



# Great Eastern

## GREAT EASTERN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

### ANNOUNCEMENT

#### OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2000

The Board of Directors of Great Eastern Holdings Limited is pleased to announce the unaudited results of the Group and the Company for the year ended 31 December 2000:

#### 1. PROFIT & LOSS STATEMENT <sup>(1.1)</sup>

(in \$ million)	GROUP			COMPANY		
	2000	1999	+ / (-)	2000	1999	+ / (-)
<b>Profit from insurance operations</b>	<b>189.0</b>	143.4	32%	-	-	-
<i>Dividend from subsidiary</i>	-	-	-	273.1	304.2	(10%)
<i>Investment income</i>	17.3	15.0	15%	0.8	-	nm
<i>Interest income</i>	14.9	13.2	13%	4.1	0.1	nm
<i>Profit on sale of investments</i>	47.4	29.9	59%	-	-	-
<i>(Increase in)/Write-back of provision for diminution in value of investments</i>	(32.0)	36.6	(187%)	-	-	-
<b>Profit from investments</b>	<b>47.6</b>	94.7	(50%)	<b>278.0</b>	304.3	(9%)
<b>Fees and other income</b>	<b>29.8</b>	25.0	19%	-	-	-
<b>Profit before expenses</b>	<b>266.4</b>	263.1	1%	<b>278.0</b>	304.3	(9%)
<i>Less: Expenses</i>						
<i>Management expenses</i>	<b>14.6</b>	7.8	87%	<b>2.1</b>	-	nm
<i>Depreciation</i>	<b>0.2</b>	0.2	-	-	-	-
<i>Exchange differences</i>	<b>(9.2)</b>	(0.7)	>200%	-	-	-
<i>Other expenses</i>	<b>1.4</b>	1.1	27%	<b>0.3</b>	-	nm
<b>Total expenses</b>	<b>7.0</b>	8.4	(17%)	<b>2.4</b>	-	nm
<b>Profit before tax</b>	<b>259.4</b>	254.7	2%	<b>275.6</b>	304.3	(9%)
<i>Less: Income tax</i>	<b>77.0</b>	32.2	139%	<b>74.1</b>	85.2	(13%)
<i>Less: Minority Interests</i>	<b>2.3</b>	1.4	64%	-	-	-
<b>Profit attributable to shareholders</b>	<b>180.1</b>	221.1	(19%)	<b>201.5</b>	219.1	(8%)

<sup>(1.1)</sup> Profit and Loss Statement does not include the earnings of The Overseas Assurance Corporation Limited ("OAC").

nm –not meaningful

## 2. HALF-YEAR RESULTS

Net Profit After Tax Attributable to Shareholders (in \$ million)	GROUP		COMPANY	
	2000	1999	2000	1999
First half-year	<b>118.5</b>	90.8	1.1	-
Second half-year	<b>61.6</b>	130.3	200.4	219.1

## 3. GROUP FINANCIAL HIGHLIGHTS

	2000	1999
1 Turnover (\$ million)	<b>3,928.4</b>	4,084.4
2 Gross Premiums (\$ million)	<b>3,037.6</b>	2,593.8
3 Total Assets (\$ million)	<b>19,119.5</b>	13,800.0
4 Net Profit After Tax (\$ million)	<b>180.1</b>	221.1
5 Shareholders' Funds (\$ million)	<b>1366.8</b>	927.7
6 Return on Equity	<b>18.2%</b>	26.3 %
7 Gross Premium Growth	<b>17.1%</b>	16.5 %
8 Earnings per share (\$)	<b>0.46</b>	0.57
9 Net Asset Backing per share (\$)	<b>2.90</b>	2.39
10 Dividend per share (cents)	<b>17.0</b>	17.0 <sup>(3.1)</sup>

<sup>(3.1)</sup> Dividend per share for 1999 has been recomputed to take into account the Company's 1-for-1 bonus issue and sub-division of shares effected in 2000 and includes the interim dividend paid by Great Eastern Life in 1999 before the effective date of its restructuring as a wholly-owned subsidiary of the company.

