

CHINA RE INTERNATIONAL COMPANY LIMITED

ANNUAL REPORT AND ACCOUNTS

**FOR THE PERIOD FROM 12 SEPTEMBER 2018 (DATE OF INCORPORATION) TO 31 DECEMBER
2019**



Registered number: 11565286

Registered office: Plantation Place, 30 Fenchurch Street, London, EC3M 3AD

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CHINA RE INTERNATIONAL COMPANY LIMITED

STRATEGIC REPORT

The Directors present their first strategic report of China Re International Company Limited (the Company) for the period from 12 September 2018 (date of incorporation) to 31 December 2019.

Principal activity

The Company was formed in order to acquire 100% of the share capital of The Hanover Insurance International Holdings Limited (subsequently renamed to China Re International Holdings Limited, "CRIHL") and its subsidiaries, Chaucer Insurance Company Designated Activity Company ("CIC") and Hanover Australia Holdco Pty Ltd ("subsequently renamed to China Re Australia Holdco Pty Ltd, "CRAH").

The acquisitions of CRIHL, CIC and CRAH were completed on 28 December 2018, 14 February 2019 and 10 April 2019 respectively.

The principal activity of the Company is, and will continue to be, that of an intermediate holding company.

As this is the first period of operation, there are no comparatives.

Results and dividends

The loss for the period was \$26.3m, and net asset at the period end were \$293.7m. There are no other relevant key performance indicators.

The Company has paid no interim dividends during the period. The Directors of the Company have not proposed to pay a final dividend.

Principal risks and uncertainties

The principal risks facing the Company relate to the value of its investment in subsidiary companies, and its ability to settle its loan obligations as they fall due.

Having reviewed the financial position and expected future profitability of its subsidiaries, the Directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and have no concerns about the value of the investments in its subsidiaries.

Section 172(1) of the Companies Act 2006

The Board of Directors of the Company consider, both individually and together, that they have acted in accordance with their duties under s172 (1) of the Companies Act 2006. In doing so, they have acted in good faith, in a manner most likely to promote the success of the company for the benefit of all key stakeholder groups.

The Company was established as an intermediate holding company to facilitate the purchase of CRIHL, CIC and CRAH. The Board considers the Company's key stakeholders to comprise its ultimate parent company China Reinsurance (Group) Corporation, as well as the management and employees of its acquired subsidiary companies. The Company has no employees as all staff are employed by subsidiary companies. The Company has no customers or suppliers.

The Board is responsible for approving the key decisions emanating from its ultimate parent's acquisition strategy and engaging with the Chaucer executive management team to deliver a sustainable and profitable outcome for the key stakeholder groups. The primary operations that the Company's subsidiaries are engaged in are speciality insurance and reinsurance business, substantially transacted through the Lloyd's of London franchise and therefore conducted in accordance with Lloyds Minimum Standards which are aimed at delivering fair outcomes for customers, maintaining high standards of conduct and enhancing the reputation of the Lloyds market. Further disclosures related to the primary operations of the Company's subsidiaries and the related directors duties under section 172 can be found in the Annual Report and Accounts of Chaucer Syndicates Limited (CSL).

CHINA RE INTERNATIONAL COMPANY LIMITED

STRATEGIC REPORT (continued)

The Board considers that their actions, in the context of the Company as an intermediate holding company, have sufficient regard to each of the matters laid out in section 172 (1) (a) to (f), being:

- a) the likely consequences of any decision in the long term,
- b) the interests of the Company's employees (as noted above all still are employed by subsidiary companies),
- c) the need to foster the Company's business relationships with key stakeholders,
- d) the impact of the Company's operations on the community and the environment,
- e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the Company does not apply as there is only one member.

Approved by the Board of Directors on 26 May 2020 and subsequently signed on behalf of the Board.



K Huang
Director

CHINA RE INTERNATIONAL COMPANY LIMITED

DIRECTORS' REPORT

The Directors present their first report and the audited financial statements of China Re International Company Limited (the Company) for the period from 12 September 2018 (date of incorporation) to 31 December 2019.

Directors and their interests

The Directors, as set out below, held office throughout the period and up to the date of signing the financial statements.

K Huang (appointed 12 September 2018)
Dr H Zuo (appointed 12 September 2018)

No Director had any interest in the voting share capital of the Company at any time during the year.

