arriving at the above value of the CBL Group include the following: the stage of development and history of the CBL Group; the current financial condition and historical financial of the CBL Group; the economic outlook of China and specific competitive environments affecting the CDMO industry; the legal and regulatory issues of the CDMO industry in general; the risks associated with the CBL Group; the price multiples of the comparable companies identified; and the experience of the CBL Group’s management.
- (g) Key assumptions adopted by the valuer in arriving at the above valuation include the following: no major changes are expected in political, legal and economic conditions in China; regulatory environment and market conditions for CDMO industry will be developing according to prevailing market expectations; there will be no major changes in the current taxation law applicable to the CBL Group; the CBL Group will not be constrained by the availability of finance; the future movement of exchange rates and interest rates will not differ materially from prevailing market expectations; and the CBL Group will retain competent management, key personnel and technical staff to support their ongoing operations.

Business outlook

As at 31 December 2019, the CBL Group had seven outstanding CDMO contracts, and was in negotiation for twenty prospective CDMO contracts. Its current major customers include China-based pharmaceutical and biotech corporations.

As of late 2019, the CBL Group was considered to be more technologically advanced as compared with local (i.e. PRC) CDMO market players. In order to maintain such competitive edge, the CBL Group will have to secure more CDMO contracts, to enter into more corroborative research and development and production relationship with its customers, to recruit additional talents and also to retain its existing talents (mainly in construction, operation and business development areas). At an appropriate stage of development, the CBL Group will have to increase its development and manufacturing capacity by acquiring and/or leasing additional land sites, for construction and operation of factory plants and bioreactors (which have to be in compliance with the applicable Good Manufacturing Practices prescribed by law or policy), which will require additional capital funds. If the above factors cannot be achieved, the competitive edge currently enjoyed by the CBL Group may be eroded.

REASONS FOR AND BENEFITS FROM THE CBL SUBSCRIPTION INVESTOR B

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, and the provision of financing and property investment. The CBL Subscription by Investor B represents an indirect investment in the growing CDMO business.

Based on certain market research, the global CDMO outsourcing market size is expected to grow by US\$36.51 billion during 2019-2023. Pharmaceutical and biotech companies are focusing on engaging with one-stop-shop CDMOs that have high expertise to gain a competitive edge in the market. These CDMOs provide support through all stages of drug formulation and the development for all drug substance types. They also offer customization of packaging based on various parameters such as product safety, patient friendliness, cost efficiency, and country-specific requirements. This helps pharmaceutical and biotech firms in rapidly and safely launching their products in the market. Additionally, the assistance offered by such CDMOs enables enterprises to focus more on drug discovery. CDMOs help in bringing success for pharmaceutical and biotech companies by regularly monitoring the entire value chain of a product. They also help enterprises develop strategies to optimize capital cost during development, test drug product to meet regulatory requirements, and preserve scarce active pharmaceutical ingredient. Many such benefits offered by one-stop-shop CDMOs are driving the growth of the global CDMO outsourcing market. The global market is highly fragmented. By product, there are small molecules and biologics segment.

Having taking into account the terms of the CBL Subscription Agreement, the Directors (including independent non-executive Directors) are of the view that the terms of the CBL Subscription Agreement are normal commercial terms and are fair and reasonable, and that the CBL Subscription by Investor B is in the interests of the Company and its shareholders as a whole.

INFORMATION ON 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, and the provision of financing and property investment.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the CBL Subscription by Investor B is more than 5% but less than 25%. Accordingly, the CBL Subscription by Investor B 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:

“2018 Parentco CB(s)”	convertible bond(s) issued by Parentco to certain holders on 15 May 2018 in the aggregate principal amount of US\$106 million
“2018 Parentco CB Holder(s)”	holder(s) of the 2018 Parentco CBs
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CBL Board”	the board of directors of Chime Biologics
“CBL Chairman”	the chairman of CBL Board
“CBL Director(s)”	the director(s) of Chime Biologics

