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TARGET

TARGET INSURANCE (HOLDINGS) LIMITED

泰加保險(控股)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 6161)

**(1) WINDING UP PETITION IN RESPECT OF
THE SUBSIDIARY;
AND
(2) LEGAL ACTIONS BY THE COMPANY
AGAINST CERTAIN FORMER DIRECTORS**

This announcement is made by Target Insurance (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 and 13.25 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 10 January 2022, 31 March 2022 and 30 June 2022 (collectively, the “**Announcements**”) in relation to, among others, (i) the Takeover of Target Insurance Company, Limited (the “**Subsidiary**”), being the wholly owned subsidiary of the Company, by the Managers; and (ii) the 1st and 2nd quarterly updates on the resumption progress of the Company. Unless the context requires otherwise, capitalised terms used herein shall have the same meaning as defined in the Announcements.

WINDING-UP PETITION IN RESPECT OF THE SUBSIDIARY

On 15 July 2022, a winding up petition (the “**Petition**”) was filed by the Subsidiary (under the management of the Managers as appointed by the Insurance Authority (“**IA**”) since the taking effect of the Takeover on 7 January 2022) with the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) for the winding-up of the Subsidiary pursuant to Section 38B and Schedule 7 of the Insurance Ordinance (Chapter 41 of the Laws of Hong Kong) and Section 179 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) on the ground that the Subsidiary is unable, and/or is deemed to be unable, to pay its debts. The hearing of the Petition is fixed to be heard on Wednesday, 21 September 2022 at 10:00 a.m. before a Master in Court at the High Court.

The Board wishes to inform the Shareholders that the Company issued a letter to IA dated 13 July 2022 (the “**Letter**”) to express its strong objections to any proposed plan of the Managers to wind up the Subsidiary. In the Letter, it was mentioned, among other things, that an application was already made by the Company to the Insurance Appeals Tribunal (the “**Tribunal**”) for a review (the “**Review**”) of the decisions (the “**Decisions**”) made by IA in relation to, among other things, the appointment of the Managers to take over the Subsidiary, and the Review is still subject to the determination of the Tribunal. Accordingly, the validity and legality of IA’s Decisions still remain to be a matter of dispute among the parties. It was also mentioned that given that the Tribunal has yet to make any rulings on the disputes, if the Managers proceed with any proposed plan to wind up the Subsidiary, this would in effect be pre-empting the Review proceedings and depriving the opportunities of the Company’s case to be heard before the Tribunal. In the Letter, the Company has requested IA and/or the Managers to explain how the damages caused by the proposed winding-up of the Subsidiary could be reversed or compensated if eventually it is ruled that IA’s Decisions are unlawful. The Company has also reiterated its stance that there is no real urgency, nor legitimate grounds with regard to the proposed winding-up of the Subsidiary. Regrettably, despite the Company’s clear objection, the Managers proceeded to file the Petition without having first providing any satisfactory reply to address the Company’s concerns as stated in the Letter.

The Subsidiary is the main operating subsidiary of the Company and accounts for the vast majority of the assets and income of the Group. In view of the aforesaid, the Company is in the course of seeking legal advice for determining the possible actions in respect of the Petition to protect the interests of the Company and the Shareholders as a whole. The Company will make further announcement in relation to any further action to be taken by the Company in respect of the Petition as and when appropriate and in accordance with the Listing Rules.

LEGAL ACTIONS BY THE COMPANY AGAINST CERTAIN FORMER DIRECTORS

The Board wishes to inform the Shareholders that on 15 July 2022, the Company instituted legal actions (the “**Actions**”) at the High Court against certain former executive Directors, including Mr. Cheung Haywood, Mr. Chan Hok Ching and Ms. Lau Ka Yee (collectively, the “**Defendants**”), for breach of his/her duties owed to the Company, fiduciary and/or otherwise. Mr. Cheung was a former Chairman of the Board and is a substantial shareholder of the Company, while Mr. Chan and Ms. Lau were former members of the Risk Committee of the Company.

It is the Company’s case that from around 2020 to late 2021, the Defendants procured, caused and/or permitted the Subsidiary to enter into agreement(s) with Nerico Brothers Limited (“**NBL**”), for carrying out spot foreign currency trading using cash assets of the Subsidiary placed with NBL (the “**Sum**”). The Defendants further procured, caused and/or permitted the Subsidiary to increase the amount of the Sum from time to time. In doing the aforesaid, it is the Company’s case that (among other things) the Defendants had breached their duties of care and/or fiduciary duties owed to the Company, in that despite NBL being an entity controlled and/or related and/or connected to Mr. Cheung Haywood, no proper disclosure of interests were made. Subsequently, despite repeated requests, NBL failed to return the Sum (then in the amount of approximately HK\$1,200,000,000), the Company claims against the Defendants for, among other things, (1) a declaration that each of the Defendants was in breach of his/her duties owed to the Company, fiduciary and/or otherwise; and (2) the Sum (for an amount of no less than approximately HK\$1,200,000,000) and/or damages and/or equitable compensation to be assessed.

The Company will make further announcement in relation to the Actions as and when appropriate and in accordance with the Listing Rules.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 5 January 2022 and will remain suspended until further notice.

By order of the Board
Target Insurance (Holdings) Limited
Mr. Yu Cho Tak
Independent Non-Executive Director

Hong Kong, 15 July 2022

As at the date of this announcement, the board of directors of the Company comprises two independent non-executive directors, namely Mr. Chiam Tat Yiu and Mr. Yu Cho Tak.