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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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Board of AUTO ITALIA HOLDINGS LIMITED (the “Company”) announces that the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	NOTES	2020 HK\$'000	2019 HK\$'000
Revenue from goods and services	3	120,861	221,410
Rental income		1,888	1,976
Interest income from loan receivables		3,152	8,556
Total revenue		125,901	231,942
Cost of sales and services		(83,467)	(158,031)
Gross profit		42,434	73,911
Other income	5	13,275	24,238
Other expense	6	–	(5,515)
Other gains and losses	7	(3,956)	(1,905)
(Impairment losses) reversal of impairment losses on			
– property, plant and equipment		(467)	–
– goodwill		(2,480)	–
– right-of-use assets		(16,163)	–
– trade and other receivables and loan receivables under expected credit loss (“ECL”) model, net		(72)	669
Selling and distribution costs		(42,398)	(75,449)
Administrative expenses		(59,437)	(49,904)
Finance costs	8	(13,638)	(3,678)
Share of result of an associate accounted for using equity method		(7,796)	14,087
Loss before taxation		(90,698)	(23,546)
Taxation	9	1,653	(566)
Loss for the year	10	(89,045)	(24,112)
Loss per share	11		
– Basic		(HK1.70 cent)	(HK0.46 cent)
– Diluted		(HK1.70 cent)	(HK0.46 cent)

* For identification purpose only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2020

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	(89,045)	(24,112)
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	<u>1,178</u>	<u>1,932</u>
Other comprehensive income for the year	<u>1,178</u>	<u>1,932</u>
Total comprehensive expense for the year	<u>(87,867)</u>	<u>(22,180)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	NOTES	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Investment properties	12	55,200	56,500
Property, plant and equipment		1,903	12,135
Right-of-use assets		–	39,309
Goodwill		–	2,480
Interest in an associate accounted for using equity method		56,285	81,484
Investment of an associate measured at fair value through profit or loss (“FVTPL”)		248,080	–
Rental deposits		791	6,208
		<u>362,259</u>	<u>198,116</u>
Current assets			
Inventories		61,220	112,602
Trade and other receivables	13	16,502	28,569
Loan receivables	14	21,599	70,055
Tax recoverable		636	–
Pledged bank deposits		20,000	44,019
Bank balances and cash		52,512	104,014
		<u>172,469</u>	<u>359,259</u>
Current liabilities			
Trade and other payables	15	22,807	31,350
Contract liabilities		18,750	19,496
Tax payable		–	2,853
Bank and other borrowings	16a	10,329	5,323
Corporate bonds	16b	62,482	–
Lease liabilities		16,274	23,078
		<u>130,642</u>	<u>82,100</u>
Net current assets		<u>41,827</u>	<u>277,159</u>
Total assets less current liabilities		<u>404,086</u>	<u>475,275</u>
Capital and reserves			
Share capital		105,476	104,391
Reserves		297,558	352,526
Total equity		<u>403,034</u>	<u>456,917</u>
Non-current liabilities			
Deferred taxation		510	1,593
Lease liabilities		542	16,765
		<u>1,052</u>	<u>18,358</u>
		<u>404,086</u>	<u>475,275</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited.

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the import, marketing and distribution, and provision of after-sales service of Italian branded cars in Hong Kong and Macau, as well as provision of financing and property investment.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 “COVID-19-Related Rent Concessions”.

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year have had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.2 Impacts of application on Amendments to HKFRS 3 “Definition of a Business”

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

2.3 Impacts of early application on Amendment to HKFRS 16 “COVID-19-Related Rent Concessions”

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 “Leases” if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening accumulated losses at 1 January 2020. The Group has benefited from rental reduction on several leases in Hong Kong and Macau. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of approximately HK\$306,000, which has been recognised as variable lease payments in profit or loss for the current year.

3. REVENUE

Disaggregation of revenue from contracts with customers

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Types of goods and services		
Trading of cars and related accessories	70,142	134,352
Provision of after sales and pre-delivery inspection services	50,719	87,058
Total	<u>120,861</u>	<u>221,410</u>
Geographical markets		
Hong Kong and Macau	120,213	195,158
Mainland China	648	26,252
Total	<u>120,861</u>	<u>221,410</u>
Timing of revenue recognition		
A point of time	70,142	134,352
Overtime	50,719	87,058
Total	<u>120,861</u>	<u>221,410</u>

4. SEGMENT INFORMATION

Information reported to the chief operating decision maker (“CODM”), being the executive directors of the Company, for the purposes of resource allocation and assessment of segment performance, focuses on the types of goods or services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group has three operating segments under HKFRS 8 “Operating Segments” which are as follows:

- (i) Cars – Trading of cars and related accessories and provision of car repairing services;
- (ii) Financial investments and services – Investments in securities and provision for financing and corporate finance services; and
- (iii) Property investment.