## 4. REVIEW OF RESULTS

- 4.1 Group earnings do not include that of OAC as the acquisition of OAC was only completed on 23 December 2000 and the results of OAC between 23 to 31 December 2000 were considered to be not material to the Group. However, the balance sheets as at 31 December 2000 include that of OAC's Shareholders' and General Insurance and Life Assurance Funds.
- 4.2 Group pre-tax profit from the insurance business increased by 32% to \$189.0 million as compared to last year. Good performance in the non-participating life assurance funds contributed to the higher operating profit.
- 4.3 Profit attributable to shareholders decreased by 19% to \$180.1 million for the year ended 31 December 2000, compared to \$221.1 million last year. Group profit after tax would have been \$236.0 million (1999: \$280.6 million) had the OAC's earnings for the year been included.
- 4.4 Two items were included in the profit for last year; namely the Malaysian operations which were not subject to tax and a write-back of provision for diminution in the value of investments, both items contributing to approximately \$63 million. By excluding these items, the profit for last year would have been \$158.1 million. Contrary to last year's write-back of provision, there was an increase in provision for diminution in the value of investments, which amounted to \$32 million, for the year under review. This resulted in the profit this year to be lower. On the basis of similar comparison, that is, by excluding the one-time items, the profit for the year under review would have increased by 34% as compared to last year (ie \$212.1 million versus \$158.1 million).
- 4.5 Group turnover, defined as the sum of gross premiums, investment income and realised profits from the sale of investments of the life assurance revenue statement, general insurance statement and profit and loss statement aggregated \$3.9 billion, or 4% decrease as compared to last year. The reduction was due to lower investment returns from the equity investments of the life assurance funds.
- 4.6 Group gross premiums increased by 17% to \$3.0 billion as compared to last year. Assuming the inclusion of gross premiums from OAC, group gross premiums would have been \$3.6 billion or 23% increase as compared to last year. Premium trends for the Singapore market have moved towards investment related products whereas traditional insurance and protection

products remain strong for the Malaysian market. Single premium sales in Singapore for the investment-linked funds grew by 215% to \$387.3 million this year.

## 5. PROPOSED DIVIDEND

The Directors are pleased to announce the recommendation of the payment of a final dividend of 24% or 12 cents (gross) per ordinary share of S\$0.50 each, less Malaysian income tax at 28%. If approved by the Company's shareholders at the Annual General Meeting, the dividend will be paid on 21 May 2001.

	2000		1999	
	Cents per share	\$ million	Cents per share	\$ million
Interim dividend, less income tax	5	14.0	<u>(5.1)</u>	<u>(5.1)</u>
Final dividend, less income tax	12	40.7	33	23.1
Special dividend, less income tax	-	-	30	21.0
Total annual dividend	<u>17</u>	<u>54.7</u>	<u>63</u>	<u>44.1</u>

(5.1) In 1999 an interim dividend of 5 cents per share of \$1 each less Malaysian income tax at 28%, amounting to \$3.5 million net of tax was paid by Great Eastern Life prior to the effective date of its restructuring under a scheme of arrangement pursuant to which it became a wholly-owned subsidiary of the Company

