



GREAT EASTERN HOLDINGS LIMITED

ANNUAL REPORT 2000

CONTENTS

2	Chairman's Statement
6	Board of Directors
7	Corporate Information
8	Highlights of the Year 2000
10	Review of Operations and Activities
20	Financial Highlights of the Group
21	Directors' Report and Financial Statements
58	Major Investment Properties of the Group
60	Shareholding Statistics
62	Group Service Network
68	Notice of Annual General Meeting
71	Proxy Form

Chairman's Statement



Michael Wong Pakshong CHAIRMAN

Many measures have been introduced by the Singapore Government in recent years, arising from its review in 1997 of the competitiveness of the Singapore economy, to liberalise and transform the insurance, banking, capital markets and other sectors of the financial market. Significant fundamental changes are being implemented to develop a more efficient and competitive market-place with a high degree of openness and transparency to move the finance industry closer to world-class standards. Under-pinning these initiatives and changes is the aim for Singapore to be a major financial centre in Asia as well as a premier insurance hub. The review process is on-going and more changes can be expected.

It is against such a backdrop of rapid changes in the financial landscape and a compelling need for us to adapt to meet the new challenges emerging that we review our position. Our vision is to be a choice financial services provider in the region.

We have taken steps to restructure and strengthen the required core competencies. In 1999 we established Great Eastern Holdings as our financial holding and listed vehicle. In year 2000, we restructured the capital of the Company. We effected a one for one bonus issue and sub-divided the shares in the capital of the Company from S\$1 each to S\$0.50 each. In year 2000 we also completed the merger with The Overseas Assurance Corporation Limited ("OAC") to create one of the largest Asia-based insurance groups.

FINANCIAL RESULTS

For the year 2000, the Singapore economy achieved an impressive growth rate of 9.9%, as did the Malaysian economy with a growth rate of 7.0 %. However, it was a volatile and difficult year for the equity markets coupled with the collapse of internet and dotcom stocks in the second half of 2000. Returns for fixed income investments in both Singapore and Malaysia also declined.

For the financial year 2000, the life insurance industry as a whole did well in terms of premium growth. Our Group shared in this growth. I am pleased to report that our Group achieved pre-tax profits of S\$189 million from our core insurance operations, an increase of 32% over 1999. (The Group's financial results for year 2000 do not include those of OAC as the merger with OAC was completed only on 23 December 2000). Premium income increased by 17% from S\$2.59 billion to S\$3.04 billion, expense ratio decreased from 3% to 2.7%, and our non-participating life assurance funds turned in a good performance. These augur well for the future provided we continue to maintain the profitability of our insurance business.

The net after-tax profit attributable to shareholders, which included profits from insurance operations and investments, and fees and other income, however showed a decrease of 19% from S\$221 million in 1999 to S\$180 million in 2000. This decrease was attributable partly to the provision of

S\$32 million made for diminution in value of investment in equities as a result of market decline (in contrast, there was a write-back of S\$36.6 million in provision in 1999) and partly to the increased Group income tax charge of S\$77.0 million for the year 2000. (The Group income tax charge for 1999 was only S\$32.2 million, as profit from our Malaysian operation was not subject to tax in 1999 arising from the change in tax basis in Malaysia).

DIVIDENDS

An interim dividend of 5 cents per ordinary share of S\$0.50 each amounting to S\$14.0 million (net) was paid in September 2000. The Directors will recommend for shareholders' approval the payment of a final dividend of 12 cents per ordinary share of S\$0.50 each less Malaysian income tax at 28%, amounting to S\$40.7 million net of tax, making a total dividend payment of 17 cents for the financial year 2000.

While the rate of dividend is the equivalent of the 68% dividend paid in 1999 (the 68% being before the Company's one-for-one bonus issue and the sub-division of its shares of S\$1/- each to S\$0.50 each), the absolute amount of total dividend net of tax paid out in respect of financial year 2000 will increase from S\$47.6 million to S\$54.7 million. The increase represents the additional dividend payable on the 82,586,841 new Great Eastern Holdings shares issued on 23 December 2000 pursuant to the terms of the merger with OAC.

MERGER WITH OAC

The Company's merger with OAC will bring our enlarged Group to become a dominant market leader for life insurance in both Singapore and Malaysia. Great Eastern Life will focus primarily on agency distribution and OAC on bancassurance, in partnership with Oversea-Chinese Banking Corporation Limited in Singapore.

The enlarged Group will have more flexibility to organise the operations to reap the benefits of scale, operational efficiencies and enhanced opportunities for cross-selling of insurance and other related financial products. Consolidation of services in information technology

Chairman's Statement

support, asset management, transaction processing and corporate and customer services will enable the Group to achieve greater economies of scale and improve cost competitiveness. The integration of management capabilities, expertise and resources will allow the Group to be a stronger and more dynamic organisation, better able to provide value-added and seamless services to customers and deliver quality products at competitive prices. It will also enhance our ability to attract, develop and retain talent needed to manage and lead the Group to achieve its vision and goals in the years ahead.

SIGNIFICANT DEVELOPMENT AFFECTING THE LIFE INSURANCE INDUSTRY

A most important development took place in year 2000 that will impact fundamentally on the way life insurance is sold in Singapore. The Monetary Authority of Singapore, in March 2000, appointed the Committee on Efficient Distribution of Life Insurance ("CEDLI"), comprising senior practitioners from the life insurance industry, to propose recommendations to promote transparency, competitiveness and efficiency in the distribution of life insurance products. CEDLI completed its work in October 2000 and recommended a comprehensive package of measures to be implemented in phases in year 2001. The recommendations cover the advisory process, linking basic fact-find and needs analysis to product recommendation, the training of insurance advisors and supervisors and competence requirements and the disclosure of

distribution cost, charges and expenses.

A key measure which has already been implemented from 1 January 2001 is the requirement for insurance advisors to perform a fact-find on the personal financial status and needs of a prospective buyer and to state the basis for the financial advice and product recommendation given. Cost transparency, to be implemented from 1 July 2001, requires the insurance advisor to disclose the total distribution cost and total company expenses incurred in the transaction. The sale benefit illustrations will have to show the impact of all expenses on the yield upon policy maturity. The basic roles and responsibilities of the insurance advisors and the supervisors are defined besides the required training and competencies.

Our Group views the above development positively. We will continue to invest in the training of our agents/insurance advisors and supervisors to enhance their skills and professionalism to meet the new requirements to better serve our customers.

MALAYSIAN OPERATIONS

In recent years, the Malaysian government implemented policies relating to the consolidation of banks in Malaysia. Bank Negara Malaysia ("BNM") has also encouraged insurance companies in Malaysia to do likewise and has announced a master plan for the gradual liberalisation of the finance industry. The local insurance companies are urged to strengthen and prepare themselves to face the competition in an open market-place.

For our Malaysian operations, following our merger with OAC, we now have two operating insurance companies in Malaysia, Great Eastern Life Assurance (Malaysia) Berhad ("GELM") and Overseas Assurance Corporation (Malaysia) Berhad ("OACM"). To rationalise the Group's insurance business in Malaysia, we decided that GELM should focus on life insurance business and OACM on general insurance business. We have obtained approval from BNM to transfer OACM's life insurance business to GELM. This is expected to be completed by the second half of this year. The life insurance agents

of OACM have now been transferred to GELM. Such rationalisation will also increase scale and will result in more effective use of our resources in agency management, development and training.

OUTLOOK FOR 2001

For the year 2001, two significant changes introduced by the Singapore Government to encourage long-term savings and investments for retirement are very positive for premium growth. These are the further liberalisation of the use of Central Provident Fund ("CPF") members' Ordinary and Special Accounts, and the introduction of the Supplementary Retirement Scheme ("SRS") with special tax incentives.

We have positioned ourselves to compete for the substantial CPF savings which have now become available for lower-risk investments including certain insurance products. We are, therefore, confident of achieving further premium growth this year. However, the economic forecast for 2001 is a much lower economic growth of 5% to 7% for both Singapore and Malaysia. The US economy is also showing signs of slow down. This may affect the insurance industry and our business growth prospects and profitability. The slowdown will have a greater dampening effect on the equities markets. We expect 2001 to be a difficult and challenging year for our equity investments.

Fortunately we have completed most of our restructuring and merger exercise, and with an enlarged and strengthened Group, we are

cautiously optimistic of maintaining growth and profitability.

Another area of growth is regional expansion, and the Group will take advantage of any suitable opportunities for foreign investments, acquisitions or joint ventures. When the insurance industry in China is further liberalised, we will develop our existing representative office in Shanghai into an operating entity.

BOARD CHANGES

Mr Howe Yoon Chong retired as a Director and Executive Chairman of the Board at the Company's Annual General Meeting in April 2000. The Board would like to put on record its deep appreciation for the immense contribution by Mr Howe, for his invaluable leadership, wise counsel, unstinting efforts and steadfast dedication when he was Chairman and would like to wish him good health and a happy retirement.

Mr Tan Beng Lee, Professor Neo Boon Siong, Mr Shaw Vee Meng, Mr Law Song Keng, Mr Ooi Sin Teik and Mr Ho Tian Yee joined the Board in November/December 2000. On behalf of my fellow Directors, I extend a warm welcome to them.

CONCLUSION

On behalf of the Board of Directors, I wish to thank all our staff and agents for their dedication, hard work and contributions to the Group's performance over the past year. I take this opportunity to thank our shareholders, policyholders and customers for their continued support and faith in the Group. I also wish to thank my fellow Directors for their invaluable advice and support during the year.

Michael Wong Pakshong
CHAIRMAN

22 February 2001

Board of Directors



Mr Michael Wong Pakshong
Chairman



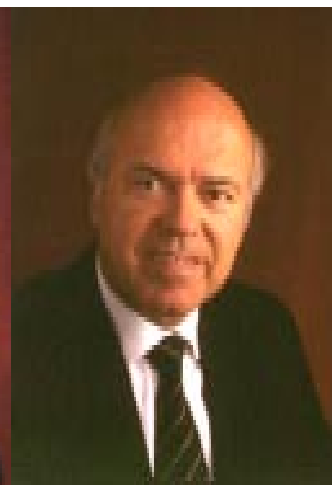
Mr Tan Beng Lee
Chief Executive Officer



Mr Lee Seng Wee



Tan Sri Dato' Dr Lin See-Yan



Mr Peter N Husum



Professor Neo Boon Siong



Mr Shaw Vee Meng



Mr Law Song Keng



Mr Ooi Sin Teik



Mr Ho Tian Yee

Corporate Information

BOARD OF DIRECTORS

Mr Michael Wong Pakshong
Chairman

Mr Tan Beng Lee
Chief Executive Officer

Mr Lee Seng Wee

Tan Sri Dato' Dr Lin See-Yan
PSM, DPMP, DSAP, IMN, JSM, AMN

Mr Peter N Husum

Professor Neo Boon Siong

Mr Shaw Vee Meng

Mr Law Song Keng

Mr Ooi Sin Teik

Mr Ho Tian Yee

AUDIT COMMITTEE

Mr Michael Wong Pakshong
Chairman

Tan Sri Dato' Dr Lin See-Yan

Mr Peter N Husum

Professor Neo Boon Siong

Mr Ho Tian Yee

COMPENSATION COMMITTEE

Mr Michael Wong Pakshong
Chairman

Mr Ooi Sin Teik

Mr Ho Tian Yee

GROUP SECRETARY

Ms Elizabeth Teoh Pek Har

REGISTERED OFFICE

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OCBC Centre
Singapore 049513
telephone: (65) 2482000
facsimile: (65) 4383889
website: <http://www.Lifeisgreat.com.sg>

SHARE REGISTRATION OFFICE

KPMG (Share Registrars)
138 Robinson Road #17-00
Hong Leong Centre
Singapore 068906

AUDITORS

Ernst & Young
Mr John Chin
Audit Partner In Charge

Highlights Of The Year 2000

January

- Singapore**
- Great Kick-Off was held to introduce the year's marketing plans and product launches.
 - Giro was introduced for non-life premium payments for policyholders' convenience.

- Malaysia**
- Life Insurance Day was organised by the Kinabalu Branch.
 - Launch of Investment-Linked Plans.
 - Great Eastern Life's Easi-Pay Sales Contest Prize Presentation.

February

- Singapore**
- MeduCare, the first education savings plan which covers child-related illnesses, was launched at the MeduCare Launch Press Conference.

March

- Singapore**
- Organised the performance of the musical, "The Student Prince" to raise funds for our community project CHILDRENCARE.
 - Great Eastern Life Honours Day TOC & MDPC Inaugural Ceremony.
 - Star Cruise Convention 2000.

- Malaysia**
- Great Eastern Life Annual Supremacy Award Presentation and Annual Convention for Supremacy Award qualifiers.
 - Scrapbook Competition Prize Presentation at SRK Raja Muda, Shah Alam.

April

- Singapore**
- Visit by China Insurance Regulatory Commission delegates led by its Chairman, Mr Ma Yongwei.
 - Implementation of change of address by phone and e-mail.

- Malaysia**
- Sponsorship of The Star newspapers worth RM10,000 for 10 schools in Malaysia under The Star's Newspaper-In-Education Programme.
 - Scrapbook Competition Prize Presentation at SMK Dr Megat Khas, Ipoh.
 - Life Insurance Day (Monthly Community Project) was held at the National Autistic Society of Malaysia where RM 10,000 worth of musical instruments were presented to the Society.

May

- Singapore**
- Millennium 2000 Grand Draw Prize Presentation.

- Malaysia**
- Group Insurance Incentive Trip to Perth.

June

- Singapore**
- SAF Day Combined Rededication Ceremony 2000 for the Central Business District, officiated by Deputy Prime Minister and Minister for Defence, Dr Tony Tan.
 - Agentcare for agents was implemented at Head Office and Service Centres.
 - Cebu Convention 2000.
 - ISO 9002 Certificate presented to Claims Department.

- Malaysia**
- Launch of EducationLink Life Policy.
 - Launch of Lion Guaranteed Dividend Plan.
 - Purchase of a 2½ storey office building at No. 50 Jalan Ampang by Great Eastern Life Assurance (Malaysia).

July

- Singapore**
- Launch of 2 new GreatLink feeder funds managed by Schroder Investment Management (S) Limited.

August

- Singapore**
- Launch of GreatLink Global 100 Growth Fund, a new GreatLink feeder fund managed by CMG First State Investments.
 - InnoDrive Award Presentation.

- Malaysia**
- ISO 9002 Certificate presented to Claims Department.

September

- Singapore**
- Pilot launch of E-Sign for Great Eastern Mobile System to help agents capture clients' signatures electronically in proposal forms.

- Malaysia**
- The CHILDRENCARE Youth Camp at Rebutia Camp, Gombak.