“CBL Group”	the group of companies which (after completion of the CBL Restructuring) will comprise of Chime Biologics, CBL HKCo, CBL Wuhan I and CBL Wuhan II and such other subsidiaries of Chime Biologics from time to time; and “members of the CBL Group” or “CBL Group member” means any one of them
“CBL HKCo”	JHL Biotech (Hong Kong) Limited (喜康壽生物醫藥(香港)有限公司), a company incorporated in Hong Kong with limited liability and which will (after completion of the CBL Restructuring) become a direct wholly-owned subsidiary of Chime Biologics
“CBL Notes”	promissory note issued by Chime Biologics to certain note holder in the principal amount of US\$53.2 million and promissory note issued by Chime Biologics to certain note holder in the principal amount of US\$32.0 million to facilitate (by provision of funds for redemption of the 2018 Parentco CBs) the implementation of the CBL Restructuring
“CBL Ordinary Share(s)”	ordinary share(s) of Chime Biologics, which has no par value, and which carry such rights and privileges as set out in (among other documents) the memorandum and articles of association of Chime Biologics, the CBL Subscription Agreement and the CBL Shareholders Agreement
“CBL Promissory Notes”	promissory notes having an aggregate principal amount of US\$39.8 million issued by Chime Biologics to certain holder of the Parentco CBs, which agreed to the implementation of the CBL Restructuring and which waived Parentco’s payment obligations of the 2018 Parentco CBs held by them; and the holders of these promissory notes or their affiliates will become shareholders of Investor A
“CBL Restructuring”	the steps of restructuring of Parentco and the CBL Group members, brief details of which are summarised in the main text of this announcement

“CBL Series A Preferred Share(s)”	series A preferred share(s) of Chime Biologics, which has no par value, and which carry such rights and privileges as set out in (among other documents) the memorandum and articles of Chime Biologics, the CBL Subscription Agreement and the CBL Shareholders Agreement
“CBL Shareholders Agreement”	the agreement to be entered into between Chime Biologics, holders of a majority of the CBL Ordinary Shares, and Investor A and Investor B (as investors of all the CBL Series A Preferred Shares then in issue), upon the Completion
“CBL Subscription Agreement”	the agreement dated 29 January 2020 and entered into between Chime Biologics, Parentco, CBL HKCo, CBL Wuhan I, CBL Wuhan II, Investor A and Investor B, pursuant to which Chime Biologics (as issuer) has agreed to issue (and Investor A and Investor B (as investors) have agreed to subscribe for) CBL Series A Preferred Shares
“CBL Subscription by Investor A”	the subscription of 150,683,240 CBL Series A Preferred Shares by Investor A as contemplated under the CBL Subscription Agreement
“CBL Subscription by Investor B”	the subscription of 51,847,997 CBL Series A Preferred Shares by Investor B as contemplated under the CBL Subscription Agreement
“CBL Subscriptions”	collectively, the CBL Subscription by Investor A and the CBL Subscription by Investor B
“CBL Subscription Price”	a subscription price of about US\$0.617 per CBL Series A Preferred Share by each of Investor A and Investor B as provided under the CBL Subscription Agreement

