

GREAT EASTERN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199903008M)



To Our Shareholders

The Board of Directors of Great Eastern Holdings Limited (“**GEH**”) has announced the following:

Financial statements of GEH Group for the Second Half and Audited Financial Statements for the Year ended 31 December 2020

For second half and year ended 31 December 2020, profit attributable to shareholders was \$629.2 million and \$960.6 million respectively. Details of the financial statements are attached.

Unaudited Supplementary Information

Disclosure of operating and non-operating profit from insurance business is provided as supplementary information to the financial statements.

Final Dividend

The Board of Directors is pleased to recommend a final one-tier tax exempt dividend of 50 cents per ordinary share in respect of the financial year ended 31 December 2020 (2019: final one-tier tax exempt dividend of 50 cents per ordinary share). Including the interim one-tier tax exempt dividend of 10 cents per ordinary share paid in August 2020, total dividends in respect of the financial year ended 31 December 2020 would amount to 60 cents per ordinary share, subject to members’ approval at GEH’s Annual General Meeting (2019: 60 cents per ordinary share).

Record Date and Payment Date for Dividend

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of GEH be closed on 26 April 2021 for the purpose of determining the entitlement of members to the recommended final one-tier tax exempt dividend of 50 cents per ordinary share. Duly completed registrable transfers of shares received by GEH’s Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 23 April 2021 will be registered to determine members’ entitlements to the recommended final one-tier tax exempt dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 23 April 2021 will be entitled to the recommended final one-tier tax exempt dividend.

The final one-tier tax exempt dividend, if approved by members, will be paid on 5 May 2021.