October

- Singapore**
- Agents' Service Centre set up at Apex Tower.
 - MeduCare extended coverage to include hand, foot and mouth disease and 4 other illnesses.
 - A S\$5,000 Great Eastern Education Fund presented to the grand prize winner of the Little Dragon Baby Contest, jointly organised by Great Eastern Life and Robinsons & Co.
 - Straits Lion Asset Management granted the Investment Advisor's Licence to manage third party funds.

- Malaysia**
- Great Eastern Life Assurance (Malaysia) purchased five units of 5-storey shop offices at Jalan Yam Tuan, Seremban for Seremban Branch Office.
 - Official opening of Wisma Great Eastern Life, the Kota Kinabalu Branch Office, officiated by the Chief Minister of Sabah, Y.B. Datuk Seri Panglima Haji Osu Haji Sukam (S.P.D.K., P.G.D.K., D.A., Sarawak).
 - Supremacy Scholarship Award and Supremacy Local Scholarship Award Presentation Ceremony.
 - Great Eastern Life (Malaysia) emerged overall champion in the annual Malaysian Insurance Institute Sports Meet.
 - CHILDRENCARE donated RM10,000 worth of electrical items to The Handicapped Children's Centre, Penang; and RM 5,000 worth of items to Rumah Budak Laki-Laki Tun Abdul Aziz, Melaka.

November

- Singapore**
- Launch of LongTerm GoldenCare, the first and only annuity plan in Singapore which provides long term care benefits.
 - Great Eastern Life contributed S\$25,000 to the Boys' Brigade Charity Gift Box. Staff and agents volunteered their service to canvass for donations at booths at Orchard Emerald.

- Malaysia**
- Opening of the new Ipoh Branch office officiated by Mr Tan Eng Hooi, Great Eastern Life's General Manager.
 - Launch of Health Care Card in Kuala Lumpur.
 - CHILDRENCARE donated RM10,000 worth of gifts to Taman Sinar Harapan Tampoi, Johor, and RM 5,000 worth of items to Pusat Harian Kanak-Kanak Spastik, Ipoh.

December

- Singapore**
- Great Eastern Holdings completed its merger with Overseas Assurance Corporation ("OAC"). OAC agents crossed over to Great Eastern Life.

Review of Operations and Activities



The lion corporate symbol has always been with Great Eastern, a symbol of leadership, strength and dependability.

The corporate identity and the lion corporate symbol have been re-vitalised and launched in January 2001 to reflect a more dynamic and forward-looking Group, steadfast on its vision to be the choice financial services provider in the region and beyond.

The Group is well-prepared to deal with changes and new challenges, to deliver quality products and value added services to customers with integrity, initiative and involvement; its agents are well-trained to advise and assist customers in their financial planning. Great Eastern will continue to deliver what it promises.

with Great Eastern – *Life is great!*

Insurance Operations

Great Eastern Holdings' insurance operations turned in strong results for year 2000. Premium income for the Group was S\$3 billion, a 17% increase from 1999. Group pre-tax profits from insurance operations was S\$189 million, an increase of 32% over 1999.

The Group's new business grew by 53% in Singapore, from S\$511 million to S\$781 million, and 35% in Malaysia, from S\$131 million to S\$174 million, making Great Eastern one of the dominant market leaders in Singapore and Malaysia.

The year 2000 saw many changes in the industry and in the Group. A number of liberalisation measures are being introduced. In line with the liberalisation of the financial industry, the Group embarked on new strategies, while improving on its traditional strengths. The Group continues to strengthen its image and brand. Along with its re-launched corporate lion logo and corporate identity, a new tagline, "Life is great" is adopted.

With the Company's merger with Overseas Assurance Corporation Limited ("OAC"), distribution channels for the insurance operations are streamlined to enhance their effectiveness. Great Eastern Life's focus is on traditional agency distribution in Singapore and in Malaysia (through its subsidiary, Great Eastern Life Assurance (Malaysia) Berhad ("GELM")). Agents on life business previously with OAC have now successfully crossed over to Great Eastern Life to concentrate on the agency distribution. The resultant combined strength of the network of life sales force in Singapore and Malaysia totalled approximately 18,500 agents.

OAC's focus is on bancassurance business in Singapore, distributing the enlarged Group's products through OCBC Bank's banking network throughout Singapore and strengthening the strategic alliance and synergy with OCBC Bank, and on general insurance business in both Singapore and in Malaysia.

Review of Operations and Activities



Mr Felix Ling, Senior Manager, Distribution Development, making a presentation at the 2nd visit by the China Insurance Regulatory Commission (CIRC) delegates in December 2000.



Ms Kim Tan, Assistant Manager, Customer Service, showing the CIRC delegates around the Department.

Great Eastern Life has been assigned Standard & Poor's "AA-", insurer financial strength rating designating very strong financial security, achieving a rating in one of the top four categories for financial strength. The rating is as of June, 2000.

Talent Management

The emphasis is on productivity and developing talent and to attract and retain quality talent. The Singapore Quality Award (SQA) criteria continues to be used as a benchmark for Great Eastern Life's human resource initiatives. Arising from the merger with OAC, staffing requirements were re-assessed and staff re-deployed where necessary according to the rationalisation of businesses both in Singapore and Malaysia. The criteria of getting the right mix of talent and the right size for the volume of business is being used throughout the rationalisation and will continue to be used, to ensure that the Group maintains a competitive management expense ratio.

Distribution Channels

Currently the Group's main distribution channels are through agency and bancassurance. During the year, Great Eastern Life launched an innovative programme, the Accelerated Learning Path Program, for newly recruited agents. For existing agents, financial planning classes and seminars are provided to train them to become Certified Financial Planners. It is estimated that 50% of the Group's agents in Singapore will be qualified as Associate Financial Planners by 2003. The focus is to enhance the productivity of the agency force through better training and marketing support.

Great Eastern Life's is the first in the industry to have a bancassurance alliance, started since 1992 with OCBC Bank. The Group is committed to strengthen this channel with an enhanced bancassurance model, implemented during the year. This facilitated

OAC taking on its new role within the Group to build up the bancassurance distribution.

Great Eastern Life also deployed resources to position its e-business as a channel for simple products such as travel insurance. Using the Lifeisgreat.com vehicle, tie-ups with other portals were explored during the year, some of which will come to fruition in 2001.

In Malaysia, there is great potential for insurance growth. Arising from efforts to upgrade the selling skills of the agency force, the overall average productivity of GELM's agents also went up.

The proposed merger of the life insurance business between GELM and Overseas Assurance Corporation (Malaysia) Berhad ("OACM") approved by Bank Negara Malaysia, augurs well for the future of the Group in Malaysia. The rationalisation of operations between GELM and OACM involves the transfer of OACM's life insurance business to GELM. OACM will then focus on general insurance. Post rationalisation, GELM would command an estimated market shares of over 40% of the life insurance market in Malaysia.

Customer Service Excellence

To provide excellence in customer service to policyholders, several initiatives were made to enhance the level of service. Giro for non-life

premium payments were introduced for policyholders' convenience. Feedback from customers via web-site and from walk-in customers were introduced. New uniforms were designed for the Customer Service Officers to give them a more professional image. Higher standards were set for the Call Centre and frontline staff and a 98% call-through rate and waiting time of less than 7 minutes for walk-in customers were achieved.

In the area of agency support, the system of communicating with agents was streamlined. To make it easier for agents to submit cases, a 24-hour drop box for agents at Changi Centre was introduced. To encourage agents to follow the right procedures so that they receive faster service, a more user friendly Service and Computer Screen Guide for agents was revised.

With the aligning of businesses within the Group in Singapore, the customer database has been rationalised such that bancassurance customers as well as OAC agency customers can be served at both the service counters of Great Eastern Life and OAC.

In Malaysia, the integration of life insurance operations of GELM and OACM is in progress and every effort is being made to ensure that the best practices of both organisations are adopted for the enlarged business entity. OACM's agents on life business crossed over to GELM in early 2001. As in Singapore, the alignment of services to customers was made so that the move would not affect the service level to customers.

To complement the expanded range of new products, GELM introduced a new branch concept to raise the level of convenience and comfort offered to customers. Two model branches were relocated and revamped - one in Kota Kinabalu, East Malaysia and the other in Ipoh, West Malaysia. Other new concept branches are in

Review of Operations and Activities



Presentation at the Board Room to the CIRC delegates.



Delegates from the CIRC led by Chairman Ma Yong Wei with Director & CEO, Great Eastern Holdings, Mr Tan Beng Lee (fourth from right) on 17 April 2000.

the pipeline for 2001. The new concept branches with a modern and uniform outlook support the Group's commitment to provide excellent customer service.

During the year, GELM also appointed independent paramedical service providers in the Klang valley to enable prospective customers to have their medical examinations done by paramedical personnel in the comfort and convenience of their own homes or offices. GELM also extended the facility of payment of premium by credit card to all modes of payment to meet popular demand by customers. For the convenience and peace of mind of policyholders of its health insurance products, GELM introduced a cashless admission facility. Customers with health insurance can, if required, gain immediate admission into any of the panel of hospitals nationwide without having to place any initial deposits with the hospitals.

The respective Claims departments of Great Eastern Life and GELM became the Group's first operating units to achieve the prestigious ISO 9002 certification. Other major operating units will be recommended for this accreditation. This represents one of the many of the Group's on-going efforts to improve its methods and processes in its strife for excellence.

To be the Choice Financial Services Provider

Several innovative products were launched during 2000. Great Eastern Life launched MeduCare, the first education savings plan in Singapore covering 11 major illnesses in children. It also launched three feeder funds as part of a campaign to promote GreatLink products. These three funds are GreatLink Pan Asia Fund ("GPAF"), GreatLink European Equity Fund ("GEEF") and GreatLink Global 100 Growth Fund ("GG100"). Policyholders' response to these innovative and competitively priced products far exceeded expectation. In less



Director & CEO, Great Eastern Holdings, Mr Tan Beng Lee flanked by models of the MeduCare advertisement and celebrity, Huang Biren.



Winners of the "Little Dragon Baby Contest".

than six months, these funds generated sales of S\$16 million for GPAF, S\$20 million for GEEF and S\$60 million for GG100. These three funds boosted Great Eastern Life's market share for investment-linked products, increasing its market share to 24% (1999:19%).

Continuing in its tradition to serve the senior citizens' market, Great Eastern Life launched its Long Term GoldenCare Annuity Campaign in November 2000 during the Senior Citizen's Week. This is the first and only annuity plan in Singapore to provide long term care benefits, combining lifetime income with the need for long term care treatment.

Great Eastern Life also launched an endowment plan, Guaranteed Saver, in September 2000 that sold an impressive S\$100 million within a month.

Great Eastern Life has a range of products to cater for the retirement market when the Supplementary Retirement Scheme is launched in April 2001. These include Choice Investments and GreatLink investment products. For bancassurance in Singapore, Great Eastern Life's Choice Saver achieved good sales and sold over S\$100 million in the first eight months of 2000. Upon the merger with OAC, OAC also introduced some innovative products that boasted bancassurance sales in the last quarter of the year.

In Malaysia, GELM's good performance for 2000 was in part attributable to the introduction of new products to meet the discerning and varied needs of the market. For investors, GELM launched three investment-linked funds - the Lion Growth Fund, the Lion Income Fund and the Barakah Fund, a fund complying with Syariah principles. For customers averse to risk and desiring guaranteed returns, GELM launched the Lion Guaranteed Dividend Plan that guarantees a minimum return for 12 months at rates more competitive than commercial banks. Equal focus was given to

Review of Operations and Activities

traditional insurance products with the launch of an endowment plan, Enhanced Investment Special. Other plans introduced during the year included a whole life plan, Enhanced Superlife, a child education plan, Education-Link Life Policy, as well as a new health insurance plan, Health Protector. Having the ability to offer a comprehensive range of attractive and competitive products will ensure GELM's continued dominance in the Malaysian market.

Harnessing Information Technology

The Group places great emphasis on Information Technology both in Singapore and Malaysia, with priority in resource allocation in order to ensure greater efficiency and effectiveness.

A major initiative in progress is the establishment of a completely new Information Technology platform that will enable the Group to meet its future needs. The first phase is scheduled for completion in 2002. The new system will be used both in Singapore and Malaysia.

Great Eastern Life continues to promote aggressively the use of notebooks by its agency force to enhance the agents' professional image and effectiveness. The Great Eastern Mobile System used by the agents as a vehicle to submit proposal forms electronically was enhanced with the pilot launch of electronic signatures. When this programme is fully implemented, the agency force will be able to capture clients' signatures electronically in the proposal forms and accelerate the sales process.

Following an e-business workshop involving senior management, Lifeisgreat.com.sg is developed and launched in the first quarter of 2001. The concept centres around a financial planning portal with a lifestyle focus, distinguishing customers by their preferred lifestyles. Lifeisgreat.com.sg will also be a new channel of communication for the Group with its policyholders and potential customers.



Artist impression of the new corporate headquarters of Great Eastern Holdings at No. 1 Pickering Street.

Property

The Group has a sizeable investment property portfolio. In Singapore, Orchard Emerald, a shopping-cum-office building occupying a prime location along Orchard Road, continues to enjoy high occupancy. Great Eastern Mansions, a 64-unit residential condominium located along Taman Nakhoda, off Holland Road, has been achieving occupancy rate of above 90%. The construction works for Haig Court, a 360-unit residential condominium located along Haig Road, will be completed by mid-2002. Gallop Court, a 24-unit residential development, is currently being retrofitted and upgraded. The prime land parcel located between Newton and Lincoln Roads is being developed into a 190-unit residential condominium.

In Malaysia, phase one of the new GELM headquarters, Menara Great Eastern Life, is due for completion by end 2001, located in the heart of the financial district in Kuala Lumpur. Phase one development comprises a 20-storey office tower and an eight-storey podium with six levels of retail floors.

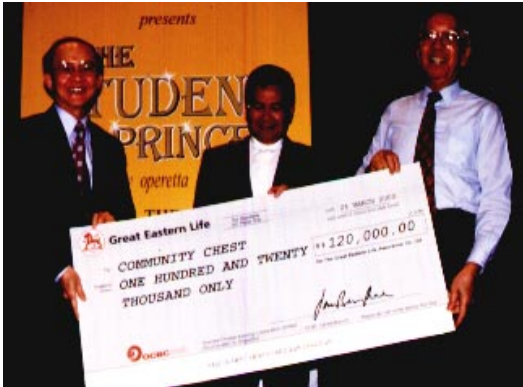
During the year, GELM acquired a property for its branch operations in Seremban and is also in the process of finalising the purchase of a property in Penang for its branch operations. GELM will continue to look for opportunities to acquire choice properties for its own use or for investment purposes.

Asset Management

The Group's in-house asset management subsidiary Straits Lion Asset Management Pte Ltd ("Straits Lion") continued to turn in good performance in year 2000 relative to the market.