Segment profit/loss represents the profit/loss earned by each segment without allocation of share of result of an associate accounted for using equity method, fair value loss on investment of an associate measured at FVTPL, interest income from bank deposits/bank balances, share-based payments, certain unallocated corporate expenses and interests on bank and other borrowings and corporate bonds. This is the measure reported to CODM for the purpose of resource allocation and assessment of segment performance.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 December 2020

	Cars <i>HK\$'000</i>	Financial investments and services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE				
Group's revenue	<u>120,861</u>	<u>3,152</u>	<u>1,888</u>	<u>125,901</u>
SEGMENT RESULTS				
Segment loss	<u>(38,746)</u>	<u>(862)</u>	<u>(237)</u>	(39,845)
Share of result of an associate accounted for using equity method				(7,796)
Fair value loss on investment of an associate measured at FVTPL				(720)
Interest income				226
Share-based payments				(23,998)
Unallocated corporate expenses				(6,178)
Interests on bank and other borrowings and corporate bonds				<u>(12,387)</u>
Loss before taxation				<u>(90,698)</u>

For the year ended 31 December 2019

	Cars <i>HK\$'000</i>	Financial investments and services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE				
Group's revenue	<u>221,410</u>	<u>8,556</u>	<u>1,976</u>	<u>231,942</u>
SEGMENT RESULTS				
Segment (loss) profit	<u>(36,378)</u>	<u>5,164</u>	<u>(688)</u>	(31,902)
Share of result of an associate accounted for using equity method				14,087
Interest income				476
Share-based payments				(1,103)
Unallocated corporate expenses				(3,667)
Interests on bank and other borrowings				<u>(1,437)</u>
Loss before taxation				<u>(23,546)</u>

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

At 31 December 2020

	Cars <i>HK\$'000</i>	Financial investments and services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets				
Segment assets	<u>79,181</u>	<u>22,008</u>	<u>55,303</u>	156,492
Bank balances and cash				52,512
Interest in an associate accounted for using equity method				56,285
Investment of an associate measured at FVTPL				248,080
Pledged bank deposits				20,000
Tax recoverable				636
Unallocated corporate assets				<u>723</u>
Consolidated assets				<u>534,728</u>
Liabilities				
Segment liabilities	<u>55,921</u>	<u>136</u>	<u>727</u>	56,784
Bank and other borrowings				10,329
Corporate bonds				62,482
Deferred taxation				510
Unallocated corporate liabilities				<u>1,589</u>
Consolidated liabilities				<u>131,694</u>

At 31 December 2019

	Cars <i>HK\$'000</i>	Financial investments and services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets				
Segment assets	<u>197,876</u>	<u>72,950</u>	<u>56,595</u>	327,421
Bank balances and cash				104,014
Interest in an associate accounted for using equity method				81,484
Pledged bank deposits				44,019
Unallocated corporate assets				<u>437</u>
Consolidated assets				<u>557,375</u>
Liabilities				
Segment liabilities	<u>86,870</u>	<u>379</u>	<u>692</u>	87,941
Bank and other borrowings				5,323
Deferred taxation				1,593
Tax payable				2,853
Unallocated corporate liabilities				<u>2,748</u>
Consolidated liabilities				<u>100,458</u>

For the purpose of monitoring segment performance and allocating resource between segment:

- all assets are allocated to operating segment other than corporate assets, tax recoverable, interest in an associate accounted for using equity method, investment of an associate measured at FVTPL, bank balances and cash and pledged bank deposits;
- all liabilities are allocated to operating segment other than corporate liabilities, deferred taxation, tax payable, corporate bonds, and bank and other borrowings.

5. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Commission income	4,054	4,735
Bank interest income	226	476
Forfeited customers' deposits	1,052	–
Government grant	4,150	–
Handling fee	1,167	–
Others	2,626	2,345
Subsidies income from suppliers (including marketing supports)	–	16,682
	<u>13,275</u>	<u>24,238</u>

6. OTHER EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Return of deposits received from a customer	–	5,515

7. OTHER GAINS AND LOSSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Net foreign exchange gain	61	202
(Loss) gain on disposal/write-off of property, plant and equipment	(1,997)	393
Fair value loss on investment of an associate measured at FVTPL	(720)	–
Fair value loss on investment properties	(1,300)	(2,500)
	<u>(3,956)</u>	<u>(1,905)</u>

8. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interests on bank and other borrowings	441	1,437
Interests on lease liabilities	1,251	2,241
Interests on corporate bonds	11,946	–
	<u>13,638</u>	<u>3,678</u>

9. TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax		
Hong Kong	99	842
PRC withholding tax	<u>1,083</u>	<u>–</u>
	<u>1,182</u>	<u>842</u>
Overprovision in prior years		
Hong Kong	(260)	(276)
Other jurisdictions	<u>(1,492)</u>	<u>–</u>
	<u>(1,752)</u>	<u>–</u>
Deferred taxation	<u>(1,083)</u>	<u>–</u>
	<u>(1,653)</u>	<u>566</u>

10. LOSS FOR THE YEAR

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Auditor's remuneration	1,150	1,120
Depreciation of property, plant and equipment	4,712	11,345
Depreciation of right-of-use assets	23,139	34,403
Staff costs:		
Directors' emoluments	26,594	7,007
Salaries and allowances	19,236	31,944
Share-based payments	3,275	891
Retirement benefits scheme contributions for staff	942	1,731
Termination benefits	2,635	–
	52,682	41,573
Cost of inventories recognised as expense (including allowance for inventories of HK\$4,172,000 (2019: Nil))	81,032	152,641
COVID-19-related rent concessions	<u>306</u>	<u>–</u>

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year for the purpose of basic and diluted loss per share	<u>(89,045)</u>	<u>(24,112)</u>
	2020 Number of shares	2019 Number of shares
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>5,230,366,372</u>	<u>5,219,541,190</u>

For the year ended 31 December 2020, the computation of diluted loss per share does not assume the exercise of the Company's share options because the assumed exercise would result in a decrease in loss per share.