By Order of the Board

Jennifer Wong Pakshong
Company Secretary
23 February 2021

FINANCIAL RESULTS FOR SECOND HALF AND YEAR ENDED 31 DECEMBER 2020

1. GROUP PROFIT OR LOSS STATEMENTS

in Singapore Dollars (millions)	Note	Year ended 2020	Year ended 2019	% + / (-)	2nd Half 2020	2nd Half 2019	% + / (-)	1st Half 2020	% + / (-)
Income									
Gross premiums	10.2	15,507.1	11,769.5	32	9,029.6	6,305.9	43	6,477.5	39
Premiums ceded to reinsurers		(706.3)	(592.3)	(19)	(413.0)	(271.1)	(52)	(293.3)	(41)
(Increase)/Decrease in premium liabilities		(1.3)	(12.6)	90	1.7	(1.0)	270	(3.0)	157
Net premiums		14,799.5	11,164.6	33	8,618.3	6,033.8	43	6,181.2	39
Commissions received from reinsurers		136.9	76.8	78	93.9	38.5	144	43.0	118
Investment income, net ⁽¹⁾	10.3	2,594.9	2,765.5	(6)	1,278.8	1,402.0	(9)	1,316.1	(3)
Rental income, net ⁽¹⁾		23.9	31.5	(24)	10.0	14.8	(32)	13.9	(28)
Fees and other income ⁽¹⁾		27.9	22.9	22	15.5	12.4	25	12.4	25
Gain on sale of investments and changes in fair value	10.4	3,898.6	4,601.8	(15)	3,893.5	1,529.6	155	5.1	nm
Change in third-party interests in consolidated investment funds		(14.3)	(10.3)	(39)	(20.5)	(3.3)	(521)	6.2	(431)
Gain on disposal of interest in associate		1.4	-	nm	-	-	nm	1.4	(100)
Gain on disposal of subsidiary		8.4	3.5	140	8.4	3.5	140	-	nm
Gain/(loss) on exchange differences	10.5	0.5	(37.7)	101	(109.4)	(16.5)	563	109.9	(200)
Total income		21,477.7	18,618.6	15	13,788.5	9,014.8	53	7,689.2	79
less: Expenses									
Gross claims, maturities, surrenders and annuities	10.6	10,371.9	6,810.9	52	6,759.1	3,649.9	85	3,612.8	87
Claims, maturities, surrenders and annuities recovered from reinsurers		(696.2)	(297.7)	(134)	(549.8)	(155.4)	(254)	(146.4)	(276)
Commissions and distribution expenses ⁽¹⁾	10.7	1,301.8	1,143.8	14	762.6	643.5	19	539.2	41
Increase/(decrease) in provision for impairment of assets		4.8	28.5	(83)	(0.4)	29.5	(101)	5.2	(108)
Management and other expenses ⁽¹⁾	10.8	1,403.8	648.2	117	356.2	364.8	(2)	1,047.6	(66)
Interest expense		18.3	18.3	-	9.1	9.1	-	9.2	(1)
Increase in provision for agents' retirement benefits		25.9	42.3	(39)	21.7	15.9	36	4.2	417
Depreciation and amortisation expenses		78.1	73.5	6	40.9	42.5	(4)	37.2	10
Gross change in insurance contract liabilities ⁽¹⁾	10.9	8,416.4	8,942.3	(6)	5,424.3	3,985.0	36	2,992.1	81
Change in insurance contract liabilities ceded to reinsurer ⁽¹⁾		(185.8)	(389.1)	52	392.7	(267.7)	247	(578.5)	168
Total expenses		20,739.0	17,021.0	22	13,216.4	8,317.1	59	7,522.6	76
Profit before share of loss of associates		738.7	1,597.6	(54)	572.1	697.7	(18)	166.6	243
Share of loss after income tax of associates		-	(0.3)	100	-	(0.1)	100	-	nm
Profit before income tax		738.7	1,597.3	(54)	572.1	697.6	(18)	166.6	243
Income tax credit/(expense) attributable to policyholders' returns	10.10	216.9	(403.8)	154	(37.7)	(126.7)	70	254.6	(115)
Profit before tax attributable to shareholders' profits		955.6	1,193.5	(20)	534.4	570.9	(6)	421.2	27
Income tax credit/(expense)		249.7	(575.2)	143	76.4	56.8	35	173.3	(56)
less: Income tax (credit)/expense attributable to policyholders' returns		(216.9)	403.8	(154)	37.7	126.7	(70)	(254.6)	115
Income tax credit/(expense) attributable to shareholders' profits	10.11	32.8	(171.4)	119	114.1	(69.9)	263	(81.3)	240
Profit after income tax		988.4	1,022.1	(3)	648.5	501.0	29	339.9	91
Attributable to:									
Shareholders	10.1	960.6	1,003.8	(4)	629.2	492.1	28	331.4	90
Non-controlling interests		27.8	18.3	52	19.3	8.9	117	8.5	127
		988.4	1,022.1	(3)	648.5	501.0	29	339.9	91
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)		2.03	2.12	(4)	1.33	1.04	28	0.70	90
Return on Equity (Average Shareholders' Fund) (%)		10.7%	12.5% (1.8 pp)		7.0%	5.9%	1.1 pp	3.9%	3.1 pp

⁽¹⁾ Comparatives have been restated to conform to current year's presentation. Refer to Note 13 for details.

nm – not meaningful / exceeding 1000%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	Year ended 2020	Year ended 2019	% +/(−)	2nd Half 2020	2nd Half 2019	% +/(−)	1st Half 2020	% +/(−)
Profit after income tax for the year	988.4	1,022.1	(3)	648.5	501.0	29	339.9	91
Other comprehensive income:								
Items that will not be reclassified to the Profit or Loss Statement:								
Exchange differences arising on translation of overseas entities attributable to non-controlling interests	-	(0.1)	100	-	(0.1)	100	-	nm
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income	32.6	174.4	(81)	230.6	1.1	nm	(198.0)	216
Income tax related to the above	(7.3)	(31.4)	77	(39.7)	(2.4)	nm	32.4	(223)
Items that may be reclassified subsequently to the Profit or Loss Statement:								
Exchange differences arising on translation of overseas entities	(1.8)	1.2	(250)	9.4	6.0	57	(11.2)	184
Debt instruments at fair value through other comprehensive income:								
Changes in fair value	393.6	502.9	(22)	143.8	212.1	(32)	249.8	(42)
Changes in allowance for expected credit losses	4.6	0.9	411	(1.5)	1.2	(225)	6.1	(125)
Reclassification of realised gain on disposal of investments to the Profit or Loss Statement	(335.6)	(130.4)	(157)	(81.2)	(97.3)	17	(254.4)	68
Income tax related to the above	(12.2)	(63.3)	81	(10.9)	(19.5)	44	(1.3)	(738)
Other comprehensive income for the year, after tax	73.9	454.2	(84)	250.5	101.1	148	(176.6)	242
Total comprehensive income for the year	1,062.3	1,476.3	(28)	899.0	602.1	49	163.3	451
Total comprehensive income attributable to:								
Shareholders	1,034.5	1,458.0	(29)	879.7	593.2	48	154.8	468
Non-controlling interests	27.8	18.3	52	19.3	8.9	117	8.5	127
	1,062.3	1,476.3	(28)	899.0	602.1	49	163.3	451