Straits Lion was granted an Investment Advisor's Licence, allowing it to broaden the range of clients for which it could manage money.

Review of Operations and Activities



The Guest-of-Honour, Mr Abdullah Tarmugi, (centre), Minister for Community Development and Sports witnessing a cheque presentation of \$120,000 by Director & CEO, Great Eastern Holdings Mr Tan Beng Lee (left) to Dr Richard Eu, Chairman of Community Chest.



Agents brought their kids along to inculcate the spirit of sharing in them

Up till then, it had operated under the “Exempt Investment Advisors” licence, which restricted its client base.

The Group will continue to look at new investment products and opportunities to improve upon returns, while managing the risks associated with these investments. Straits Lion will continue to play a pivotal role in this respect.

Service to the Community

The year 2000 was an exciting one for Great Eastern Life in its efforts in community service. It sponsored and organised a children's musical that was staged under CHILDRENCARE, its community project. A sum of S\$120,000 was raised from this event that went to eight children's homes under Singapore's Community Chest. The Guest-of-Honour was Minister for Community Development and Sports, Mr Abdullah Tarmugi.

On the whole, the CHILDRENCARE and GOLDENCARE charity projects raised a total of S\$300,000 in year 2000, benefiting eight children's homes and eight elderly homes. In November 2000, the Sharity Gift Box was officially launched by President S R Nathan. Great Eastern Life sponsored S\$25,000 to the Boys' Brigade Sharity Gift Box to purchase gifts for beneficiaries. Besides monetary donations, staff and agents also volunteered to man charity booths set up at shopping malls to collect donations.

In Malaysia, the CHILDRENCARE charity project raised about RM 110,000 in year 2000, for donations to various charity organisations especially those that oversee orphanages and homes for the under-privileged and handicapped children.

Besides charity projects, in Singapore Great Eastern Life also hosted the Singapore Armed Forces (SAF) Combined Rededication Ceremony for the Central Business District (“CBD”) in June 2000. About 51 companies in the CBD participated in this yearly event.



The Organising Committee of the SAF Day Combined Rededication Ceremony 2000 with Director & CEO Great Eastern Holdings, Mr Tan Beng Lee (seventh from right) and CCO, Mr Tan Hock Lye (sixth from right).



CCO, Mr Tan Hock Lye receiving a token for Great Eastern Life's contribution towards the SAF Day Combined Rededication Ceremony from Deputy Prime Minister and Minister for Defence, Dr Tony Tan.

The Officiating Minister was Deputy Prime Minister and Minister for Defence, Dr Tony Tan.

Going Forward

In line with the Group's goal to be the choice financial services provider, a wider range of innovative, competitive and quality products will continue to be introduced. Focus will be placed on products for investment-linked funds and for the retirement market, in particular for the CPF funds recently liberalised by the Government, estimated to be about S\$52 billion from CPF members' Ordinary accounts and another S\$12 billion from members' Special accounts, now made available for lower-risk investments. Takaful products for the Muslim market will be introduced. Products will also be sold using the Lifeisgreat.com concept where customers' needs are identified according to their lifestyle preferences.

To enhance support to our agency channel in Singapore, the Group has implemented a new agency administration system, Great E-Advisor that enables agents to obtain information about the Group's new products, servicing arrangements and activities via the web.

The Group will continue to enhance its agency distribution system and the bancassurance system to enhance productivity and sales.

The Group's new corporate headquarters building in Singapore, to be named "Great Eastern Centre", at No. 1 Pickering Street will be ready around the third quarter of 2001. Moving most of the departments and operating units of Great Eastern Life and OAC under one roof, together with the Company's corporate office, there will be greater opportunities to pool and share resources, services and talents within the Group to achieve common goals and work towards the Group's vision.

Financial Highlights Of The Group

Financial year ended 31 December		2000	1999	1998	1997	1996
Turnover ¹	(S\$millions)	3,928.4	4,084.4	2,202.5	2,763.0	2,761.7
Gross Premiums	(S\$millions)	3,037.6	2,593.8	2,225.8	2,081.0	2,162.5
Total Assets ²	(S\$millions)	19,119.5	13,800.0	10,887.7	9,821.5	9,555.1
Net Profit After Tax ³	(S\$millions)	180.1	221.1	76.7	130.3	66.9
Shareholders' Funds	(S\$millions)	1,366.8	927.7	754.0	576.4	460.5
Return on Equity ⁴		18.2%	26.3%	11.5%	25.1%	15.5%
Gross Premium Growth		17.1%	16.5%	7.0%	-3.8%	6.6%
Basic Earnings per share ⁵	(cents)	0.46	0.57	0.20	0.34	0.17
Diluted Earnings per share ⁵	(cents)	0.46	0.57	-	-	-
Net Asset Backing per share ⁶	(S\$)	2.90	2.39	1.94	1.48	1.18
Dividend per share ⁷	(cents)	17.0	17.0	4.3	4.8	4.3

Footnote:

- Turnover is derived from the summation of components as follows: (1) Profit from investments and Fees and other income from the Profit & Loss Statements; (2) Gross Premiums, Investment income, Interest income, Rental income and Profit on sale of investments from the Life Assurance Revenue Statement and (3) Gross Premiums, Investment income, Interest income from the General Insurance Revenue Statement.
- Total assets as at 31 December 2000 included assets of The Overseas Assurance Corporation Limited ("OAC").
- Net profit after tax for the year ended 31 December 2000 does not include that of OAC as the post acquisition results of OAC between 23 and 31 December 2000 are considered to be not material. 1999's results included a write-back of provision for the diminution in the value of investments of S\$36.6 million and the profits from the Malaysian operations which were not subject to tax for the year 1999. 1997's results included an exceptional item of S\$51.5 million.
- The average of the opening (1 January) and closing (31 December) balances of Shareholders' Funds has been used in the computation of Return on Equity. The Return on Equity for the year 2000 has been adjusted for the exclusion of equity from OAC (S\$313.6 million) which was consolidated as at 31 December 2000.
- The basic earnings per share for the years 1996 to 1999 was adjusted for the bonus issue and sub-division of ordinary shares of S\$1/- each, which took effect from 10 May 2000 and 25 May 2000, respectively. The two events resulted in the total number of paid-up ordinary shares of S\$0.50 each, to be increased from 97,175,882 to 388,703,528. Arising from the acquisition of The Overseas Assurance Corporation Limited ("OAC"), 82,586,841 new Great Eastern Holdings shares were issued and credited as fully paid-up, thus the total number of paid-up ordinary shares of S\$0.50 each was further increased to 471,290,369 as at 31 December 2000. As described in footnote 3 above, the earnings for the year ended 31 December 2000 do not include that of OAC, hence the computation of earnings per share for year 2000 was based on 388,703,528 ordinary paid-up shares. There was no dilution of earnings per share in 1996, 1997 and 1998.
- Net asset backing per share for the years 1996 to 1999 was adjusted for the one-for-one bonus issue and sub-division of ordinary shares of S\$1/- each, as explained in footnote 5 above and includes the net assets of OAC as at 31 December 2000.
- Dividend per share for the years 1996 to 1999 has been re-computed to account for the changes in the total number of ordinary paid-up shares arising from the bonus issue and sub-division of ordinary shares of S\$1/- each. In respect of year 2000, the additional shares issued for the acquisition of OAC have been taken into account, as explained in footnote 5 above.

DIRECTORS' REPORT & FINANCIAL STATEMENTS

22	Directors' Report
30	Statement by Directors
31	Auditors' Report
32	Profit & Loss Statements
33	Balance Sheets
34	Statement of Changes in Equity
36	Consolidated Statement of Cash Flow
38	Life Assurance Revenue Statement
39	General Insurance Revenue Statement
40	Significant Accounting Policies
43	Notes to Financial Statements

DIRECTORS' REPORT

The Directors of the Company have pleasure in presenting their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2000.

DIRECTORS

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

Mr Michael Wong Pakshong, *Chairman*

Mr Tan Beng Lee, *Chief Executive Officer*
(Appointed on 23 November 2000)

Mr Lee Seng Wee

Tan Sri Dato' Dr Lin See-Yan

Mr Peter N Husum

Professor Neo Boon Siong
(Appointed on 23 November 2000)

Mr Shaw Vee Meng
(Appointed on 26 December 2000)

Mr Law Song Keng
(Appointed on 26 December 2000)

Mr Ooi Sin Teik
(Appointed on 26 December 2000)

Mr Ho Tian Yee
(Appointed on 26 December 2000)

Mr Michael Wong Pakshong retires by rotation in accordance with Article 91 of the Company's Articles of Association, and being eligible, offers himself for re-election.

Mr Tan Beng Lee, Professor Neo Boon Siong, Mr Shaw Vee Meng, Mr Law Song Keng, Mr Ooi Sin Teik and Mr Ho Tian Yee, appointed in accordance with Article 97 of the Company's Articles of Association, retire in accordance with the provisions of that Article and, being eligible, offer themselves for re-election.

Mr Lee Seng Wee retires pursuant to Section 153 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 hold office until the next Annual General Meeting of the Company.

PRINCIPAL ACTIVITIES

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

DIRECTORS' REPORT

RESULTS FOR THE FINANCIAL YEAR 2000

	Group S\$millions	Company S\$millions
Profit after income tax	182.4	201.5
Minority interests	(2.3)	–
Profit attributable to shareholders	180.1	201.5
Unappropriated profit brought forward	40.8	25.0
Translation reserve brought forward	1.6	–
Re-statement of unappropriated profit brought forward	42.4	25.0
Profit available for appropriation	222.5	226.5
Transfer to General Reserve	(100.0)	(100.0)
Dividends less income tax		
Interim dividend paid	(14.0)	(14.0)
Final dividend proposed	(40.7)	(40.7)
	(154.7)	(154.7)
Unappropriated profit carried forward	67.8	71.8

DIVIDENDS

An interim dividend of 5 cents per ordinary share of S\$0.50 each less Malaysian income tax at 28%, amounting to S\$14.0 million (net), was paid on 11 September 2000.

The Directors will at the Annual General Meeting recommend for approval the payment of a final dividend of 24% or 12 cents per ordinary share of S\$0.50 each, less Malaysian income tax at 28%, amounting to S\$40.7 million (net).

Dividends paid since the end of the previous financial period and in respect of that period, and included in the Directors' Report and financial statements of that period, consisted of a first and final dividend of 33 cents per ordinary share of S\$1/- each less Malaysian income tax at 28%, amounting to S\$23.1 million (net) and a special dividend of 30 cents per ordinary share of S\$1/- each less Malaysian income tax at 28%, amounting to S\$21.0 million (net).

MATERIAL TRANSFERS TO OR FROM RESERVES AND PROVISIONS

Details of movements in reserves during the financial year are as set out in the statement of changes in equity on pages 34 and 35, in Note 8 and in other parts of the accompanying financial statements.

There were no material transfers to or from provisions during the financial year except for normal amounts set aside for such items as depreciation and amortisation of non-current assets and provisions for doubtful debts, diminution in value of investments, and for income tax as shown in the financial statements.

DIRECTORS' REPORT

ACQUISITION OR DISPOSAL OF SUBSIDIARIES

Merger with OAC

At the Company's Extraordinary General Meeting held on 23 November 2000, shareholders approved the Company's proposed merger with The Overseas Assurance Corporation Limited ("OAC") through a scheme of arrangement ("OAC Scheme") under Section 210 of the Companies Act, Chapter 50, undertaken by OAC. The terms of the merger were set out in the Company's circular to members dated 30 October 2000 ("Circular") and extracts of the relevant principal terms have been summarised in Note 2 to the financial statements.

The OAC Scheme became effective on 23 December 2000. Pursuant to the terms of the merger, the Company on that date issued 82,586,841 new ordinary shares of S\$0.50 each based on a mutually agreed share exchange ratio ("Share Exchange Ratio"), of 2,696.8541 new ordinary shares of S\$0.50 each in the capital of the Company for every 1,000 OAC Scheme stock units, to acquire 87.25% of OAC. The basis for the Share Exchange Ratio is set out in the Circular.

Subsequently on 30 January 2001, the Company acquired from The Great Eastern Life Assurance Company Limited its existing 12.75% interest in OAC for a cash consideration of S\$67.2 million, calculated on the basis set out in the Circular, the relevant extracts of which are summarised in Note 2 to the financial statements. OAC thus became a wholly-owned subsidiary of the Company with effect from 30 January 2001.

Partial Disposal of Subsidiary

During the financial year, the Company's wholly-owned subsidiary, The Great Eastern Life Assurance Company Limited, disposed 10% of its subsidiary Straits Lion Asset Management Private Limited ("Straits Lion"), for a cash consideration of S\$2.42 million, thereby reducing its shareholding, and the Group's effective shareholding, in Straits Lion from 90% to 80%. The net tangible assets of Straits Lion disposed of amounted to S\$2.89 million.

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

ISSUE OF SHARES

Capitalisation of Reserve and Bonus Issue of Shares

Pursuant to the bonus issue approved at the Company's Annual General Meeting on 27 April 2000, 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, was capitalised and applied in full payment for 97,175,882 new ordinary shares of S\$1/- each (the "Bonus Shares"), which were allotted and issued, credited as fully paid, to the entitled shareholders in the proportion of one Bonus Share for every one share held by persons who, as at 5.00 p.m. on 9 May 2000, were registered holders of the ordinary shares of S\$1/- each in the capital of the Company.

Sub-division of Shares

Pursuant to the sub-division of shares approved at the Company's Extraordinary General Meeting on 27 April 2000, the Company's then existing 1,000,000,000 ordinary shares of S\$1/- each in the capital (authorised capital) of the Company, of which 97,175,882 of the said ordinary shares of S\$1/- each ("Shares") have been issued and are fully paid-up and 97,175,882 new Shares (Bonus Shares) have been issued, credited as fully paid, were sub-divided into 2,000,000,000 ordinary shares (authorised capital) of S\$0.50 each (the "Sub-Divided Shares"), of which 194,351,764 Sub-Divided Shares have been issued and are fully paid-up and 194,351,764 have been issued credited as fully paid-up.

DIRECTORS' REPORT

Issue of Shares Arising from the Merger with OAC

Pursuant to the approval granted by the shareholders at the Extraordinary General Meeting on 23 November 2000 for the Company's merger with OAC and the allotment and issue of 82,586,841 new ordinary shares of S\$0.50 each, credited as fully paid-up, the Company on 23 December 2000 allotted and issued 82,586,841 new ordinary shares of S\$0.50 each in the capital of the Company, credited as fully paid-up, to the OAC Scheme stockholders based on the above Share Exchange Ratio, to acquire 87.25% of OAC.