During the period from 28 December 2018 to the date of this report, the Company provided its Directors and Officers with a qualifying third party indemnity cover under an Annual Directors and Officers insurance policy taken out by Chaucer. During the period from incorporation to 27 December 2018, no such insurance was in place.

Company Secretary

R N Barnett

Registered office

Plantation Place
30 Fenchurch Street
London EC3M 3AD

Registered number

11565286

Independent Auditors

PricewaterhouseCoopers LLP, London

Ultimate parent company

China Reinsurance (Group) Corporation

Going concern basis

The Company's business activities, together with the factors likely to affect its future development, performance and financial position, and details of its exposures to liquidity risk are described in the Strategic Report.

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Employee engagement

The Company has no employees and therefore has nothing to report in respect of employee engagement activity during the period.

CHINA RE INTERNATIONAL COMPANY LIMITED

DIRECTORS' REPORT (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the China Reinsurance (Group) Corporation Audit Committee Meeting.

Approved by the Board of Directors on 26 May 2020 and subsequently signed on behalf of the Board.



K Huang
Director

Report on the audit of the financial statements

Opinion

In our opinion, China Re International Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the 16 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2019; the Statement of Comprehensive Income and the Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

CHINA RE INTERNATIONAL COMPANY LIMITED

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Andrew Hill (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP, London
Chartered Accountants and Statutory Auditors
26 May 2020

CHINA RE INTERNATIONAL COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 12 SEPTEMBER 2018 TO 31 DECEMBER 2019

		12 September 2018 to 31 December 2019
	Notes	\$'000
Turnover	3	6,172
Administrative expenses	4	<u>(5,426)</u>
Operating profit		<u>746</u>
Other interest receivable and similar income	6	180
Interest payable and similar expenses	7	<u>(27,943)</u>
Loss before taxation		<u>(27,017)</u>
Tax on loss	8	702
Loss for the financial period		<u><u>(26,315)</u></u>

All amounts relate to continuing activities.

CHINA RE INTERNATIONAL COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	2019 \$'000
Fixed assets		
Investment in subsidiary undertakings	9	841,650
		<u>841,650</u>
Current assets		
Debtors: amounts falling due within one year	10	55
Cash at bank and at hand		2,113
		<u>2,168</u>
Creditors: amounts falling due within one year	11	<u>(835)</u>
Net current assets		1,333
Debtors: amounts falling due after more than one year	10, 12	702
Total assets less current liabilities		843,685
Creditors: amounts falling due after more than one year	13	(550,000)
Net assets		<u><u>293,685</u></u>
Capital and reserves		
Called up share capital	14	-
Share premium account	14	320,000
Accumulated losses		(26,315)
Total shareholder's funds		<u><u>293,685</u></u>

The notes on pages 10 to 18 are an integral part of these financial statements.

The financial statements on pages 7 to 18 were approved by the Board of Directors on 26 May 2020 and were signed on its behalf by:

Kun Huang

K Huang
Director

CHINA RE INTERNATIONAL COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 12 SEPTEMBER 2018 TO 31 DECEMBER 2019

		Called up share capital	Share premium account	Accumulated losses	Total shareholder's funds
	Note	\$'000	\$'000	\$'000	\$'000
At beginning of period		-	-	-	-
Issuance of shares	14	-	320,000	-	320,000
Loss for the financial period				(26,315)	(26,315)
Balance as at 31 December 2019		-	320,000	(26,315)	293,685

1. Basis of preparation

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable UK law and accounting standards (UK GAAP). The Company is a private limited company, limited by shares, incorporated and registered in England and Wales. It is also wholly-owned by a member of China Reinsurance (Group) Corporation, a company incorporated and registered in China (Note 16), and is included in the consolidated financial statements of China Reinsurance (Group) Corporation, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102 and the exemption from the obligation to prepare and deliver group financial statements under section 401 of the Companies Act 2006.

