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Annual Report 1999



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Chairman's Statement

"In 1999, riding the tide of the economic recovery of Singapore and the Far East region, **the Group had record earnings**, with strong performance in both the core life insurance business and investment activities."



MR HOWE YOON CHONG EXECUTIVE CHAIRMAN

Great Eastern Holdings Limited, incorporated in June 1999, became the holding company of the existing insurance company The Great Eastern Life Assurance Company Limited ("Great Eastern Life"), with effect from 27 November 1999. This is due to the restructuring of Great Eastern Life as a wholly-owned subsidiary of Great Eastern Holdings pursuant to a scheme of arrangement under Section 210 of the Companies Act, Chapter 50. In the process, all the Great Eastern Life shares in issue then were cancelled and were effectively replaced by Great Eastern Holdings shares, listed on the Main Board of the Singapore Exchange with effect from 29 November 1999. This is indeed an important milestone in the 92-year history of Great Eastern Life.

place and also generally to attain greater efficiency and effectiveness in the context of insurance and other financial activities.

In 1999, riding the tide of the economic recovery of Singapore and the Far East region, the Group had record earnings, with strong performance in both the core life insurance business and investment activities. The region had weathered well the 1997/98 economic crisis. Most marked is the recovery of the Singapore and many of the regional stock markets in 1999 which boosted the Group's investment activities.

OVERVIEW OF OPERATIONS Pre-tax profits from the Group's insurance operations increased from S\$86.8 million in 1998 to S\$143.4 million in 1999. Pre-tax profits from investments totalled S\$94.7 million, which included a S\$36.6 million write-back of provision for diminution in value of investments.

The Group's profit after tax, attributable to shareholders, grew from S\$76.7 million to S\$221.1 million. As a result of the strong performance the Group achieved a return on equity of 26.3%, which is more than double previous year's 11.5%; the earnings per share increased from S\$0.79 to S\$2.27.

"THE RESTRUCTURING HAS BEEN DEEMED NECESSARY IN VIEW OF THE IMPENDING LIBERALISATION OF THE INSURANCE INDUSTRY IN SINGAPORE AND THE LIKELIHOOD OF LOCAL INSURANCE COMPANIES BEING FACED WITH MUCH MORE INTENSE COMPETITION THAN HITHERTO."

The restructuring has been deemed necessary in view of the impending liberalisation of the insurance industry in Singapore and the likelihood of local insurance companies being faced with much more intense competition than hitherto. This restructuring, besides enabling the Company and its subsidiaries to provide a more comprehensive range of financial services to customers, will introduce greater strategic flexibility to permit the Group to engage in acquisitions, joint ventures and strategic alliances to meet the challenges of the competitive market

Insurance Operations Premium income from the Group's insurance operations was S\$2.6 billion for 1999, a 17% increase over the S\$2.2 billion for 1998. This has been due mainly to increased sales arising from the improved economic conditions, more aggressive marketing efforts and the introduction of a number of new and attractive products.

The Group continued to invest heavily in information technology for its insurance operations to help it keep ahead of competition. It had also continued its efforts in raising productivity of its staff and the quality of its insurance all round. Great Eastern Life participated in and was admitted into the Singapore Productivity and Standards Board's "Singapore Quality Class" in 1999.

Asset Management The Group made substantial profits in its investment activities. Realised profits on sale of investments

for both the Shareholders' Fund and the Insurance Funds were S\$29.9 million and S\$876.5 million respectively in 1999.

These profits were achieved mainly by the Group's in-house asset management subsidiary company, Straits Lion Asset Management Private Limited, in Singapore. The Group's other in-house investment teams in Singapore and Malaysia also contributed to the profits.

Properties Construction of the Group's new corporate headquarters building, Great Eastern Tower, is on schedule. Situated at China Square just across the road from the

residential condominium at Haig Road, targeted to be completed in two years' time.

COMMUNITY SERVICE The Group continued to be active in community service, in particular through Great Eastern Life's ChildrenCare and GoldenCare programmes. In 1999, Great Eastern Life received the Special Event Award for Community Service in Singapore for the eighth consecutive year.

DIVIDENDS The Directors recommend the payment of gross dividends totalling 63% or 63 cents for every S\$1 ordinary share less Malaysian income tax @ 28% for the financial period ended 31 December 1999, consisting of a First and Final Dividend of 33% or 33 cents less tax, amounting to S\$23.1 million, and a Special Dividend of 30% or 30 cents less tax, amounting to S\$21.0 million, for approval by the shareholders.

Shareholders may recall that in addition to the above proposed dividends, Great Eastern Life had, on 7 September 1999 before it

"THE GROUP'S INSURANCE BUSINESS IS SET FOR GROWTH AS MANY POSITIVE STEPS HAVE BEEN TAKEN TO EXPAND INTO INNOVATIVE BUSINESS DISTRIBUTION CHANNELS IN SINGAPORE AND IN MALAYSIA, AND TO TAP THE POTENTIAL MARKETS IN THE NEIGHBOURING COUNTRIES."

Company's present office premises at OCBC Centre, it will be completed by next year. Construction of the Malaysian headquarters building, Menara Great Eastern Life situated along Jalan Ampang in Kuala Lumpur, is also on schedule to be completed by end 2001.

The Group's investment properties leased out, including Orchard Emerald along Orchard Road and Great Eastern Mansions at Taman Nakhoda in Singapore, contributed enhanced rental income for 1999.

Great Eastern Life is currently developing Haig Court, a 360-unit

was restructured, paid an interim dividend of 5 cents for every S\$1 ordinary share less Malaysian income tax @ 28%, amounting to S\$3.5 million in respect of its 1999 financial year.

BONUS ISSUE The Directors recommend a bonus issue of new ordinary shares of S\$1 each in the capital of the Company, credited as fully paid-up, on the basis of one bonus share for every one existing ordinary share of S\$1 each held in the capital of the Company, subject to the approval of the Singapore Exchange Securities Trading Limited and the shareholders of the Company.

This is to increase the Company's issued capital base, to enhance availability of Great Eastern Holdings shares in the market and to reward shareholders for their continued support.

Based on the existing issued and paid-up share capital of the Company of 97,175,882 shares, 97,175,882 bonus shares will be issued by way of capitalisation of S\$97,175,882 from the

general reserve of the Company. The bonus shares will rank pari passu in all respects with the existing shares except that they will not rank for the Company's First and Final Dividend and the Special Dividend declared in respect of the financial period ended 31 December 1999.

SUB-DIVISION OF SHARES To further increase liquidity of the Company's shares, the Directors recommend a sub-division of each share (including the bonus shares) into two ordinary shares of S\$0.50 each in the capital of the Company, subject to the approval of the Singapore Exchange Securities Trading Limited and the shareholders of the Company. The sub-division, which will be effected after all the bonus shares have been issued, will be in respect of all of the shares, including the bonus shares.

PROSPECTS The Group's insurance business is set for growth as many positive steps have been taken to expand into innovative business distribution channels in Singapore and in Malaysia, and to tap the potential markets in the neighbouring countries. In Singapore, there is much scope in the retirement market, healthcare, income-protection, Central Provident Fund ("CPF") and annuity segments and also growth by way of e-business. Great Eastern Life is also one of the approved insurers who can offer new investment-linked insurance products and their sub-funds under CPF's Central Provident Fund Investment Scheme ("CPFIS").

Great Eastern Life is committed to its aim to be the choice life insurer in ASEAN and beyond.

Barring unforeseen circumstances, the Group's investment portfolio is expected to continue to perform well with continuing growth in the Group's asset management capability. Straits Lion Asset Management has in January 2000 been approved by CPF as one of the fund management companies to manage new investment-linked insurance products and their sub-funds under the CPFIS.

Competition is expected to intensify in the insurance industry and within the financial sector. The Group should however continue to benefit from increased productivity, concerted marketing and innovative product development and expanded distribution channels, and remain focused on customers' changing needs and requirements.

BOARD CHANGES Mr Peter N Husum joined the Board on 27 January 2000. On behalf of my fellow Directors, I extend a warm welcome to him.

I shall be seeking retirement from the Board and my fellow Directors have graciously acceded to my wish not to offer myself for re-appointment at the forthcoming Annual General Meeting. I must thank them for the many years of encouragement, advice and support that they have so generously extended to me during my tenure of office.

CONCLUSION On behalf of the Board of Directors, I wish to thank all our staff and agents for their efforts and contribution in 1999. In closing, I take this opportunity to thank our shareholders, policyholders and customers for their many years of encouragement and their continued support.

HOWE YOON CHONG
EXECUTIVE CHAIRMAN

15 MARCH 2000
SINGAPORE

Board Of Directors



◀ MR HOWE YOON CHONG EXECUTIVE CHAIRMAN



▶ MR LEE SENG WEE



▶ MR MICHAEL WONG PAKSHONG



▶ TAN SRI DATO' DR LIN SEE-YAN



▶ MR PETER N. HUSUM

Corporate Information

BOARD OF DIRECTORS

Executive Chairman

Mr Howe Yoon Chong

Mr Lee Seng Wee

Mr Michael Wong Pakshong

Tan Sri Dato' Dr Lin See-Yan

PSM, DPMP, DSAP, JMN, JSM, AMN

Mr Peter N Husum

AUDIT COMMITTEE

Chairman

Mr Michael Wong Pakshong

Mr Howe Yoon Chong

Tan Sri Dato' Dr Lin See-Yan

COMPANY SECRETARY

Ms Elizabeth Teoh Pek Har

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OCBC Centre

Singapore 049513

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SHARE REGISTRATION OFFICE

65 Chulia Street

#18-01

OCBC Centre

Singapore 049513

AUDITORS

Ernst & Young

Audit Partner

Mr John Chin

Highlights Of The Year

JANUARY

- Launch of Life Perks, Singapore's first product with premium vouchers that policyholders could use to commemorate important milestone events in life.
- CareBursaries of \$1,000 each were given to needy policyholders' children who excelled in the Primary School Leaving Examination.

FEBRUARY

- Care Hongbaos were distributed to 100 aged parents of policyholders to mark the International Year of Older Persons.
- Great Eastern Mobile System, GEMS, an interactive on-line front-end selling tool for the agency force, was implemented in Singapore.
- Official opening of the One-Stop Customer Service Centre at Great Eastern Life Assurance (Malaysia)'s Head Office at 40 & 44 Jalan Ampang, Kuala Lumpur, Malaysia.

MARCH

- SmartSaver, a savings plan, was launched.

APRIL

- GoldenCare outing for elderly persons from 8 homes was organised by the agency force in conjunction with the International Year of Older Persons.
- Choice Investment, a savings insurance plan, was launched.
- A series of new products were introduced in Malaysia. These comprised Supreme AccidentCare, Supreme Lady Special Rider, Supreme Hospitalisation and Surgical Plan, Supreme Hospitalisation Benefits and Supreme Healthcare Insurance Plans.
- RM 100,000 was donated to the Malaysia Chinese Association's Japanese Encephalitis Humanitarian Fund.