DIRECTORS' INTERESTS IN SHARES OR SHARE OPTIONS

According to the register required to be kept by the Company under Section 164 of the Companies Act, Chapter 50, the Directors who held office at the end of the financial year and who had an interest in the shares in the Company are as follows:

Name of Director	Shareholdings registered in the name of Directors		Shareholdings in which the Directors are deemed to have an interest	
	As at 1 January 2000 (or date of appointment)	As at 31 December 2000 (shares of S\$0.50 each)	As at 1 January 2000 (or date of appointment)	As at 31 December 2000 (shares of S\$0.50 each)
Mr Michael Wong Pakshong	18,040 *	72,160	7,000 *	36,000
Mr Lee Seng Wee	285,120 *	1,463,465	112,640 *	450,560
Mr Peter N Husum	3,000 *	12,000	nil	nil
Mr Shaw Vee Meng	1,208,000 **	1,208,000	333,705 **	333,705
Mr Law Song Keng	15,949 **	15,949	nil	nil

* Shares held as at 1 January 2000 were of S\$1/- each, before the Company's one-for-one bonus issue and sub-division of shares of S\$1/- each to shares of S\$0.50 each, effected in May 2000.

** Shares held of S\$0.50 each.

	Share options held by Director in the name of Director		Share options in which Director is deemed to have an interest	
	As at date of appointment	As at 31 December 2000	As at date of appointment	As at 31 December 2000
Mr Tan Beng Lee	380,000	380,000	nil	nil

Except as disclosed above in this report, according to the register required to be kept under Section 164 of the Companies Act, Chapter 50, the Directors who held office at the end of the financial year did not hold any interest in shares in the Company or any related corporation either at the beginning or end of the financial year.

Neither at the end of the financial year, nor at any time during the year, 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, save as disclosed above in this report.

Since the end of the previous 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.

DIRECTORS' REPORT

SHARE OPTIONS

The Great Eastern Holdings Executives' Share Option Scheme (the "Option Scheme") was approved at the Company's Extraordinary General Meeting on 27 November 1999. The Option Scheme is presently administered by the Compensation Committee comprising three Directors of the Company who are non-participants of the Option Scheme.

(i) Share Options issued in previous financial period

Particulars of the 1999 Options have been set out in the Directors' Report for the financial period ended 31 December 1999.

(ii) Share Options issued during the financial year

During the financial year 2000, options were granted on 25 April 2000 pursuant to the Option Scheme, in respect of 354,900 unissued ordinary shares of S\$1/- each in the Company, to senior executives of the Company and the Company's wholly-owned subsidiaries, The Great Eastern Life Assurance Company Limited ("Great Eastern Life") and Great Eastern Life Assurance (Malaysia) Berhad, including to the following Director:

Name	Designation at the time of granting the options	No. of shares comprised in options		Offering price		Exercise period
		on 25 April 2000	as adjusted*	per share of S\$1/- each on 25 April 2000	per share of S\$0.50 each	
Mr Tan Beng Lee	Director and Chief Executive Officer of Great Eastern Life	50,000	200,000	S\$23.92	S\$5.98*	25 April 2003 to 24 January 2010

* After adjustment for the one-for-one bonus issue and sub-division of shares of S\$1/- each to S\$0.50 each.

The Offering Price, as set out in the Regulations of the Option Scheme, 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.

(iii) Adjustments to Share Options Issued

Pursuant to the terms of the Option Scheme, adjustments to the options were made consequent upon the Company's one-for-one bonus issue of shares of S\$1/- each and the sub-division of the shares from S\$1/- each to S\$0.50 each in the share capital of the Company. The number of shares comprised in the options granted on 22 December 1999 and 25 April 2000 and their corresponding Offering Prices were adjusted accordingly as follows:

Year of Grant of Options	Total No. of shares comprised in options		Offering Price	
	shares of S\$1/- each at date of offer	as adjusted*, shares of S\$0.50 each	at date of offer	as adjusted*
1999	270,300	1,081,200	S\$18.48	S\$4.62
2000	354,900	1,419,600	S\$23.92	S\$5.98

* After adjustment for one-for-one bonus issue and sub-division of shares of S\$1/- each to S\$0.50 each.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

(a) Bad and Doubtful Debts

- (i) Before the profit and loss statement 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 not otherwise dealt with in the report or financial statements of the Group and of the Company which would render any amount written off or provided for in the Group and in the Company inadequate to any substantial extent.

(b) Current Assets

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

(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 year 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 not otherwise dealt with in their report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading;
- (ii) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year 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 year and the date of this report which is likely to affect substantially the results of the financial year in which this report is made.

DIRECTORS' REPORT

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 Securities Trading Limited.

The Board of Directors

The Board comprises ten Directors, eight of whom are non-executive. The Board supervises the management of the business and affairs of the Group. Apart from its statutory duties, the Board approves the Group's overall strategic plans and policies, key operational initiatives, budgets, major investment proposals, and reviews the financial performance and business of the Group. The Board met seven times in year 2000.

The functions of the Chairman of the Board are separated from that of the Chief Executive Officer. The posts of Chairman and Chief Executive Officer of the Company are held by different persons.

The Board also establishes the limits of the discretionary powers of senior management. Board Committees such as the Audit Committee and the Compensation Committee have been established to oversee specific functions of audit and accountability and compensation matters respectively.

Audit Committee

The Audit Committee comprises five members, as follows, all of whom are independent non-executive Directors:

Mr Michael Wong Pakshong, *Chairman*

Tan Sri Dato' Dr Lin See-Yan

Mr Peter N Husum

Professor Neo Boon Siong

Mr Ho Tian Yee

The Audit Committee performs the functions specified in the Companies Act, Chapter 50, and in the Listing Manual of the Singapore Exchange Securities Trading Limited and the Best Practices Guide thereto.

The Audit Committee reviewed the scope of work of the auditors, including that of the internal and statutory auditors, on their evaluation of the system and adequacy 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 financial statements of the Group and the financial statements 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.

DIRECTORS' REPORT

Compensation Committee

The Compensation Committee comprises three non-executive Directors, Mr Michael Wong Pakshong, Mr Ooi Sin Teik and Mr Ho Tian Yee.

The Compensation Committee reviews, determines and recommends to the Board the compensation of the Chief Executive Officer of the Company and senior management of the Group. This Committee also reviews the policies governing the compensation and promotion of senior officers of the Group.

The Compensation Committee also assumes all the functions of the Company's Executives' Share Option Scheme Committee, which as a result has been dissolved. Members of the Compensation Committee are non-participants in the Option Scheme.

AUDITORS

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

On behalf of the Board

Michael Wong Pakshong

CHAIRMAN

22 February 2001
Singapore

Tan Beng Lee

DIRECTOR

STATEMENT BY DIRECTORS Pursuant to Section 201(15)

We, Michael Wong Pakshong and Tan Beng Lee, 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 statements, statements of changes in equity, consolidated statement of cash flow, the life assurance revenue statement and general insurance revenue statement together with the accompanying notes to the financial statements thereto, 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 2000, the results and changes in equity of the Group and of the Company and the cash flows of the Group, for the year 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

Michael Wong Pakshong
CHAIRMAN

22 February 2001
Singapore

Tan Beng Lee
DIRECTOR

AUDITORS' REPORT to the Members of Great Eastern Holdings Limited

We have audited the financial statements of Great Eastern Holdings Limited and the consolidated financial statements of the Group set out on pages 32 to 57. These financial statements comprise the balance sheets of the Group and of the Company as at 31 December 2000, the profit and loss statements and the statements of changes in equity of the Group and of the Company and the consolidated statement of cash flow, the life assurance revenue statement and general insurance revenue 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 ("Act") and Singapore 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 2000, the results and changes in equity 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

22 February 2001
Singapore

PROFIT & LOSS STATEMENTS for the financial year ended 31 December

in Singapore Dollars (millions)	Notes	Group		Company	
		2000	1999	2000	1999
Turnover		3,928.4	4,084.4	–	–
Gross premiums		3,037.6	2,593.8	–	–
Profit from life assurance		187.5	141.6	–	–
Profit from general insurance		1.5	1.8	–	–
Profit from insurance operations		189.0	143.4	–	–
Dividend from subsidiary		–	–	273.1	304.2
Investment income	4	17.3	15.0	0.8	–
Interest income		14.9	13.2	4.1	0.1
Profit on sale of investments		47.4	29.9	–	–
(Increase in)/write-back of provision for diminution in the value of investments		(32.0)	36.6	–	–
Profit from investments		47.6	94.7	278.0	304.3
Fees and other income		29.8	25.0	–	–
Profit before expenses		266.4	263.1	278.0	304.3
<i>less: Expenses</i>					
Management expenses		14.6	7.8	2.1	–
Depreciation	10	0.2	0.2	–	–
Exchange differences		(9.2)	(0.7)	–	–
Other expenses	5	1.4	1.1	0.3	–
		7.0	8.4	2.4	–
Profit before income tax		259.4	254.7	275.6	304.3
<i>less: Income tax</i>	7	77.0	32.2	74.1	85.2
Profit after income tax		182.4	222.5	201.5	219.1
<i>less: Minority interests</i>		2.3	1.4	–	–
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		180.1	221.1	201.5	219.1
Basic earnings per share (in Singapore dollars)	9	\$ 0.46	\$ 0.57		
Diluted earnings per share (in Singapore dollars)	9	\$ 0.46	\$ 0.57		

The accompanying significant accounting policies and notes form an integral part of the financial statements.

BALANCE SHEETS as at 31 December

in Singapore Dollars (millions)	Notes	Group						Company	
		Total		Shareholders' and General Funds		Life Assurance Fund		2000	1999
		2000	1999	2000	1999	2000	1999		
Property, plant and equipment	10	920.4	859.7	5.2	1.9	915.2	857.8	–	–
Investments	11	12,767.2	8,583.8	957.6	416.0	11,809.6	8,167.8	56.8	–
Subsidiary companies	12	–	–	–	–	–	–	839.4	216.2
Goodwill on consolidation		0.3	0.7	0.3	0.7	–	–	–	–
Policy loans		1,488.6	1,183.5	–	–	1,488.6	1,183.5	–	–
Outstanding premiums		153.5	134.1	13.3	4.5	140.2	129.6	–	–
Other debtors and interfund balances		377.6	225.6	302.1	210.4	75.5	15.2	0.7	0.1
Cash on deposit		3,044.4	2,680.3	536.9	457.2	2,507.5	2,223.1	309.7	100.0
Cash and bank balances		367.5	132.3	41.3	21.3	326.2	111.0	(2.6)	–
Total Assets		19,119.5	13,800.0	1,856.7	1,112.0	17,262.8	12,688.0	1,204.0	316.3
<i>Represented by :</i>									
Share Capital	13	235.7	97.2	235.7	97.2	–	–	235.7	97.2
Reserves									
General reserve		782.5	779.7	782.5	779.7	–	–	152.8	150.0
Accident reserve		10.0	10.0	10.0	10.0	–	–	–	–
Translation reserve		(1.5)	(1.6)	(1.5)	(1.6)	–	–	–	–
Merger reserve	2	272.3	–	272.3	–	–	–	701.0	–
Accumulated profit		67.8	42.4	67.8	42.4	–	–	71.8	25.0
Shareholders' Fund		1,366.8	927.7	1,366.8	927.7	–	–	1,161.3	272.2
Life Assurance Fund	14	15,757.7	11,672.5	–	–	15,757.7	11,672.5	–	–
Minority interests		53.2	2.7	53.2	2.7	–	–	–	–
General Insurance Fund	15	141.3	28.1	141.3	28.1	–	–	–	–
Provision for deferred tax		9.3	–	4.8	–	4.5	–	–	–
Provision for agents' retirement benefits		104.0	101.0	–	–	104.0	101.0	–	–
Claims admitted or intimated		92.9	71.1	0.4	–	92.5	71.1	–	–
Policy benefits		768.8	607.1	–	–	768.8	607.1	–	–
Other creditors and interfund balances		579.3	263.5	73.3	18.3	506.0	245.2	1.0	–
Proposed dividend	16	40.7	44.1	40.7	44.1	–	–	40.7	44.1
Provision for income tax		205.5	82.2	176.2	91.1	29.3	(8.9)	1.0	–
		1,995.0	1,199.8	489.9	184.3	1,505.1	1,015.5	42.7	44.1
Total		19,119.5	13,800.0	1,856.7	1,112.0	17,262.8	12,688.0	1,204.0	316.3

The accompanying significant accounting policies and notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY for the financial year ended 31 December

in Singapore Dollars (millions)	Notes	Group					Accumulated Profit	Total
		Share Capital	General Reserve	Accident Reserve	Translation Reserve	Merger Reserve		
Balance at 1 January 1999		–	629.7	10.0	(1.8)	–	18.9	656.8
Exchange differences arising on translation of overseas entities		–	–	–	0.2	–	–	0.2
Net profit for the period		–	–	–	–	–	221.1	221.1
Interim dividend paid (net of 28% Malaysian tax)		–	–	–	–	–	(3.5)	(3.5)
Proposed dividend (net of 28% Malaysian tax)	16	–	–	–	–	–	(23.1)	(23.1)
Proposed special dividend (net of 28% Malaysian tax)	16	–	–	–	–	–	(21.0)	(21.0)
Transfer of reserve		–	150.0	–	–	–	(150.0)	–
Issue of share capital	13	97.2	–	–	–	–	–	97.2
Balance at 31 December 1999		97.2	779.7	10.0	(1.6)	–	42.4	927.7
Exchange differences arising on translation of overseas entities		–	–	–	0.1	–	–	0.1
Net profit for the period		–	–	–	–	–	180.1	180.1
Interim dividend paid (net of 28% Malaysian tax)	16	–	–	–	–	–	(14.0)	(14.0)
Proposed dividend for the year (net of 28% Malaysian tax)	16	–	–	–	–	–	(40.7)	(40.7)
Capitalisation of reserve	13	97.2	(97.2)	–	–	–	–	–
Acquisition of subsidiary	2	–	–	–	–	701.0	–	701.0
Goodwill arising on acquisition of subsidiary	2	–	–	–	–	(428.7)	–	(428.7)
Issue of share capital	13	41.3	–	–	–	–	–	41.3
Transfer of reserve		–	100.0	–	–	–	(100.0)	–
Balance at 31 December 2000		235.7	782.5	10.0	(1.5)	272.3	67.8	1,366.8