nm – not meaningful / exceeding 1000%

3. GROUP BALANCE SHEET

in Singapore Dollars (millions)	Note	Group		
		31 Dec 2020	31 Dec 2019	% + / (-)
Share capital		152.7	152.7	-
Reserves				
Currency translation reserve		6.6	8.4	(21)
Fair value reserve	10.12.1	464.9	338.3	37
Other reserve		-	0.2	(100)
Retained earnings		8,736.8	8,111.1	8
SHAREHOLDERS' EQUITY		9,361.0	8,610.7	9
NON-CONTROLLING INTERESTS		113.5	90.9	25
TOTAL EQUITY		9,474.5	8,701.6	9
LIABILITIES				
Insurance payables		5,841.7	5,205.0	12
Other creditors		2,705.4	3,945.6	(31)
Debt issued	10.12.2	400.0	399.9	0
Income tax payable		225.5	558.0	(60)
Derivative financial liabilities		273.2	195.6	40
Provision for agents' retirement benefits		295.5	294.0	1
Deferred tax		1,484.6	1,543.0	(4)
Insurance contract liabilities ⁽¹⁾		86,227.3	77,760.9	11
TOTAL EQUITY AND LIABILITIES		106,927.7	98,603.6	8
ASSETS				
Cash and cash equivalents		9,649.8	6,215.9	55
Other debtors ⁽¹⁾		1,028.4	1,103.4	(7)
Insurance receivables ⁽¹⁾		3,072.9	2,857.6	8
Reinsurers' share of insurance contract liabilities ⁽¹⁾		2,487.6	2,293.0	8
Loans		890.5	1,071.5	(17)
Derivative financial assets		764.2	417.2	83
Investments	10.12.3	86,407.2	82,117.5	5
Investment in associates		96.9	1.7	nm
Intangible assets		31.2	31.7	(2)
Investment properties		1,767.2	1,785.5	(1)
Property, plant and equipment		731.8	708.6	3
TOTAL ASSETS		106,927.7	98,603.6	8
Net Asset Value per share (in Singapore Dollars)		19.78	18.19	9

⁽¹⁾ Comparatives have been restated to conform to current year's presentation. Refer to Note 13 for details.

nm – not meaningful / exceeding 1000%

4. COMPANY BALANCE SHEET

in Singapore Dollars (millions)	Company		
	31 Dec 2020	31 Dec 2019	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Merger reserve	419.2	419.2	-
Retained earnings	3,130.7	3,337.6	(6)
TOTAL EQUITY	3,702.6	3,909.5	(5)
LIABILITIES			
Other creditors	7.9	7.1	11
Income tax	-	0.1	(100)
TOTAL EQUITY AND LIABILITIES	3,710.5	3,916.7	(5)
ASSETS			
Cash and cash equivalents	19.3	17.3	12
Other debtors	0.3	0.2	50
Amounts due from subsidiaries	2,692.8	3,005.2	(10)
Subsidiaries	998.0	893.9	12
Property, plant and equipment	0.1	0.1	-
TOTAL ASSETS	3,710.5	3,916.7	(5)
Net Asset Value per share (in Singapore Dollars)	7.82	8.26	(5)

nm – not meaningful / exceeding 1000%

5.1 GROSS PREMIUMS AND PROFIT ATTRIBUTABLE TO SHAREHOLDERS FOR FIRST AND SECOND HALF OF 2020

in Singapore Dollars (millions)	Group					
	First Half			Second Half		
	2020	2019	% + / (-)	2020	2019	% + / (-)
Gross premiums	6,477.5	5,463.6	19	9,029.6	6,305.9	43
Profit attributable to shareholders	331.4	511.7	(35)	629.2	492.1	28