For the year ended 31 December 2019, the computation of diluted loss per share did not assume the exercise of the Company's share options because the adjusted exercise prices of the share options outstanding (after adjustment of fair value of unvested share options) were higher than average market price of the shares.

12. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
At 1 January 2019	59,000
Fair value loss	<u>(2,500)</u>
At 31 December 2019	56,500
Fair value loss	<u>(1,300)</u>
At 31 December 2020	<u>55,200</u>

13. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables from contract with customers	4,423	15,225
Less: Allowance for ECL	<u>(22)</u>	<u>(55)</u>
	<u>4,401</u>	<u>15,170</u>
Utility and rental deposits	6,975	10,680
Prepayments and other receivables	5,508	6,132
Interest receivables	<u>409</u>	<u>2,795</u>
	17,293	34,777
Less: Amount due more than one year shown under non-current assets	<u>(791)</u>	<u>(6,208)</u>
Amount shown under current assets	<u>16,502</u>	<u>28,569</u>

The Group allows its customers a credit period from 0 to 90 days. The following is an aged analysis of trade receivables from contract with customers net of allowance for ECL presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	3,311	5,223
31 to 60 days	546	1,986
61 to 90 days	42	1,527
91 days to 1 year	502	3,747
Over 1 year	<u>–</u>	<u>2,687</u>
	<u>4,401</u>	<u>15,170</u>

14. LOAN RECEIVABLES

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fixed-rate loans	21,610	70,220
Less: Allowance for ECL	(11)	(165)
	<u>21,599</u>	<u>70,055</u>

15. TRADE AND OTHER PAYABLES

Trade and other payables comprise amounts outstanding for trade purposes and daily operating costs. The average credit period on purchase of goods is 30 to 90 days. The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period.

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	15,286	5,611
31 to 60 days	265	376
61 to 90 days	1	15
91 days to 1 year	8	101
Over 1 year	–	764
	<u>15,560</u>	<u>6,867</u>
Trade payables	15,560	6,867
Advance payments from customers	388	2,561
Accrued charges	4,366	15,027
Other payables	2,493	6,895
	<u>22,807</u>	<u>31,350</u>

16a. BANK AND OTHER BORROWINGS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank borrowings	–	1,379
Trust receipt loans	1,143	767
Other borrowings from a financial institution	<u>9,186</u>	<u>3,177</u>
Secured	<u>10,329</u>	<u>5,323</u>

	Bank borrowings 2019 <i>HK\$'000</i>	Other borrowings 2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Carrying amount repayable: On demand or within one year	<u>1,379</u>	<u>10,329</u>	<u>3,944</u>

16b. CORPORATE BONDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Corporate bonds	<u>62,482</u>	–
Unsecured	<u>62,482</u>	–
Carrying amount repayable: On demand or with one year	<u>62,482</u>	<u>–</u>

17. DIVIDEND

No dividend was paid or proposed during year ended 31 December 2020 (2019: Nil), nor has any dividend been proposed since the end of the reporting period (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

CAR DIVISION

Revenue

The Car Division's revenue in 2020 decreased by 45.4% to HK\$120.9 million (2019: HK\$221.4 million).

In Hong Kong, the threat of COVID-19 pandemic and the necessary anti-epidemic measures seriously disrupted a wide range of local economic activities. The overall revenue from Hong Kong recorded a drop of 38.4% to HK\$116.3 million (2019: HK\$188.8 million) primarily due to the decrease of new Maserati car sales. In Macau, the Group recorded a revenue of HK\$4.0 million (2019: HK\$6.4 million).

During the period, the Group has streamlined its PDI services operation in mainland China and reduce its scope of business to a minimum due to the slowdown of economies of the PRC in 2020. Hence, the revenue attributable to PDI services in mainland China decreased to HK\$0.6 million (2019: HK\$26.3 million).

Cost of Sales and Gross Profit

Gross profit margin increased 2.3 percentage points to 30.9%. The increase is mainly due to the change of revenue proportion between car sales and after-sales services in 2020. For the year ended 31 December 2020, the proportion of after-sales services revenue which contributed higher gross margin increased to 42.0% (2019: 39.3%) of the total revenue of Car Division.

Our gross profit decreased from HK\$63.4 million in 2019 to HK\$37.4 million owing to the decrease in car unit sales of Maserati in Hong Kong operation as well as the change of business scope in Mainland China in 2020.

Other Income

For the year ended 31 December 2020, other income amounted to HK\$13.3 million (2019: HK\$24.2 million). The net decrease of HK\$10.9 million was mainly caused by the drop of sales support from the supplier.