STATEMENT OF CHANGES IN EQUITY for the financial year ended 31 December

in Singapore Dollars (millions)	Notes	Company				Total
		Share Capital	General Reserve	Merger Reserve	Accumulated Profit	
Balance at 1 January 1999		–	–	–	–	–
Net profit for the period		–	–	–	219.1	219.1
Proposed dividend (net of 28% Malaysian tax)	16	–	–	–	(23.1)	(23.1)
Proposed special dividend (net of 28% Malaysian tax)	16	–	–	–	(21.0)	(21.0)
Transfer of reserve		–	150.0	–	(150.0)	–
Issue of share capital	13	97.2	–	–	–	97.2
Balance at 31 December 1999		97.2	150.0	–	25.0	272.2
Net profit for the period		–	–	–	201.5	201.5
Interim dividend paid (net of 28% Malaysian tax)	16	–	–	–	(14.0)	(14.0)
Proposed dividend for the year (net of 28% Malaysian tax)	16	–	–	–	(40.7)	(40.7)
Capitalisation of reserve	13	97.2	(97.2)	–	–	–
Acquisition of subsidiary	2	–	–	701.0	–	701.0
Issue of share capital	13	41.3	–	–	–	41.3
Transfer of reserve		–	100.0	–	(100.0)	–
Balance at 31 December 2000		235.7	152.8	701.0	71.8	1,161.3

CONSOLIDATED STATEMENT OF CASH FLOW for the year ended 31 December

in Singapore Dollars (millions)	Notes	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		259.4	254.7
Excess of income over expenses before income tax from life assurance revenue statement		2,378.3	2,699.6
Excess of income over expenses before income tax from general insurance revenue statement		2.8	3.1
<i>Adjustments for non-cash items:</i>			
Surplus transferred from life assurance fund but not yet withdrawn		(187.5)	(141.6)
Profit transferred from general insurance fund but not yet withdrawn		(1.5)	(1.8)
Increase in/(write-back of) provision for diminution in the value of investments		48.8	(65.9)
Provision for agents' retirement benefits		10.1	17.6
Depreciation	10	8.3	9.0
Amortisation of premiums in the value of investments	4	(53.4)	(31.6)
Amortisation of goodwill	5	0.4	0.3
Profit on sale of investments		(163.1)	(906.4)
Loss on sale of 10% interest in a subsidiary		0.5	–
		<u>2,303.1</u>	<u>1,837.0</u>
<i>Changes in working capital:</i>			
Outstanding premiums		1.7	(72.5)
Other debtors		(84.2)	49.1
Outstanding claims		13.7	11.6
Policy benefits		103.6	119.5
Other creditors		217.9	7.1
		<u>2,555.8</u>	<u>1,951.8</u>
Cash generated from operations		2,555.8	1,951.8
Income tax paid		(65.4)	(43.6)
Agents' retirement benefits paid		(7.5)	(9.6)
		<u>(72.9)</u>	<u>(52.8)</u>
Net cash flows from operating activities		<u>2,482.9</u>	<u>1,898.6</u>

CONSOLIDATED STATEMENT OF CASH FLOW for the year ended 31 December

in Singapore Dollars (millions)	Notes	2000	1999
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		7,608.2	5,959.5
Purchase of investments		(9,808.7)	(7,232.4)
Proceeds from sale of 10% interest in a subsidiary		2.4	–
Proceeds from sale of fixed assets		0.3	–
Purchase of fixed assets	10	(63.2)	(46.8)
Increase in policy loans		(189.3)	(144.5)
Net cash flows for investing activities		(2,450.3)	(1,464.2)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(58.1)	(12.6)
Dividends paid to minority shareholder of a subsidiary		(0.4)	(0.1)
Net cash flows for financing activities		(58.5)	(12.7)
Net effect of translation reserve adjustment		160.8	8.4
Net increase in cash and cash equivalents		134.9	430.1
Cash and cash equivalents at the beginning of the year		2,812.6	2,382.5
Cash and cash equivalents of subsidiary acquired		464.4	–
Cash and cash equivalents at the end of the year		3,411.9	2,812.6

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

The acquisition of a subsidiary, The Overseas Assurance Corporation Limited, was by way of an issue of new shares in the Company. As there was no cash outflow, the increase in the Group's assets and liabilities arising from the acquisition, has been eliminated from the consolidated cash flow statement.

LIFE ASSURANCE REVENUE STATEMENT for the year ended 31 December

in Singapore Dollars (millions)	Notes	Group	
		2000	1999
Income			
Gross premiums:			
Annual		2,406.3	2,149.2
Single		576.0	401.3
Annuities		24.7	15.2
		<u>3,007.0</u>	<u>2,565.7</u>
<i>less: reassurances</i>		19.9	21.6
Premiums after deducting reassurances		<u>2,987.1</u>	<u>2,544.1</u>
Investment income	4	470.5	347.2
Interest income		180.6	168.6
Rental income		12.8	14.2
Profit on sale of investments		116.2	876.5
(Increase in)/write-back of provision for diminution in the value of investments		(16.8)	29.3
Total Income		<u>3,750.4</u>	<u>3,979.9</u>
<i>less: Expenses</i>			
Claims, surrenders and annuities		983.3	861.5
Commissions and expenses		366.0	388.8
Management fees paid to subsidiaries		10.6	5.0
Provision for agents' retirement benefits		10.1	17.6
Depreciation	10	7.7	8.4
Exchange differences		(7.0)	(2.7)
Other expenses	5	1.4	1.7
Total Expenses		<u>1,372.1</u>	<u>1,280.3</u>
Excess of income over expenses before income tax		<u>2,378.3</u>	<u>2,699.6</u>
<i>less: Income tax</i>	7	53.1	51.1
Excess of income over expenses after income tax		<u>2,325.2</u>	<u>2,648.5</u>
<i>less: Profit from life assurance transferred to profit and loss statement</i>		187.5	141.6
Amount transferred to Life Assurance Fund	14	<u>2,137.7</u>	<u>2,506.9</u>

GENERAL INSURANCE REVENUE STATEMENT for the year ended 31 December

in Singapore Dollars (millions)	Notes	Group	
		2000	1999
Income			
Gross premiums		30.6	28.1
<i>less: reinsurances</i>		5.1	4.6
Premiums after deducting reassurances		25.5	23.5
Investment income	4	0.7	0.5
Interest income		0.6	0.5
Total Income		26.8	24.5
<i>less: Expenses</i>			
Claims		15.7	13.8
Commissions and expenses		7.9	7.2
Depreciation	10	0.4	0.4
Total Expenses		24.0	21.4
Excess of income over expenses before income tax		2.8	3.1
<i>less: Profit before income tax from general insurance transferred to profit and loss statement</i>		1.5	1.8
Amount transferred to General Insurance Fund	15	1.3	1.3

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 Singapore Statements of Accounting Standards. The major modifications to the Singapore 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 Company. The treatment for investment in associated companies is allowed for under Singapore Statement of Accounting Standard No. 27.

(b) Consolidation

The financial year of the Company and all its subsidiaries ends on 31 December and the consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries for the year ended 31 December, after the elimination of all material intercompany transactions. The results of subsidiaries acquired during the year are included from the respective date of acquisition, except for the results of The Overseas Assurance Corporation Limited, as explained in Note 2. 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 statement on a straight line basis over the estimated useful economic life of five years, except for goodwill arising on the acquisition of The Overseas Assurance Corporation Limited, which is written off against the merger reserve from the same transaction.

(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 cost, are credited or charged to the profit and loss and respective revenue statements.

SIGNIFICANT ACCOUNTING POLICIES

(g) Income Tax

Current tax 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.

Deferred tax is provided using the liability method for all material timing differences in the recognition of certain income and expenses for accounting and income tax purposes. A provision is made to the extent that it is probable that the liability will materialise. Deferred tax benefits are recognised only to the extent of any deferred tax liability or where such benefits are expected to be realisable in the near future.

(h) Property, Plant and Equipment

Property, plant and equipment 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 25%
Office machinery, motor vehicles	12.5% to 20%
Computer equipment	20% to 33 $\frac{1}{3}$ %

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 was revalued, the revaluation was in accordance with the insurance regulations and the surplus arising was credited to the life assurance revenue statement.

(i) Investments

(i) Unit-linked business

Quoted investments of the unit-linked business are stated at market value. Any decrease or increase in the value of investments is charged to the life assurance revenue statement.

(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 provided for permanent diminution in the value of certain investments. Investments held by the Life Assurance Fund of the Company's subsidiaries 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.

SIGNIFICANT ACCOUNTING POLICIES

(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 statements of the subsidiaries. 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 subsidiaries.

(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 profit and loss and revenue statements.

Assets, liabilities and income and expense 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 statements and translation reserves, respectively.

(n) Turnover

Turnover is derived from the summation of components as follows: (1) Profit from investments and Fees and other income from the Profit & Loss Statements; (2) Gross Premiums, Investment income, Interest income, Rental income and Profit on sale of investments from the Life Assurance Revenue Statement and (3) Gross Premiums, Investment income, Interest income from the General Insurance Revenue Statement.

NOTES TO THE FINANCIAL STATEMENTS

1 General

The Company is incorporated in the Republic of Singapore and the financial statements of the Company and the consolidated financial statements of the Group are expressed in Singapore dollars. The notes refer to the Company and the Group unless otherwise stated. The registered office of the Company is 65 Chulia Street, #18-01, OCBC Centre, Singapore 049513.

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.

2 Acquisition of a Subsidiary

At the Company's Extraordinary General Meeting ("EGM") held on 23 November 2000, the shareholders approved the Company's proposal with The Overseas Assurance Corporation Limited ("OAC") through a scheme of arrangement ("OAC Scheme") under Section 210 of the Companies Act, Chapter 50, undertaken by OAC at the terms set out in the Company's circular to members dated 30 October 2000 ("Circular"), involving, *inter alia*, the following:

- (a) the payment of the Special Cash Dividend of \$1.39 for each OAC Stock Unit by OAC to the OAC Stockholders;
- (b) the distribution by OAC by way of a dividend in specie of a Special Distribution of Great Eastern Holdings Shares to the OAC Stockholders on the basis of 493.13504 Great Eastern Holdings Shares for every 1,000 OAC Stock Units, any resultant fraction of a Great Eastern Holdings Share being disregarded; and
- (c) the cancellation of the OAC Shares representing the converted OAC Scheme Stock Units held by the OAC Scheme Stockholders, the issue of New OAC Shares (converted on issue to New OAC Stock Units) equal in number to such cancelled OAC Shares representing the converted OAC Scheme Stock Units to the Company, and the issue of New Great Eastern Holdings Shares to the OAC Scheme Stockholders on the basis of the Share Exchange Ratio of 2,696.8541 New Great Eastern Holdings Shares for every 1,000 OAC Scheme Stock Units ("Share Exchange") any resultant fraction of a New Great Eastern Holdings Share being disregarded.

The OAC Scheme, approved by OAC's stockholders at its stockholders' Court Meeting and EGM on 23 November 2000 became effective on 23 December 2000.

In consideration of OAC's issue of shares to the Company and pursuant to the OAC scheme and the approval granted at the Company's EGM on 23 November 2000, the Company allotted and issued 82,586,841 New Great Eastern Holdings Shares, credited as fully paid-up, to the OAC Scheme Stockholders on the basis of 2,696.8541 New Great Eastern Holdings Shares for every 1,000 OAC Stock Units, with any resultant fraction of a New Great Eastern Holdings Share being disregarded.

At the said EGM, it was also approved that the New Great Eastern Holdings Shares, representing the aggregate fractions of New Great Eastern Holdings Shares, be sold and the net proceeds therefrom be distributed among the OAC Scheme Stockholders entitled thereto in due proportion, provided that no amount of less than \$10 shall be distributed and any amount of such net proceeds not distributed shall be appropriated for the benefit of the Company.

NOTES TO THE FINANCIAL STATEMENTS

2 Acquisition of a Subsidiary (continued)

The allotment and issue by the Company of the 82,586,841 New Great Eastern Holdings Shares ("New Shares") as consideration for the acquisition of 87.25% of the issued and paid-up share capital of OAC is accounted for using the purchase method in accordance with Singapore Statement of Accounting Standard No. 22. The New Shares were valued at the appraised value of S\$8.9881 per share which was based on an independent valuation of the Great Eastern Holdings Group as at 30 June 2000. As the nominal value of each New Share is S\$0.50, the issue of the New Shares at the appraised value gave rise to a premium. On application of the relief provided under Section 69B of the Companies Act, Chapter 50, the premium, amounting to S\$701 million, has been termed as a merger reserve in these financial statements.

For purposes of consolidation, the net assets of OAC's Shareholders' Funds were stated at their fair value as at 30 June 2000, which was the valuation date for the OAC Scheme. The goodwill arising on acquisition of OAC, amounting to S\$428.7 million, was written off against the merger reserve. As the OAC Scheme was effective on 23 December 2000, the results of OAC for the period from the effective date to 31 December 2000 was considered not material to the Group, and therefore not included in the profit and loss statements, life assurance revenue statement and general insurance revenue statement in these financial statements. However, the balance sheets of OAC have been included in these financial statements as at 31 December 2000.

As set out in the Circular, the Company's intention was to purchase the remaining 12.75% of OAC, representing 4,476,600 stock units, held by Life Assurance Fund of The Great Eastern Life Assurance Company Limited ("Great Eastern Life") was also set out in the Circular, for a cash consideration at a price equivalent to the weighted average price of the Great Eastern Holdings shares traded on the Singapore Exchange Securities Trading Limited for 20 consecutive market days immediately following the effective date of the OAC Scheme (ie. 23 December 2000) multiplied by the number of Great Eastern Holdings shares to which Great Eastern Life would have been entitled had it participated in the Share Exchange. (Great Eastern Life did not participate in the Share Exchange in respect of the 4,476,600 OAC stock units it held in view of legal restrictions relating to a subsidiary holding shares in its holding company, as explained in the Circular.)

Subsequent to the balance sheet date, on 30 January 2001, the Company acquired the remaining 12.75% in OAC for a total cash consideration of \$67.2 million, calculated on the basis as set out above (ie. at a price of \$5.5669 multiplied by 12,072,737 Great Eastern Holdings shares that Great Eastern Life would have been entitled to had it participated in the Share Exchange). The purchase was made out of the Company's internal cash resources.