The financial statements present information about the individual entity and not as a group. The Company is also exempt under the terms of FRS 102 from disclosing related-party transactions with the ultimate parent company or any of its wholly owned subsidiaries.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Turnover

Turnover represents dividend income from investment in subsidiary undertaking and recharged expenses. Dividend income is recognised upon establishment of the Company's right to receive payment. Recharged expenses income arises on the recharge of expenses incurred on behalf of related group companies, and is recognised in line with the associated expenses.

b) Administrative expenses

Administrative expenses are accounted for on an accruals basis and charged to the Statement of Comprehensive Income as incurred.

c) Interest income

Interest income is recognised as it accrues and is calculated using the effective interest rate method.

d) Cash at bank

Cash at bank on the Statement of Financial Position represent cash balances and money market fund deposits lodged with banks.

e) Investments in subsidiary undertakings

Investment in subsidiary undertaking is stated at cost less provision for any impairment in value.

f) Debtors and creditors

Debtors are recorded at cost value and are considered fully recoverable. Creditors are recorded at expected settlement value and are recognised on the basis of past activity.

g) Financial instruments

As permitted by FRS 102, the Company has elected to apply the recognition and measurement provisions of Sections 11 and 12 of FRS 102. The Company classifies its financial assets at cost less impairment, if any. The Company determines the classification of its financial assets at initial recognition. Financial assets are initially recognised at the transaction price.

Borrowings are recognised at the amount of net proceeds. Transaction costs that relate to the issue of the instrument are charged to profit over the term of the borrowings. Transaction costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated borrowings.

CHINA RE INTERNATIONAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 12 SEPTEMBER 2018 TO 31 DECEMBER 2019

h) Taxation

The tax expense represents the sum of the tax currently payable and the movement in deferred tax.

The tax currently payable is based on taxable income for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates applicable at the balance sheet date.

Deferred income tax is provided in full on temporary differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at tax rates enacted, or substantively enacted, at the balance sheet date and expected to apply when the related tax is affected. Temporary differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be used. Deferred tax assets and liabilities are not discounted.

i) Foreign currency translation

The Company's functional and presentation currency is US Dollars.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

3. Turnover

	2019 \$'000
Dividend income	6,000
Recharged expenses	172
	<hr/> <u>6,172</u>

\$6.0m relates to dividend income from CRIHL. Recharged expenses are expenses incurred by the Company that are recharged to other group and related party companies.

CHINA RE INTERNATIONAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 12 SEPTEMBER 2018 TO 31 DECEMBER 2019

4. Operating loss

	2019
	\$'000
Operating loss is stated after charging:	
Exchange differences	8
Auditors' remuneration	
Fees payable in respect of the Company's financial statements	30
Fees payable in respect of group reporting	234

5. Directors' emoluments and staff costs

There were no staff costs incurred by the Company during the period ended 31 December 2019. The Company has no employees.

6. Other interest receivable and similar income

	2019
	\$'000
Interest received on funds held in escrow	<u>180</u>

The Company's investment in subsidiaries during the period resulted in funds being held in escrow for a period of time. During that period interest accrued on the funds and was ultimately returned to the Company.

7. Interest payable and similar expense

	2019
	\$'000
Loan interest	<u>27,943</u>

CHINA RE INTERNATIONAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 12 SEPTEMBER 2018 TO 31 DECEMBER 2019

8. Tax on loss on ordinary activities

	2019
	\$'000
Current tax	
UK corporation tax at 19%	-
Total current tax	-
Deferred tax	
Origination and reversal of timing differences	(785)
Impact of change in UK tax rate	83
Total deferred tax (Note 12)	(702)
Tax on loss on ordinary activities	(702)

Other factors affecting the tax credit for the period

The tax credit for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2019
	\$'000
(Loss) before taxation	(27,017)
Tax at 19%	(5,133)
Effects of:	
- Non-taxable dividend income	(1,140)
- Non-taxable expenses	859
- Group relief for nil consideration	4,629
- Impact of change in UK tax rate	83
Total tax credit	(702)

The financial statements reflect the UK corporation tax rates included in Finance (No.2) Act 2015 and Finance Act 2016. This legislation was substantively enacted by the balance sheet date. Finance (No.2) Act 2015 reduced the tax rate from 20% to 19% effective from 1 April 2017. Finance Act 2016 reduced the tax rate to 17% from 1 April 2020 and will impact the current tax charge of the company in future periods.

Deferred tax has been calculated based on the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

CHINA RE INTERNATIONAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 12 SEPTEMBER 2018 TO 31 DECEMBER 2019

9. Investments in subsidiary undertakings

	2019
	\$'000
At beginning of period	-
Additions	841,650
At 31 December	<u>841,650</u>

On 28 December 2018 the Company acquired 100% of the issued share capital of The Hanover Insurance International Holdings Limited (subsequently renamed China Re International Holdings Limited), for \$811.0m.

