Company No: LL11956

Mandarin Re Ltd
(Formerly known as TranssibRe Overseas Ltd)

(Incorporated in Malaysia under the Labuan Companies Act, 1990)

(Licenced Labuan General Insurance under the Labuan Financial Services and Securities Act, 2010 – Licence No. IS2015157)

REPORT

AND

FINANCIAL STATEMENTS

31 DECEMBER 2019

CK Chin

CK Chin
陳會計師樓
Chartered Accountants (AAL0002)

Company No: LL11956

Mandarin Re Ltd
(Formerly known as TranssibRe Overseas Ltd)

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CONTENTS

Company No: LL11956

Mandarin Re Ltd
(Formerly known as TranssibRe Overseas Ltd)
(Incorporated in Malaysia under the Labuan Companies Act, 1990)
(Licenced Labuan General Insurance under the Labuan Financial Services and Securities Act, 2010 – Licence No. IS2015157)

CORPORATE INFORMATION

DIRECTORS:

TATIANA BELOVA	
PAVEL RABA	(RESIGNED ON 14 FEBRUARY 2019)
ANGELINA IONOVA	(APPOINTED ON 13 FEBRUARY 2019) (RESIGNED ON 31 JANUARY 2020)
ERICH NICHOLAS	(APPOINTED ON 12 SEPTEMBER 2019)
MIKHAIL GRISHIN	(APPOINTED ON 17 MARCH 2020)

RESIDENT SECRETARY:

ZICO SECRETARIAL LIMITED (LL10629)

AUDITORS:

CK CHIN, CHARTERED ACCOUNTANTS (AAL-0002)

REGISTERED OFFICE:

UNIT LEVEL 13(A), MAIN OFFICE TOWER, FINANCIAL PARK LABUAN, JALAN MERDEKA, 87000 FEDERAL TERRITORY OF LABUAN, MALAYSIA.

PRINCIPAL PLACE OF BUSINESS

BRIGHTON PLACE, LOT U0213-U0215, JALAN BAHASA, P. O. BOX 80431, 87014, LABUAN FEDERAL TERRITORY OF LABUAN, MALAYSIA.

IMMEDIATE HOLDING COMPANY

TRANSSIBRE HOLDINGS LABUAN LTD (LL11955)

Company No: LL11956

Mandarin Re Ltd
(Formerly known as TranssibRe Overseas Ltd)
(Incorporated in Malaysia under the Labuan Companies Act, 1990)
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STATEMENT BY DIRECTORS

I, **TATIANA BELOVA**, being one of the Directors of **Mandarin Re Ltd (F.k.a. TranssibRe Overseas Ltd) (LL11956)**, do hereby state on behalf of the Board that, in my opinion, the financial statements set out on pages 6 to 28 are drawn up in accordance with International Financial Reporting Standards and the requirements of Labuan Companies Act, 1990 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and of the financial performance and its cash flows of the Company for the financial year then ended.

Signed on behalf of the Board of Directors in accordance
with a resolution of the Directors dated 18 May 2020

TATIANA BELOVA

Place: Labuan FT

Dated: 18 May 2020

CK Chin
陳會計師樓
Chartered Accountants (AAL0002)

Ground Floor, Lot 7, Block F,
Saguking Commercial Building,
Jalan Patau-Patau,
87000 Labuan FT Malaysia.

6087.412031 Main
6087.416128 Fax
Email: chin@ckchin.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
Mandarin Re Ltd (F.k.a. TranssibRe Overseas Ltd)
Company No: LL11956
(Incorporated in Malaysia under the Labuan Companies Act, 1990)
(Licenced Labuan General Insurance under the Labuan Financial Services and Securities Act, 2010 – Licence No. IS2015157)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mandarin Re Ltd (F.k.a. TranssibRe Overseas Ltd) (LL11956)**, which comprise the statement of financial position as at 31 December, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 28.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December, 2019, and of its financial performance and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards and the requirements of the Labuan Companies Act, 1990 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards 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 and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Labuan Companies Act, 1990 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, 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.