MAY

- INFOLink, an automated phone enquiry system for policy updates, loans and product information, was launched.

JUNE

- Inno-Drive, an agency suggestion scheme, was introduced to promote productivity in the field force.
- Annual Agency Sales Convention was held in Perth, Australia to recognise outstanding organisers and producers in the agency force.

JULY

- Great Eastern Life was admitted to Productivity & Standards Board's Singapore Quality Class.
- GreatLink Global Supreme Fund was launched.
- Official opening of Bumiputera Agency Development Centre at City One Plaza in Kuala Lumpur.
- Great Eastern Life Assurance (Malaysia)'s Corporate Website was launched.
- Great Eastern Life Mobile System (GEMS) was launched in Malaysia.

AUGUST

- Supreme Endowment Compound Reversionary Bonus, Mesra and Mesra Dengan Pengembalian Premium was launched in Malaysia.

SEPTEMBER

- ChoiceSaver, a flexible two-year payment savings plan, was launched.

OCTOBER

- Special Events Award for involvement in charity projects received by Great Eastern Life from Patron-in-Chief, the President of the Republic of Singapore, Mr S R Nathan.

NOVEMBER

- Great Eastern Life was restructured as a wholly-owned subsidiary of Great Eastern Holdings Limited pursuant to a scheme of arrangement which was effective on 27 November 1999.

DECEMBER

- Chairman's Award was given to 3 outstanding employees who demonstrated exemplary service and dedication during 1999.

Operations Review

Insurance Operations

The Group's insurance operations in Singapore under The Great Eastern Life Assurance Company Limited ("Great Eastern Life"), and in Malaysia under Great Eastern Life Assurance (Malaysia) Berhad ("GEL[M]") turned in strong results for 1999. Premium income for the Group was S\$2.6 billion, a 17% increase from S\$2.2 billion in 1998. Total sum assured plus bonus was S\$89.1 billion, an increase of 5% from S\$84.8 billion in 1998. Total policy benefits paid to policyholders were comparable to payments made in the previous year, S\$1.43 billion in 1999 and S\$1.46 billion in 1998. Net profit attributable to shareholders increased 188% from S\$76.7 million to S\$221.1 million.

During 1999, in addition to aggressive marketing efforts to improve sales, several new insurance products were introduced in Singapore and in Malaysia to better meet the needs of customers.

In Singapore, the popular products launched included Life Perks, Choice Investment and Choice Saver.

Life Perks, a whole life plan, has the added feature of having a premium voucher attached to each policy that policyholders could use to purchase another policy at key milestone events in their lives, such as marriage, the birth of a child or the purchase of a property. Choice Investment, a very popular savings plan, had attractive yield that offered better returns than the interest rates of bank deposits. Choice Saver currently offers high tax-free returns in just five years.

Great Eastern Life's investment-linked insurance products continued to prove popular amongst its customers. The existing three investment-linked funds, the GreatLink ASEAN Growth Fund, the GreatLink Enhancer Fund and the GreatLink Cash Fund have grown, since their launch in April 1996, to a total combined value of S\$251.2 million as at 31 December 1999. These funds are managed by OCBC Asset Management Limited. GreatLink ASEAN Growth Fund and GreatLink Enhancer Fund invest in the ASEAN markets and Asia Pacific region respectively.

To further meet customers' increasing demand for greater diversity in investments in the investment-linked funds, Great Eastern Life launched a new investment-link fund, the GreatLink Global Supreme Fund, in July 1999 to offer an opportunity to policyholders to invest globally through the Fund. This new Fund, managed by Rothschild Asset Management (Singapore) Limited, currently invests in a mix of major bond and equity markets globally. The GreatLink Global Supreme Fund has been very well received since its launch, and the value of the Fund has grown to S\$52.1 million as at 31 December 1999. All the GreatLink plans offer policyholders the option of switching among the four Funds to enable them to have the choice to mix and diversify investments geographically.

During 1999, policyholders were also given the opportunity to convert their existing Living Assurance term plans to whole life policies with the full 30 critical illness coverage without further medical underwriting. Some products with mix-and-match features were also introduced that enabled the agents to fit the products to specific needs of customers.

Great Eastern Life continued to look for new avenues to make it easier for customers to purchase life insurance policies and had beefed up its distribution of bancassurance products through OCBC Bank. Its point of sales software, GEMS, used by its agents to assist customers to analyse their insurance needs and to work out suitable plans for them, would be extended to financial planners at OCBC Bank in the near future.

In Malaysia, the Group's Malaysian subsidiary GEL(M) remained the largest life insurance company there with a market share of 20% in 1999. It officially opened its One-Stop Customer Service Centre at its current Head Office at Jalan Ampang in February 1999.

The popular products that GEL(M) introduced during the year included the

One of our cheerful and professional Customer Service Officers manning Great Eastern Life's service hotline for policyholders.



Supreme Lady Special Rider, a niche product for the ladies market, and new health insurance products such as the Supreme Hospitalisation and Surgical Plan, Supreme Hospitalisation and Benefits and Supreme Healthcare Insurance Plan.

In late 1999, GEL(M) received approval from the relevant authorities to market its investment-linked products, the Supreme FlexiLink and the Supreme GrowthLink products and these were launched in early 2000. Policyholders who buy these products can invest in one of the three underlying investment-linked funds – Lion Income Fund which invests primarily in fixed income securities and cash and high yielding equities, the Lion Growth Fund which invests primarily in selected equities with good growth potential and a mix of fixed income securities and cash and the Barakah Fund which invests in approved securities and other investments which comply with Syariah principles.

On regionalisation, Great Eastern Life already has a long established presence in Malaysia and Brunei, and has since 1997 a subsidiary company in Indonesia and a representative office in Shanghai, China. The Shanghai Representative Office continued to provide assistance and support for the development of the insurance industry in China. This is done through seminars, supporting research activities, awarding research fellowship and providing training programmes. For instance in March 1999, Great Eastern Life awarded scholarships to 22 top students and research fellowship awards to five academic staff of the Shanghai University of Finance and Economics. Four top students

and two academic staff were also invited to Great Eastern Life's Singapore office for training and industry exposure.

Our Group's core values of integrity, initiative and involvement have been instilled in every staff and agent to establish a common basis for action.

Throughout 1999, the Group continued to initiate moves to enhance quality, efficiency and timeliness of service to customers, and one of the primary means to achieve this was through use of information technology.

INFORMATION TECHNOLOGY

Information Technology has not only enabled the Group to offer customers more sophisticated and innovative products including those with mix-and-match features, but also greatly enhance the efficiency and effectiveness of staff and agents. The Group's considerable investment in information technology enables it to take full advantage of the new advances in the electronic age, in particular in advances that are changing the way insurance companies do business.

For instance, both Great Eastern Life and GEL(M) implemented the

GEMS enables our agents to submit their proposals electronically. Together with MAGNUM, the underwriting outcome can be obtained within a few minutes.



One of Great Eastern Life's busy Customer Service Centres in Singapore, where customers can sit in comfort whilst being in a queue.



Great Eastern Mobile System (GEMS) in 1999 to enable agents to submit their proposals electronically and obtain the underwriting outcome from the Underwriting Department within a few hours instead of days. To further improve underwriting efficiency, Great Eastern Life implemented an expert computerised underwriting system, MAGNUM, in late 1999. The effect of this is to substantially shorten the underwriting process to a matter of minutes for the straightforward non-medical cases. Hence a typical policy application could now be submitted, processed, approved and turned around within an hour.

To make it easier for policyholders to access information or make simple requests, Great Eastern Life launched INFOLink, an automated phone enquiry system for policyholders, in May 1999. Through INFOLink, policyholders can request for policy updates or product information or even apply for loans. Upon the loan being approved, a policyholder has the choice of having the cheque sent or collect it in person.

Both Great Eastern Life and GEL(M) have corporate websites and are progressively making them more and more interactive.

In 1999, the IT Department besides assisting in the implementation of the above and various other IT projects, was also kept busy ensuring that all the key computer systems were Y2000 compliant. This early Y2000 readiness earned Great Eastern Life an early award of the Y2K-in-Action logo from the National Computer Board in the first quarter of 1999.

Asset Management

The Group has developed credible in-house asset management skills through its 90%-held Singapore subsidiary company, Straits Lion Asset Management Private Limited ("Straits Lion") and the Group's other in-house treasury and investment teams. About S\$2.5 billion of Great Eastern Life's equity portfolio was managed by Straits Lion in 1999, while its fixed income securities and loans were managed by its own treasury team.

The Group realised substantial profits of S\$876.5 million on sale of investments for the Insurance Funds and S\$29.9 million for the Shareholders' Fund in 1999.



Introducing a new product to meet customers' needs.

The substantial profits from equities were achieved by implementing a more focused approach to the management of the funds, including careful management of the risk and volatility in the portfolio, coupled with a diversification of market and asset allocation. The diversified portfolio balanced the level of risk and reward to achieve higher returns while minimising the risk of being over exposed to any single market.

On the whole, the Asian equity markets performed well in 1999, and the in-house fund managers were able to take advantage of this to realise profits as well as add value to the equity portfolio. The Group continued to develop and enhance its investment management capability. In late 1999, Great Eastern Life added a fixed income portfolio to the equity portfolio managed by Straits Lion, resulting in Straits Lion currently managing close to S\$4.5 billion of Great Eastern Life's funds.

Straits Lion has obtained approval from the Central Provident Fund Board ("CPF") to manage new investment-linked insurance products and their sub-funds under the CPF Investment Scheme ("CPFIS"). Accordingly, the Group will be able to offer new investment-linked products with their sub-funds under CPFIS managed by Straits Lion, in addition to Great Eastern Life's existing investment-linked funds managed by external fund managers.

Property

The Group properties are held mainly for investment, with the exception of some properties used primarily as agency offices. The Group continued to enhance the capital values of the portfolio and the revenues generated therefrom.

Two of Great Eastern Life's investment properties in Singapore, Orchard Emerald and Great Eastern Mansions, enjoyed high occupancy and rental income in 1999. Orchard Emerald is a shopping cum office building occupying a prime location along Orchard Road, and Great Eastern Mansions is an award-winning 64-unit residential condominium located at Taman Nakhoda off Holland Road.

Agency offices in Singapore are housed at Hexagon House and Great Eastern Changi Centre. Hexagon House has been retrofitted in 1999 and upgraded into a technologically advanced office to support the agency force. Changi Centre will be upgraded in the near future.