Other Gains and Losses and Impairment Losses, Net

Other gains and losses and impairment losses, net, amounted to a net loss of HK\$21.4 million (2019: gain of HK\$0.6 million) which mainly included a net loss on disposal of property, plant and equipment of HK\$2.0 million (2019: gain of HK\$0.4 million), impairment loss in respect of goodwill of HK\$2.5 million (2019: Nil), right-of-use assets of HK\$16.2 million (2019: Nil) and property, plant and equipment of HK\$0.5 million (2019: Nil).

Selling and Distribution Costs and Administrative Expenses

Selling and distribution costs and administrative expenses in 2020 aggregated to HK\$66.5 million (2019: HK\$116.3 million), which accounted for 55.0% (2019: 52.5%) of revenue. The net decrease of HK\$49.8 million was mainly due to decrease in depreciation of property, plant and equipment, deprecation of right-of-use assets, marketing expenses and staff related cost resulting from our cost optimization and restructuring plan.

Finance Costs

Finance costs in 2020 were decreased to HK\$1.7 million (2019: HK\$3.6 million) which included interest on lease liabilities of HK\$1.3 million (2019: HK\$2.2 million).

Property Investment Division

Operating Results

The Property Investment Division recorded a rental income of HK\$1.9 million for leasing the property of the Group to a third party (2019: HK\$2.0 million). The decrease of HK\$0.1 million rental income was due to the rent concession offered to the tenant in view of the COVID-19 pandemic. The fair value of the investment property was adversely affected by the COVID-19 pandemic and caused a fair value loss of HK\$1.3 million on the investment property (2019: HK\$2.5 million). Despite the challenging economic environment, the Group managed to secure a 2 years lease with the tenant commencing in June 2021 with increasing the rental income by 8%.

For the indirect investment in Capella Building (“**Capella**”) an office building in Glasgow, Scotland, the Group holds 27.49% equity interest in Dakota RE II Limited, associate company of the Group accounted for using the equity method, indirectly holds 92.75% interest in the registered owner of Capella. The initial investment was approximately HK\$55 million in 2017. During the year, the Group received dividend of approximately HK\$17.9 million from Dakota RE II Limited and share of loss from such investment was HK\$7.8 million (2019: gain of HK\$14.1 million). The increase of HK\$21.9 million was mainly owing to the share of the fair value loss of HK\$7.6 million (2019: fair value gain of HK\$10.2 million) as a result of COVID-19 pandemic and the share of the one-off refinancing expenses and related cost of HK\$3.0 million. The fair value of the investment was HK\$56.3 million as at 31 December 2020 (31 December 2019: HK\$81.5 million) and represents around 10.5% of the total assets of the Group as at 31 December 2020 (31 December 2019: 14.6%). The Group presently intends to hold such investment as a long-term investment.

Financial Investments and Services Division

Operating Results

As at 31 December 2020, the loan receivables narrowed to HK\$21.6 million from HK\$70.1 million in 2019. Hence, the revenue of Financial Investments and Services Division for the year ended 31 December 2020 decreased to HK\$3.2 million (31 December 2019: HK\$8.6 million), representing a decrease of HK\$5.4 million. The segment recorded a loss of HK\$0.9 million for the year ended 31 December 2020 (31 December 2019: profit of HK\$5.2 million).

Life Science Investment Division

Operating Results

On 29 January 2020, the Group entered into a subscription agreement for subscription of 51,847,997 series A preferred shares of CBL at a consideration of US\$32 million. The subscription was completed in February 2020 and CBL becomes an associate company of the Group. This investment of an associate is measured at fair value through profit or loss in accordance with HKFRS 9 “Financial Instruments”.

For the year ended 31 December 2020, CBL generated unaudited consolidated revenue of US\$14.7 million (2019: US\$3.5 million) and recorded unaudited consolidated operating losses of US\$7.8 million (2019: US\$14.8 million). At 31 December 2020, the fair value of this investment is HK\$248 million and represents around 46.4% of the total assets of the Group. The Group presently intends to hold such investment as a long-term investment. CBL is a provider of biologics CDMO services to biotech and pharmaceutical companies with industry-leading expertise. It offers fully integrated biologics CDMO platform: high quality comprehensive service capabilities with global qualifications. Its state-of-the-art advanced facility demonstrated solid large-scale manufacturing track record and expansion potential.

On 27 July 2020, the Group has appointed Mr HUANG Zuie-Chin and Mr NG Siu Wai as Executive Directors to form a new life science investment division together with certain consultants. They are generally not entitled to any fixed salaries or emoluments, nor other monetary compensation, subsidy or benefit in kind to be offered by the Group, and they will be rewarded to a large extent by way of exercise of the share options granted to them, and the conditions of which exercise are pegged with certain performance targets. The respective recognition of non-cash share-based payment for the Life Science Investment Division is approximately HK\$15.6 million for the year ended 31 December 2020.

Loss Attributable to Shareholders

Loss attributable to shareholders of the Company for the year was HK\$89.0 million (2019: HK\$24.1 million). It was primarily caused by the decrease in sales in Car Division, increase in impairment loss/write-down of assets and goodwill for the Car Division, decrease in share of result of an associate accounted for using equity method, increase in share-based payment and increase in finance costs.