“CBL Transaction Documents”	the CBL Subscription Agreement, the shareholders agreement to be entered into between Chime Biologics, the other members of the CBL Group, Investor A and Investor B (in their capacity of the investors) and certain Parentco Existing Shareholders (in their capacity of major shareholders of China Biologics), the memorandum and articles of association of Chime Biologics and other agreements and documents otherwise required in connection with implementing the transactions contemplated by any of the above
“CBL Wuhan I”	Jianheli (Wuhan) Biopharmaceutical Co., Ltd. (健赫力(武漢)生物醫藥有限公司), a company established in the PRC with limited liability and which will (after completion of the CBL Restructuring) become an indirect wholly-owned subsidiary of Chime Biologics
“CBL Wuhan II”	Xikang (Wuhan) Biopharmaceutical Co., Ltd (喜康(武漢)生物醫藥有限公司), a company established in the PRC with limited liability and which will (after completion of the CBL Restructuring) become an indirect wholly-owned subsidiary of Chime Biologics
“CDMO”	contract development and manufacturing organisation
“CDMO Business”	presently, the entire business of the biologics CDMO businesses owned and operated mainly in Wuhan, the PRC by Parentco and its subsidiaries (including CBL HKCo, CBL Wuhan I and CBL Wuhan II) prior to the CBL Restructuring, together with the related assets including (i) all of the land, equipment, development and manufacturing facilities that are related to, in connection with and/or for the purpose of such CDMO business (including the CDMO Facilities); (ii) all existing personnel under CBL HKCo, CBL Wuhan I and CBL Wuhan II that are involved in such CDMO business; (iii) all intellectual property rights including the patents (whether granted or under application) that are related to, in connection with or for the purpose of such CDMO business

“CDMO Facilities”	the existing CDMO plant and facilities located East Lake Hi-tech Development Zone, Wuhan, Hubei Province, PRC and any future CDMO plant and facilities being operated by the CBL Group members
“Chime Biologics”	Chime Biologics Limited, a limited liability company incorporated with valid existence under BVI laws, which (i) immediately before the signing of the CBL Subscription Agreement, was solely owned by Parentco, and (ii) immediately after completion of the CBL Subscription Agreement, will become owned (i) as to CBL Ordinary Shares, by Parentco Existing Shareholders, and (ii) as to CBL Series A Preferred Shares, by Investor A and Investor B
“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
“Completion”	the completion of transactions contemplated under the CBL Subscription Agreement
“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
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	a third party independent of and not connected with the Company and its subsidiaries and its connected persons

“Investor A”	Ideal View Limited, a company incorporated in BVI and whose ultimate beneficial owners/controlling shareholders are Independent Third Parties, which has agreed to subscribe for certain CBL Series A Preferred Shares pursuant to the CBL Subscription Agreement
“Investor B”	Rainbow Surplus Investments Limited, a company incorporated in BVI and an indirect wholly-owned subsidiary of the Company, which has agreed to subscribe for certain CBL Series A Preferred Shares pursuant to the CBL Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chong”	Mr. CHONG Tin Lung Benny, who is an executive director of the Company, and also the founder and chairman of VMSIG which in turn is a substantial shareholder of the Company
“Old Parentco Group”	prior to the completion of CBL Restructuring, Parentco and its then subsidiaries, including CBL HKCo, CBL Wuhan I and CBL Wuhan II
“Parentco”	JHL Biotech, Inc. (喜康(開曼)控股股份有限公司), an exempted company limited by shares incorporated under the laws of the Cayman Islands, whose shares had been listed on the Emerging Stock Market of the Taipei Exchange and were voluntarily delisted therefrom in February 2018, and which is the issuer of the 2018 Parentco CBs
“Parentco Existing Shareholders”	Comprising primarily various institutional investors including healthcare specialist investors as well as individual investors with the top 5 largest institutional investors each holding shareholding ranged from approximately 5-16% of the Parentco and the rest as minority institutional or individual investors

“PRC”	People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“VMSIG”	VMS Investment Group Limited, a company incorporated in BVI and which is a substantial shareholder of the Company as at the date of this announcement
“VMS Group”	the group of companies which are subsidiaries by VMSIG and which are principally engaged in the provision of proprietary investments, private equity, asset management, securities brokerage and corporate finance advisory services
“%”	per cent.

Unless otherwise specified in this announcement, amounts denominated in United States dollars have been converted, for the purpose of illustration only, into Hong Kong dollars at the rate of US\$1:HK\$7.8. No representation is made that any amounts in Hong Kong dollars and United States dollars were or could have been or could be converted into each other at such rates or any other exchange rates on the date of this announcement or any other date.

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

Hong Kong, 29 January 2020

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 purpose only*