Great Eastern Life commenced development of a 360-unit residential condominium at Haig Road, to be known as Haig Court. This will be completed in two years' time.

Orchard Emerald along Orchard Road, Singapore, strategically located opposite the Somerset MRT station.



The award-winning Great Eastern Mansions at Taman Nakhoda, Singapore.



Construction of the Group's new headquarters building, Great Eastern Tower, at No. 1 Pickering Street within China Square is in progress. The 16-storey intelligent building, scheduled for completion next year, will be a state-of-the-art building. It will house the Company's corporate departments and most of Great Eastern Life's corporate administration and operation under one roof.

In Malaysia, the new headquarters building of GEL(M), Menara Great Eastern Life at Jalan Ampang in Kuala Lumpur, is under construction. Consisting of two phases, phase 1 is a 20-storey office and an 8-storey podium scheduled to be completed by end of 2001. GEL(M) had also acquired a number of properties for investment and to expand its branches in Malaysia, including the 12-storey

Wisma Great Eastern Life building at Kota Kinabalu completed in October 1999, and a number of well-located shop offices in Ipoh, Malacca and Kluang.

Community Service

The Group continued to be active in community service and undertook a series of on-going community projects during 1999.

The Group also continued to contribute to the needy young and the needy elderly. For instance, Great Eastern Life awarded bursaries to policyholders' children who performed well in their 1998 Primary School Leaving Examination and who required financial assistance. Chinese New Year hong baos were given to elderly parents of policyholders from the lower income group as part of the programme to commemorate the International Year of Older Persons.

Our agents actively canvassed for donations in support of ChildrenCare, the funds raised being in aid of eight children charities under the Community Chest. Our agents also organised an outing for the elderly, from eight homes for the aged that Great Eastern Life's GoldenCare programme supports, to the Singapore Botanic Gardens.

Great Eastern Life's 1999 Agency Sales Convention held in Perth, Australia for outstanding organisers and producers.



The caring agents of Great Eastern Life taking the elderly for an outing.



Our agents bringing cheer to the elderly.



Great Eastern Life was presented the Special Event Award for Community Service by the President of the Republic of Singapore, Mr S R Nathan, in 1999. This was the eighth consecutive year that Great Eastern Life has received the award.

Financial Highlights

OF THE GROUP

Financial year ended 31 December		1999	1998	1997	1996	1995
Premiums	(S\$millions)	2,567.6	2,200.9	2,062.3	2,140.5	2,008.6
Total Assets	(S\$millions)	13,800.0	10,887.7	9,821.5	9,555.1	8,024.8
Net Profit After Tax ¹	(S\$millions)	221.1	76.7	130.3	66.9	85.0
Shareholders' Funds	(S\$millions)	927.7	754.0	576.4	460.5	405.1
Return on Equity ²		26.3%	11.5%	25.1%	15.5%	23.0%
Premium Growth		16.7%	6.7%	-3.7%	6.6%	17.3%
Earnings per share ³	(S\$)	2.27	0.79	0.81	0.69	0.87
Net Asset Backing per share	(S\$)	9.54	7.76	5.93	4.74	4.17
Dividend per share	(cents)	68	17	19	17	21

Notes:

¹ 1999's results included two non-annual recurring items – a write-back of provision for the diminution in the value of investments of S\$36.6 million and the 'tax-free' profits from the Malaysian operations for 1999. 1997's results included an exceptional item of S\$51.5 million.

² The average of the opening and closing balances of Shareholders' Funds for the year has been used in the computation.

³ Earnings per share were based on the Group's net profit after tax (prior to 1999, excluding extraordinary/exception gains) divided by 972 million paid-up shares.

Financial Statements

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Directors' Report

The Directors have pleasure in submitting their report together with the audited accounts of the Group and of the Company for the financial period ended 31 December 1999.

Incorporation and Listing of the Company, Scheme of Arrangement and Acquisition of Subsidiary

The Company was incorporated on 2 June 1999 as a public limited company.

Pursuant to a scheme of arrangement under Section 210 of the Companies Act, Chapter 50 ("Scheme of Arrangement"), The Great Eastern Life Assurance Company Limited ("Great Eastern Life") became a wholly-owned subsidiary of the Company on the effective date of the Scheme of Arrangement, being 27 November 1999 ("Effective Date").

The Company was listed on the Singapore Exchange Securities Trading Limited, (the "Singapore Exchange", formerly known as the Stock Exchange of Singapore Limited) on 29 November 1999.

Principal Activities

The principal activity of the Company is that of a financial holding company. The principal activities of the subsidiary companies are set out in Note 3 to the accounts. There have been no significant changes in the nature of these activities for the Group and the Company during the financial period.

Financial Results

	Group S\$m	Company S\$m
Profit after taxation	222.5	219.1
Minority interests	(1.4)	–
Profit after taxation and minority interests attributable to shareholders	221.1	219.1
Unappropriated profit brought forward	17.1	–
Profit available for appropriation	238.2	219.1
Transfer to General Reserve	150.0	150.0
Dividends less taxation:		
Interim dividend paid by Great Eastern Life before Effective Date of the Scheme of Arrangement	3.5	–
Proposed first and final dividend	23.1	23.1
Proposed special dividend	21.0	21.0
Exchange reserve	(0.2)	–
	(197.4)	(194.1)
Unappropriated profit carried forward	40.8	25.0

Reserves and Provisions

Material movements in reserves and provisions are disclosed in the notes to the accounts.

Dividends

Since the date of incorporation, the Company did not pay any interim dividend in respect of the financial period.

The Directors recommend that a first and final dividend of 33% (33 cents per share) less Malaysian income tax at 28%, amounting to S\$23,088,990 and a special dividend of 30% (30 cents per share) less Malaysian income tax at 28%, amounting to S\$20,989,991, be paid in respect of the financial period under review.

Bonus Issue

Subject to the approval of the Singapore Exchange, the Directors recommend for approval of the Shareholders at the Company's forthcoming Annual General Meeting, a bonus issue of 97,175,882 new ordinary shares of S\$1 each in the capital of the Company, credited as fully paid-up, on the basis of one bonus share for every one existing ordinary share of S\$1 each held in the capital of the Company, the bonus shares to rank pari passu in all respects with the existing shares except that they will not rank for the Company's first and final dividend and the special dividend declared in respect of the financial period ended 31 December 1999, and that a sum of S\$97,175,882 from the General Reserve account of the Company as at 31 December 1999 be capitalised for the purpose of the bonus issue.

Sub-division of Shares

Subject to the approval of the Singapore Exchange, the Directors further recommend, for approval of the Shareholders at the Company's Extraordinary General Meeting, a sub-division of each share, including the bonus shares, into two ordinary shares of S\$0.50 each in the capital of the Company, the sub-division to be effected after all bonus shares have been issued.

Acquisition or disposal of subsidiaries

A subsidiary, Straits Lion Management (Malaysia) Sendirian Berhad was incorporated during the financial period, with an authorised share capital of RM5,000,000 comprising 5,000,000 ordinary shares of RM1 each. The issued share capital is RM3,000,000, held by the following subsidiaries:

	<u>% of shareholding</u>
GEL Capital (Malaysia) Berhad	51
Straits Lion Asset Management Private Limited	49

Except as disclosed above, there were no other acquisitions or disposals of subsidiaries during the financial period.

Scheme of Arrangement and Issues of Shares

The Company was incorporated on 2 June 1999 with an authorised share capital of S\$100,000 comprising 100,000 ordinary shares of S\$1 each. At the time of incorporation, 2 ordinary shares of S\$1 each were issued at par for cash to the subscriber shareholders.

On 30 September 1999, the Company increased its authorised share capital from S\$100,000 to S\$1,000,000,000 comprising 1,000,000,000 ordinary shares of S\$1 each.

Directors' Report

On the Effective Date of, and pursuant to, the Scheme of Arrangement:

- (a) 97,175,880 ordinary shares of S\$1 each in the capital of Great Eastern Life held by its shareholders as at 26 November 1999 were cancelled by Great Eastern Life and 97,175,880 new ordinary shares of S\$1 each in the capital of Great Eastern Life were allotted and issued, credited as fully paid-up, to the Company. Accordingly, Great Eastern Life became a wholly-owned subsidiary of the Company; and
- (b) in consideration of the said cancellation and the issue of new shares by Great Eastern Life to the Company, the Company allotted and issued 97,175,880 ordinary shares of S\$1 each in the capital of the Company, credited as fully paid-up, to the shareholders of Great Eastern Life on the basis of one new share in the Company for every one share held in Great Eastern Life.

The shares of the Company were admitted to the Official List of the Singapore Exchange on 29 November 1999.

Directors

The Directors in office at the date of this report are:

Mr Howe Yoon Chong, Chairman	(Appointed on 24 September 1999)
Mr Lee Seng Wee	(Appointed on 24 September 1999)
Mr Michael Wong Pakshong	(Appointed on 24 September 1999)
Tan Sri Dato' Dr Lin See-Yan	(Appointed on 24 September 1999)
Mr Peter N Husum	(Appointed on 27 January 2000)

Mr Howe Yoon Chong retires pursuant to Section 153(2) of the Companies Act, Chapter 50 and has decided not to offer himself for re-appointment.

Mr Lee Seng Wee retires pursuant to Section 153(2) of the Companies Act, Chapter 50 and a resolution will be proposed for his re-appointment under Section 153(6) of the said Act, to continue in office until the next Annual General Meeting of the Company.

Mr Michael Wong Pakshong, Tan Sri Dato' Dr Lin See-Yan and Mr Peter N Husum retire in accordance with the Company's Articles of Association and, being eligible, offer themselves for re-election.

According to the register required to be kept by the Company under Section 164 of the Companies Act, Chapter 50, particulars of interests of Directors, who held office at the end of the financial period, in the shares in the Company and its subsidiaries at the date of their appointment and at the end of the financial period are as follows:

The Company

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	As at date of appointment	As at 31.12.99	As at date of appointment	As at 31.12.99
Mr Howe Yoon Chong	–	2	–	–
Mr Lee Seng Wee	–	285,120	–	112,640
Mr Michael Wong Pakshong	–	18,040	–	7,000

The Subsidiary:**The Great Eastern Life Assurance Company Limited**

Mr Lee Seng Wee	285,120	–	112,640	–
Mr Michael Wong Pakshong	18,040	–	7,000	–

Except as disclosed in this report, no Director who held office at the end of the financial period had any interests in the shares in the Company or in the Company's subsidiaries either at the beginning or end of the financial period.

Neither at the end of the financial period, nor at any time during the period, did there subsist any arrangements to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the beginning of the financial period, no Director has received or has become entitled to receive benefits under a contract required to be disclosed by Section 201(8) of the Companies Act, Chapter 50.