Liquidity and Financial Resources

Cash Flow

During the year ended 31 December 2020, the Group financed its operations and investments through cash generated from the Group's operations, as well as issuance of corporate bonds. We have made a repayment of bonds of HK\$111.6 million and made a net borrowings of bank and other loans of HK\$5.0 million.

Cash and Cash Equivalents

As at 31 December 2020, the Group had cash and cash equivalents (including pledged bank deposits) of HK\$72.5 million as compared with HK\$148.0 million as at 31 December 2019, which were denominated in Hong Kong dollars (as to 82.9%), Renminbi (as to 16.9%), U.S. dollars (as to 0.1%) and Euro (as to 0.1%). The decrease of cash and cash equivalents was mainly due to the investment in CBL.

Bank and Other Borrowings and Corporate Bonds

As at 31 December 2020, the Group had bank and other borrowings and corporate bonds totalling HK\$72.8 million (2019: HK\$5.3 million), all were repayable within one year. The Group debt to equity ratio for the year ended 31 December 2020 increased to 18.1% from 1.2% for the year ended 31 December 2019 based on the total of bank and other borrowings and corporate bonds of HK\$72.8 million (2019: HK\$5.3 million) and total equity of HK\$403.0 million (2019: HK\$456.9 million). The increase is mainly caused by issuance of unsecured corporate bonds on 2 February 2020 amounted to HK\$171.6 million. The unsecured corporate bonds have maturity of one and a half years and carry interest at 10% per annum. For the year ended 31 December 2020, the Group incurred bond interest expense of HK\$11.9 million and repaid principal of HK\$111.6 million, resulting in the remaining bonds principal balance as at 31 December 2020 of HK\$60.0 million. Other than the corporate bonds, the Group had bank and other borrowings of HK\$10.3 million as at 31 December 2020 (2019: HK\$5.3 million). These borrowings borne interest rates ranging from 4.5% to 5.5% per annum (2019: 2.7% to 5.9%).

Loan Receivables

During the year, the Group had engaged in financial investment and services business, which included the provision of loan financing. As at 31 December 2020, the Group had outstanding secured loans lent to customers totalling HK\$21.6 million (31 December 2019: HK\$70.1 million), which carry an interest rate range from 10% to 12% per annum and were repayable within 12 months.

Foreign Exchange Exposure

The Group currently does not have a foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Pledge of Assets

As at 31 December 2020, certain of the Group's bank deposits, inventories totalling HK\$40.4 million (2019: HK\$100.5 million) were pledged as securities for relevant bank loans and other bank facilities granted.

CAPITAL EXPENDITURES, COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2020, the Group had no capital commitments (2019: HK\$0.67 million), all capital commitments as at 31 December 2019 are authorized but not contracted for.

As at 31 December 2020, the Group had no material contingent liabilities.

EVENTS AFTER REPORTING PERIOD

As announced on 24 December 2020, the Group entered into the acquisition agreement with an independent third party in relation to the acquisition of 27.49% interest in Dakota RE II Limited. The acquisition constituted a major transaction of the Company under the Listing Rules and the Company obtained the requisite approval from its shareholders at the special general meeting held on 18 March 2021. Completion of the acquisition took place on 25 March 2021. Immediately upon completion of the acquisition, the Group's shareholding interest in Dakota RE II Limited increased from 27.49% to 54.98% and Dakota RE II Limited has become an indirect non-wholly owned subsidiary of the Group.

On 19 March 2021, the shareholders of CBL 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.

Under the amended and revised provisions concerning the drag along right in the second amended and restated Memorandum and Articles of Association of CBL, each of the shareholders of CBL (or remaining shareholders of CBL, as the case may be) including the Group's subsidiary, Rainbow Surplus Investments Limited, would be notified by CBL in case of an Approved Sale (as defined in the supplemental announcement published by the Company on 19 August 2020); but Rainbow Surplus Investments Limited would no longer be bound to be a Dragged Shareholder (as defined in the supplemental announcement published by the Company on 19 August 2020) to, among other actions, sell all of its securities in CBL in the Approved Sale. However, Rainbow Surplus Investments Limited, as a holder of the series A preferred shares of CBL, 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 Rainbow Surplus Investments Limited and its affiliates. For details, please refer to the announcement of the Company dated 30 March 2021.

HUMAN RESOURCES AND CHARITY

As at 31 December 2020, the Group employed a total of 57 employees in Hong Kong and Macau. The Group believes that employees are all pivotal to our development and representing the most valuable asset for supporting our sustainable business growth. Total remuneration expenses in 2020 amounted to HK\$52.7 million (2019: HK\$41.6 million), which comprised fixed compensation such as basic salaries and allowances; variable incentives such as commission, performance bonus; and long term incentives such as share-based payments as well as retirement benefits scheme. The increase in total remuneration expenses for the year was primarily due to the share-based payment of HK\$24 million recognised (2019: HK\$1.1 million) that mainly related to the setup of Life Science Investment Division.

Due to the continued spread of the COVID-19 pandemic during 2020, we have highly maintained various pandemic control measures to ensure our employees and customers can stay safe, such as sanitize regularly touchpoints at offices and common areas, mandatory wearing masks and maintain social distancing, allow work from homes and staggered lunch hours, etc.

