



GREAT EASTERN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

ANNOUNCEMENT OF RESULTS

The Board of Directors of Great Eastern Holdings Limited is pleased to announce the unaudited results of the Group and the Company for the financial year ended 31 December 2001:

1. PROFIT & LOSS STATEMENT

In Singapore dollar (millions)	GROUP			COMPANY		
	2001 ^{1.1}	2000	+ / (-)	2001	2000	+ / (-)
Profit from insurance operations	187.7	189.0	(1%)	-	-	-
Dividend from subsidiary	-	-	-	146.8	273.1	(46%)
Investment income	29.4	17.3	70%	2.0	0.8	150%
Interest income	14.2	14.9	(5%)	4.4	4.1	7%
(Loss)/profit on sale of investments	(3.8)	47.4	(108%)	1.2	-	nm
Write-back of / (increase in) provision for diminution in value of investments	28.6	(32.0)	189%	-	-	-
Profit from investments	68.4	47.6	44%	154.4	278.0	(44%)
Fees and other income	23.3	29.8	(22%)	-	-	-
Profit before expenses	279.4	266.4	5%	154.4	278.0	(44%)
Less: Expenses						
Management expenses	14.3	16.0	(11%)	1.4	2.4	(42%)
Depreciation	0.2	0.2	-	-	-	-
Exchange differences	(12.0)	(9.2)	30%	(0.2)	-	nm
Total expenses	2.5	7.0	(64%)	1.2	2.4	(50%)
Profit before income tax	276.9	259.4	7%	153.2	275.6	(44%)
Less: Income tax	72.2	77.0	(6%)	40.4	74.1	(45%)
Less: Minority Interests	2.5	2.3	9%	-	-	-
Net Profit Attributable To Shareholders	202.2	180.1	12%	112.8	201.5	(44%)

^{1.1} The Group's results for 2001 include the consolidation of the results of The Overseas Assurance Corporation Limited ("OAC"); the comparatives exclude OAC's results (see 5.1).

nm = not meaningful

2. HALF-YEAR FINANCIAL RESULTS

Net Profit Attributable to Shareholders	GROUP		COMPANY	
	2001	2000	2001	2000
In Singapore dollar (millions)				
First half-year	150.2	118.5	2.2	1.1
Second half-year	52.0	61.6	110.6	200.4
For the year ended 31 December	202.2	180.1	112.8	201.5

3. GROUP FINANCIAL HIGHLIGHTS

For the year ended 31 December		2001	2000	+ / (-)
1	Turnover (S\$ millions)	6,528.4	3,928.4	66%
2	Gross Premiums (S\$ millions)	5,680.5	3,037.6	87%
3	Total Assets (S\$ millions)	23,833.7	19,119.5	25%
4	Net Profit After Tax (S\$ millions)	202.2	180.1	12%
5	Shareholders' Funds (S\$ millions) ^{3.1}	1,531.2	1,407.5	9%
6	Return on Equity ^{3.1}	13.8%	17.4%	(3.6 pp)
7	Gross Premium Growth	87.0%	17.1%	69.9 pp
8	Earnings per share	43 cents	46 cents	(7%)
9	Net Asset Backing per share ^{3.1}	S\$3.25	S\$2.99	9%
10	Dividend per share declared and paid during the year ^{3.1}	17 cents	17 cents	-

^{3.1} With the adoption of Singapore Statement of Accounting Standard No. 10 in 2001, the proposed final dividend for 2001 has been accounted for as an event after the balance sheet date. Therefore, the Shareholders' Funds, Return on Equity, Net Asset Backing per share and Dividend per share for year 2000 have been restated accordingly. (see 5.10)