Great Eastern Holdings Executives' Share Option Scheme (the "Option Scheme")

At an Extraordinary General Meeting of the Company held on 27 November 1999, shareholders of the Company approved the adoption of the Great Eastern Holdings Executives' Share Option Scheme. A Share Option Scheme Committee, comprising three Directors of the Company who are non-participants in the Option Scheme, administers the Option Scheme. The members of the Share Option Scheme Committee are Mr Howe Yoon Chong, Mr Lee Seng Wee and Mr Michael Wong Pakshong.

During the financial period, options were granted to senior executives within the Group pursuant to the Option Scheme for a total of 273,700 ordinary shares of S\$1 each at the exercise price ("Offering Price") of S\$18.48 per ordinary share for the option period beginning 22 December 2002 to 21 September 2009 (the "Option Period"). The Offering Price is equal to the average of the last dealt prices of the Company's shares on the Singapore Exchange for the five consecutive market days on which there was trading of the shares preceding the offering date of the options. During the first, second and third year of the Option Period, not more than 25%, 50% and 75% respectively of the number of shares comprised in each option offered may be exercised.

Directors' Report

Other Statutory Information**(a) Bad and Doubtful Debts**

- (i) Before the profit and loss account and balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.
- (ii) At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off or provided for bad and doubtful debts in the consolidated accounts of the Group inadequate to any substantial extent.

(b) Current Assets

- (i) Before the accounts of the Company were made out, the Directors took reasonable steps to ascertain that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values, or that adequate provision had been made for the diminution in values of such current assets.
- (ii) At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the accounts of the Group misleading.

(c) Charges and Contingent Liabilities

As at the date of this report:

- (i) there is no charge on the assets of the Company or of the Group which has arisen since the end of the financial period to secure the liabilities of any other person; and
- (ii) there are no contingent liabilities which have arisen since the end of the financial period other than those normally undertaken in the course of the activities of the Company or of the Group.

(d) Ability to Meet Obligations

In the opinion of the Directors, no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may substantially affect the ability of the Group and the Company to meet their obligations as and when they fall due.

(e) Other Information

- (i) At the date of this report, the Directors are not aware of any circumstances nor otherwise dealt with in their report or the accounts of the Group and of the Company which would render any amount stated in the accounts misleading.
- (ii) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the financial year in which this report is made.

Corporate Governance

The Company adopts corporate governance practices in conformity with the principles and best practices set out in the Best Practices Guide issued by the Singapore Exchange.

THE BOARD OF DIRECTORS

The Board comprises five Directors, four of whom are non-executive. The Board supervises the management of the business and affairs of the Company and the Group. Apart from its statutory duties, the Board approves the Group's overall strategic plans, key operational initiatives, annual budgets, major funding and investment proposals, and reviews the financial performance of the Company and the Group.

AUDIT COMMITTEE

The Audit Committee comprises three members, as follows, two of whom are independent non-executive directors:

Mr Michael Wong Pakshong, Chairman

Mr Howe Yoon Chong

Tan Sri Dato' Dr Lin See-Yan

The Audit Committee met and reviewed the scope of work of the internal and the statutory auditors, their evaluation of the system of internal controls and the results arising therefrom, and the assistance given by the Company's officers to the auditors. In addition, the Audit Committee reviewed interested person transactions and reviewed the consolidated accounts of the Group and the accounts of the Company prior to their submission to the Directors of the Company for adoption.

The Audit Committee has recommended to the Board of Directors that Ernst & Young be nominated for re-appointment as auditors at the Annual General Meeting of the Company.

Auditors

The auditors, Ernst & Young, have expressed their willingness to accept re-appointment.

On behalf of the Board

Howe Yoon Chong
DIRECTOR

Michael Wong Pakshong
DIRECTOR

15 MARCH 2000
SINGAPORE

Statement By Directors PURSUANT TO SECTION 201(15)

We, Howe Yoon Chong and Michael Wong Pakshong, being two of the Directors of Great Eastern Holdings Limited, do hereby state that, in the opinion of the Directors:

- (i) the accompanying balance sheets, profit and loss accounts and consolidated cash flow statement, together with the accompanying notes to the accounts, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 1999, and the results of the Group and the Company and cash flows of the Group for the financial period then ended; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

Howe Yoon Chong
DIRECTOR

Michael Wong Pakshong
DIRECTOR

15 MARCH 2000
SINGAPORE

Auditors' Report TO THE MEMBERS OF GREAT EASTERN HOLDINGS LIMITED

We have audited the financial statements of Great Eastern Holdings Limited set out on pages 26 to 40. These financial statements comprise the balance sheets of the Group and the Company as at 31 December 1999, and the profit and loss accounts of the Group and the Company and the Life Assurance Revenue Accounts, General Insurance Revenue Accounts and the cash flow statement of the Group for the year then ended. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act and Statements of Accounting Standard and so as to give a true and fair view of :
 - (i) the state of affairs of the Group and of the Company as at 31 December 1999, the results of the Group and of the Company and the cash flows of the Group for the year then ended; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of those subsidiaries audited by our associated firms and those audited by other firms are stated in Note 3 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

Ernst & Young
CERTIFIED PUBLIC ACCOUNTANTS

15 MARCH 2000
SINGAPORE

Profit & Loss Accounts FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	Group		Company
		1999 S\$m	1998 S\$m	1999 S\$m
Premiums		2,567.6	2,200.9	–
Profit from life assurance		141.6	84.6	–
Profit from general insurance		1.8	2.2	–
Profit from insurance operations		143.4	86.8	–
Dividends from subsidiary		–	–	304.2
Investment income	12	15.0	–	–
Interest income		13.2	–	0.1
Profit on sale of investments		29.9	–	–
Write-back of diminution in value of investments	5	36.6	–	–
Profit from investments		94.7	–	304.3
Fees and other income		25.0	7.8	–
<i>less:</i> Expenses				
Management expenses		7.8	2.4	–
Depreciation		0.2	0.1	–
Exchange differences		(0.7)	–	–
Other expenses	13	1.1	0.3	–
		8.4	2.8	–
Profit before taxation		254.7	91.8	304.3
<i>less:</i> Taxation	15	32.2	14.8	85.2
Profit after taxation		222.5	77.0	219.1
<i>less:</i> Minority interests		1.4	0.3	–
Profit attributable to shareholders		221.1	76.7	219.1
Unappropriated profit brought forward		17.1	22.8	–
		238.2	99.5	219.1
<i>less:</i>				
Transfer to general reserve	8	150.0	70.0	150.0
Dividends for the year, less taxation:				
Interim dividend paid		3.5	2.7	–
Final dividend proposed		23.1	9.1	23.1
Special dividend proposed		21.0	–	21.0
Exchange reserve	16	(0.2)	0.6	–
		197.4	82.4	194.1
Unappropriated profit carried forward		40.8	17.1	25.0
Earnings per share		S\$2.27	S\$0.79	

Balance Sheets AS AT 31 DECEMBER 1999

	Notes	Group						Company
		Total		Shareholders' and General Funds		Life Assurance Fund		1999 S\$m
		1999 S\$m	1998 S\$m	1999 S\$m	1998 S\$m	1999 S\$m	1998 S\$m	
Fixed Assets	4	859.7	821.9	1.9	2.2	857.8	819.7	–
Investments	5	8,583.8	6,307.0	416.0	364.9	8,167.8	5,942.1	–
Subsidiary company	6	–	–	–	–	–	–	216.2
Goodwill on consolidation		0.7	1.0	0.7	1.0	–	–	–
Policy Loans		1,183.5	1,039.0	–	–	1,183.5	1,039.0	–
Current Assets	7	3,172.3	2,718.8	693.4	492.8	2,478.9	2,226.0	100.1
Total Assets		13,800.0	10,887.7	1,112.0	860.9	12,688.0	10,026.8	316.3
<i>Represented by:</i>								
Share Capital								
Authorised:								
1,000,000,000 ordinary shares of S\$1 each	1	1,000.0	1,000.0	1,000.0	1,000.0	–	–	1,000.0
Issued and fully paid:								
97,175,882 ordinary shares of S\$1 each	2	97.2	97.2	97.2	97.2	–	–	97.2
Reserves								
General reserve	8	779.7	629.7	779.7	629.7	–	–	150.0
Accident reserve		10.0	10.0	10.0	10.0	–	–	–
Profit and loss account		40.8	17.1	40.8	17.1	–	–	25.0
Shareholders' Funds		927.7	754.0	927.7	754.0	–	–	272.2
Life Assurance Fund	9	11,672.5	9,157.4	–	–	11,672.5	9,157.4	–
Minority Interests		2.7	1.4	2.7	1.4	–	–	–
General Insurance Fund	10	28.1	26.8	28.1	26.8	–	–	–
Provision for agents' retirement benefits		101.0	93.0	–	–	101.0	93.0	–
Current Liabilities	11	1,068.0	855.1	153.5	78.7	914.5	776.4	44.1
		1,199.8	976.3	184.3	106.9	1,015.5	869.4	44.1
		13,800.0	10,887.7	1,112.0	860.9	12,688.0	10,026.8	316.3

Consolidated Statement Of Cash Flows FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	Group	
		1999 S\$m	1998 S\$m
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before taxation		254.7	91.8
Excess of income over expenses before taxation from Life Assurance Revenue Account		2,699.6	898.7
<i>Adjustment for non-cash items:</i>			
Surplus transferred from Life Assurance Fund but not yet withdrawn		(141.6)	(84.6)
Transfer to/(from) General Insurance Fund		1.3	(1.0)
Write-back of provision for diminution in value of investments		(65.9)	(164.0)
Provision for agents' retirement benefits		17.6	17.5
Depreciation	4	9.0	8.5
Amortisation of premiums/discounts in value of investments		(31.6)	(17.4)
Amortisation of goodwill		0.3	0.3
(Profit)/loss on sale of investments		(906.4)	591.4
<i>Changes in working capital:</i>			
Outstanding premiums		(72.5)	6.0
Other debtors		49.1	(160.0)
Outstanding claims		11.6	(0.6)
Policy benefits		119.5	91.8
Other creditors		7.1	158.3
Cash generated from operations		1,951.8	1,436.7
Tax paid		(43.6)	(115.4)
Agents' retirement benefits paid		(9.6)	(9.2)
Net cash flows provided by operating activities		1,898.6	1,312.1
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		5,959.5	2,691.8
Purchase of investments		(7,232.4)	(3,417.6)
Purchase of fixed assets	4	(46.8)	(37.6)
Increase in policy loans		(144.5)	(261.4)
Net cash flows used in investing activities		(1,464.2)	(1,024.8)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(12.6)	(13.2)
Dividends paid to minority shareholders of a subsidiary		(0.1)	–
Net cash flows used in financing activities		(12.7)	(13.2)
Net effect of foreign exchange adjustment	16	8.4	32.3
Net increase in cash and cash equivalents		430.1	306.4
Cash and cash equivalents at the beginning of the year		2,382.5	2,076.1
Cash and cash equivalents at the end of the year		2,812.6	2,382.5