CK Chin

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
Mandarin Re Ltd (F.k.a. TranssibRe Overseas Ltd) (Continued)
Company No: LL11956
(Incorporated in Malaysia under the Labuan Companies Act, 1990)
(Licenced Labuan General Insurance under the Labuan Financial Services and Securities Act, 2010 – Licence No. IS2015157)

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 approved standards on auditing in Malaysia and International Standards on Auditing 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.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

CK Chin

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
Mandarin Re Ltd (F.k.a. TranssibRe Overseas Ltd) (Continued)
Company No: LL11956
(Incorporated in Malaysia under the Labuan Companies Act, 1990)
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Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Labuan Companies Act, 1990 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 117(1) of the Labuan Companies Act, 1990 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Datuk Chin Chee Kee JP CA(M) FCTIM FCCA
Chartered Accountant
01242/07/2021 J

CK Chin
Chartered Accountants
AAL-0002

Federal Territory of Labuan.

Dated: 18 MAY 2020

Company No: LL11956

Mandarin Re Ltd
(Formerly known as TranssibRe Overseas Ltd)

(Incorporated in Malaysia under the Labuan Companies Act, 1990)
(Licenced Labuan General Insurance under the Labuan Financial Services and Securities Act, 2010 – Licence No. IS2015157)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 USD	2018 USD
Assets			
Non-Current Assets:			
Plant and equipment		3,291	-
Other investments	6	10,018,671	1,606,111
Total non-current assets		10,021,962	1,606,111
Current Assets:			
Premium receivables	7	1,058,628	513,621
Other receivables, deposit and prepayments		63,124	437
Deposit with financial institutions		34,935	34,935
Amount due from holding company	8	4,857,094	7,600,000
Cash at banks		23,182	31,004
Total current assets		6,036,963	8,179,997
Total Assets		16,058,925	9,786,108
Equity:			
Share capital	9	10,000,000	5,000,000
Retained profits		2,466,228	2,057,390
Total Equity		12,466,228	7,057,390
Liabilities			
Current Liabilities:			
Trade payables		216,633	258,762
Other payables and accruals		460,830	53,516
Unearned premium reserves	10	909,193	514,802
Insurance claim liabilities reserve	11	1,468,654	1,901,638
Amount due to director	12	500,000	-
Tax payable		37,387	-
Total current liabilities		3,592,697	2,728,718
Total Liabilities		3,592,697	2,728,718
Total Equity and Liabilities		16,058,925	9,786,108

The annexed notes form an integral part of these financial statements.

Mandarin Re Ltd
(Formerly known as TranssibRe Overseas Ltd)

(Incorporated in Malaysia under the Labuan Companies Act, 1990)
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 USD	2018 USD
Premium revenue	13	2,586,544	1,551,462
Commission		(718,401)	(257,907)
Retrocession premium outwards		(43,123)	(901,175)
Claims expenses		(447,801)	(505,615)
Insurance claim liabilities reserve	11	432,983	151,383
Net premium income		1,810,202	38,148
Interest income		-	6,534
Investment income		1,383,604	-
Unrealised gain on foreign exchange		2,774	-
Management expenses		(1,950,355)	(1,059,446)
Profit/(Loss) before taxation	14	1,246,225	(1,014,764)
Income tax expenses	15	(37,387)	-
Profit/(Loss) after taxation		1,208,838	(1,014,764)

The annexed notes form an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share Capital USD	Retained Profits USD	Total USD
Balance at 1 January 2018		5,000,000	4,072,154	9,072,154
Loss after taxation		-	(1,014,764)	(1,014,764)
Dividends	16	-	(1,000,000)	(1,000,000)
Balance at 31 December 2018		5,000,000	2,057,390	7,057,390
Issuance of shares	9	5,000,000	-	5,000,000
Profit after taxation		-	1,208,838	1,208,838
Dividends paid	16	-	(800,000)	(800,000)
Balance at 31 December 2019		10,000,000	2,466,228	12,466,228

The annexed notes form an integral part of these financial statements.