5.2 SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Group				
	Year ended 2020	Year ended 2019	2nd Half 2020	2nd Half 2019	1st Half 2020
Expenses					
1. Staff costs and related expenses	372.3	395.0	219.3	222.9	153.0
2. Depreciation and amortisation expenses	78.1	73.5	40.9	42.5	37.2

6.1. GROUP STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2020

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings			
Balance at 1 January 2020	152.7	8.4	338.3	0.2	8,111.1	8,610.7	90.9	8,701.6
Profit for the year	-	-	-	-	960.6	960.6	27.8	988.4
Other comprehensive income								
Exchange differences arising on translation of overseas entities	-	(1.8)	-	-	-	(1.8)	-	(1.8)
Net revaluation gains on equity instruments at fair value through other comprehensive income	-	-	25.3	-	-	25.3	-	25.3
Debt instruments at FVOCI:								
Changes in fair value	-	-	393.6	-	-	393.6	-	393.6
Changes in allowance for expected credit losses	-	-	4.6	-	-	4.6	-	4.6
Reclassification of realised gain on disposal of investments to the Profit or Loss Statement	-	-	(335.6)	-	-	(335.6)	-	(335.6)
Income tax related to the above	-	-	(12.2)	-	-	(12.2)	-	(12.2)
Other comprehensive income for the year, after tax	-	(1.8)	75.7	-	-	73.9	-	73.9
Total comprehensive income for the year	-	(1.8)	75.7	-	960.6	1,034.5	27.8	1,062.3
Reclassification of net change in fair value of equity instruments upon derecognition	-	-	50.9	-	(50.9)	-	-	-
Distributions to shareholders								
Dividends paid during the year:								
Final one-tier tax exempt dividend for the previous year	-	-	-	-	(236.7)	(236.7)	-	(236.7)
Interim one-tier tax exempt dividend	-	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(9.1)	(9.1)
Total distributions to shareholders	-	-	-	-	(284.0)	(284.0)	(9.1)	(293.1)
Changes in ownership interests in subsidiaries								
Disposal of subsidiary	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Transaction with non-controlling interests without a change in control	-	-	-	-	-	-	3.9	3.9
Total changes in ownership interests in subsidiaries	-	-	-	(0.2)	-	(0.2)	3.9	3.7
Total transactions with shareholders in their capacity as shareholders	-	-	-	(0.2)	(284.0)	(284.2)	(5.2)	(289.4)
Balance at 31 December 2020	152.7	6.6	464.9	-	8,736.8	9,361.0	113.5	9,474.5

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2019

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings			
Balance at 1 January 2019	152.7	7.4	(214.2)	0.2	7,490.8	7,436.9	84.6	7,521.5
Profit for the year	-	-	-	-	1,003.8	1,003.8	18.3	1,022.1
<u>Other comprehensive income</u>								
Exchange differences arising on translation of overseas entities	-	1.2	-	-	-	1.2	(0.1)	1.1
Net revaluation gains on equity instruments at fair value through other comprehensive income	-	-	143.0	-	-	143.0	-	143.0
<u>Debt instruments at FVOCI:</u>								
Changes in fair value	-	-	502.8	-	-	502.8	0.1	502.9
Changes in allowance for expected credit losses	-	-	0.9	-	-	0.9	-	0.9
Reclassification of realised gain on disposal of investments to the Profit or Loss Statement	-	-	(130.4)	-	-	(130.4)	-	(130.4)
Income tax related to the above	-	-	(63.3)	-	-	(63.3)	-	(63.3)
Other comprehensive income for the year, after tax	-	1.2	453.0	-	-	454.2	-	454.2
Total comprehensive income for the year	-	1.2	453.0	-	1,003.8	1,458.0	18.3	1,476.3
Reclassification of net change in fair value of equity instruments upon derecognition	-	-	99.5	-	(99.5)	-	-	-
<u>Distributions to shareholders</u>								
Dividends paid during the year:								
Final one-tier tax exempt dividend for the previous year	-	-	-	-	(236.7)	(236.7)	-	(236.7)
Interim one-tier tax exempt dividend	-	-	-	-	(47.3)	(47.3)	-	(47.3)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(10.7)	(10.7)
Total distributions to shareholders	-	-	-	-	(284.0)	(284.0)	(10.7)	(294.7)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of subsidiary	-	-	-	-	-	-	2.0	2.0
Disposal of subsidiary	-	(0.2)	-	-	-	(0.2)	(3.3)	(3.5)
Total changes in ownership interests in subsidiaries	-	(0.2)	-	-	-	(0.2)	(1.3)	(1.5)
Total transactions with shareholders in their capacity as shareholders	-	(0.2)	-	-	(284.0)	(284.2)	(12.0)	(296.2)
Balance at 31 December 2019	152.7	8.4	338.3	0.2	8,111.1	8,610.7	90.9	8,701.6