Cash and cash equivalents consist of cash, bank balances and cash on deposit

Life Assurance Revenue Accounts FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	Group	
		1999 S\$m	1998 S\$m
Income			
Premiums after deducting reassurances :			
Annual		2,129.8	2,006.5
Single		399.1	155.3
Annuities		15.2	16.9
		<u>2,544.1</u>	<u>2,178.7</u>
Investment income	12	347.2	321.8
Interest income		168.6	237.8
Rental income		14.2	6.8
Profit/(loss) on sale of investments		876.5	(591.4)
Total Income		<u>3,950.6</u>	<u>2,153.7</u>
<i>less: Expenses</i>			
Claims, surrenders and annuities		861.5	961.1
Commissions and expenses		388.8	421.8
Management fee paid to subsidiary		5.0	2.2
Provision for agents' retirement benefits		17.6	17.5
Write-back of provision for diminution in value of investments		(29.3)	(164.0)
Depreciation of fixed assets	4	8.4	8.3
Exchange differences		(2.7)	6.5
Other expenses	13	1.7	1.6
Total Expenses		<u>1,251.0</u>	<u>1,255.0</u>
Excess of income over expenses before taxation		2,699.6	898.7
<i>less: Taxation</i>	15	51.1	31.3
Excess of income over expenses after taxation		<u>2,648.5</u>	<u>867.4</u>
<i>less: Profit from Life Assurance transferred to Profit and Loss Account</i>		141.6	84.6
Amount transferred to Life Assurance Fund	9	<u>2,506.9</u>	<u>782.8</u>

General Insurance Revenue Accounts FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	Group	
		1999 S\$m	1998 S\$m
Income			
Premiums after deducting reassurances		23.5	22.2
Investment income	12	0.5	–
Interest income		0.5	1.7
Total Income		24.5	23.9
<i>less:</i> Expenses			
Claims		13.8	14.8
Commissions and expenses		7.2	7.8
Depreciation	4	0.4	0.1
Total Expenses		21.4	22.7
Excess of income over expenses before taxation		3.1	1.2
Transfer (to)/from General Insurance Fund	10	(1.3)	1.0
Profit from General Insurance transferred to Profit and Loss Account		1.8	2.2

Significant Accounting Policies

(a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, provisions of the Companies Act and Statements of Accounting Standard. The major modifications to the Statements of Accounting Standard are the revaluation of certain fixed assets, the valuation of certain quoted investments in the Life Assurance Fund at market value and the non-adoption of equity accounting for investments in associated companies of the Group. The treatment for investment in associated companies is allowed for under Statements of Accounting Standard 27.

(b) Consolidation

The accounting year of the Company and all its subsidiaries ends on 31 December and the consolidated accounts incorporate the accounts of the Company and all its subsidiaries for the year ended 31 December 1999. The results of subsidiaries acquired during the year are included from the respective date of acquisition. A list of the Group's subsidiary companies is shown in Note 3.

(c) Goodwill

Any excess of the consideration paid over the fair values of the net assets of businesses acquired is included in goodwill and is amortised to the profit and loss account on a straight line basis over the estimated useful economic life of 5 years.

(d) Premium income

Premiums are recognised as income when due from policyholders. Correspondingly, the commission payable is also accounted for on the same basis.

(e) Income from investments

Dividend income, other than from the Company's subsidiaries, is recognised on the basis of the dates dividends are paid by the investee company. Dividend income from the Company's subsidiaries is recognised on declaration. Interest income is accrued on a day to day basis.

(f) Profit on sale of investments

Profits less losses arising from the sale of investments, representing the difference between the sale proceeds and the book values, are credited or charged to the respective revenue accounts.

(g) Taxation

Provision for taxation is calculated by reference to the income tax payable in the territories in which the Group carries on insurance business, based on the actuarial surplus arising in the year and on the income from investments and profit on realisation of investments for the year, as applicable, together with tax deducted at source from dividends and interest received from territories in which the Group does not operate.

(h) Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation.

Buildings are depreciated over 50 years. Leasehold land, except 999-year leasehold land, is depreciated over the period of the lease on a straight line basis. Depreciation is not provided for freehold land, 999-year leasehold land and capital works in progress.

Depreciation of other assets is calculated on a straight line basis over their estimated useful lives at the following annual rates :

Office furniture	10 to 20 %
Office machinery, motor vehicles	20 %
Computer equipment	20 to 33 $\frac{1}{3}$ %

Significant Accounting Policies

Included in freehold land, leasehold land and buildings are the Group's investment properties. These are carried at either the acquisition cost, development cost or revalued amounts. Where it is revalued, the revaluation is in accordance with the insurance regulations and the surplus arising is credited to the life assurance revenue account. Details of properties of the Group are appended after the notes to these accounts.

(i) Investments

(i) Unit-linked business

All investments of the unit-linked business are stated at market value. Any decrease or increase in the value of investments is charged to the revenue account.

(ii) Non-linked business

Bonds and government securities which are held for the long-term are stated at cost, adjusted for the amortisation of premium or discount on purchase, over the period to redemption, on a straight line basis.

Other investments are valued at cost less amounts written-off for permanent diminution in the value of certain investments. Investments held by the Life Assurance Fund of the Company's subsidiary and second-tier subsidiaries are valued in accordance with the insurance regulations of the countries in which they operate. The resulting provision for diminution in the value of investments is shown as a deduction from the book value of investments in arriving at the balance sheet value.

(j) Subsidiaries and associated companies

Investments in subsidiaries and associated companies are stated at cost. Provision is made for any diminution in the value that is other than temporary. Associated companies are companies in which the Group has a long-term equity interest of between 20% and 50% and over whose financial and operating policy decisions the Group exercises significant influence.

(k) Life assurance business

The whole of the valuation surplus in respect of the unit-linked business as determined by the Appointed Actuary is transferred to the profit and loss account of the subsidiary. In the case of non-linked business, the life assurance business profits are allocated from the surplus determined from the result of the annual actuarial valuation (which also determines the liabilities of the life assurance business). The amount of the distributable surplus allocated to shareholders is determined by the Directors in accordance with the insurance regulations and the Articles of Association of the subsidiary.

(l) Agents' retirement benefits

Provision for agents' retirement benefits is calculated in accordance with the terms and conditions in the respective Life Assurance Sales Representative's Agreements.

(m) Foreign currencies

Foreign currency transactions are translated into Singapore dollars at exchange rates approximating those ruling at transaction dates and foreign currency monetary assets and liabilities are translated at the approximate rates ruling at the balance sheet date. All gains and losses on exchange are included in the respective revenue accounts.

Assets, liabilities and revenue account items of overseas branches and subsidiaries are translated into Singapore dollars at approximate exchange rates ruling at the balance sheet date. All exchange differences arising therefrom are taken to the revenue accounts and the exchange reserves respectively.

Notes To Accounts

1 General

The Company is incorporated in Singapore and the accounts of the Company and the consolidated accounts of the Group are expressed in Singapore dollars. The notes refer to the Company and the Group unless otherwise stated.

The principal activity of the Company is that of a financial holding company. The principal activities of the subsidiaries within the Group are stated in Note 3 below.

The Company was incorporated on 2 June 1999 as a public company limited by shares under the Companies Act with an authorised capital of S\$100,000, comprising 100,000 ordinary shares of S\$1 each, and an issued and paid-up share capital of S\$2, comprising two ordinary shares of S\$1 each, issued to its two subscriber shareholders. On 24 September 1999, it assumed its present name. On 30 September 1999, the Company increased its authorised share capital to S\$1,000,000,000 comprising 1,000,000,000 ordinary shares of S\$1 each.

Pursuant to a scheme of arrangement under Section 210 of the Companies Act, Chapter 50 ("Scheme of Arrangement"), The Great Eastern Life Assurance Company Limited ("Great Eastern Life") became a wholly-owned subsidiary of the Company, effective 27 November 1999 ("Effective Date").

On the Effective Date of and pursuant to the Scheme of Arrangement, in consideration of Great Eastern Life's cancellation of all the shares held by its shareholders as at 26 November 1999 and its issue of 97,175,880 new shares to the Company, the Company issued 97,175,880 new shares of S\$1 each to the shareholders of Great Eastern Life credited as fully paid up, on the basis of one of the Company's shares for every one of the Great Eastern Life shares held. Accordingly, there was no dilution of shareholders' interests resulting from the restructuring of Great Eastern Life and the consolidated accounts of Great Eastern Life for the year ended 31 December 1998 have been presented as the previous year's comparatives in these financial statements.

The Company has opted to use the "pooling of interests" method of accounting for the restructuring under the Scheme, as no immediate tangible change in the financial position is generated from the Scheme. For the purpose of the preparation of the consolidated accounts, the assets and liabilities and profit and loss accounts of Great Eastern Holdings Limited Group have been consolidated as if the Great Eastern Holdings Limited had been in existence from 1 January 1999 although the Company was incorporated on 2 June 1999.

Under the "pooling of interests" method of accounting for restructuring, which is allowed under Singapore accounting standards and under the provisions of Section 69A of the Companies Act, the assets and liabilities of The Great Eastern Life Assurance Company Limited are reflected at their existing book values in the consolidated accounts of the Great Eastern Holdings Limited and there is no restatement to fair values, therefore there is no goodwill or discount arising therefrom.

2 Share Capital

On 27 November 1999, 97,175,880 ordinary shares of S\$1 each were issued and fully paid-up.

On 27 November 1999, shareholders of the Company approved the adoption of the Great Eastern Holdings Executives' Share Option Scheme. Details of the Share Options Scheme are stated in the Directors' Report under the heading "Executives' Share Option Scheme".

Notes To Accounts

3 Companies in the Group

As at 31 December 1999, the Company has 100% interest in the share capital of The Great Eastern Life Assurance Company Limited, at a cost of S\$97,175,880, whose principal activity is life assurance business.