As always, we not only provided competitive remuneration packages and benefits programs to our employees, but also provided reasonable and safe working environment, as well as supporting employee's continued education to uncover their hidden potential.

In this unprecedented challenge caused by the COVID-19 pandemic, the Group continues to make contributions to local communities through donations to various charitable activities.

LITIGATION

On 31 December 2020, Auto Italia (Hong Kong) Limited (a wholly-owned subsidiary of the Company) as plaintiff commenced legal proceedings in the High Court of Hong Kong (High Court Action Number: HCA2200/2020) against Maserati S.p.A. (“**Maserati**”) as defendant, by the filing of a Writ of Summons, pursuant to which Auto Italia (Hong Kong) Limited claims against Maserati for wrongful purported termination of dealership agreement in reliance on a purported “Importership and Distributorship Agreement” allegedly signed on 1 October 2018. For details, please refer to the announcement of the Company dated 31 December 2020.

BUSINESS REVIEW

Market Overview

The economic recession deepened in Hong Kong in 2020, as the COVID-19 pandemic and the necessary anti-epidemic measures dealt a heavy blow to local economic activities. Hong Kong’s gross domestic product contracted by 6.1% for 2020 as a whole, the sharpest annual decline on record. Retail sales in Hong Kong sank 24.3% year-on-year for 2020. As reported by Hong Kong’s Census and Statistics Department, total value of motor vehicles and parts retail sales in 2020 – estimated at HK\$14.56 billion – decreased by 7.9% from 2019’s HK\$15.81 billion, affected by COVID-19 pandemic. Total registration of passenger car also experienced a drop of 3% from 38,100 units in 2019 to 36,900 units in 2020.

Faced with an unprecedented health and economic crisis, the Group acted swiftly and decisively to navigate our operations and managed the risks and challenges posed by the pandemic.

To ensure the safety of our employees, we implemented a variety of pandemic control measures in our workplace including:

- Social distancing at the workplace
- Temperature taking and recording before entering the Group's premises
- Use hand sanitizer provided
- Wear face mask all the time
- Work from homes arrangement
- Staggered lunch hours
- Briefing matters about COVID-19 to all staff

We have implemented cost optimization and restructuring plan to weather the crisis since the first quarter of 2020. These efforts to right size operations resulted in savings in the Group's operating costs.

Maserati

Our Maserati business is seriously disrupted by the COVID-19 pandemic throughout the year 2020. The number of vehicles delivered to Maserati customers fell short of approximately 40% of the prior-year figure in 2020 amid a sharp contraction in the overall market due to the outbreak of COVID-19 pandemic. Despite the economic uncertainty, Maserati recorded an overall market share of 9%, unchanged since the previous year.

The COVID-19 pandemic and resulting social distancing measures severely disrupted the marketing activities. Under the restrictions and quarantine measures, the team had adjusted the marketing tools to digital platforms, utilize online communications and redesigning our marketing activities to engage with potential prospects. With organized and well-executed customer relation management guidelines from the brand, the overall customer satisfaction index sustained at 98%.

For Maserati aftersales service, the average throughput dropped 11% in 2020, comparing to 2019. Service penetration decreased to 66% from 73% in 2019 and after-sales overall revenue in 2020 decreased by 19%. Although the sales was affected by the overall economic environment, but with our devoted sales efforts and refined operation workflow, our Workshop productivity and efficiency increased over 23% and 25% respectively.

For our operation in Macau, the overall Maserati segment sales dropped 32% in 2020 year on year. On aftersales business, as the lockdown in the PRC continued, service income from cross-boundary vehicle was adversely affected, resulting in a 19.4% drop of after-sales overall revenue in 2020.

Pre-Delivery Inspection

In April 2020, a new service agreement was made by Maserati with the Group and a local partner. As different from the former service agreement, the Group ceased to be sole PDI service provider to Maserati under such new agreement. Having regard to the slowdown of the economies of the PRC and other parts of the world in 2020 as a result of (among other causes) the COVID-19 pandemic and the trade conflicts between the US and China, the Group plans to reduce its scope of business to a minimum, so that the local partner will take up most of the PDI services to further enhance the overall efficiency. For the year ended 31 December 2020, the Group recorded HK\$0.6 million as its revenue attributable to PDI services in mainland China.

Property Investment

The COVID-19 pandemic has caused serious disruption for economic and social activities in Hong Kong. In view of the COVID-19 pandemic, rent concessions have been given by the Group to tenant that resulted in decrease of rental income decreased by 4.5% to HK\$1.9 million in 2020, compared with HK\$2.0 million in 2019. The spreading of COVID-19 pandemic has adversely affected the fair value of investment property of the Group. During the year, the Group recorded an unrealised loss on fair value change of investment property of HK\$1.3 million. Despite the challenging economic environment, the Group managed to secure a 2 years lease with the tenant commencing in June 2021 with increasing the rental income by 8%.