pp = percentage points

4. GROUP BALANCE SHEET ^(4.1)

In Singapore dollar (millions)	31 Dec 2001	31 Dec 2000	+ / (-)
Property, Plant and Equipment	1,072.0	920.4	16%
Investments	16,904.1	12,767.2	32%
Goodwill on consolidation	-	0.3	nm
Policy loans	1,702.0	1,488.6	14%
Outstanding premiums	153.8	153.5	0.2%
Other debtors and interfund balances	432.3	377.6	14%
Cash on deposit and bank balances	3,569.5	3,411.9	5%
Total Assets	23,833.7	19,119.5	25%
Share Capital	235.7	235.7	-
Reserves and Accumulated Profit	1,295.5	1,171.8	11%
Shareholders' Fund	1,531.2	1,407.5	9%
Life Assurance Fund	20,297.5	15,757.7	29%
Minority Interests	9.5	53.2	(82%)
General Insurance Fund	107.6	116.1	(7%)
Provision for deferred tax	19.9	9.3	114%
Provision for agents' retirement benefits	124.8	104.0	20%
Claims admitted or intimated	104.0	92.9	12%
Policy benefits	907.8	768.8	18%
Unearned premium reserves	28.0	25.2	11%
Other creditors and interfund balances	585.9	579.3	1%
Provision for income tax	117.5	205.5	(43%)
Total Shareholders' Fund, Life Assurance Fund, General Insurance Fund, Minority Interests, Long Term and Current Liabilities	23,833.7	19,119.5	25%

^(4.1) The Group Balance Sheet includes the consolidation of the balance sheets of OAC as at 31 December 2001 and 2000.

5. REVIEW OF RESULTS

- 5.1 The Group's results for the year ended 31 December 2001 include the consolidation of the results of The Overseas Assurance Corporation Limited ("OAC") which became a subsidiary of the Company effective 23 December 2000. The comparatives, as announced in the previous year, excluded the results of OAC for the period 23 to 31 December 2000 as those were not considered material. However, the Group's balance sheet as at 31 December 2000, as in 2001, included the consolidation of the balance sheet of OAC.
- 5.2 The Group's net profit attributable to shareholders of \$202.2 million increased by 12% over last year's \$180.1 million. However, when compared against the combined results of the Group and OAC for the year 2000, there is a decrease of 14%.
- 5.3 The Group profit from insurance operations of \$187.7 million was 1% lower than last year's \$189.0 million. The decrease was due primarily to lower profit from life assurance, which fell by 15% to \$158.7 million, but profit from general insurance improved significantly to \$29.0 million, up from \$1.5 million last year.
 - 5.3.1 The decrease in profit from life assurance resulted mainly from (a) the continuing low interest rate environment which necessitated a revision of the bonus rates for the participating funds and affected the distribution to shareholders (see 5.11) and (b) the 30% lower profits from the non-participating funds (due to lower investment returns).
 - 5.3.2 The increase in profit from general insurance was due to the inclusion of the general insurance profits from OAC, of which \$16.5 million was derived from investment gains, and the release of reserves from the general insurance fund of \$11.0 million.
- 5.4 Profit from investments increased by 44% to \$68.4 million, due largely to a \$28.6 million write-back of provision for diminution in value of investments.
- 5.5 Income tax was lower at \$72.2 million, as compared to \$77.0 million in the prior year, as the write-back of provision for diminution in value of investments is not taxable.
- 5.6 Group turnover (being the aggregate of gross premiums, investment income, interest income, rental income and profits/losses from the sale of investments, all inclusive of the life and general insurance revenue items) totalled \$6.5 billion, a 66% increase over the \$3.9 billion of last year, due substantially to premium growth.
- 5.7 Group gross premiums increased 87% to \$5.7 billion as compared to \$3.0 billion last year. When compared against the combined gross premiums of the Group and OAC for year 2000 of \$3.6 billion, the growth in Group gross premiums represents a 56% increase. In Singapore, the Group's growth in gross premiums for the life assurance business showed a marked increase of 78% to \$4.0 billion, attributable both to growth in the existing business and new business arising from the Government's liberalisation of use by CPF members of their funds for investments including approved insurance products. The single premium sales in Singapore for the investment-link funds grew by 129% to \$888 million in year 2001 as compared to \$387.2 million in the previous year.
- 5.8 Following the completion of the merger between the Company and OAC in December 2000, the Group completed the post-merger integration in year 2001, including that of its Malaysian operations. The life assurance business and the life assets and liabilities of Overseas Assurance Corporation (Malaysia) Berhad (OACM") were transferred to Great Eastern Life Assurance (Malaysia) Berhad ("GELM") effective 1 September 2001. GELM now focuses on life assurance business and OACM on general insurance. In Singapore, the post-merger integration and rationalisation of the customer services functions and the back-office functions were completed by end November 2001. The Group's integration and rationalisation exercise in Singapore since the completion of the merger resulted in the retrenchment of a total of about 100 staff, representing 14% savings in annual manpower costs.
- 5.9 Total Group assets increased 25% to \$23.8 billion, due mainly to the 32% increase in Group investments to \$16.9 billion, as a consequence of the substantial increase in insurance business.
- 5.10 In compliance with revised Singapore Statement of Accounting Standard No.10 on "Events after the Balance Sheet Date" the Group has, for the financial year ended 31 December

2001, modified its accounting policy in respect of the proposed final dividend. Proposed final dividend, which was previously recognised at balance sheet date as a liability, is now recognised only upon approval by the Company's shareholders. Accordingly, the comparative for Shareholders' Fund in the balance sheet has been restated by adding back the proposed final dividend of \$40.7 million for the financial year ended 31 December 2000.