## 6. SEGMENTAL INFORMATION

(in \$ million)	Singapore		Malaysia		Other ASEAN		TOTAL	
	2000	1999	2000	1999	2000	1999	2000	1999
<b>(a) Life Assurance Fund</b>								
Premium income (net)	1,960.0	1,643.3	1,013.1	885.3	14.0	15.5	2,987.1	2,544.1
Investment & other income	347.3	251.2	304.1	273.1	5.4	5.7	656.8	530.0
Profit on sale of investments	17.5	723.0	87.5	132.9	11.2	20.6	116.2	876.5
Increase in/(write-back) of provision for diminution in value of investments	-	-	9.3	25.1	(26.1)	4.2	(16.8)	29.3
Total income	2,324.8	2,617.5	1,414.0	1,316.4	4.5	46.0	3,743.3	3,979.9
Total expenses	790.2	782.3	621.2	536.0	11.8	13.1	1,423.2	1,331.4
Excess of income over expenses	1,534.6	1,835.2	792.8	780.4	(7.3)	32.9	2,320.1	2,648.5
Total assets employed <sup>(6.1)</sup>	9,808.0	8,092.2	5,388.8	4,441.7	148.0	154.1	15,344.8	12,688.0
<b>(b) General Insurance Fund:</b>								
Premium income (net)	22.2	20.8	3.1	2.6	0.2	0.1	25.5	23.5
Investment & other income	0.9	0.7	0.4	0.3	-	-	1.3	1.0
Total income	23.1	21.5	3.5	2.9	0.2	0.1	26.8	24.5
Total expenses	20.4	19.2	3.5	2.2	0.1	-	24.0	21.4
Excess of income over expenses	2.7	2.3	-	0.7	0.1	0.1	2.8	3.1
Total assets employed <sup>(6.1)</sup>	33.7	28.9	6.4	4.7	-	0.2	40.1	33.8
<b>(c) Shareholders' Fund:</b>								
Profit from insurance operations	103.0	51.4	86.6	92.9	(0.6)	(0.9)	189.0	143.4
Profit from investments <sup>(6.2)</sup>	126.1	189.5	3.7	3.8	-	-	47.6	94.7
Fees & other income <sup>(6.3)</sup>	26.5	24.9	3.9	0.8	-	-	29.8	25.0
Total income <sup>(6.4)</sup>	255.6	265.8	94.2	97.5	(0.6)	(0.9)	266.4	263.1
Profit after tax <sup>(6.5)</sup>	181.3	224.1	66.8	96.6	(0.6)	(0.9)	180.1	221.1
Total assets employed <sup>(6.1)(6.6)</sup>	1,314.0	1,170.4	84.4	61.8	(0.6)	0.9	1,244.3	1,078.2

- (6.1) Total assets employed exclude the assets of OAC as at 31 December 2000.  
 (6.2) eliminations of \$82.2 million for year 2000 and \$98.6 million for year 1999.  
 (6.3) eliminations of \$0.6 million for year 2000 and \$0.7 million for year 1999.  
 (6.4) eliminations of \$82.8 million for year 2000 and \$99.3 million for year 1999.  
 (6.5) eliminations of \$67.4 million for year 2000 and \$98.7 million for year 1999.  
 (6.6) eliminations of \$153.5 million for year 2000 and \$154.9 million for year 1999.

## 7. **ACQUISITION OF SUBSIDIARY**

On 3 August 2000, the Directors announced the proposed acquisition of The Overseas Assurance Corporation Limited ("OAC") through a scheme of arrangement ("OAC Scheme") under Section 210 of the Companies Act, Chapter 50 to be undertaken by OAC. At the Extraordinary General Meetings held separately by the Company and OAC on 23 November 2000, the Company's proposed acquisition pursuant to the OAC Scheme was approved. The Company issued 82,586,841 new Great Eastern Holdings shares of \$0.50 each on 23 December 2000, the effective date of the OAC Scheme, and acquired a direct interest of 87.25% in OAC. The Company subsequently acquired the balance of 12.75% interest in OAC, as announced previously, for a cash consideration of \$67.2 million on 30 January 2001. The Company paid for the purchase out of its own internal resources.

The above allotment and issue by the Company of 82,586,841 new ordinary shares is accounted for using the purchase method in accordance with the Singapore Statement of Accounting Standard No. 22. The New Shares were valued at the appraised value of \$8.9881 per share, which was based on independent valuation of the Great Eastern Holdings Group as at 30 June 2000. As the nominal value of each New Share is \$0.50, the issue of the New Shares at the appraised value gave rise to a premium. On application of the relief provided under Section 69B of the Companies Act, Chapter 50, the premium, amounting to \$701 million, is accounted for as a merger reserve.