The Group's indirect investment in Capella also allowed us to enjoy a stable income stream from the property's rental revenue. The share of result from such investment for the year ended 31 December 2020 was loss of HK\$7.8 million (2019: gain of HK\$14.1 million). This mainly reflected the share of unrealised fair value loss of HK\$7.6 million (2019: fair value gain of HK\$10.2 million) as a result of COVID-19 pandemic and the share of the one-off refinancing expenses and related cost of HK\$3.0 million.

As announced on 24 December 2020, the Group entered into the acquisition agreement with an independent third party in relation to the acquisition of 27.49% interest in Dakota RE II Limited that indirectly holds 92.75% interest in the registered owner of Capella. The Group initially holds 27.49% interest in Dakota RE II Limited. The Acquisition constituted a major transaction of the Company under the Listing Rules and obtained the Shareholders' approval on 18 March 2021. Subsequent to the completion of the Acquisition on 25 March 2021, Dakota RE II Limited has become an indirect non-wholly owned subsidiary of the Group.

Financial Investments and Services

The pandemic outbreak of COVID-19 threatened the global economic outlook, causing the US Federal Reserve to cut the federal funds rate to near 0%. Market interest rates were falling with lower return on interest-bearing assets. Financial market became more volatile amidst pandemic situation, elevated Sino-US political and trade disputes.

Faced with the aforementioned challenging operating environment in the year under review, the Group continue to adopt a prudent and cautious approach when conducting our financing business. The 2020 year-end loan portfolio narrowed to HK\$21.6 million from HK\$70.1 million in 2019. Hence, our revenues of HK\$3.2 million in 2020 moved down from 2019's HK\$8.6 million.

Life Science Investment

On 29 January 2020, the Group entered into a subscription agreement for subscription of 51,847,997 series A preferred shares of CBL at consideration of US\$32 million. The subscription was completed in February 2020 and CBL becomes an associate company of the Group. For details, please refer to the announcements of the Company dated 29 January 2020 and 19 August 2020.

CBL is a provider of biologics CDMO services to biotech and pharmaceutical companies with industry-leading expertise. It provides client-dedicated and timeline-accelerating CDMO services to enhance the development programs of the PRC and overseas biopharmaceutical companies. It is specialising in manufacturing biologics, from upstream biologics development to clinical and commercial manufacturing with both global and regional regulatory affairs expertise. It has built an approach to biologics development that enables robust and efficient production of a range of mammalian cell-culture derived therapeutics including monoclonal antibodies and enzymes. The existing and prospective customers of CBL are mainly biopharmaceutical companies, both in and outside of the PRC. In general, customers engage CBL to develop biologic manufacturing processes and to manufacture clinical materials for their biologic drug candidates that are entering into clinical trials (from Pre-IND stage to phase III) and even commercialisation. In addition to manufacturing biologics for customers, CBL also has the capacity to assist customers with analytical characterisation, process development and formulation development for their drug candidates, and support their regulatory filings. The operating site of the CBL 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 devices 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).

For the year ended 31 December 2020, CBL generated unaudited consolidated revenue of US\$14.7 million (2019: US\$3.5 million) and recorded unaudited consolidated operating losses of US\$7.8 million (2019: US\$14.8 million). In February 2021, CBL entered into a convertible bond purchase agreement with VMS Group and Fidelity International (collectively, the “**CB Investors**”) in relation to the proposed issuance of certain convertible bonds by CBL to the CB Investors. To the best of the knowledge of the Directors, the ultimate beneficial owner of VMS Group is Ms Mak Siu Hang Viola, who is a substantial shareholder of the Company. On 19 March 2021, CBL issued the first tranche of convertible bonds due 2024 to the CB Investors in the aggregate principal amount of US\$105 million.

In order to develop the life science investment business, the Group had strengthen its manpower by appointing Mr HUANG Zuie-Chin and Mr NG Siu Wai as Executive Directors and also certain consultants (who are experienced in life science investments) to form a new division of Life Science Investment Division in July 2020. The new management members have a combined 40 plus years of experience in product development, commercialization, investment, fund raising for multiple life sciences companies. Based on the investment in CBL, the Group is actively searching for investment targets within the CDMO value chain and also other investment opportunities or product in-licensing opportunities among the drug development, medical device and diagnostic field.

OUTLOOK

According to the “World Economic Outlook” report published by the International Monetary Fund in January 2021, the world economy is estimated to contract by 3.5% in calendar year 2020, it is expected that the adverse impacts of COVID-19 will continue to challenge the economic recovery. The macro environment looks set to remain challenging for the Group. The Group will continue to monitor the effect that could be caused by the COVID-19 on the business operations and financial position of the Group.

Following the completion of the acquisition of a controlling stake in Dakota RE II Limited that owns Capella in March 2021, the Group will consolidate the financial results of Dakota RE II Limited and able to enjoy a larger share of potential return. The Group will enjoy an expanding stable income stream generated from the Property Investment Division.

With the recently established Life Science Investment Division, the Group will continue to explore related business opportunity with a focus on the life sciences and healthcare industries, while taking into account the overall macroeconomic conditions and risks. The Group will also prudently manage its financial position in this challenging economic environment to enhance value for our Shareholders.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil). No interim dividend was paid during the year ended 31 December 2020 (2019: Nil).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2020.