- 5.11 The continuing low interest rate environment has resulted in the Singapore Life Insurance Association recommending a downward revision of the maximum interest rate for illustration (for life policies) from 6% to 5.25% to take effect from 1 March 2002. Under the circumstances, the Company's insurance subsidiaries in Singapore, The Great Eastern Life Assurance Company Limited and OAC, based on recommendation of the Appointed Actuary, have adjusted the bonus rates for participating policies. However, bonuses declared and vested in year 2001 and earlier are not affected. Accordingly, distribution from the Life Fund to Shareholders' Fund would be affected in accordance with the distribution rules.
- 5.12 No item or event of a material or unusual nature which would have affected materially the results of operations of the Group and Company has occurred between the balance sheet date and the date of this announcement.

6. 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 50 cents each, less Malaysian income tax at 28%. If approved by the Company's shareholders at the Annual General Meeting on 9 May 2002, the dividend will be paid on 31 May 2002.

	2001		2000	
	Cents per share	S\$ million	Cents per share	S\$ million
Interim dividend, less income tax	5	17.0	5	14.0
Final dividend, less income tax	12	40.7	12	40.7
Total annual dividend	17	57.7	17	54.7

7. SEGMENTAL INFORMATION ^(7.5)

	Singapore		Malaysia		Other ASEAN		TOTAL	
In Singapore dollar (millions)	2001	2000	2001	2000	2001	2000	2001	2000
<u>(a) Life Assurance:</u>								
Premium income (net)	4,007.5	1,960.0	1,508.1	1,013.1	17.3	14.0	5,532.9	2,987.1
Investment income	477.6	354.4	412.1	304.1	6.3	5.4	896.0	663.9
Profit/(loss) on sale of investments	16.0	17.5	(131.1)	87.5	(12.6)	11.2	(127.7)	116.2
(Increase in)/write-back of provision for diminution in value of investments	(0.6)	-	11.4	9.3	18.2	(26.1)	29.0	(16.8)
Total income	4,500.5	2,331.9	1,800.5	1,414.0	29.2	4.5	6,330.2	3,750.4
Total expenses and tax	1,102.4	792.2	894.8	621.2	12.9	11.8	2,010.1	1,425.2
Excess of income over expenses	3,398.1	1,539.7	905.7	792.8	16.3	(7.3)	4,320.1	2,325.2
Total assets employed	14,111.9	9,808.0	7,670.5	5,388.8	162.7	148.0	21,945.1	15,344.8
<u>(b) General Insurance:</u>								
Premium income (net)	41.9	22.2	26.3	3.1	0.8	0.2	69.0	25.5
Net income less increase in unearned premium reserves	(3.3)	1.5	4.7	(0.5)	0.1	0.1	1.5	1.1
Total assets employed	109.2	33.7	90.3	6.4	4.2	-	203.7	40.1
<u>(c) Shareholders' Fund:</u>								
Profit/(loss) from insurance	98.3	103.0	90.0	86.6	(0.6)	(0.6)	187.7	189.0
Profit from investments ^(7.1)	63.6	126.1	4.2	3.7	0.6	-	68.4	47.6
Fees income ^(7.2)	19.5	26.5	3.8	3.9	-	-	23.3	29.8
Total income	181.4	255.6	98.0	94.2	-	(0.6)	279.4	266.4
Profit after tax ^(7.3)	131.8	181.3	71.1	66.8	(0.7)	(0.6)	202.2	180.1
Total assets employed ^(7.4)	1,482.0	1,314.0	264.1	84.4	11.6	(0.6)	1,684.9	1,244.3

^(7.1) eliminations for 2001: \$nil (2000: \$82.2 million).

^(7.2) eliminations for 2001: \$nil (2000: \$0.6 million).

^(7.3) eliminations for 2001: \$nil (2000: \$67.4 million).