NOTES TO THE FINANCIAL STATEMENTS

3 Companies in the Group

The subsidiaries and second-tier subsidiaries are as follows:

	Principal activities	Cost		Percentage of equity held	
		2000	1999	2000	1999
		\$'000	\$'000	%	%
Name of Subsidiaries:					
COUNTRY OF INCORPORATION: SINGAPORE					
The Great Eastern Life Assurance Company Limited	Life assurance	97,176	97,176	100	100
** The Overseas Assurance Corporation Limited	Composite insurance	707,460	–	87.25 ⁽¹⁾	–
The subsidiary and associated companies held by The Great Eastern Life Assurance Company Limited and The Overseas Assurance Corporation Limited, as at 31 December 2000 are:					
(i) Subsidiary Companies of The Great Eastern Life Assurance Company Limited:					
COUNTRY OF INCORPORATION: SINGAPORE					
Straits Lion Asset Management Private Limited	Asset management	2,400	2,700	80	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 Co Sdn. Bhd.	Dormant	–	–	100	100
<i>Held by subsidiaries of The Great Eastern Life Assurance Company Limited and effectively controlled by the Group:</i>					
* Great Eastern Life Assurance (Malaysia) Berhad	Life assurance	–	–	100	100
* Straits Lion Management (Malaysia) Sdn. Bhd.	Management services	–	–	90.2	95.1
COUNTRY OF INCORPORATION: INDONESIA					
** P.T. Asuransi Jiwa Asih Great Eastern	Life assurance	4,912	4,912	72.4	72.4
(ii) Associated Companies of The Great Eastern Life Assurance Company Limited⁽²⁾ :					
** 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
(iii) Subsidiary Companies of The Overseas Assurance Corporation Limited:					
COUNTRY OF INCORPORATION: MALAYSIA					
** Overseas Assurance Corporation (Holdings) Berhad	Investment holding	–	–	87.25	–
<i>Held by Overseas Assurance Corporation (Holdings) Berhad and effectively controlled by the Group:</i>					
** Overseas Assurance Corporation (Malaysia) Berhad	Composite insurance	–	–	87.25	–

⁽¹⁾ The other 12.75% is held by the Life Assurance Fund of The Great Eastern Life Assurance Company Limited (refer to Note 20).

⁽²⁾ The investment in associated companies is included in Note 11 to the financial statements, classified as unquoted equity in corporations and valued in accordance with Significant Accounting Policies (j).

* Audited by associated firms of Ernst & Young, Singapore.

** Audited by other firms.

NOTES TO THE FINANCIAL STATEMENTS

in Singapore Dollars (millions)	Group						Company	
	Total		Shareholders' and General Fund		Life Assurance Fund		2000	1999
	2000	1999	2000	1999	2000	1999		
4 Investment Income								
(a) Profit and Loss Statements								
Quoted equity shares of corporations	5.4	5.5	5.4	5.5	–	–	–	–
Unquoted equity shares of corporations	0.1	1.1	0.1	1.1	–	–	–	–
Other quoted investments	8.8	6.3	8.8	6.3	–	–	–	–
Other unquoted investments	1.5	0.4	1.5	0.4	–	–	0.8	–
Amortisation of premiums in the value of other investments	1.5	1.7	1.5	1.7	–	–	–	–
	17.3	15.0	17.3	15.0	–	–	0.8	–
(b) Life Assurance Revenue Statement								
Quoted equity shares of corporations	121.3	94.4	–	–	121.3	94.4		
Unquoted equity shares of corporations	19.0	1.7	–	–	19.0	1.7		
Other quoted investments	184.3	154.3	–	–	184.3	154.3		
Other unquoted investments	94.1	66.9	–	–	94.1	66.9		
Amortisation of premiums in the value of other investments	51.8	29.9	–	–	51.8	29.9		
	470.5	347.2	–	–	470.5	347.2		
(c) General Insurance Revenue Statement								
Other quoted investments	0.6	0.5	0.6	0.5	–	–		
Amortisation of premiums in the value of other investments	0.1	–	0.1	–	–	–		
	0.7	0.5	0.7	0.5	–	–		
5 Other Expenses								
Included in other expenses are the following :								
Remuneration of Company's Directors (Note 6)*	0.8	0.7	0.1	0.1	0.7	0.6	0.2	–
Remuneration of other								
Directors of subsidiaries	1.2	1.5	0.8	0.7	0.4	0.8	–	–
Audit fees	0.4	0.3	0.1	–	0.3	0.3	0.1	–
Goodwill amortisation	0.4	0.3	0.4	0.3	–	–	–	–
	2.8	2.8	1.4	1.1	1.4	1.7	0.3	–

* Excludes remuneration of Directors paid/payable by The Overseas Assurance Corporation Limited ("OAC").

6 Remuneration of Directors

The number of Directors of the Company in each of the remuneration bands is as follows:

	2000	1999
\$500,000 and above	1	1
\$250,000 to \$499,999	–	–
Below \$250,000	4	3
	5*	4

* Excludes remuneration of Directors paid/payable by The Overseas Assurance Corporation Limited ("OAC").

NOTES TO THE FINANCIAL STATEMENTS

in Singapore Dollars (millions)	Group						Company	
	Total		Shareholders' and General Fund		Life Assurance Fund		2000	1999
	2000	1999	2000	1999	2000	1999		
7 Income Tax								
Major components of income tax expense for the year ended 31 December were:								
Current:								
Singapore	68.7	83.3	46.2	32.2	22.5	51.1	35.2	85.2
Foreign	58.1	–	30.6	–	27.5	–	38.9	–
Deferred:								
Singapore	3.3	–	0.2	–	3.1	–	–	–
	130.1	83.3	77.0	32.2	53.1	51.1	74.1	85.2
Effective tax rate:			29.7%	12.6%			26.9%	28.0%

Claims amounting to \$41 million, in respect of a subsidiary, (1999: \$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 financial statements.

Profits in respect of the Malaysian entities were 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 concessionary rates in accordance with the tax regulations of the territories in which the subsidiaries operate.

8 Translation Reserve

LIFE ASSURANCE FUND

Balance at beginning of the year	(813.1)	(821.3)	–	–	(813.1)	(821.3)
Translation gain on consolidation	160.6	8.2	–	–	160.6	8.2
Balance at end of the year	(652.5)	(813.1)	–	–	(652.5)	(813.1)

The cumulative translation reserve at 1 January 1996 is included in the Life Assurance Fund balance at the beginning of that year as the translation reserve prior to that date was not reasonably determinable for the purpose of compliance with Singapore Statement of Accounting Standard No. 20.

GENERAL INSURANCE FUND

Balance at beginning of the year	–	–	–	–	–	–
Translation gain on consolidation	0.1	–	0.1	–	–	–
Balance at end of the year	0.1	–	0.1	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

9 Earnings Per Share

The following reflects the net profit for the year attributable to ordinary shareholders and the weighted average number of shares outstanding during the year, used in the computation of basic and diluted earnings per share for the years ended 31 December:

	2000	1999
Net profit attributable to ordinary shareholders for basic and diluted earnings per share (in \$ millions)	<u>180.1</u>	221.1
Weighted average number of ordinary shares on issue applicable to basic earnings per share (in millions)	388.7	388.7
Effect of dilutive securities:		
Great Eastern Holdings Executives' Share Option Scheme (in millions)	0.1	–
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share (in millions)	<u>388.8</u>	388.7
Earnings per share	\$0.46	\$0.57
Diluted earnings per share	\$0.46	\$0.57

The new ordinary shares issued during the year pursuant to the acquisition of OAC, which was completed on 23 December 2000, have not been included in the computation of earnings per share, as the results of the Group during the year do not include the results of OAC for the year ended 31 December 2000 (refer to Note 2). There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

10 Property, Plant and Equipment

in Singapore Dollars (millions)	Group						Total
	Freehold Land	Leasehold Land	Capital Works In Progress	Buildings	Computer Equipment	Other Assets	
TOTAL							
2000							
Cost	76.3	32.9	103.9	99.2	49.9	16.6	378.8
Valuation	476.3	61.5	–	10.5	–	–	548.3
Additions ⁽¹⁾	0.8	–	47.7	1.5	16.4	4.1	70.5
Disposals	–	–	–	–	(0.7)	(0.9)	(1.6)
Reclassification - Cost	(0.4)	–	(10.8)	10.6	–	0.2	(0.4)
Reclassification - Valuation	0.4	–	–	–	–	–	0.4
Accumulated depreciation	–	–	–	(16.0)	(46.1)	(13.5)	(75.6)
Net Book Value	<u>553.4</u>	<u>94.4</u>	<u>140.8</u>	<u>105.8</u>	<u>19.5</u>	<u>6.5</u>	<u>920.4</u>
Depreciation charge for the year	–	–	–	(2.1)	(4.7)	(1.5)	(8.3)

NOTES TO THE FINANCIAL STATEMENTS

10 Property, Plant and Equipment (continued)

in Singapore Dollars (millions)	Group						Total
	Freehold Land	Leasehold Land	Capital Works In Progress	Buildings	Computer Equipment	Other Assets	
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)
SHAREHOLDERS' AND GENERAL FUNDS							
2000							
Cost	–	–	–	0.8	2.2	0.7	3.7
Valuation	–	–	–	–	–	–	–
Additions ⁽¹⁾	–	–	–	–	2.9	1.0	3.9
Disposals	–	–	–	–	–	–	–
Reclassification – Cost	–	–	–	–	–	–	–
Reclassification – Valuation	–	–	–	–	–	–	–
Accumulated depreciation	–	–	–	(0.1)	(1.9)	(0.4)	(2.4)
Net Book Value	–	–	–	0.7	3.2	1.3	5.2
Depreciation charge for the year	–	–	–	–	(0.5)	(0.1)	(0.6)
1999							
Cost	–	–	–	0.8	1.9	0.7	3.4
Valuation	–	–	–	–	–	–	–
Additions	–	–	–	–	0.2	0.1	0.3
Disposals	–	–	–	–	–	–	–
Reclassification – Cost	–	–	–	–	0.1	(0.1)	–
Reclassification – Valuation	–	–	–	–	–	–	–
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)

NOTES TO THE FINANCIAL STATEMENTS

10 Property, Plant and Equipment (continued)

in Singapore Dollars (millions)	Group						Total
	Freehold Land	Leasehold Land	Capital Works In Progress	Buildings	Computer Equipment	Other Assets	
LIFE ASSURANCE FUND							
2000							
Cost	76.3	32.9	103.9	98.4	47.7	15.9	375.1
Valuation	476.3	61.5	–	10.5	–	–	548.3
Additions ⁽¹⁾	0.8	–	47.7	1.5	13.5	3.1	66.6
Disposals	–	–	–	–	(0.7)	(0.9)	(1.6)
Reclassification – Cost	(0.4)	–	(10.8)	10.6	–	0.2	(0.4)
Reclassification – Valuation	0.4	–	–	–	–	–	0.4
Accumulated depreciation	–	–	–	(15.9)	(44.2)	(13.1)	(73.2)
Net Book Value	553.4	94.4	140.8	105.1	16.3	5.2	915.2
Depreciation charge for the year	–	–	–	(2.1)	(4.2)	(1.4)	(7.7)
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)

⁽¹⁾ Included in Additions are the net book values of computer equipment and other assets of OAC, as a result of the acquisition of the subsidiary on 23 December 2000. The net book values added to the Shareholders' and General Funds are \$2.4 million for computer equipment and \$1.0 million for other assets. The net book values added to the Life Assurance Fund are \$2.3 million for computer equipment and \$1.6 million for other assets. The total net book value added is \$7.3 million.

NOTES TO THE FINANCIAL STATEMENTS

in Singapore Dollars (millions)	Group		Company	
	2000	1999	2000	1999
11 Investments				
TOTAL				
Quoted				
(i) Quoted government securities, loan stocks and bonds, at cost adjusted for premiums and discounts	3,469.7	2,200.6	–	–
(ii) Quoted equity in corporations, at cost	5,142.1	3,723.2	–	–
(iii) Unit-Linked Fund investments, at market value:				
Quoted bonds	40.2	13.0	–	–
Quoted equity in corporations	305.9	236.4	–	–
	<u>8,957.9</u>	<u>6,173.2</u>	–	–
less: Provision for diminution in the value of investments ⁽¹⁾	126.0	54.2	–	–
	<u>8,831.9</u>	<u>6,119.0</u>	–	–
<i>Market value of quoted investments – Government securities, loan stocks and bonds</i>	3,591.8	2,213.6	–	–
<i>Market value of quoted investments – Equities</i>	5,764.5	5,483.0	–	–
<i>Total market value of quoted investments</i>	<u>9,356.3</u>	<u>7,696.6</u>	–	–
Unquoted				
(i) Unquoted equity in corporations, at cost	138.7	34.2	–	–
(ii) Other unquoted investments, at cost adjusted for premiums and discounts	2,176.6	1,081.3	56.8	–
(iii) Unsecured loans	19.4	22.3	–	–
(iv) Secured loans	1,600.6	1,327.0	–	–
	<u>3,935.3</u>	<u>2,464.8</u>	<u>56.8</u>	–
Total Investments	<u>12,767.2</u>	<u>8,583.8</u>	<u>56.8</u>	–
SHAREHOLDERS' AND GENERAL FUNDS				
Quoted				
(i) Quoted government securities, loan stocks and bonds, at cost adjusted for premiums and discounts	220.1	112.8	–	–
(ii) Quoted equity in corporations, at cost	603.9	232.4	–	–
(iii) Unit-Linked Fund investments, at market value:				
Quoted bonds	–	–	–	–
Quoted equity in corporations	9.4	–	–	–
	<u>833.4</u>	<u>345.2</u>	–	–
less: Provision for diminution in the value of investments ⁽¹⁾	36.7	–	–	–
	<u>796.7</u>	<u>345.2</u>	–	–
<i>Market value of quoted investments – Government securities, loan stocks and bonds</i>	220.6	112.8	–	–
<i>Market value of quoted investments – Equities</i>	719.8	329.7	–	–
<i>Total market value of quoted investments</i>	<u>940.4</u>	<u>442.5</u>	–	–
Unquoted				
(i) Unquoted equity in corporations, at cost	2.1	2.1	–	–
(ii) Other unquoted investments, at cost adjusted for premiums and discounts	146.3	5.6	56.8	–
(iii) Unsecured loans	0.1	0.1	–	–
(iv) Secured loans	12.4	63.0	–	–
	<u>160.9</u>	<u>70.8</u>	<u>56.8</u>	–
Total Investments held by Shareholders' and General Funds	<u>957.6</u>	<u>416.0</u>	<u>56.8</u>	–

NOTES TO THE FINANCIAL STATEMENTS

11 Investments (continued)

in Singapore Dollars (millions)	Notes	Group		Company	
		2000	1999	2000	1999
LIFE ASSURANCE FUND					
Quoted					
(i) Quoted government securities, loan stocks and bonds, at cost adjusted for premiums and discounts		3,249.6	2,087.8	–	–
(ii) Quoted equity in corporations, at cost		4,538.2	3,490.8	–	–
(iii) Unit-Linked Fund investments, at market value:					
Quoted bonds		40.2	13.0	–	–
Quoted equity in corporations		296.5	236.4	–	–
		<u>8,124.5</u>	<u>5,828.0</u>	–	–
less: Provision for diminution in the value of investments ⁽¹⁾		89.3	54.2	–	–
		<u>8,035.2</u>	<u>5,773.8</u>	–	–
<i>Market value of quoted investments – Government securities, loan stocks and bonds</i>		3,371.2	2,100.8	–	–
<i>Market value of quoted investments – Equities</i>		5,044.7	5,153.3	–	–
<i>Total market value of quoted investments</i>		<u>8,415.9</u>	<u>7,254.1</u>	–	–
Unquoted					
(i) Unquoted equity shares of corporations, at cost		136.6	32.1	–	–
(ii) Other unquoted investments, at cost adjusted for premiums and discounts		2,030.3	1,075.7	–	–
(iii) Unsecured loans		19.3	22.2	–	–
(iv) Secured loans		1,588.2	1,264.0	–	–
		<u>3,774.4</u>	<u>2,394.0</u>	–	–
Total Investments held by Life Assurance Fund		<u>11,809.6</u>	<u>8,167.8</u>	–	–

⁽¹⁾ Included in Provision for diminution in the value of investments are amounts of OAC, as a result of the acquisition of the subsidiary on 23 December 2000. The provisions included in Shareholders' and General Funds and in Life Assurance Fund are \$4.7 million and \$16.1million respectively. The total provision included is \$20.8 million. The translation adjustment during the year is \$2.2 million.