CORPORATE GOVERNANCE

Maintaining an effective corporate governance framework is one of the priorities of the Company. In the opinion of the Directors, the Company had complied with all the CG Code Provisions throughout the year ended 31 December 2020, except the following deviations:

CG Code Provision A.2.1

CG Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr CHONG Tin Lung Benny is the Executive Chairman and the Chief Executive Officer. Mr Chong has extensive experience in corporate management and securities investments and is responsible for the overall corporate strategies, planning and business development of the Group. The Board considers that the vesting of two roles in the same person provides our Group with strong and consistent leadership and facilitates the implementation and execution of our Group's business strategy. The Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high caliber individuals including four Executive Directors (including Mr CHONG Tin Lung Benny) and three Independent Non-executive Directors who offer advices and views from different perspectives. Moreover, the Audit Committee has been provided with sufficient resources to perform its duties, including obtaining outside legal or other independent professional advice when it considers necessary. The Company shall nevertheless review the structure from time to time in light of the prevailing circumstances.

CG Code Provision E.1.2

CG Code Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee of failing this his duly appointed delegate, to attend.

Mr CHONG Tin Lung Benny, the Executive Chairman, the chairman of each of the Nomination Committee and Executive Directors' Committee, was unable to attend the annual general meeting of the Company held on 27 May 2020 as he had business engagement. In order to ensure an effective communication with the Shareholders, Mr LAM Chi Yan, the Executive Director and a member of the Executive Directors' Committee, was elected as the chairman of the annual general meeting of the Company in 2020. The chairman of the Audit Committee and Remuneration Committee, other members of the Nomination Committee, other Directors and other management of the Company were present to answer questions from the Shareholders. The Group's auditor, Messrs. Deloitte Touche Tohmatsu, also attended the annual general meeting of the Company in 2020.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as standard for dealings in securities of the Company by the Directors. Having made specific enquiry of all Directors by the Company, during the year ended 31 December 2020, the Directors confirmed that they have complied with the standards set out in the Model Code.

REVIEW OF ANNUAL RESULTS

The members of the Audit Committee comprise Mr KONG Kai Chuen Frankie, Mr LEE Ben Tiong Leong and Mr TO Chun Wai, all of whom are INEDs. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020 including the accounting principles and practices adopted by the Group, and discussed the risk management, internal control and financial reporting matters during the review.

ANNUAL GENERAL MEETING

The forthcoming AGM will be held on Wednesday, 26 May 2021. For further details of the AGM, please refer to the notice of AGM, which will be dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

In order to determine the identity of the Shareholders who are entitled to attend and vote at the forthcoming AGM, all transfers accompanied by the relevant Share certificates must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 20 May 2021. The register of members of the Company will be closed from Friday, 21 May 2021 to Wednesday, 26 May 2021 (both dates inclusive), during which period no transfer of Shares will be registered.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2020. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.autoitalia.com.hk) respectively. The annual report of the Company for the year ended 31 December 2020 will be dispatched to the Shareholders and published on the aforesaid websites in due course.

GLOSSARY OF TERMS

In this announcement, unless the context otherwise requires, the following expressions have the meanings as mentioned below:

“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 26 May 2021 at 2:00 p.m. or any adjournment thereof;
“Audit Committee”	the audit committee of the Company;
“Board”	the board of Directors;
“Capella”	the property known as Capella, 60 York Street, Glasgow, G2 8JX, united Kingdom;
“Car Division”	the business segment of the Group in respect of trading cars and related accessories;
“CB Investors”	VMS Group and Fidelity International;
“CBL”	Chime Biologics Limited, a company incorporated in British Virgin Islands with limited liability and which is an associate company of the Company;
“CG Code”	the Corporate Governance Code contained in Appendix 14 of the Listing Rules;
“Chief Executive Officer”	the chief executive officer of the Company;
“CODM”	the chief operating decision maker of the Company;

“Company”	AUTO ITALIA HOLDINGS LIMITED, an exempted company incorporated in Bermuda with limited liability, whose Shares are listed on the main board of the Stock Exchange;
“COVID-19”	the novel coronavirus epidemia;
“Director(s)”	the director(s) of the Company;
“ECL”	the expected credit loss;
“Executive Chairman”	the chairman of the Board;
“Executive Director(s)”	the executive director(s) of the Company;
“Financial Investments and Services Division”	the business segment of the Group in respect of securities investment, financing and corporate finance services;
“Group”	the Company and its subsidiaries;
“HKFRSs”	Hong Kong Financial Reporting Standards;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Life Science Investment Division”	the business segment of the Group in respect of life science investment;
“Independent Non-executive Director(s)” or “INED(s)”	the independent non-executive director(s) of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time;
“Macau”	the Macau Special Administrative Region of the PRC;

“Maserati”	an Italian luxury vehicle manufacturer, was initially associated with Ferrari S.p.A., and recently becomes partial of the sporty vehicles group;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules;
“PDI”	pre-delivery inspection;
“PRC” or “Mainland China” or “China”	The People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
“Property Investment Division”	the business segment of the Group in respect of property investment;
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States Dollars, the lawful currency of the United States of America; and
“%”	per cent.

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, both 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.