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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE AGREEMENT OF THE DRAG ALONG RIGHT PROVISIONS

Reference are made to (i) the announcement of Auto Italia Holdings Limited (the “**Company**”) dated 29 January 2020 and supplemental announcement of the Company dated 19 August 2020 respectively, in relation to, among other things, the grant of Drag Along Right under the CBL Transaction Documents; and (ii) the announcements of the Company dated 30 September 2020, 30 October 2020, 31 December 2020, 29 January 2021 and 26 February 2021 respectively in relation to the delay in despatch of a circular (“**Circular**”) in relation to the agreement of the Drag Along Right provisions (collectively, the “**Announcements**”). Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

As mentioned in the Company’s supplemental announcement dated 19 August 2020, the Drag Along Right enjoyed by Investor B constitutes an option under Rule 14.72(1) of the Listing Rules. Pursuant to Rule 14.74(1) of the Listing Rules, as the exercise of the Drag Along Right is not at the discretion of the Company, the grant of Drag Along Right will involve a transaction which will be classified as if the Drag Along Right had been exercised. As the exercise price of the Drag Along Right is not yet fixed, the relevant transaction will be classified as at least a major transaction under Rule 14.76(1) of the Listing Rules, and is subject to the approval of Shareholders.

* *For identification purpose only*

Having regard to the fact that (i) the exercise of the Drag Along Right is not at the discretion of the Company, hence resulting in the Drag Along Right being treated as an option, and (ii) the exercise price of the Drag Along Right is not yet fixed, hence resulting in the relevant transaction being classified as at least a major transaction, Investor B entered into negotiations with the other CBL Shareholders to examine the possibility of excluding Investor B from being bound to exercise the Drag Along Right. On 19 March 2021, the CBL Shareholders passed a resolution to amend the Drag Along Right provisions as regulated under the Memorandum and Articles of Association of CBL by way of the approval and adoption of the second amended and restated Memorandum and Articles of Association of CBL (the “**Restated MAA**”).

Under the amended and revised provisions concerning the Drag Along Right in the Restated MAA (“**Revised Drag Along Right**”), each of the CBL Shareholders (or remaining CBL Shareholders, as the case may be) including Investor B, would be notified by CBL in case of an Approved Sale; but Investor B would no longer be bound to be a Dragged Shareholder to, among other actions, sell all of its securities in CBL in the Approved Sale. However, Investor B, as a holder of the CBL Series A Preferred Shares, may choose in its sole and absolute discretion to participate in any Approved Sale upon substantially the same terms and conditions as those applicable to the Dragged Shareholders, subject to and conditional upon the compliance with the applicable laws, rules and regulations by Investor B and its affiliates.

As a result of the Revised Drag Along Right provisions in the Restated MAA applicable to Investor B, the exercise of the Revised Drag Along Right is at the discretion of Investor B and accordingly the provisions under Rules 14.74(1) and 14.76(1) of the Listing Rules would no longer be applicable to the Group. For the purpose of Rule 14.75(1) of the Listing Rules, no premium or other consideration is payable by Investor B for the grant of option under the Revised Drag Along Right.

As the Revised Draft Along Right is not subject to approval by shareholders of the Company, the Company would announce that the special general meeting in such connection is not required and would not be held, and no Circular would be despatched accordingly.

By Order of the Board
Auto Italia Holdings Limited
CHONG Tin Lung Benny

Executive Chairman and Chief Executive Officer

Hong Kong, 30 March 2021

As at the date of this announcement, the Board comprises Mr. CHONG Tin Lung Benny (Executive Chairman and Chief Executive Officer), Mr. LAM Chi Yan, Mr HUANG Zuie-Chin and Mr NG Siu Wai, all of whom are executive Directors; and Mr. KONG Kai Chuen Frankie, Mr. LEE Ben Tiong Leong and Mr TO Chun Wai, all of whom are independent non-executive Directors.