12 Subsidiary Companies

in Singapore Dollars (millions)	Company	
	2000	1999
Unquoted equity, at cost	839.4	97.2
Distribution from pre-acquisition reserve	(34.8)	–
	<u>804.6</u>	<u>97.2</u>
Amounts due from subsidiary companies	34.8	119.0
	<u>839.4</u>	<u>216.2</u>

The amounts due from subsidiary companies are unsecured, interest-free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

in Singapore Dollars (millions)	Group						Company	
	Total		Shareholders' and General Fund		Life Assurance Fund		2000	1999
	2000	1999	2000	1999	2000	1999		
13 Share Capital								
Authorised								
2,000,000,000 ordinary shares of \$0.50 each (1999: 1,000,000,000 ordinary shares of \$1/- each)	1,000.0	1,000.0	1,000.0	1,000.0	–	–	1,000.0	1,000.0
Issued and fully paid								
97,175,882 (1999: nil) ordinary shares of \$1/- each at the beginning of the year	97.2	–	97.2	–	–	–	97.2	–
97,175,882 ordinary shares of \$1/- each issued and fully paid-up during the year, pursuant to the scheme of arrangement effective 27 November 1999	–	97.2	–	97.2	–	–	–	97.2
Capitalisation of general reserve during the year	97.2	–	97.2	–	–	–	97.2	–
82,586,841 ordinary shares of \$0.50 each issued and fully paid-up during the year	41.3	–	41.3	–	–	–	41.3	–
471,290,369 ordinary shares of \$0.50 each at the end of the year (1999: 97,175,882 ordinary shares of \$1/- each)	235.7	97.2	235.7	97.2	–	–	235.7	97.2

Pursuant to the ordinary resolution passed on 27 April 2000 at the Company's Annual General Meeting, 97,175,882 new ordinary shares of \$1/- each were issued and capitalised from the General Reserve of the Company. The new ordinary shares, issued to holders of existing ordinary shares of \$1/- each registered as at 5 p.m., 9 May 2000, in the proportion of one new ordinary share for one existing ordinary share held, were credited as fully paid.

Pursuant to the sub-division of shares approved at the Company's Extraordinary General Meeting on 27 April 2000, the Company's then existing 1,000,000,000 ordinary shares of \$1/- each in the capital of the Company, of which 97,175,882 of the said ordinary shares of \$1/- each ("Shares") have been issued and were fully paid-up and 97,175,882 new shares ("Bonus Shares") have been issued, credited as fully paid, were sub-divided into 2,000,000,000 ordinary shares of \$0.50 each ("Sub-Divided Shares"), of which 194,351,764 Sub-Divided Shares have been issued and were fully paid-up and 194,351,764 of the Sub-Divided Bonus Shares have been issued, credited as fully paid-up. On 25 May 2000 (the effective date of the sub-division of shares), the share capital of the Company, issued and fully paid-up, comprised 388,703,528 ordinary shares of \$0.50 each.

The Company issued 82,586,841 new ordinary shares of \$0.50 each, on 23 December 2000, credited as fully paid-up, to acquire 87.25% of OAC (see Note 2).

The issued and paid-up capital of the Company as at 31 December 2000 is \$235,645,184.50, comprising 471,290,369 ordinary shares of \$0.50 each.

Details of the Great Eastern Holdings Executives' Share Option Scheme are disclosed in the Directors' Report under the heading "Share Options" and Note 19.

NOTES TO THE FINANCIAL STATEMENTS

in Singapore Dollars (millions)	Group					
	Total		Shareholders' and General Fund		Life Assurance Fund	
	2000	1999	2000	1999	2000	1999
14 Life Assurance Fund						
Balance at the beginning of the year	12,485.6	9,978.7	-	-	12,485.6	9,978.7
Amount arising from acquisition of subsidiary (Note 2)	1,786.9	-	-	-	1,786.9	-
Amount transferred from Life Assurance Revenue Statement	2,137.7	2,506.9	-	-	2,137.7	2,506.9
	16,410.2	12,485.6	-	-	16,410.2	12,485.6
Translation reserve (Note 8)	(652.5)	(813.1)	-	-	(652.5)	(813.1)
Balance at the end of the year	15,757.7	11,672.5	-	-	15,757.7	11,672.5
15 General Insurance Fund						
Balance at the beginning of the year	28.1	26.8	28.1	26.8	-	-
Amount arising from acquisition of subsidiary (Note 2)	111.8	-	111.8	-	-	-
Amount transferred from General Insurance Revenue Statement	1.3	1.3	1.3	1.3	-	-
	141.2	28.1	141.2	28.1	-	-
Translation reserve (Note 8)	0.1	-	0.1	-	-	-
Balance at the end of the year	141.3	28.1	141.3	28.1	-	-
16 Proposed Dividend						
<p>During the year 2000, an interim dividend of \$0.05 per \$0.50 ordinary share, net of 28% Malaysian tax totalling \$14 million was declared and paid. In addition, a final dividend of \$0.12 per \$0.50 ordinary share has been proposed and will be submitted for formal approval at the Annual General Meeting. This dividend amounting to \$40.7 million, net of 28% Malaysian tax, has been recognised as a liability at 31 December 2000.</p> <p>During the year 1999, dividends of \$0.05 per \$1/- ordinary share, net of 28% Malaysian tax amounting to \$3.5 million were declared and paid. In addition, a further dividend of \$0.33 per \$1/- ordinary share and special dividend of \$0.30 per \$1/- ordinary share proposed as of 31 December 1999, were approved at the 2000 Annual General Meeting held on 27 April 2000. Following the approval, the dividends amounting to \$44.1 million, net of 28% Malaysian tax, recognised as a liability at 31 December 1999, were paid on 23 May 2000.</p>						
17 Capital commitments						
Commitments for capital expenditure not provided for in the financial statements						
Authorised and contracted for:						
- properties under construction	214.6	187.8	-	-	214.6	187.8
- other commitments	14.4	0.7	-	-	14.4	0.7
Authorised but not contracted for	58.4	50.0	-	-	58.4	50.0
	287.4	238.5	-	-	287.4	238.5

NOTES TO THE FINANCIAL STATEMENTS

18 Segmental Information

(1) By Geographical Segments

in Singapore Dollars (millions)	Singapore		Malaysia		Other ASEAN		Eliminations		Consolidated	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
(a) Life Assurance Fund										
Premium income (net)	1,960.0	1,643.3	1,013.1	885.3	14.0	15.5	-	-	2,987.1	2,544.1
Investment, interest and rental income	354.4	251.2	304.1	273.1	5.4	5.7	-	-	663.9	530.0
Profit on sale of investments	17.5	723.0	87.5	132.9	11.2	20.6	-	-	116.2	876.5
Write-back of /(increase in) provision for diminution in the value of investments	-	-	9.3	25.1	(26.1)	4.2	-	-	(16.8)	29.3
Total income	2,331.9	2,617.5	1,414.0	1,316.4	4.5	46.0	-	-	3,750.4	3,979.9
Claims, surrenders and annuities	605.7	533.4	367.6	319.0	10.0	9.1	-	-	983.3	861.5
Commissions and expenses	161.1	203.7	226.1	211.2	1.6	3.9	-	-	388.8	418.8
Income tax	25.4	45.2	27.5	5.8	0.2	0.1	-	-	53.1	51.1
Total expenses	792.2	782.3	621.2	536.0	11.8	13.1	-	-	1,425.2	1,331.4
Excess of income over expenses	1,539.7	1,835.2	792.8	780.4	(7.3)	32.9	-	-	2,325.2	2,648.5
Total assets employed ⁽¹⁾	9,808.0	8,092.2	5,388.8	4,441.7	148.0	154.1	-	-	15,344.8	12,688.0
Property, plant and equipment	794.8	784.4	116.3	73.4	0.1	-	-	-	911.2	857.8
Investments	6,391.0	4,922.9	3,964.6	3,169.6	53.3	75.3	-	-	10,408.9	8,167.8
i. Quoted government securities, loan stocks and bonds	1,698.8	940.7	1,493.4	1,153.4	3.3	6.7	-	-	3,195.5	2,100.8
ii. Quoted equity in corporations	2,540.3	2,166.8	1,697.4	1,448.7	40.3	57.5	-	-	4,278.0	3,673.0
iii. Unquoted equity in corporations	131.1	30.3	1.1	1.0	0.6	0.8	-	-	132.8	32.1
iv. Other unquoted investments	820.6	748.0	477.3	317.5	9.0	10.2	-	-	1,306.9	1,075.7
v. Unsecured loans	17.6	20.1	1.7	2.1	-	-	-	-	19.3	22.2
vi. Secured loans	1,182.6	1,017.0	293.7	246.9	0.1	0.1	-	-	1,476.4	1,264.0
Policy loans	656.8	582.8	698.4	585.1	17.6	15.6	-	-	1,372.8	1,183.5
Cash and bank balances	1,803.5	1,733.4	580.1	541.2	69.0	59.5	-	-	2,452.6	2,334.1
Life Assurance Fund	8,980.7	7,541.4	4,852.0	3,982.9	137.9	148.2	-	-	13,970.6	11,672.5
Provision for agents' retirement benefits	-	6.1	102.8	94.1	0.8	0.8	-	-	103.6	101.0
Claims admitted or intimated	30.8	22.6	52.1	48.0	1.5	0.5	-	-	84.4	71.1
Policy benefits	422.7	397.3	282.3	204.5	5.7	5.3	-	-	710.7	607.1
Other creditors and interfund balances	386.5	194.9	76.6	49.0	(2.2)	1.3	-	-	460.9	245.2
Provision for income tax	(12.2)	(11.3)	23.1	2.1	0.4	0.3	-	-	11.3	(8.9)

NOTES TO THE FINANCIAL STATEMENTS

18 Segmental Information (continued)

in Singapore Dollars (millions)	Singapore		Malaysia		Other ASEAN		Eliminations		Consolidated	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
(b) General Insurance Fund										
Premium income (net)	22.2	20.8	3.1	2.6	0.2	0.1	–	–	25.5	23.5
Investment, interest and rental income	0.9	0.7	0.4	0.3	–	–	–	–	1.3	1.0
Total income	23.1	21.5	3.5	2.9	0.2	0.1	–	–	26.8	24.5
Claims	13.2	12.5	2.4	1.3	0.1	–	–	–	15.7	13.8
Commissions and expenses	7.2	6.7	1.1	0.9	–	–	–	–	8.3	7.6
Total expenses	20.4	19.2	3.5	2.2	0.1	–	–	–	24.0	21.4
Excess of income over expenses	2.7	2.3	–	0.7	0.1	0.1	–	–	2.8	3.1
Total assets employed ⁽¹⁾	33.7	28.9	6.4	4.7	–	0.2	–	–	40.1	33.8
(c) Shareholders' Fund										
Profit/(loss) from insurance operations	103.0	51.4	86.6	92.9	(0.6)	(0.9)	–	–	189.0	143.4
Profit from investments	126.1	189.5	3.7	3.8	–	–	(82.2)	(98.6)	47.6	94.7
Fees and other income	26.5	24.9	3.9	0.8	–	–	(0.6)	(0.7)	29.8	25.0
Total income	255.6	265.8	94.2	97.5	(0.6)	(0.9)	(82.8)	(99.3)	266.4	263.1
Profit after income tax	181.3	224.1	66.8	96.6	(0.6)	(0.9)	(67.4)	(98.7)	180.1	221.1
Total assets employed ⁽¹⁾	1,314.0	1,170.4	84.4	61.8	(0.6)	0.9	(153.5)	(154.9)	1,244.3	1,078.2

⁽¹⁾Total assets employed do not include assets acquired from the subsidiary, The Overseas Assurance Corporation Limited.

(2) By Business Segment

in Singapore Dollars (millions)	Life Assurance Fund (Non-Linked)		Life Assurance Fund (Linked)		Eliminations		Consolidated	
	2000	1999	2000	1999	2000	1999	2000	1999
Premium income (net)	2,539.9	2,399.3	447.2	144.8	–	–	2,987.1	2,544.1
Investment, interest and rental income	654.8	526.3	9.1	3.7	–	–	663.9	530.0
Profit/(loss) on sale of investments	260.8	801.6	(144.6)	74.9	–	–	116.2	876.5
Write-back of /(increase in) provision for diminution in the value of investments	(16.8)	29.3	–	–	–	–	(16.8)	29.3
Total income	3,438.7	3,756.5	311.7	223.4	–	–	3,750.4	3,979.9
Claims, surrenders and annuities	925.8	821.6	57.5	39.9	–	–	983.3	861.5
Commissions and expenses	334.4	395.7	54.4	23.1	–	–	388.8	418.8
Income tax	52.3	50.8	0.8	0.3	–	–	53.1	51.1
Total expenses	1,312.5	1,268.1	112.7	63.3	–	–	1,425.1	1,331.4
Excess of income over expenses	2,126.2	2,488.4	199.0	160.1	–	–	2,325.2	2,648.5

NOTES TO THE FINANCIAL STATEMENTS

19 Great Eastern Holdings Executives' Share Option Scheme

The Great Eastern Holdings Executives' Share Option Scheme ("Option Scheme") was approved at the Company's Extraordinary General Meeting held on 27 November 1999. The Option Scheme is administered by the Company's Compensation Committee.

During the financial year, options were granted to senior executives within the Group pursuant to the Option Scheme, at the Exercise Price equal to the average of the last dealt prices of the Company's shares on the Singapore Exchange Securities Trading Limited 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.

Information with respect to the number of options granted under the Option Scheme is as follows:

	Shares 2000	Exercise Price 2000	Shares 1999	Exercise Price 1999
Outstanding no. of shares comprised in options, at beginning of year as adjusted*	1,094,800	\$0.00	–	–
Forfeited, as adjusted*	(13,600)	\$4.62	–	–
	1,081,200	–	–	–
Granted in year 2000, as adjusted*	1,419,600	\$5.98	1,094,800	\$4.62
Exercised	nil	–	nil	–
Outstanding at end of year	2,500,800		1,094,800	
Exercisable at year end	nil	–	nil	–

* The options granted had been adjusted in accordance with the Option scheme, for the Company's one-for-one bonus issue and sub-division of shares of \$1/- each to \$0.50 each, effected in May 2000.