For purposes of consolidation, the net assets of OAC's Shareholders' Funds were stated at their fair value as at 30 June 2000, which was the valuation date for the acquisition. The goodwill arising on acquisition of OAC amounting to \$428.7 million was written off against the merger reserve. As the acquisition was effective 23 December 2000, the results of OAC for the period from the date of acquisition to 31 December 2000 was considered not material to the Group. Therefore the results of OAC were not included in the Profit and Loss Statement, Life Assurance Revenue Statement and General Insurance Revenue Statement of the Group. However, the group balance sheet of OAC has been included as at 31 December 2000.

## 8. **CHANGES IN SHARE CAPITAL DURING THE YEAR**

### 8.1 Arising from bonus issue

	<b><u>No. of shares of \$1 each</u></b>
Number of new ordinary shares of \$1 each issued pursuant to the Company's one-for-one bonus issue.	<u>97,175,882</u>

### 8.2 Arising from sub-division of shares

	<b><u>No. of shares of \$0.50 each</u></b>
(a) Authorised share capital Sub-division of 1,000,000,000 ordinary shares of \$1 each to ordinary shares of \$0.50 each	<u>2,000,000,000</u>
(b) Issued and paid-up share capital Sub-division of 194,351,764 ordinary shares of \$1 each (including bonus issue of 97,175,882 ordinary shares of \$1 each) to ordinary shares of \$0.50 each	<u>388,703,528</u>

### 8.3 Arising from acquisition of 87.25% interest in OAC pursuant to the OAC Scheme

	<b><u>No. of shares of \$0.50 each</u></b>
Number of new ordinary shares of \$0.50 each issued on the basis of the share exchange ratio in the OAC Scheme	<u>82,586,841</u>

## 9. GROUP BALANCE SHEET <sup>(9.1)</sup>

(in \$ million)	31 Dec 2000	31 Dec 1999	% +/-(-)
Property, Plant and Equipment	920.4	859.7	7%
Investments	12,767.2	8,583.8	49%
Goodwill on consolidation	0.3	0.7	(57%)
Policy loans	1,488.6	1,183.5	26%
Outstanding premiums	153.5	134.1	14%
Debtors and interfund balances	377.6	225.6	67%
Cash on deposit and bank balances	3,411.9	2,812.6	21%
<b>Total Assets</b>	<b>19,119.5</b>	<b>13,800.0</b>	<b>39%</b>
Share Capital	235.7	97.2	142%
Reserves and Accumulated Profit	1,131.1	830.5	36%
Life Assurance Fund	15,757.7	11,672.5	35%
General Insurance Fund	141.3	28.1	>200%
Minority Interests	53.2	2.7	>200%
Deferred taxation	9.3	-	>200%
Provision for agents' retirement benefits	104.0	101.0	3%
Outstanding claims	92.9	71.1	31%
Policy benefits	768.8	607.1	27%
Creditors and interfund balances	579.3	263.5	120%
Proposed dividend	40.7	44.1	(8%)
Provision for tax	205.5	82.2	150%
Shareholders' Fund, Life Assurance Fund, General Insurance Fund, Minority Interests, Long Term and Current Liabilities	19,119.5	13,800.0	39%

(9.1) Balance Sheet includes the assets and liabilities of OAC as at 31 December 2000.

## 10. BORROWINGS AND CONTINGENT LIABILITIES

There are no borrowings or contingent liabilities for the Group as at 31 December 2000 and 1999, as Group liquidity was strong.