On 14 February 2019 the Company acquired 100% of the issued share capital of Chaucer Insurance Company Designated Activity Company for \$27.8m.

On 10 April 2019 the Company acquired 100% of the issued share capital of Hanover Australia Holdco Pty Ltd (subsequently renamed China Re Australia Holdco Pty Ltd), for \$2.9m.

The Company's shareholdings as at 31 December 2019 were:

<u>Company</u>	<u>Activity</u>	<u>Registered</u>	<u>Class</u>	<u>Shares</u>
Chaucer Insurance Company Designated Activity Company	Trading subsidiary	38 & 39 Baggot Street Lower, Dublin, D02 T938, Ireland	Ordinary	100%
China Re Australia HoldCo Pty Ltd	Holding company	Level 11, 56 Clarence St, Sydney, NSW 2000, Australia	Ordinary	100%
China Re International Holdings Limited	Holding company	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%

Indirect related undertakings as at 31 December 2019 were:

<u>Company</u>	<u>Activity</u>	<u>Registered</u>	<u>Class</u>	<u>Shares</u>
Aberdeen Underwriting Advisers Limited	Former members' agency at Lloyd's	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
ALIT (No.2) Limited	Corporate member of Lloyd's	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
ALIT (No.3) Limited	Corporate member of Lloyd's	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
ALIT (No.4) Limited	Corporate member of Lloyd's	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
ALIT (No.5) Limited	Corporate member of Lloyd's	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
ALIT Insurance Holdings Limited	Holding company	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%

CHINA RE INTERNATIONAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 12 SEPTEMBER 2018 TO 31 DECEMBER 2019

9. Investments in subsidiary undertakings (continued)

ALIT Underwriting Limited	Non-trading subsidiary	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
CH 1997 Limited	Non-trading subsidiary	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
Chaucer Capital Investments Limited	Holding company	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
Chaucer Consortium Underwriting Limited	Non-trading subsidiary	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
Chaucer Corporate Capital (No.2) Limited	Corporate member of Lloyd's	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
Chaucer Corporate Capital (No.3) Limited	Corporate member of Lloyd's	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
Chaucer Corporate Capital Limited	Corporate member of Lloyd's	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
Chaucer Dedicated Limited	Corporate member of Lloyd's	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
Chaucer GmbH	Dormant subsidiary	Werfstr. 9, 30163, Hanover, Germany	Ordinary	100%
Chaucer Insurance Group PLC	Holding company	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
Chaucer International Holdings Limited	Non-trading subsidiary	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
Chaucer International Holdings Ltd	Holding company	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
Chaucer Labuan Limited	Service Company	Kensington Gardens, No.U1317, Lot 7616, 87000 Jalan Jumidar Buyong, Federal Territory of Labuan, Malaysia	Ordinary	100%
Chaucer Latin America S.A.	Service Company	AV. Cordoba 1131, 8 Piso, Buenos Aires, 1055, Argentina	Ordinary	100%
Chaucer MENA Underwriting Limited	Service Company	Office 203, Level 2, Tower 2, Al Fattan Currency House, PO Box 121208, DIFC, Dubai, UAE	Ordinary	100%
Chaucer Oslo AS	Service Company	House of Business AS, Tjuvholmen Alle 3, Oslo, 0252, Norway	Ordinary	100%
Chaucer Singapore PTE Limited	Service Company	10 Collyer Quay, #10-01 Ocean Financial Centre, 049315, Singapore	Ordinary	100%