Company No: LL11956

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 USD	2018 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		1,246,225	(1,014,764)
Adjustments for:			
Depreciation of property, plant and equipment		239	-
Allowance for doubtful debts reversed		-	(99,023)
Interest income		-	(6,534)
Operating profit/(loss) before changes in working capital		1,246,464	(1,120,321)
(Increase)/Decrease in receivables		(607,694)	10,226,506
Increase in payables		365,185	226,801
Decrease in insurance claim liabilities reserve		(432,984)	(151,383)
Increase in unearned premium reserves		394,391	111,027
Cash generated from operations		965,362	9,292,630
Tax paid		-	(4,900)
Net cash from operating activities		965,362	9,287,730
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,530)	-
Acquisition of other investments		(8,412,560)	(1,606,111)
Upliftment of fixed deposits		-	1,301,917
Interest received		-	6,534
Net cash used in investing activities		(8,416,090)	(297,660)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issues of shares	9	5,000,000	-
Advances from director		500,000	-
Advances from/(to) holding company		2,742,906	(8,100,000)
Dividends paid	16	(800,000)	(1,000,000)
Net cash used in financing activities		7,442,906	(9,100,000)
Net decrease in cash and cash equivalents		(7,822)	(109,930)
Cash and cash equivalents at beginning of the year		31,004	140,934
Cash and cash equivalents at end of the year		23,182	31,004
Cash and cash equivalent comprise:			
Cash at banks		23,182	31,004
		23,182	31,004

The annexed notes form an integral part of these financial statements.

Mandarin Re Ltd
(Formerly known as TranssibRe Overseas Ltd)
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

The Company is a private limited company incorporated in Malaysia under the Labuan Companies Act, 1990 and domicile in Malaysia. The Company was licensed as a Labuan Insurer and Reinsurer and bearing license number IS2015157 on 7 August 2015 under the Labuan Financial Services and Securities Act, 2010.

The registered office is located at Unit Level 13(A), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000, Federal Territory of Labuan, Malaysia.

The principal place of business is situated at Lot U0213-U0215, Jalan Bahasa, P.O. Box 80431, 87014, Federal Territory of Labuan, Malaysia.

The Company was licensed to carry on Labuan general insurance business in, from or through the Federal Territory of Labuan, Malaysia on 7 August 2015. There has been no significant change in the nature of the activity of the Company during the financial year.

The immediate holding company is TranssibRe Holdings Labuan Ltd, a company incorporated in Labuan which holds 100% of the shares in the Company. The financial year end of the Company coincides with that of its immediate holding Company.

The financial statements are presented in United States Dollar ("USD") which is also the Company's functional currency.

2. FINANCIAL RISK MANAGEMENT POLICIES

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its foreign currency, credit, interest rate, market, liquidity and cash flow risks. The policies in respect of the major areas of treasury activities are as follows:

2.1 Currency Risk

The Company operates mainly in United States Dollars. Foreign currency denoted assets and liabilities together with expected cash flows from highly probable incomes and expenditures give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

2.2 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as the interest-bearing financial instruments carry fixed interest rate and are measured at amortised cost. As such, sensitivity analysis is not disclosed. Hence, the Company does not use any derivative financial instruments to manage its exposure to interest rate risk as the Directors are of the opinion that the net exposure is not significant.

2. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

2.3 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the insurance balances receivable.

Exposure to credit risk on financial assets

The carrying amount of financial assets represents the maximum credit exposure.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each broker/cedant. The demographics of the Company's brokers/cedants base, including the defaults risk of the industry and country which the broker/cedant operated, has less of an influence on credit risk.

The Company establishes an allowance for impairment that represents its estimates of incurred losses in respect of insurance balances receivable and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet determined. The collective loss allowance is determined based on historical date of payment statistics for similar assets.

Exposure to credit risk

The maximum exposure to credit risk for insurance balances receivables at the reporting date was as follows:-

	USD	%
African Consultants Ltd	580,790	55%
Protection Ins Services	180,998	17%
Malakut Corr. de Rease	58,452	6%
Others	238,388	22%
	1,058,628	100%

2.4 Market Risk

The Company does not have any quoted investments and hence is not exposed to market risk.