^(7.4) eliminations for 2001: \$72.8 million (2000: \$153.5 million).

^(7.5) the comparatives (all items under Life Assurance Fund, General Insurance Fund and Shareholders' Fund) do not include those of OAC.

8. CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December	2001	2000
In Singapore dollar (millions)		
Cash Flows from Operating Activities		
Profit before income tax	276.9	259.4
Excess of income over expenses before income tax from life assurance revenue statement	4,364.6	2,378.3
Excess of income over expenses before income tax from general insurance revenue statement	18.0	2.4
<i>Adjustments for non-cash items:</i>		
Surplus transferred from life assurance fund but not yet withdrawn	(158.7)	(187.5)
Profit transferred from general insurance fund but not yet withdrawn	(29.0)	(1.5)
Amortisation of difference in purchase consideration over nominal value of government securities, loan stocks and bonds	(64.2)	(53.4)
(Write-back of)/increase in provision for diminution in value of investments	(57.6)	48.8
Amortisation of goodwill	0.3	0.4
Provision for agents' retirement benefits	11.1	10.1
Depreciation	14.5	8.3
Loss on disposal of property, plant and equipment	1.1	-
Loss/(Profit) on sale of investments	125.0	(163.1)
Loss on sale of 10% interest in a subsidiary	-	0.5
	4,502.0	2,302.7
<i>Changes in working capital:</i>		

Outstanding premiums	(0.3)	1.7
Other debtors	(54.7)	(84.2)
Outstanding claims	11.1	13.7
Policy benefits	139.0	103.6
Unearned premium reserves	2.1	0.4
Other creditors	6.6	217.9
Cash generated from operations	4,605.8	2,555.8
Income tax paid	(194.1)	(65.4)
Agents' retirement benefits paid	9.7	(7.5)
Net cash flows from operating activities	4,421.4	2,482.9
Cash Flows from Investing Activities		
Proceeds from sale of investments	9,566.3	7,608.2
Purchase of investments	(13,780.8)	(9,808.7)
Proceeds from sale of 10% interests in a subsidiary	-	2.4
Proceeds from sale of property, plant and equipment	1.0	0.3
Capital injection in associated company	(1.4)	-
Purchase of property, plant and equipment	(160.3)	(63.2)
Increase in policy loans	(213.4)	(189.3)
Net cash flows for investing activities	(4,588.6)	(2,450.3)
Cash Flows from Financing Activities		
Dividends paid	(57.7)	(58.1)
Dividends paid to minority shareholder of a subsidiary	(0.7)	(0.4)
Net cash flows for financing activities	(58.4)	(58.5)
Net effect of translation reserve adjustment	383.2	160.8
Net increase in cash and cash equivalents	157.6	134.9
Cash and cash equivalents at the beginning of the year	3,411.9	2,812.6
Cash and cash equivalents of subsidiary acquired during the year	-	464.4
Cash and cash equivalents at the end of the year	3,569.5	3,411.9

9. CHANGES IN SHARE CAPITAL DURING THE YEAR

There were no changes in the share capital of the Company during the year.

10. BORROWINGS AND CONTINGENT LIABILITIES

There were no borrowings or contingent liabilities for the Group at 31 December 2001 and 2000, as Group liquidity remained strong.

11. POST BALANCE SHEET EVENT

The proposed purchase by the Company's wholly-owned subsidiary, The Great Eastern Life Assurance Company Limited, of the office and commercial strata floor areas in the office tower block and the podium of Great Eastern Centre (at 1 Pickering Street) from its 49%-held joint venture company, Straits Eastern Square Private Limited, at an estimated purchase price of \$390 million has been announced previously. Completion of the purchase is expected in the first quarter of 2002, as all the necessary approvals have been obtained by both the purchaser and the vendor.

12. CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that, subject to shareholders' approval at the Annual General Meeting on 9 May 2002 for the payment of the above-mentioned dividend, the Share Transfer Books and the Register of Members of the Company will be closed from 21 May 2002 to 22 May 2002 (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 50 cents 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, The Corporate Office, Singapore 068906 up to 5.00 p.m. on 20 May 2002 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 20 May 2002 will be entitled to the proposed dividend.

13. ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at 1 Pickering Street #13-01, Great Eastern Centre, Singapore 048659 on Thursday, 9 May 2002 at 12.00 noon.

BY ORDER OF THE BOARD

Elizabeth Teoh
Group Secretary
Singapore
21 February 2002