The subsidiary and associated companies held by the subsidiary as at 31 December 1999 are:

Name of Company	Principal Activities	Cost		Percentage of equity held	
		1999 S\$ '000	1998 S\$ '000	1999 %	1998 %
Subsidiary Companies					
COUNTRY OF INCORPORATION: SINGAPORE					
Straits Lion Asset Management Private Limited	Asset Management	2,700	2,700	90	90
Tai Tong Holding Company Private Limited	Dormant	10	10	100	100
The Great Eastern Trust Private Limited	Dormant	10	10	100	100
Island Securities Private Limited	Dormant	10	10	100	100
COUNTRY OF INCORPORATION: MALAYSIA					
*GEL Capital (Malaysia) Berhad	Investment Holding	10	10	100	100
*The Great Eastern General Insurance Company Sendirian Berhad	Dormant	–	–	100	100
<i>Held by a subsidiary and effectively controlled by the Group:</i>					
*Great Eastern Life Assurance (Malaysia) Berhad	Life Assurance	–	–	100	100
*Straits Lion Management (Malaysia) Sendirian Berhad	Management Services	–	–	95	–
COUNTRY OF INCORPORATION: INDONESIA					
**PT Asuransi Jiwa Asih Great Eastern	Life Assurance	4,912	4,912	72	72
Associated Companies					
**Pasir Ris Properties Private Limited	Investment Holding	1,750	1,750	35	35
Straits Eastern Square Private Limited	Property Development and Investment	49	49	49	49

The investment in associated companies is included in Note 5 to the accounts, classified as unquoted equity in corporations and valued in accordance with Note 1(j) to the accounts.

* Audited by associated firms of Ernst & Young, Singapore

** Audited by other firms

4 Fixed Assets

	Group						
	Freehold Land S\$m	Leasehold Land S\$m	Capital Works in Progress S\$m	Buildings S\$m	Computer Equipment S\$m	Other Assets S\$m	Total S\$m
1999							
Cost	112.7	0.5	67.3	91.6	47.0	16.4	335.5
Valuation	538.2	-	-	10.5	-	-	548.7
Additions	-	0.3	36.6	2.9	5.9	1.1	46.8
Disposals	-	-	-	-	(3.1)	(0.8)	(3.9)
Reclassification - Cost	(36.4)	32.1	-	4.7	0.1	(0.1)	0.4
Reclassification - Valuation	(61.9)	61.5	-	-	-	-	(0.4)
Accumulated depreciation	-	-	-	(13.7)	(41.2)	(12.5)	(67.4)
Net Book Value	552.6	94.4	103.9	96.0	8.7	4.1	859.7
Depreciation charge for the year	-	-	-	(2.2)	(5.3)	(1.5)	(9.0)
1998							
Cost	109.3	0.4	76.2	55.8	41.4	14.8	297.9
Valuation	538.2	-	-	10.5	-	-	548.7
Additions	3.4	0.1	26.9	-	5.6	1.6	37.6
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	(35.8)	35.8	-	-	-
Accumulated depreciation	-	-	-	(11.5)	(39.0)	(11.8)	(62.3)
Net Book Value	650.9	0.5	67.3	90.6	8.0	4.6	821.9
Depreciation charge for the year	-	-	-	(1.2)	(5.5)	(1.8)	(8.5)
SHAREHOLDERS' AND GENERAL FUNDS							
1999							
Cost	-	-	-	0.8	1.9	0.7	3.4
Valuation	-	-	-	-	-	-	-
Additions	-	-	-	-	0.2	0.1	0.3
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	-	-	0.1	(0.1)	-
Accumulated depreciation	-	-	-	(0.1)	(1.4)	(0.3)	(1.8)
Net Book Value	-	-	-	0.7	0.8	0.4	1.9
Depreciation charge for the year	-	-	-	(0.1)	(0.5)	-	(0.6)
1998							
Cost	-	-	-	0.8	0.9	0.7	2.4
Valuation	-	-	-	-	-	-	-
Additions	-	-	-	-	1.0	-	1.0
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	(0.9)	(0.3)	(1.2)
Net Book Value	-	-	-	0.8	1.0	0.4	2.2
Depreciation charge for the year	-	-	-	-	(0.1)	(0.1)	(0.2)

Notes To Accounts

	Group							Total S\$m
	Freehold Land S\$m	Leasehold Land S\$m	Capital Works in Progress S\$m	Buildings S\$m	Computer Equipment S\$m	Other Assets S\$m		
LIFE ASSURANCE FUND								
1999								
Cost	112.7	0.5	67.3	90.8	45.1	15.7	332.1	
Valuation	538.2	–	–	10.5	–	–	548.7	
Additions	–	0.3	36.6	2.9	5.7	1.0	46.5	
Disposals	–	–	–	–	(3.1)	(0.8)	(3.9)	
Reclassification - Cost	(36.4)	32.1	–	4.7	–	–	0.4	
Reclassification - Valuation	(61.9)	61.5	–	–	–	–	(0.4)	
Accumulated depreciation	–	–	–	(13.6)	(39.8)	(12.2)	(65.6)	
Net Book Value	552.6	94.4	103.9	95.3	7.9	3.7	857.8	
Depreciation charge for the year	–	–	–	(2.1)	(4.8)	(1.5)	(8.4)	
1998								
Cost	109.3	0.4	76.2	55.0	40.5	14.1	295.5	
Valuation	538.2	–	–	10.5	–	–	548.7	
Additions	3.4	0.1	26.9	–	4.6	1.6	36.6	
Disposals	–	–	–	–	–	–	–	
Reclassification	–	–	(35.8)	35.8	–	–	–	
Accumulated depreciation	–	–	–	(11.5)	(38.1)	(11.5)	(61.1)	
Net Book Value	650.9	0.5	67.3	89.8	7.0	4.2	819.7	
Depreciation charge for the year	–	–	–	(1.2)	(5.4)	(1.7)	(8.3)	

5 Investments

	Group	
	1999 S\$m	1998 S\$m
Quoted:		
(i) Quoted government securities, loan stocks and bonds, at cost adjusted for premiums and discounts	2,200.6	1,027.1
(ii) Quoted equity in corporations, at cost	3,723.2	2,795.6
(iii) Unit-Linked Fund investments, at market value:		
Quoted bonds	13.0	5.1
Quoted equity in corporations	236.4	80.5
	6,173.2	3,908.3
less: Provision for diminution in value of investments	54.2	119.8
	6,119.0	3,788.5
<i>Market value of quoted investments</i>	<i>7,696.6</i>	<i>4,078.9</i>

	Group	
	1999 S\$m	1998 S\$m
Unquoted :		
(i) Unquoted equity in corporations, at cost	34.2	47.3
(ii) Other unquoted investments, at cost adjusted for premiums and discounts	1,081.3	1,082.5
(iii) Unsecured Loans	22.3	21.9
(iv) Secured Loans	1,327.0	1,366.8
	<u>2,464.8</u>	<u>2,518.5</u>
Total Investments	<u>8,583.8</u>	<u>6,307.0</u>
SHAREHOLDERS' AND GENERAL FUNDS		
Quoted:		
(i) Quoted government securities, loan stocks and bonds, at cost adjusted for premiums and discounts	112.8	35.7
(ii) Quoted equity in corporations, at cost	232.4	270.4
	<u>345.2</u>	<u>306.1</u>
<i>less:</i> Provision for diminution in value of investments	–	36.6
	<u>345.2</u>	<u>269.5</u>
<i>Market value of quoted investments</i>	<u>442.5</u>	<u>255.6</u>
Unquoted :		
(i) Unquoted equity in corporations, at cost	2.1	20.4
(ii) Other unquoted investments, at cost adjusted for premiums and discounts	5.6	4.5
(iii) Unsecured Loans	0.1	–
(iv) Secured Loans	63.0	70.5
	<u>70.8</u>	<u>95.4</u>
Total Investments by Shareholders' and General Funds	<u>416.0</u>	<u>364.9</u>
LIFE ASSURANCE FUND		
Quoted:		
(i) Quoted government securities, loan stocks and bonds, at cost adjusted for premiums and discounts	2,087.8	991.4
(ii) Quoted equity in corporations, at cost	3,490.8	2,525.2
(iii) Unit-Linked Fund investments, at market value:		
Quoted bonds	13.0	5.1
Quoted equity in corporations	236.4	80.5
	<u>5,828.0</u>	<u>3,602.2</u>
<i>less:</i> Provision for diminution in value of investments	54.2	83.2
	<u>5,773.8</u>	<u>3,519.0</u>
<i>Market value of quoted investments</i>	<u>7,254.1</u>	<u>3,823.3</u>
Unquoted :		
(i) Unquoted equity shares of corporations, at cost	32.1	26.9
(ii) Other unquoted investments, at cost adjusted for premiums and discounts	1,075.7	1,078.0
(iii) Unsecured Loans	22.2	21.9
(iv) Secured Loans	1,264.0	1,296.3
	<u>2,394.0</u>	<u>2,423.1</u>
Total Investments by Life Assurance Fund	<u>8,167.8</u>	<u>5,942.1</u>

Notes To Accounts

	Group						Company
	Total		Shareholders' and General Funds		Life Assurance Fund		1999 S\$m
	1999 S\$m	1998 S\$m	1999 S\$m	1998 S\$m	1999 S\$m	1998 S\$m	
6 Subsidiary Company							
Unquoted equity, at cost							97.2
Amount due from subsidiary							119.0
							<u>216.2</u>
7 Current Assets							
Outstanding premiums	134.1	61.6	4.5	1.1	129.6	60.5	–
Other debtors and interfund balances	225.6	274.7	210.4	63.0	15.2	211.7	0.1
Cash on deposit	2,680.3	2,324.3	457.2	425.4	2,223.1	1,898.9	100.0
Cash and bank balances	132.3	58.2	21.3	3.3	111.0	54.9	–
	<u>3,172.3</u>	<u>2,718.8</u>	<u>693.4</u>	<u>492.8</u>	<u>2,478.9</u>	<u>2,226.0</u>	<u>100.1</u>
8 General Reserve							
Balance at the beginning of the year	629.7	446.4	629.7	446.4	–	–	–
Transfer from Life Assurance Fund	–	113.3	–	113.3	–	–	–
Transfer from Profit and Loss Account	150.0	70.0	150.0	70.0	–	–	150.0
Balance at the end of the year	<u>779.7</u>	<u>629.7</u>	<u>779.7</u>	<u>629.7</u>	<u>–</u>	<u>–</u>	<u>150.0</u>
9 Life Assurance Fund							
Balance at the beginning of the year	9,978.7	9,309.2	–	–	9,978.7	9,309.2	–
Amount transferred from Life Assurance							
Revenue Account	2,506.9	782.8	–	–	2,506.9	782.8	–
Transfer to General Reserve	–	(113.3)	–	–	–	(113.3)	–
	<u>12,485.6</u>	<u>9,978.7</u>	<u>–</u>	<u>–</u>	<u>12,485.6</u>	<u>9,978.7</u>	<u>–</u>
Exchange reserve	(813.1)	(821.3)	–	–	(813.1)	(821.3)	–
Balance at the end of the year	<u>11,672.5</u>	<u>9,157.4</u>	<u>–</u>	<u>–</u>	<u>11,672.5</u>	<u>9,157.4</u>	<u>–</u>
10 General Insurance Fund							
Balance at the beginning of the year	26.8	27.8	26.8	27.8	–	–	–
Amount transferred to/(from) General							
Insurance Revenue Account	1.3	(1.0)	1.3	(1.0)	–	–	–
Balance at the end of the year	<u>28.1</u>	<u>26.8</u>	<u>28.1</u>	<u>26.8</u>	<u>–</u>	<u>–</u>	<u>–</u>
11 Current Liabilities							
Claims admitted or intimated	71.1	59.5	–	–	71.1	59.5	–
Policy benefits	607.1	487.6	–	–	607.1	487.6	–
Other creditors and interfund balances	263.5	256.4	18.3	3.3	245.2	253.1	–
Proposed dividend, net	44.1	9.1	44.1	9.1	–	–	44.1
Provision for taxation	82.2	42.5	91.1	66.3	(8.9)	(23.8)	–
	<u>1,068.0</u>	<u>855.1</u>	<u>153.5</u>	<u>78.7</u>	<u>914.5</u>	<u>776.4</u>	<u>44.1</u>