2.5 Liquidity Risk

The Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Company monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

2. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

2.5 Liquidity Risk (Continued)

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	2019			
	On demand or within one year USD	One to five years USD	Over five years USD	Total USD
Financial Liabilities				
Trade payables	216,633	-	-	216,633
Other payables and accruals	460,830	-	-	460,830
Amount due to director	500,000	-	-	500,000
Insurance claim liabilities reserve	1,468,654	-	-	1,468,654
Unearned premium reserves	909,193	-	-	909,193
Total undiscounted financial liabilities	3,555,311	-	-	3,555,311

	2018			
	On demand or within one year USD	One to five years USD	Over five years USD	Total USD
Financial Liabilities				
Trade payables	258,763	-	-	258,763
Other payables and accruals	53,516	-	-	53,516
Insurance claim liabilities reserve	1,901,638	-	-	1,901,638
Unearned premium reserves	514,802	-	-	514,802
Total undiscounted financial liabilities	2,728,718	-	-	2,728,718

2. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

2.6 Insurance Risk

The Company underwrites various general insurance contracts, which are mostly on an annual coverage and annual premium basis, with the exception of short term policies such as Marine Cargo which covers the duration in which the cargo is being transported.

The Company's objectives of managing insurance risks are to enhance the long-term financial performance of the business to achieve sustainable growth in profitability, strong asset quality and to continually optimize shareholders' value. The Company seeks to write those risks that it understands and that provide a reasonable opportunity to earn an acceptable profit.

Insurance risk is the inherent uncertainty regarding the occurrence, amount or time of insurance liabilities. Insurance contracts transfer risk to the Company by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain future events. The principal risk the Company faces under insurance contracts is that the actual claims and benefits payments differ from expectations, the risk arise from the fluctuations in timing, frequency and severity of claims, as well as the adequacy of premiums and reserves.

The Company adopts the following measure to manage its insurance risks:

The Company purchases reinsurance as part of its risk mitigation programme. The objectives for purchasing reinsurance are to provide market-leading capacity for Company's customers while protecting the statement of financial position and optimizing the Company's capital efficiency. Reinsurance is ceded on quota share, proportional and non-proportional basis. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

Key Assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claims costs, claims handling cost and claim numbers of each accident year.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, change in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors, such as, judicial decisions and government legislation affect the estimation.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign exchange rates.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

3.1 Amendments to IFRSs those are mandatorily effective for the current financial year

In the current financial year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019.

Description	Effective for annual periods beginning on or after
IFRS 16 Leases	1 January 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	1 January 2019
i) Amendments to IFRS 3, IFRS 11: Remeasurement of previously held interest	
ii) Amendments to IAS 12: Income tax consequences of dividends	
iii) Amendments to IAS 23: Borrowing costs eligible for capitalisation	
Amendments to IFRS 9: Prepayment features with negative compensation and modifications of financial liabilities	1 January 2019
Amendments to IAS 28: Long-term interests in associates and joint ventures	1 January 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019

3.2 New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to IFRS 3: Definition of Business	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The management expects that the adoption of the Standards and Amendments to Standards above will have no material impact on the financial statements in the period of initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") and the provisions of the Labuan Companies Act, 1990.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets. The principal accounting policies adopted are set out below:

4.1 Foreign currency

Foreign Currency Transactions

Transactions in foreign currencies are initially translated at the exchange rate at the dates of the transactions.

At the reporting date, foreign currency monetary assets and liabilities are translated into United States Dollar at the exchange rate ruling at that date. Exchange differences arising on the settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using exchange rates at the date of the transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

4.2 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(a) Classification Of Financial Assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ('FVTOCI'):

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Financial assets (Continued)

(a) *Classification Of Financial Assets (Continued)*

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ('FVTPL').

(b) *Amortised Cost And Effective Interest Method*

At initial recognition financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'investment income' line item.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Financial assets (Continued)

(c) Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income ('OCI'), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises.

(d) Equity Instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Financial assets (Continued)

(d) Equity Instruments (Continued)

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(e) Financial Assets At Fair Value Through Profit Or Loss ('FVTPL')

This category comprises only in-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

(f) Impairment Of Financial Assets

The Company recognises an allowance for expected credit losses ('ECL') on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, lease receivables, amounts due from customers under construction contracts, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, amounts due from customers under construction contracts and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Financial assets (Continued)

(f) Impairment Of Financial Assets (Continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(g) Derecognition Of Financial Assets

The Company derecognises a financial asset when the contractual right to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

4.3 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, short-term deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash with an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts, if any.