The average number of employees for the Group as at 31 December 2000 was 2,331. (1999: 1,655). The number as at 31 December 2000 included 684 employees from OAC whereas they were not included in the 1999 comparative.

20 Events After Balance Sheet Date

Subsequent to the balance sheet date, on 30 January 2001, the Company acquired the remaining 12.75% of OAC stock units for a cash consideration of \$67.2 million (see Note 2).

At the Board of Directors' Meeting held on 22 February 2001, the Board authorised two Directors, Mr Michael Wong Pakshong and Mr Tan Beng Lee, to sign the Directors' Report and issue these financial statements on behalf of the Board.

21 Contingent Liability

As at 31 December 2000, the value of outstanding forward contracts for the Group amounted to \$24.1million (1999: \$3.5 million).

22 Comparative Figures

The presentation and classification of items in the financial statements have been changed to comply with the requirements of the Singapore Statement of Accounting Standard No.1 - Presentation of financial statements. Accordingly, the comparative figures have been restated to provide a proper comparison with the current year's presentation.

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 Court Lot 2817 MK25, Haig Road Singapore	Freehold	20,289	56,809	Residential – Condominium Under construction. Estimated completion date: July 2002
	Orchard Emerald 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
	Great Eastern 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 – Condominium
	Gallop Court No 6, 6A to 6Y Gallop Road Singapore	Freehold	8,600	6,074	Residential – Condominium Under construction. Estimated completion date: December 2001
	No 2 & 4, Gallop Road Singapore	Freehold	12,314	1,163	Residential – Good class bungalows
	Lot 660 TS 28, Newton Road Singapore and Lot 56 TS 28, Lincoln Road Singapore	Freehold 999 years leasehold (Expiry date : 12 February 2884)	2,809 6,945	} 27,293	Residential – Condominium Under construction. Estimated completion date: February 2003

MAJOR INVESTMENT PROPERTIES OF THE GROUP

100 % Held By	Location	Tenure	Site Area (sq m)	Gross Floor Area (sq m)	Purpose
GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD	Menara Great Eastern Lot 102 & Lot 103 Kuala Lumpur, Federal Territory Malaysia	Freehold	23,576	89,590	Commercial – Retail & Offices Under construction. Estimated completion date: Early 2002
	40, 44 & 68 Jln Ampang Kuala Lumpur, Federal Territory Malaysia	Freehold	1,962	10,170	Commercial – Offices
	Lot 104 Jln Ampang Hilir Kuala Lumpur, Federal Territory Malaysia	Freehold	10,886	1,522	Commercial and Residential
	Menara Aik Hua Jln Changkat Raja Chulan Kuala Lumpur, Federal Territory 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
	Wisma Great Eastern Life Jalan Gaya, Kota Kinabalu Sabah	99 years leasehold (Expiry date: 31 December 2093)	718	8,853	Commercial – Offices

SHAREHOLDING STATISTICS as at 8 March 2001

Authorised Share Capital	– S\$1,000,000,000
Issued and Fully Paid-up Capital	– S\$235,645,184.50
Class of Shares	– Ordinary Shares of S\$0.50 fully paid
Voting Rights	– One vote per share

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 1,000	311	18.45	291,307	0.06
1,001 - 10,000	742	44.01	3,424,765	0.73
10,001 - 1,000,000	592	35.11	68,226,398	14.48
1,000,001 and above	41	2.43	399,347,899	84.73
Total	1,686	100.00	471,290,369	100.00

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

	No. of Shares	%
1. Oversea-Chinese Banking Corporation Limited	139,178,480	29.53
2. Oversea-Chinese Bank Nominees Private Limited	83,356,409	17.69
3. Selat (Private) Limited	38,565,456	8.18
4. Singapore Investments (Private) Limited	26,062,800	5.53
5. PSA Corporation Limited	14,048,080	2.98
6. Eastern Realty Company Limited	9,425,619	2.00
7. Raffles Nominees (Private) Limited	8,868,356	1.88
8. DBS Nominees (Private) Limited	5,510,330	1.17
9. HSBC (Singapore) Nominees Private Limited	5,393,054	1.14
10. Dr Wong Peng Onn	4,752,000	1.01
11. Citibank Nominees Singapore Private Limited	4,097,800	0.87
12. Kambau Private Limited	3,831,791	0.81
13. Tecity Private Limited	3,370,459	0.71
14. Kuchai Development Berhad	3,032,000	0.64
15. Mr Wong Hong Sun	2,805,768	0.60
16. Mr Wong Hong Yen	2,805,528	0.60
17. Kota Trading Company Sendirian Berhad	2,759,021	0.59
18. G K Goh Stockbrokers Private Limited	2,749,632	0.58
19. Bank of Singapore Nominees Private Limited	2,677,600	0.57
20. Fraser Securities Private Limited	2,668,400	0.57
Total	365,958,583	77.65

SHAREHOLDING STATISTICS as at 8 March 2001

Substantial Shareholders (as shown in the Register of Substantial Shareholders as at 8 March 2001)

	Shareholdings registered in the name of substantial shareholders and nominees	Shareholdings in which the substantial shareholders are deemed to be interested	Total	
			No. of Shares	%
Oversea-Chinese Banking Corporation Limited	207,849,551	22,850,259	230,699,810	48.95
Selat (Private) Limited	38,565,456	–	38,565,456	8.18
Singapore Investments (Private) Limited	26,062,800	–	26,062,800	5.53
Lee Foundation, Singapore	–	64,628,256*	64,628,256	13.71
Lee Foundation, States of Malaya	–	38,565,456**	38,565,456	8.18

* 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 year remained unchanged from those as shown in the Report of the Directors on page 25.

GROUP NETWORK

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Mr Tan Hock Lye
CHIEF CORPORATE OFFICER

Mr Winson Siu Chun Wai
CHIEF ACTUARY

Ms Elizabeth Teoh Pek Har
COMPANY SECRETARY

Mr Chiang Boon Kong
HEAD
*Strategic Planning & Projects
Human Resource*

Ms Loh Sook Mee
HEAD
Finance

Mr Felix Ling Ming Hui
HEAD
Distribution Development

Mr Joachim Toh Wen Keong
HEAD
Treasury

Mr Ng Koh Wee
HEAD
Business Enterprise Solutions

Ms Han-Yong Li Lan
HEAD
Property

Mr Yeow Hwee Ming
HEAD
Marketing

Mr Mark Lim Kian Wei
HEAD
Information Technology

Mr Khong Bee
HEAD
Customer Service

Mr Ho Kiam Khiaw
HEAD
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Ms Boon-Gek Mudeliar
HEAD
Corporate Communications

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General Insurance

Mr Tan Jiak Hiang
HEAD
Life Operations

Mr Derek Teo Cheng Peow
GENERAL MANAGER
General Insurance

Mr Benny Yap
ASSISTANT GENERAL MANAGER &
SECRETARY
Corporate Secretariat

Dr Chong Fen Sin
SENIOR MANAGER
Information Services

Ms Claire Choy Sock Yu
SENIOR MANAGER
Finance

Ms Lim Boon Lian
MANAGER
Human Resource & Administration

Mr Lim Lian Huat
MANAGER
Life New Business

GROUP NETWORK

INSURANCE Malaysia

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD

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DIRECTOR & CHIEF EXECUTIVE OFFICER

Mr Tan Eng Hooi
GENERAL MANAGER
Field Operations

Mr Ng Boon Thian
CHIEF INVESTMENT OFFICER &
DEPUTY GENERAL MANAGER

Mr Bruce Lee Yee Lam
ASSISTANT GENERAL MANAGER
Finance & Customer Service

Mr Teh Loo Hai
APPOINTED ACTUARY &
ASSISTANT GENERAL MANAGER
Actuarial Support & Financial Planning

Mr Tan Tiam Chai
ASSISTANT GENERAL MANAGER
Field Operations

Ms Cheong Soo Ching
CHIEF INTERNAL AUDITOR

Pn Raja Mazlena Raja Aziz
COMPANY SECRETARY &
SENIOR MANAGER
Company Secretariat & Corporate Services

OVERSEAS ASSURANCE CORPORATION (MALAYSIA) BERHAD

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MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

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ASSISTANT GENERAL MANAGER
Life Operations

Mr Liew Kim Loy
ASSISTANT GENERAL MANAGER
General Operations

Mr Cheam Tat Hoi
ASSISTANT GENERAL MANAGER
Finance & Administration

Mr Ong Pin Hean
ASSISTANT GENERAL MANAGER
Life Marketing

Mr Lee Yit Hin
ASSISTANT GENERAL MANAGER
Life Agency & Business Development

Mr Kng Tuan Kah
ASSISTANT GENERAL MANAGER
Information Systems

Mdm Sum Leng Kuang
SENIOR MANAGER
Investments

Mr Liew Chiat Ming
SENIOR MANAGER
Health Insurance

Mr Tan Teng Seng
COMPANY SECRETARY

BRANCH OFFICES

GREAT EASTERN LIFE ASSURANCE
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Alor Setar

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05200 Alor Setar, Kedah
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Batu Pahat

109 Jalan Rahmat
83000 Batu Pahat, Johor
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Bintulu

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Pusat Perdagangan Greentown
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Klang

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Melaka

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Miri

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Kuantan

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PT ASURANSI JIWA ASIH GREAT EASTERN

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Tel : (62) 21-831 7383
Fax : (62) 21-831 7343
Email : customer@gelife.co.id
Website : <http://www.gelife.co.id>

Mr Wong Keng Chun
PRESIDENT DIRECTOR

Mr Wirasno
DIRECTOR

BRANCH OFFICES

Balikpapan

Komp. Balikpapan Permai
Jl.Jend Sudirman Blok H-I No.9
Balikpapan - Kalimantan Timur
Tel/Fax : (542) 414539
Email: blp@gelife.co.id

Bandung

Jl. Cikawao 51 D Kel. Paledang
Bandung - Jawa Barat
Tel : (22) 4211028
Fax : (22) 4218441
Email: bdg@gelife.co.id

Makassar

Komp. Pelita Marga Mas
Blok C No.8 Jl. G Latimojong
Makassar 90153
Tel : (411) 319658
Fax : (411) 319836
Email: mks@gelife.co.id

Medan

Jl. Kartini No. 10-A/22
Medan
Tel : (61) 4149977
Fax : (61) 4155819
Email: mdn@gelife.co.id

Palembang

Jl. Lingkaran No. 21/604
Palembang, Sumatra Selatan
Tel : (711) 355692
Fax : (711) 372809
Email: plb@gelife.co.id

Semarang

Komplek Ruko Gayamsari
Jl. Majapahit No.8 Lt. 3
(Toko Mas Dua Dua)
Semarang, Jawa Tengah
Tel : (24) 6709518
Fax : (24) 6709519

Surabaya

Ruko Manyar Indah B-4
Jl Ngagel Jaya Selatan
Surabaya - Jawa Timur
Tel : (31) 9991342
Fax : (31) 5043485
Email: sby@gelife.co.id

ASSET MANAGEMENT Singapore

Straits Lion Asset Management
Private Limited
9 Battery Road
#08-03/12
Straits Trading Building
Singapore 049910
Tel : (65) 438 6636
Fax : (65) 438 6122

Mr Tan Beng Lee
CHAIRMAN

Norman Ip Ka Cheung
EXECUTIVE DIRECTOR

Mr Tng Tai Kok
DIRECTOR

Mr Peter Michael Heng
DIRECTOR & CHIEF INVESTMENT OFFICER

Ms Victoria Ko Miu Ha
DIRECTOR

REPRESENTATIVE OFFICE THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED

People's Republic of China

Room 1506 Tomson Commercial Building
710 Dong Fong Road
Pu Dong, Shanghai 200122
People's Republic of China
Tel : (86) 21-5830 1297
Fax : (86) 21-5830 1293
Email : ge-life@guomai.sh.cn
Contact : Mr Freddy Er

NOTICE OF ANNUAL GENERAL MEETING
GREAT EASTERN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of the Members of Great Eastern Holdings Limited will be held at 65 Chulia Street #50-00, OCBC Centre, Singapore 049513 on Wednesday, 25 April 2001 at 12.00 p.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2000.
2. To sanction the declaration of a final dividend for the financial year ended 31 December 2000 as recommended by the Directors.
3. (a) To elect Mr Michael Wong Pakshong retiring by rotation under Article 91 of the Company's Articles of Association.
Note: Mr Michael Wong Pakshong, upon his re-election as a Director, will remain as a member of the Audit Committee and is considered an independent member of the Audit Committee.
- (b) To elect the Directors retiring under Article 97 of the Company's Articles of Association:
 - (i) Mr Tan Beng Lee
 - (ii) Professor Neo Boon Siong
 - (iii) Mr Shaw Vee Meng
 - (iv) Mr Law Song Keng
 - (v) Mr Ooi Sin Teik
 - (vi) Mr Ho Tian Yee*Note: Professor Neo Boon Siong and Mr Ho Tian Yee, upon their re-election as Directors, will remain as members of the Audit Committee and are considered independent members of the Audit Committee.*
- (c) 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 appointed as a Director of the Company to hold such office until the next Annual General Meeting of the Company.
4. To approve Directors' fees of S\$260,000 for 2000 (1999: S\$280,000).
5. To appoint Auditors and authorise the Directors to fix their remuneration.

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

6. 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.

NOTICE OF ANNUAL GENERAL MEETING
GREAT EASTERN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)

7. 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.

By Order of the Board

Elizabeth Teoh
SECRETARY

6 April 2001
Singapore

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)

IMPORTANT:

1. For investors who have used their CPF monies to buy Great Eastern Holdings Limited shares, this Annual Report is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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)

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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 Wednesday, 25 April 2001 at 12.00 p.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 Financial Statements		
2	Declaration of a final dividend		
3	(a) Election of Mr Michael Wong Pakshong retiring by rotation under Article 91		
	(b) Election of Directors retiring under Article 97:		
	(i) Mr Tan Beng Lee		
	(ii) Professor Neo Boon Siong		
	(iii) Mr Shaw Vee Meng		
	(iv) Mr Law Song Keng		
	(v) Mr Ooi Sin Teik		
	(vi) Mr Ho Tian Yee		
	(c) Appointment of Mr Lee Seng Wee under Section 153(6) of the Companies Act, Chapter 50		
4	Approval of Directors' fees		
5	Appointment of Auditors and to authorise the Directors to fix their remuneration		
	As Special Business		
6	Authority for Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50		
7	Authority for Directors to offer and grant options pursuant to the Great Eastern Holdings Executives' Share Option Scheme		

Dated this _____ day of _____ 2001

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 (Pte) 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.