**11. CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December <sup>(11.1)</sup>**

(in \$ million)	2000	1999
<b>Cash Flows from Operating Activities</b>		
Net Profit before income tax	259.4	254.7
Excess of income over expenses before income tax from life assurance revenue account	2,378.3	2,699.6
Excess of income over expenses before income tax from general insurance revenue account	2.8	3.1
<i>Adjustments for non-cash items:</i>		
Surplus transferred from life assurance fund but not yet withdrawn	(187.5)	(141.6)
Profit transferred from general insurance fund but not yet withdrawn	(1.5)	(1.8)
Increase in/(write-back of) provision for diminution in value of investments	48.8	(65.9)
Provision for agents' retirement benefit	10.1	17.6
Depreciation	8.3	9.0
Amortisation of premiums in the value of investments	(53.4)	(31.6)
Amortisation of goodwill	0.4	0.3
Profit on sale of investments	(163.1)	(906.4)
Loss on sale of 10% interest in a subsidiary	0.5	-
<i>Changes in working capital:</i>		
Outstanding premiums	1.7	(72.5)
Other debtors	(84.2)	49.1
Outstanding claims	13.7	11.6
Policy benefits	103.6	119.5
Other creditors	217.9	7.1
Cash generated from operations	2,555.8	1,951.8
Income tax paid	(65.4)	(43.6)
Agents' retirement benefits paid	(7.5)	(9.6)
Net cash flows from operating activities	2,482.9	1,898.6
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	7,608.2	5,959.5
Purchase of investments	(9,808.7)	(7,232.4)
Proceeds from sale of 10% interest in a subsidiary	2.4	-
Proceeds from sale of fixed assets	0.3	-
Purchase of fixed assets	(63.2)	(46.8)
Increase in policy loans	(189.3)	(144.5)
Net cash flows from investing activities	(2,450.3)	(1,464.2)
<b>Cash Flows from Financing Activities</b>		
Dividends paid	(58.1)	(12.6)
Dividends paid to minority shareholder of a subsidiary	(0.4)	(0.1)
Net cash flows from financing activities	(58.5)	(12.7)
Net effect of translation reserve adjustment	160.8	8.4
Net increase in cash and cash equivalents	134.9	430.1
Cash and cash equivalents at the beginning of the year	2,812.6	2,382.5
Cash and cash equivalents of subsidiary acquired	464.4	-
Cash and cash equivalents at the end of the year	3,411.9	2,812.6

(11.1) The acquisition of OAC was transacted by way of issue of new shares in the Company. As there was no cash outflow, the increase in the Group's assets and liabilities arising from the acquisition have been eliminated from the consolidated cash flow statement.

**12. MATERIAL EVENT**

Apart from that mentioned in paragraph 8 above, there are no item or event of a material or unusual nature that may have occurred which would affect materially the results or the operations of the Group and the Company between the balance sheet date and the date of this announcement.

**13. CLOSURE OF BOOKS**

NOTICE IS HEREBY GIVEN that, subject to shareholders' approval at the Annual General Meeting of the payment of the above-mentioned dividend, the Share Transfer Books and the Register of Members of the Company will be closed from 9 May 2001 to 11 May 2001 (both dates inclusive) for the purpose of determining the entitlements of Members to the final dividend of 24% or 12 cents per ordinary share of S\$0.50 each, less Malaysian income tax at 28%. Duly completed registrable transfers of shares received by the Company's Share Registrar, KPMG at 138 Robinson Road #17-00, Hong Leong Centre, Singapore 068906 up to 5.00 p.m. on 8 May 2001 will be registered to determine the entitlements of Members to the proposed dividend. Subject as aforesaid, Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 8 May 2001 will be entitled to the proposed dividend.

**14. ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of the shareholders of the Company will be held at 65 Chulia Street #50-00, OCBC Centre, Singapore 049513, on Wednesday, 25 April 2001 at 12.00 p.m..

BY ORDER OF THE BOARD

Elizabeth Teoh  
Group Secretary  
Singapore  
22 February 2001