4.4 Equity instruments

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Dividends on ordinary shares will be recognised as liabilities when the shareholders' rights to receive the dividends are established.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Income tax

Taxation for the financial year comprises current tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

4.6 Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised n profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

I) Financial Liabilities At FVTPL

This category comprises only out-of-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Company does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

ii) Other Financial Liabilities

The Company's other financial liabilities include trade payables, other payables, and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Gain and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Financial Liabilities (Continued)

iii) Derecognition Of Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.
On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

4.7 Income recognition

(a) Facultative Business

Income is recognised upon the conclusion of the placement of the risk with the reinsurance companies. Brokerage income on adjustment premiums is recognised as and when it occurs.

(b) Proportional Treaty

Income for proportional treaty inwards business is recognised on the date of receipt of the accounts.

(c) Interest Income

Interest income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

4.8 Unearned Premium Reserves ("UPR")

The unearned premium reserves represent the portion of premium income not yet earned at the statement of financial position date. The unearned premium reserves is recognised based on time apportionment basis.

4.9 General Insurance Contract Liabilities

General insurance contract liabilities are recognized when contracts are entered into and premiums are charged.

These liabilities comprise claims liabilities and premium liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 General Insurance Contract Liabilities (Continued)

(a) *Claims Liabilities*

Claims liabilities are recognized in respect of both direct insurance and inward reinsurance. Claims liabilities refer to the obligation by the insurers, whether contractual or otherwise to make future payments in relation to all claims that have been incurred as at valuation date. These include provision for claims reported, claims incurred but not reported ("IBNR"), claims incurred but not enough reserved ("IBNER") together with related claims handling costs. Claims liabilities consist of the best estimate value of the claim liabilities and the Provision of Risk Margin for Adverse Deviation ("PRAD") calculated at the overall level. The liability is not discounted for the time value of money. No provision or catastrophe reserve is recognized. The liabilities are derecognized when the contract expires, is discharged or is cancelled.

(b) *Premium Liabilities*

Premium liabilities is the higher of the aggregate of the UPR and the best estimate value of the insurer's unexpired risk reserves ("URR") at the valuation date and the PRAD calculated at the overall level.

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally the reserve is released over the term of the contract and is recognized as premium income.

The URR is the prospective estimate of the expected future payments arising from future events insured under policies in force at the valuation date and also includes allowance for the insurer's expenses, including overheads and cost of reinsurance, expected to be incurred for administering these policies and settling the relevant claims, and expected future premium refunds.

4.10 Reinsurance And Other Recoveries

Reinsurance and other recoveries received or receivable on paid claims and on outstanding claims (notified and not yet notified) are recognised as income. Reinsurance recoveries on paid claims are presented as part of trade and other receivables net of any provision for impairment based on objective evidence for individual receivables. All recoveries receivable on outstanding claims are measured as the present value of the expected future receipts calculated on the same basis as the outstanding claims liability. Reinsurance does not relieve the originating insurer of its liabilities to policyholders and is presented separately on the balance sheet.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.11 Reinsurance Outwards

Premium ceded to reinsurers is recognised as an expense in accordance with the pattern of reinsurance service received. Accordingly, a portion of outwards reinsurance premium expense is treated as a prepayment and presented as deferred outwards reinsurance expense on the balance sheet at the reporting date.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

5.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

5.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) *Impairment of loans and receivables*

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

6. OTHER INVESTMENTS

	2019 USD	2018 USD
At cost	10,018,671	1,606,111
Less: Accumulated impairment losses	-	-
	10,018,671	1,606,111

7. PREMIUM RECEIVABLES

	2019 USD	2018 USD
Premium receivables	1,058,628	414,598
Less: Allowance for doubtful debts	-	99,023
	1,058,628	513,621

The allowance for doubtful debts for the financial year ended 31 December 2018 had been reversed during the financial year as it is considered no required.

8. AMOUNT DUE FROM/(TO) HOLDING COMPANY

This amount is unsecured, interest-free and repayable on demand.