	Group						Company
	Total		Shareholders' and General Funds		Life Assurance Fund		1999 S\$m
	1999 S\$m	1998 S\$m	1999 S\$m	1998 S\$m	1999 S\$m	1998 S\$m	
12 Investment income							
PROFIT AND LOSS ACCOUNTS							
Quoted equity shares of corporations	5.5	–	5.5	–	–	–	–
Unquoted equity shares of corporations	1.1	–	1.1	–	–	–	–
Other quoted investments	8.0	–	8.0	–	–	–	–
Other unquoted investments	0.4	–	0.4	–	–	–	–
	15.0	–	15.0	–	–	–	–
LIFE ASSURANCE REVENUE ACCOUNTS							
Quoted equity shares of corporations	94.4	78.9	–	–	94.4	78.9	–
Unquoted equity shares of corporations	1.7	3.7	–	–	1.7	3.7	–
Other quoted investments	184.2	12.1	–	–	184.2	12.1	–
Other unquoted investments	66.9	227.1	–	–	66.9	227.1	–
	347.2	321.8	–	–	347.2	321.8	–
GENERAL INSURANCE REVENUE ACCOUNTS							
Other quoted investments	0.5	–	0.5	–	–	–	–
13 Other expenses							
Included in other expenses are the following:							
Remuneration of Company's Directors (Note 14)	0.7	–	0.1	–	0.6	–	–
Remuneration of other Directors of subsidiaries	1.5	1.4	0.7	–	0.8	1.4	–
Audit fees	0.3	0.2	–	–	0.3	0.2	–
Goodwill amortisation	0.3	0.3	0.3	0.3	–	–	–
	2.8	1.9	1.1	0.3	1.7	1.6	–
14 Remuneration of Directors (in remuneration bands)							1999
The number of Directors of the Company in each of the remuneration bands is as follows:							
\$500,000 and above							1
\$250,000 to \$ 499,999							–
Below \$250,000							3
							4

Notes To Accounts

	Group						Company
	Total		Shareholders' and General Funds		Life Assurance Fund		1999 S\$m
	1999 S\$m	1998 S\$m	1999 S\$m	1998 S\$m	1999 S\$m	1998 S\$m	

15 Taxation

Current taxation	83.3	46.1	32.2	14.8	51.1	31.3	85.2
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Claims amounting to **S\$41million**, in respect of a subsidiary, (1998: S\$41 million) have been made to the Inland Revenue Authority of Singapore in respect of certain open years of assessment. These claims have not been admitted by the Inland Revenue Authority of Singapore and are therefore not reflected in these accounts.

Profits in respect of the Malaysian operations are not subject to tax in 1999 in accordance with the announcement by the Minister for Finance, Malaysia.

Profits from the life assurance business allocated to policyholders are taxed at a concessionary rate in accordance with the tax regulations of the territories in which the subsidiaries operate.

16 Exchange reserve

LIFE ASSURANCE FUND

Balance at beginning of the year	(821.3)	(854.2)	–	–	(821.3)	(854.2)	–
Exchange gain during the year	8.2	32.9	–	–	8.2	32.9	–
Balance at end of the year	(813.1)	(821.3)	–	–	(813.1)	(821.3)	–

PROFIT AND LOSS ACCOUNT

Balance at beginning of the year	(1.8)	(1.2)	(1.8)	(1.2)	–	–	–
Exchange gain/(loss) on consolidation	0.2	(0.6)	0.2	(0.6)	–	–	–
Balance at end of the year	(1.6)	(1.8)	(1.6)	(1.8)	–	–	–

The cumulative exchange reserve at 1 January 1996 is included in the Life Assurance Fund balance at the beginning of that year as the exchange reserve prior to that date was not reasonably determinable for the purpose of compliance with Statements of Accounting Standard 20.

17 Capital commitments

Commitments for capital expenditure not provided for in the accounts :

Authorised and contracted for:

Properties under construction	187.8	215.7	–	–	187.8	215.7	–
Other commitments	0.7	0.9	–	–	0.7	0.9	–

Authorised but not contracted for:	50.0	14.1	–	–	50.0	14.1	–
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	238.5	230.7	–	–	238.5	230.7	–
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18 Comparative figures

Certain comparative figures for the Group have been reclassified to conform with current year's presentation. There are no comparative figures for the Company as this is the first set of accounts.

Major Investment Properties OF THE GROUP

100% Held by	Location	Tenure	Site Area (sq. m)	Gross Floor Area (sq. m)	Purpose
The Great Eastern Life Assurance Company Limited	Haig Road Lot 2817 MK25 Singapore	Freehold	20,289	56,809	Residential Under construction Estimated completion date: July 2002
	202 & 218 Orchard Road Singapore	Freehold	1,547	6,363	Commercial - Retail & Offices
	Changi Centre 200 Changi Road Singapore	Freehold	3,503	10,891	Commercial - Offices
	Hexagon House 49 Beach Road Singapore	999 years leasehold Expiry date: 29 January 2834	730	3,334	Commercial - Offices
	Great Eastern Mansions 1, 3, 5 Taman Nakhoda Singapore	Freehold	8,685	13,895	Residential
	Gallop Court No 6, 6A to 6Y Gallop Road Singapore	Freehold	8,600	6,074	Residential
	No 2 & 4, Gallop Road Singapore	Freehold	12,314	1,163	Residential
	Newton Road Lot 660 TS 28 Singapore	Freehold	2,809	NA	Residential
	Lincoln Road Lot 56 TS 28 Singapore	999 years leasehold Expiry date: 12 February 2884	6,945	NA	Residential
Great Eastern Life Assurance (Malaysia) Berhad	Menara Great Eastern Life Lot 102 & Lot 103 Kuala Lumpur, Selangor Malaysia	Freehold	23,576	89,590	Commercial - Retail & Offices Under construction Estimated completion date: November 2001
	40, 44 & 68 Jalan Ampang Kuala Lumpur, Selangor Malaysia	Freehold	1,962	10,170	Commercial - Offices
	Lot 104 Jalan Ampang Hilir Kuala Lumpur, Selangor Malaysia	Freehold	10,886	1,522	Commercial and Residential
	Menara Aik Hua Jalan Changkat Raja Chulan Kuala Lumpur, Selangor Malaysia	Freehold	2,446	23,907	Commercial - Retail & Offices
	House at Port Dickson Suara Ombak, Shell Garden & Shell Drive Negeri Sembilan Malaysia	Freehold	30,893	5,783	Residential

Shareholding Statistics

AS AT 8 MARCH 2000

Class of Shares - Ordinary Shares of S\$1 each, fully paid

Voting Rights - One vote per share

Size of Holdings

	Number of Shareholders	%	Number of Shares held	%
1 - 1,000	379	37.94	338,623	0.35
1,001 - 10,000	411	41.14	1,663,207	1.71
10,001 - 1,000,000	199	19.92	20,026,955	20.61
1,000,001 and above	10	1.00	75,147,097	77.33
	999	100.00	97,175,882	100.00

Twenty Largest Shareholders (As shown in the Register of Members and Depository Register)

	Number of Shares held	%
1. Oversea-Chinese Banking Corporation Limited	34,794,620	35.81
2. Oversea-Chinese Bank Nominees Private Limited	10,139,030	10.43
3. Selat (Private) Limited	9,426,040	9.70
4. Singapore Investments (Private) Limited	6,515,700	6.71
5. The Overseas Assurance Corporation Limited	4,327,260	4.45
6. PSA Corporation Limited	3,512,020	3.61
7. Raffles Nominees (Private) Limited	1,808,749	1.86
8. HSBC (Singapore) Nominees Private Limited	1,786,288	1.84
9. DBS Nominees Private Limited	1,649,390	1.70
10. Dr Wong Peng Onn	1,188,000	1.22
11. Kuchai Development Berhad	758,000	0.78
12. G K Goh Stockbrokers Private Limited	746,283	0.77
13. Tecity Private Limited	696,960	0.72
14. Bank of Singapore Nominees Private Limited	673,400	0.69
15. Fraser Securities Private Limited	664,100	0.68
16. Kambau Private Limited	663,260	0.68
17. Mr Wong Hong Yen	650,470	0.67
18. Mr Wong Hong Sun	649,530	0.67
19. Mr Wong Peng Yan Benjamin	646,080	0.67
20. Mrs Joyce Yu-Ling Liu	645,000	0.66
	81,940,180	84.32

Substantial shareholders (As shown in the Register of Members and Depository Register)

	Shareholdings registered in the name of substantial shareholders and nominees	Shareholdings in which the substantial shareholders are deemed to be interested	Total
Oversea-Chinese Banking Corporation Limited	41,226,320	7,683,420	48,909,740
Selat (Private) Limited	9,426,040	–	9,426,040
Singapore Investments (Private) Limited	6,515,700	–	6,515,700
Lee Foundation, Singapore	–	15,941,740*	15,941,740
Lee Foundation, States of Malaya	–	9,426,040**	9,426,040

*Includes the interests of Singapore Investments (Private) Limited and Selat (Private) Limited

**Includes the interest of Selat (Private) Limited

Directors' Interests

The Directors' interests in the share capital of the Company as at the 21st day after the end of the financial period remained unchanged from those as shown in the Directors' Report on page 21.