CHINA RE INTERNATIONAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 12 SEPTEMBER 2018 TO 31 DECEMBER 2019

9. Investments in subsidiary undertakings (continued)

Chaucer Syndicate Services Limited	Service Company	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
Chaucer Syndicates Limited	Managing Agent	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
Chaucer Underwriting ApS	Service Company	Landgreven 3, fourth floor, DK-1301 Copenhagen K, Denmark	Ordinary	100%
Chaucer Underwriting Services Limited	Service Company	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
China Re Australia BidCo Propriety Limited	Holding company	Level 11, 56 Clarence St, Sydney, NSW 2000, Australia	Ordinary	100%
Insurance4CargoServices Limited	Service Company	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
Lonham Group Limited	Trading subsidiary	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
Lonham Limited	Non-trading subsidiary	Plantation Place, 30 Fenchurch Street, London, EC3M 3AD, UK	Ordinary	100%
Pacific Underwriting Corporation Propriety Limited	Trading subsidiary	Level 11, 56 Clarence St, Sydney, NSW 2000, Australia	Ordinary	100%
SLE Holdings Propriety Limited	Holding company	Level 11, 56 Clarence St, Sydney, NSW 2000, Australia	Ordinary	100%
SLE Worldwide Australia Propriety Limited	Trading subsidiary	Level 11, 56 Clarence St, Sydney, NSW 2000, Australia	Ordinary	100%

10. Debtors

Debtors

2019
\$'000

Amounts falling due within one year

Amounts due from related parties

55

Amounts falling due after more the one year

Deferred tax asset

702

Amounts owed by related parties are unsecured, interest free, have no fixed term date of repayment and are payable on demand.

CHINA RE INTERNATIONAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 12 SEPTEMBER 2018 TO 31 DECEMBER 2019

11. Creditors: amounts falling due within 1 year

	2019
	\$'000
Amounts due to parent company	153
Amounts due to related group undertaking	<u>682</u>
	<u>835</u>

Amounts due to parent company and related group companies are unsecured, interest free, have no fixed term date of repayment, and are payable on demand.

12. Deferred tax

	2019
	\$'000
The overall deferred tax asset consists of deferred tax on the following items:	
Tax losses carried forward	702
	<u>702</u>
Total deferred tax asset	<u>702</u>

The movement in the deferred tax asset comprises:

	2019
	\$'000
At 1 January	-
Credit to the income statement	<u>702</u>
At 31 December	<u>702</u>

13. Creditors: amounts falling due after more than 1 year

	2019
	\$'000
Long-term loan from parent	<u>550,000</u>

On 28 December 2018, the Company entered into an intercompany loan agreement of \$550m with China Re Hong Kong Company Limited in connection with the acquisition. Interest is paid every 6 months for the period of the loan which is 5 years, with a cost of borrowing of 5.00% per annum. The total amount of \$550m was received in several tranches throughout the period.

CHINA RE INTERNATIONAL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 12 SEPTEMBER 2018 TO 31 DECEMBER 2019

14. Called up share capital and share premium account

	2019	
	Number	Value \$
Allotted, called up and fully paid:		
At beginning of period	-	-
Issuance of shares	2	2
at 31 December	<u>2</u>	<u>2</u>

On 12 September 2018 China Re Hong Kong Company Limited invested \$1 in the Company in cash by subscribing for one new ordinary share of \$1.00 in nominal value in the Company.

On 28 December 2018 China Re Hong Kong Company Limited invested \$319,999,999 in cash in the Company by subscribing for one new ordinary share of \$1.00 in nominal value in the Company. \$319,999,998 was recognised as share premium.

15. Contingencies

A related company, Chaucer Holdings Limited (CHL), has entered into an agreement with a financial institution for the provision of a letter of credit facility, which has been used by the Chaucer Group to support its underwriting activities as Funds at Lloyd's (FAL). The facility is for \$398.0m (£300.0m), which remains fully uncollateralised at the year-end. The Company, and other group companies, as guarantors of such agreement, guarantee to the financial institution the performance of all the terms, conditions and covenants of such agreement, on the part of the ultimate parent company and have agreed to indemnify the financial institution for any loss resulting from the non-compliance of those terms.

16. Ultimate parent company

The largest and smallest group of undertakings for which group financial statements are prepared is China Reinsurance (Group) Corporation, a company incorporated and registered in China. The Company considers China Reinsurance (Group) Corporation to be its ultimate parent company. A copy of the most recent consolidated financial statements is available from the website of China Reinsurance (Group) Corporation (www.chinare.com/cn).

17. Events occurring after the reporting period

There are no events that are material to the operations of the Company that have occurred since the reporting date which affect the Company's reported results for the period ended 31st December 2019.

It is too early to estimate the impact of the Covid-19 pandemic on the Company's future results. While Covid-19 is impacting the business of underlying insurance entities, they continue to maintain strong solvency and liquidity positions, and are well positioned to pay claims and other liabilities as they fall due.

As of the date of these financial statements there has been no indication of impairment in the Company's investments in its subsidiaries.