9. SHARE CAPITAL

	Number of shares			
Ordinary shares	2019 Units	2018 Units	2019 USD	2018 USD
Issued and fully paid:				
Balance at 1 January	50,000	50,000	5,000,000	5,000,000
Issuance of shares	50,000	-	5,000,000	-
Balance at 31 December	100,000	50,000	10,000,000	5,000,000

During the financial year, the Company has issued the following shares:

Date of issue	No. of shares issued	Consideration	Issue price	Purpose
13-Nov-19	50,000	USD 5,000,000	USD 100	Allotment of shares

10. UNEARNED PREMIUM RESERVES

	2019 USD	2018 USD
At 1 January	514,802	4,029,835
Increase/(Decrease) during the year	394,391	(3,515,033)
At 31 December	909,193	514,802

11. INSURANCE CLAIM LIABILITIES RESERVE

The insurance claim liabilities reserve consists of claims already reported to the Company less claims paid and claim expenses.

12. AMOUNT DUE TO DIRECTOR

This amount is unsecured, interest-free and repayable on demand.

13. PREMIUM REVENUE

Premium revenue comprises amounts charged to other insurers (inwards reinsurance premium) for insurance contracts. Premium includes charges for which the amount to be paid by the insurer does not depend on the amounts collected but excludes stamp duties and taxes collected on behalf of third parties. Premium is recognised as earned from the date of attachment of risk (generally the date a contract is agreed to but may be earlier if persuasive evidence of an arrangement exists) over the period of the related insurance contracts in accordance with the pattern of the incidence of risk expected under the contracts. The pattern of the risks underwritten is generally matched by the passing of time. Premium for unclosed business (business written close to reporting date where attachment of risk is prior to reporting date and there is insufficient information to accurately identify the business) is brought to account based on previous experience with due allowance for any changes in the pattern of new business and renewals. The unearned portion of premium is recognised as an unearned premium reserve on the statement of financial position.

Premium receivable is recognised as the amount due and is normally settled between 30 days and 12 months. The recoverability of premium receivable is assessed and provision is made for impairment based on objective evidence and having regard to past default experience. Premium receivable is presented on the balance sheet net of any provision for impairment.

14. (LOSS)/PROFIT BEFORE TAXATION

This has been determined after charging/(crediting) the following items:-

	2019 USD	2018 USD
Auditors' remuneration	11,510	8,530
Directors' remuneration - fees	502,737	-
- salary	156,000	107,000
Management fees	101,250	128,500
Realised loss on foreign exchange	13,387	9,589
Interest income	-	(6,534)
Investment income	(1,383,604)	
Unrealised (gain)/loss on foreign exchange	(2,774)	13,074

15. INCOME TAX EXPENSES

15.1 Under Section 2B of the Labuan Business Activity Tax Act, 1990 ("LBATA"), a **Labuan entity** –

(a) shall be as specified in the Schedule; and

(b) shall, for the purpose of the Labuan business activity, have-

(i) an adequate number of full-time employees in Labuan; and
(ii) an adequate amount of annual operating expenditure in Labuan,

as prescribed by the Minister by Regulations made under this Act (Labuan Business Activity Tax (Requirements for Labuan Business Activity Regulations 2018) [P.U.(A) 392/2018]) ('Substance Regulations')

15.2 Only *having been determined* as a **Labuan entity** under the Substance Regulations (by complying with the number of full-time employees and minimum annual operating expenditures in Labuan) then the Company shall qualify to be taxed under LBATA LBATA and shall be considered as a *qualified* **Labuan entity.**

15.3 Under LBATA:

(a) A *qualified* **Labuan entity** that carries out a *Labuan business activity which is a Labuan trading activity* shall be charged to tax at the rate of **three (3) percent** upon its chargeable profits for that year of assessment.

(b) A *qualified* **Labuan entity** that *carries out administrative, accounting and legal services including backroom processing, payroll services, talent management, agency services, insolvency related services and management services* shall be charged to tax at the rate of **three (3) percent** upon its chargeable profits for that year of assessment.

15. INCOME TAX EXPENSES (CONTINUED)

15.3 Under LBATA: (Continued)

(c) A *qualified* **Labuan entity** that carries out *a Labuan business activity which is a Labuan non-trading activity* for the basis period for a year of assessment **shall not be charged to tax** for that year of assessment.

