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TARGET INSURANCE (HOLDINGS) LIMITED

泰加保險(控股)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 6161)

INSIDE INFORMATION FULLY EXEMPT CONNECTED TRANSACTION RELATING TO RECEIVING FINANCIAL ASSISTANCE FROM A SUBSTANTIAL SHAREHOLDER

This announcement is made by Target Insurance (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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).

References are made to the announcements of the Company dated (i) 24 February 2022 in relation to the financial assistance given to the Company by a substantial shareholder; and (ii) 3 March 2023 in relation to injection of a United Arab Emirates insurer to the Company by a substantial shareholder by way of gift (collectively, the “**Announcements**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcements.

GRANT OF A REVOLVING LOAN TO THE COMPANY BY A SUBSTANTIAL SHAREHOLDER

As previously announced, the Board has written to each substantial shareholder of the Company seeking their assistance and support to the Company in fulfilling the sufficient operation requirement under LR13.24. In reply, Dr. Ng Yu (being the former Chairman and an existing substantial shareholder of the Company) indicated that he is willing to and can readily provide various supports to rescue the Company from its predicament. After discussions, on 2 March 2023, it was agreed between the Company and Dr. Ng that the UAE Insurer shall be injected into the Group by way of gift, upon completion of the requisite local registration procedures.

With a view to swiftly building up the business of the UAE Insurer (including but not limited to strengthening the capital base and recruitment of experienced local insurance practitioners) and thereby fulfilling the sufficient operation requirement under LR13.24, the Board considers that the Group has genuine need to raise external fundings to support its business development in the UAE insurance market. The Board has assessed the viability of various fund-raising proposals, and has taken into account a range of factors and limitations including the imminent deadline for fulfilling the requirements set out in the Resumption Guidance, the suspension of trading in the Company's shares, the general timeframe for conducting equity financing such as rights issue or open offer, the amount of working capital required for supporting the Group's daily operations and business development as well as the estimated financing cost and professional fees for different fund-raising exercises. Further, the revolving facility previously granted by Smart Neo Holdings Limited ("**Smart Neo**"), which is a substantial shareholder of the Company and is wholly and beneficially owned by Dr. Ng, to the Company in February 2022 has already expired in February 2023.

Having considered the above, the Board decided it would be in the Company's interest and the most preferable option to seek a new revolving facility from Dr. Ng to facilitate the Group's expansion overseas and enhance its liquidity position. As mentioned above, the Board has earlier requested for finance assistance and support to the Company. Nevertheless, the Board has thus far yet to receive any response from other substantial shareholders of the Company in in this regard.

Terms of the Revolving Facility

After discussions between the Board and Dr. Ng, on 8 March 2023, the Group entered into a new revolving facility agreement with Smart Neo (the "**Revolving Facility Agreement**"). Pursuant to the Revolving Facility Agreement, Smart Neo shall grant a revolving loan (the "**Revolving Facility**") up to the principal amount of AED\$100,000,000 (equivalent to approximately HK\$210,000,000) to the Group for a term of 24 months effective from the date of the Revolving Facility Agreement.

The Revolving Facility is unsecured and the repayment terms of loans drawn thereunder shall be subject to mutual agreement between Smart Neo and the Group upon draw-down of each tranche. The Revolving Facility will bear simple interest on its outstanding principal amount at the rate of 4% per annum.

The funds drawn down from the Revolving Facility shall be used strictly for the development of the international insurance business via the UAE insurer Himalayas Insurance FZE-LLC.

Benefits of the Revolving Facility

The Board welcomes again the tremendous and timely support given by Dr. Ng to the Group at such difficult moments and believes that the Revolving Facility will greatly strengthen the financial position of the Group, thereby facilitating its expansion in the overseas insurance market. In view of the current situation of the Group and under the prevailing market conditions, the Board is of the view that it would be difficult, if not impossible, to obtain unsecured borrowing at commercially acceptable interest rates from alternative sources, and hence the Revolving Facility is the only immediate and viable financing option for the Group. The Board also believes that the grant of the Revolving Facility demonstrates the endorsement, confidence and support of Dr. Ng, as a substantial shareholder, in the long-term development of the Group. In light of the above, the Board considers that the Revolving Facility is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES IN RESPECT OF THE REVOLVING LOAN

As at the effective date of the Revolving Facility Agreement, Smart Neo is a substantial shareholder of the Company, and hence is a connected person of the Company pursuant to the Listing Rules. As such, the Facility constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. According to Rule 14A.90 of the Listing Rules, such financial assistance received by the Group is fully exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as the Board considers that it is conducted on normal commercial terms or better and it is not secured by the assets of the Group.

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, 8 March 2023

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