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Director, Chief Executive Officer &
Principal Officer

MR TAN HOCK LYE
Chief Corporate Officer

MR WINSON SIU CHUN WAI
Chief Actuary

MR TEO KIM SOON
Chief Technology Officer

MS ELIZABETH TEOH PEK HAR
Company Secretary

MR CHIANG BOON KONG
Senior Manager
Projects & Training

MR KHONG BEE
Senior Manager
Customer Service

MS LOH SOOK MEE
Senior Manager
Finance

MR FELIX LING MING HUI
Senior Manager
Agency Management

MR JOACHIM TOH WEN KEONG
Senior Manager
Investment

MS JOANNE GOH WAN MOON
Senior Manager
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MR LIM KIAN WEI
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MR TAN ENG HOOI
General Manager

MR NG BOON THIAN
Chief Investment Officer &
Deputy General Manager

MR BRUCE LEE YEE LAM
Assistant General Manager
Finance & Customer Service

MR TAN TIAM CHAI
Assistant General Manager
Field Operations

MS CHEONG SOO CHING
Chief Internal Auditor & Senior Manager
Internal Audit

MS RAJA MAZLENA RAJA AZIZ
Company Secretary & Senior Manager
Company Secretariat & Corporate Services

MR TEH LOO HAI
Appointed Actuary & Senior Manager
Actuarial Support & Corporate Planning

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IPOH
Great Eastern Life Building
119 Jalan Sultan Idris Shah
30000 Ipoh, Perak
telephone: (60) 05-254 2027
facsimile: (60) 05-255 5578

JOHOR BAHRU
10th Floor, Menara Pelangi
Jalan Kuning, Taman Pelangi
80400 Johor Bahru, Johor
telephone: (60) 07-334 1022
facsimile: (60) 07-334 0426

KELANG
Wisma Muth Amal
11 Jalan Stesen
41000 Kelang, Selangor
telephone: (60) 03-3371 6041
facsimile: (60) 03-3371 6942

KLUANG
No. 1 (1st & 2nd Floor)
Jalan Yayasan
86000 Kluang, Johor
telephone: (60) 07-772 3529
facsimile: (60) 07-772 3449

KOTA BHARU
Lot 496-498 Wakaf Siku
Jalan Sultan Yahya Petra
15200 Kota Bharu, Kelantan
telephone: (60) 09-748 2332
facsimile: (60) 09-744 9701

KOTA KINABALU
1st & 2nd Floor
Wisma Budaya
Jalan Tunku Abdul Rahman
88000 Kota Kinabalu, Sabah
telephone: (60) 088-252 033
facsimile: (60) 088-210 437

KUANTAN
B16 & B18 Lorong Tun Ismail Satu
25000 Kuantan, Pahang
telephone: (60) 09-515 7666
facsimile: (60) 09-515 8477

Group Service Network

KUCHING

Lots 181 & 182
Jalan Song Thian Cheok
93100 Kuching, Sarawak
telephone: (60) 082-412 736
facsimile: (60) 082-256 210

KUALA TERENGGANU

2nd Floor, 6F Bangunan Persatuan Hin Ann
Jalan Air Jernih
20300 Kuala Terengganu
telephone: (60) 09-622 4959
facsimile: (60) 09-626 5195

LAHAD DATU

1st & 2nd Floor, Block 19
Sedco Shop House
Phase 2, Lot 3
91100 Lahad Datu, Sabah
telephone: (60) 089-884 136
facsimile: (60) 089-884 226

LIMBANG

Lot 1406, 1st Floor
Jalan Buangsiol
98700 Limbang, Sarawak
telephone: (60) 085-214 057
facsimile: (60) 085-214 057

MELAKA

6th Floor
Bangunan Bank Rakyat
Jalan Hang Tuah
75300 Melaka
telephone: (60) 06-282 4577
facsimile: (60) 06-283 4579

MIRI

Lots 574 & 575, Ground Floor
North Yu Seng Road
98000 Miri, Sarawak
telephone: (60) 085-413 299
facsimile: (60) 085-417 518

PENANG

Ground, 1st & 2nd Floor
Wisma Hai Thong
28 Penang Street
10200 Penang
telephone: (60) 04-262 2141
facsimile: (60) 04-262 2140

SANDAKAN

1st Floor, Bangunan Sabah
Jalan Pelabuhan, Mail Bag Service 38
90009 Sandakan, Sabah
telephone: (60) 089-213 484
facsimile: (60) 089-271 343

SARIKEI

Lot 1438, Block 36, 1st Floor
Jalan Masjid
96100 Sarikei, Sarawak
telephone: (60) 084-653 884
facsimile: (60) 084-653 884

SEREMBAN

No 36 & 37
Jalan Dato' Lee Fong Yee
70000 Seremban, Negeri Sembilan
telephone: (60) 06-763 6120
facsimile: (60) 06-763 1480

SIBU

No.3, 5 & 7, Jalan Keranji
96000 Sibu, Sarawak
telephone: (60) 084-312 968
facsimile: (60) 084-333 925

TAWAU

1st Floor, Wisma Dat
Jalan Billian
P.O. Box 773
91008 Tawau, Sabah
telephone: (60) 089-771 322
facsimile: (60) 089-762 341

Notice Of Annual General Meeting

GREAT EASTERN HOLDINGS LIMITED (INCORPORATED IN THE REPUBLIC OF SINGAPORE)

NOTICE IS HEREBY GIVEN that the First Annual General Meeting of the Shareholders of Great Eastern Holdings Limited will be held at 65 Chulia Street #50-00, OCBC Centre, Singapore 049513 on Thursday, 27 April 2000 at 10.00 a.m. for the following purposes:

As Ordinary Business

- 1 To receive and adopt the Directors' Report and the Audited Accounts for the financial period ended 31 December 1999.
- 2 To sanction the declaration of a first and final dividend and a special dividend for the financial period ended 31 December 1999 as recommended by the Directors.
- 3 (a) To pass the following resolution pursuant to Section 153(6) of the Companies Act, Chapter 50:

That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Lee Seng Wee be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual Genral Meeting of the Company.

- (b) To re-elect the following Directors, each of whom retires under the provisions of Article 97 of the Company's Articles of Association:
 - (i) Mr Michael Wong Pakshong
 - (ii) Tan Sri Dato' Dr Lin See-Yan
 - (iii) Mr Peter N Husum

NOTE: Mr Michael Wong Pakshong and Tan Sri Dato' Dr Lin See-Yan, upon their re-appointment as Directors, will remain as members of the Audit Committee and are considered independent members of the Audit Committee.

- 4 To approve Directors' fees of S\$280,000 for 1999 (1998: S\$338,000*)
- 5 To appoint Auditors and authorise the Directors to fix their remuneration.
- 6 To transact any other ordinary business.

As Special Business

To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution to empower the Directors to issue shares in the capital of the Company up to an amount not exceeding in total 50 per cent of the issued share capital of the Company, of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company does not exceed 20 per cent of the issued share capital of the Company:

Mandate to issue shares

- 7 That pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50 per cent of the issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company does not exceed 20 per cent of the issued share capital of the Company for the time being and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

- 8 To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution to empower the Directors to grant options under the Great Eastern Holdings Executives' Share Option Scheme and to issue shares pursuant to the exercise of the options thereunder, provided that the aggregate number of shares to be issued does not exceed 10 per cent of the issued share capital of the Company:

Mandate to grant share options and to issue shares arising

That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Great Eastern Holdings Executives' Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 10 per cent of the total issued share capital of the Company from time to time.

- 9 To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution to authorise the capitalisation of a sum of S\$97,175,882 from the General Reserve account of the Company for purposes of the proposed one-for-one bonus issue and to empower the Directors to issue the 97,175,882 bonus shares arising:

Capitalisation of reserve and bonus issue of shares

That it is desirable to capitalise a sum of S\$97,175,882, being part of the amount standing to the credit of the General Reserve account of the Company as at 31 December 1999, and accordingly, the sum of S\$97,175,882 (the "Capital Sum") be capitalised and distributed among the persons who, as at 5.00 p.m. on 9 May 2000, are registered holders (the "Holders") of existing ordinary shares of S\$1 each (the "Shares") in the capital of the Company on the condition that the Holders become entitled to such sum as capital in terms of Article 132 of the Articles Association of the Company and that the whole of the Capital Sum be applied in payment in full of the aggregate par value of 97,175,882 new ordinary shares of S\$1 each (the "Bonus Shares") in the capital of the Company, the Bonus Shares to rank in all respects *pari passu* with the Shares, except that they shall not rank for the first and final dividend and special dividend to be declared in respect of the financial period ended 31 December 1999, and that accordingly, the Directors be and are hereby authorised to allot and issue the Bonus Shares credited as fully paid to the Holders, as nearly as practicable, in the proportion of one (1) Bonus Share for every one (1) Share then held by the Holders, and that the Bonus Shares shall be treated for all purposes as an increase in the nominal amount of the issued share capital of the Company and not as income.

By Order of the Board

Elizabeth Teoh
SECRETARY

7 APRIL 2000
SINGAPORE

* The comparative figure refers to the 1998 Directors' fees of Directors of The Great Eastern Life Assurance Company Limited.

NOTE: A member of the Company entitled to attend and vote at the abovementioned Meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Company's Registered Office not less than 48 hours before the time fixed for holding the Meeting.

Proxy Form

GREAT EASTERN HOLDINGS LIMITED (INCORPORATED IN THE REPUBLIC OF SINGAPORE)

I/We, _____
of _____
being a member/members of Great Eastern Holdings Limited, hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

--	--	--	--

as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 27 April 2000 at 10.00 a.m. and at any adjournment thereof.

I/We have indicated with an "X" in the appropriate box against such item how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, or in the event of any item arising not summarised below, my/our proxy/proxies may vote or abstain at the discretion of my/our proxy/proxies.

No.	Resolutions	For	Against
	As Ordinary Business		
1	Adoption of Directors' Report and Audited Accounts		
2	Declaration of a first and final dividend and a special dividend		
3	(a) Re-appointment of Mr Lee Seng Wee as a Director under Section 153(6) of the Companies Act, Chapter 50		
	(b) Re-election of Directors retiring under Article 97:		
	(i) Mr Michael Wong Pakshong		
	(ii) Tan Sri Dato' Dr Lin See-Yan		
	(iii) Mr Peter N Husum		
4	Approval of Directors' fees		
5	Appointment of Auditors and to authorise the Directors to fix their remuneration		
6	Other ordinary business		
	As Special Business		
7	Authority for Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50		
8	Authority for Directors to offer and grant options pursuant to the Great Eastern Holdings Executives' Share Option Scheme		
9	Approval to capitalise reserve for bonus issue and authority for Directors to issue 97,175,882 bonus shares		

Dated this _____ day of _____ 2000

Signature(s) of Member(s) or Common Seal

Total No. of Shares Held: _____

Important: Please read notes overleaf.



Notes

- 1 Please insert the total number of shares held by you, including any shares entered against your name in the Depository Register kept by The Central Depository (Private) Limited.
- 2 A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
- 3 Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- 4 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 65 Chulia Street #18-01, OCBC Centre, Singapore 049513, not less than 48 hours before the time fixed for holding the Annual General Meeting.
- 5 The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised.
- 6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 7 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.
- 8 The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

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