(d) A *qualified* **Labuan entity** that carries out both *a Labuan business activity which is a Labuan trading activity and a business activity which is a Labuan non-trading activity* for the basis period for a year of assessment the entity shall be charged to tax at the rate of **three (3) percent** upon its chargeable profits for that year of assessment.

(e) A **Labuan entity** carrying on a Labuan business activity which *fails to comply* with Substance Regulations (not having either an adequate number of full time employees or an adequate amount of annual operating expenditure in Labuan) for a basis period for a year of assessment shall be charged to tax at the rate of **twenty four (24) per cent** upon its chargeable profits for that year of assessment.

15.4 The Company is a qualified **Labuan entity** that carries out a Labuan business activity which is a Labuan trading activity and hence shall be subject to tax under LBATA at three percent of its chargeable profits. The tax expense for the financial year is as follows:

	2019 **USD**	**2018** **USD**
Tax charge for the financial year	37,387	-

16. DIVIDENDS

	2019 **USD**	**2018** **USD**
Tax exempted interim dividends	800,000	1,000,000
	800,000	1,000,000

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than a forced sale or liquidation. The fair value information presented represents the Company's best estimate of those fair values, subject to certain assumptions and limitations. All receivables of the Company are presented at fair values.

Mandarin Re Ltd
(Formerly known as TranssibRe Overseas Ltd)
(Incorporated in Malaysia under the Labuan Companies Act, 1990)
(Licenced Labuan General Insurance under the Labuan Financial Services and Securities Act, 2010 – Licence No. IS2015157)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The Company is subjected to minimum capital requirements under Labuan Financial Services and Securities Act, 2010.

The Company monitors and ensures its capital is within the minimum solvency margins at all times. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, return of capital to shareholder or issue new shares.

19. CHANGE OF NAME

Pursuant to the Directors' resolution passed on 15 July 2019, the name of the Company was changed from TranssibRe Overseas Ltd. to Mandarin Re Ltd effective from the date of the certificate of change of name was issued.

20. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Directors in accordance with a resolution of the Directors dated 18 MAY 2020 .

Company No: LL11956

Mandarin Re Ltd
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DETAILED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		2019 USD	2018 USD
Gross premium written		2,980,934	1,662,488
Movement in unearned premium reserves		(394,390)	(111,026)
Premium revenue		2,586,544	1,551,462
Commission paid		(718,401)	(257,907)
Retrocession premium outwards		(43,123)	(901,175)
Claims expenses		(447,801)	(505,615)
Insurance claim liabilities reserve		432,983	151,383
Net premium revenue		1,810,202	38,148
Other income			
	Interest income	-	6,534
	Investment income	1,383,604	-
	Unrealised gain on foreign exchange	2,774	-
		1,386,378	6,534
Total income		3,196,580	44,682
LESS:	MANAGEMENT EXPENSES		
	Allowance for doubtful debts (reversed)/impaired	-	(99,023)
	Auditors' remuneration - current year	11,510	11,530
	Bank charges	17,402	12,819
	Depreciation charges	239	-
	Directors' remuneration - fees	502,737	-
	- salary	156,000	107,000
	Entertainment	71,767	19,737
	Employees provident fund	2,057	-
	Licences and permits fees	11,300	12,351
	Management fees	101,250	128,500
	Newspaper and periodicals	8,060	132,410
	Postage and telecommunication	2,240	1,007
	Printing and stationery	92	354
	Professional fees	78,307	12,420
	Rental	6,697	-
	Salaries and wages	762,360	598,912
	Secretarial fees	1,100	1,100
	SOCSO	126	-
	Staff training	5,750	23,054
	Staff welfare	905	-
	Subscription fees	3,102	1,185
	Sundry expenses	97,475	7,965
	Travelling and accommodation expenses	96,492	65,462
	Realised loss on foreign exchange	13,387	9,589
	Unrealised loss on foreign exchange	-	13,074
		1,950,355	1,059,446
PROFIT/(LOSS) BEFORE TAXATION		1,246,225	(1,014,764)

This Statement is prepared for management purposes only.