6.3. GROUP STATEMENT OF CHANGES IN EQUITY for the second half-year ended 31 December 2020

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings			
Balance at 1 July 2020	152.7	(2.8)	213.4	0.2	8,165.3	8,528.8	94.2	8,623.0
Profit for the period	-	-	-	-	629.2	629.2	19.3	648.5
Other comprehensive income								
Exchange differences arising on translation of overseas entities	-	9.4	-	-	-	9.4	-	9.4
Net revaluation gains on equity instruments at fair value through other comprehensive income	-	-	190.9	-	-	190.9	-	190.9
Debt instruments at FVOCI:								
Changes in fair value	-	-	143.8	-	-	143.8	-	143.8
Changes in allowance for expected credit losses	-	-	(1.5)	-	-	(1.5)	-	(1.5)
Reclassification of realised gain on disposal of investments to Profit or Loss Statement	-	-	(81.2)	-	-	(81.2)	-	(81.2)
Income tax related to the above	-	-	(10.9)	-	-	(10.9)	-	(10.9)
Other comprehensive income for the period, after tax	-	9.4	241.1	-	-	250.5	-	250.5
Total comprehensive income for the period	-	9.4	241.1	-	629.2	879.7	19.3	899.0
Reclassification of net change in fair value of equity instruments upon derecognition	-	-	10.4	-	(10.4)	-	-	-
Distributions to shareholders								
Dividends paid during the period:								
Interim one-tier tax exempt dividend	-	-	-	-	(47.3)	(47.3)	-	(47.3)
Total distributions to shareholders	-	-	-	-	(47.3)	(47.3)	-	(47.3)
Changes in ownership interests in subsidiaries								
Disposal of subsidiary	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Total changes in ownership interests in subsidiaries	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(0.2)	(47.3)	(47.5)	-	(47.5)
Balance at 31 December 2020	152.7	6.6	464.9	-	8,736.8	9,361.0	113.5	9,474.5

6.4. GROUP STATEMENT OF CHANGES IN EQUITY for the second half-year ended 31 December 2019

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings			
Balance at 1 July 2019	152.7	2.6	228.7	0.2	7,680.8	8,065.0	85.5	8,150.5
Profit for the period	-	-	-	-	492.1	492.1	8.9	501.0
<u>Other comprehensive income</u>								
Exchange differences arising on translation of overseas entities	-	6.0	-	-	-	6.0	(0.1)	5.9
Net revaluation losses on equity instruments at fair value through other comprehensive income	-	-	(1.3)	-	-	(1.3)	-	(1.3)
<u>Debt instruments at FVOCI:</u>								
Changes in fair value	-	-	212.0	-	-	212.0	0.1	212.1
Changes in allowance for expected credit losses	-	-	1.2	-	-	1.2	-	1.2
Reclassification of realised gain on disposal of investments to the Profit or Loss Statement	-	-	(97.3)	-	-	(97.3)	-	(97.3)
Income tax related to the above	-	-	(19.5)	-	-	(19.5)	-	(19.5)
Other comprehensive income for the period, after tax	-	6.0	95.1	-	-	101.1	-	101.1
Total comprehensive income for the period	-	6.0	95.1	-	492.1	593.2	8.9	602.1
Reclassification of net change in fair value of equity instruments upon derecognition	-	-	14.5	-	(14.5)	-	-	-
<u>Distributions to shareholders</u>								
Dividends paid during the period:								
Interim one-tier tax exempt dividend	-	-	-	-	(47.3)	(47.3)	-	(47.3)
Total distributions to shareholders	-	-	-	-	(47.3)	(47.3)	-	(47.3)
<u>Changes in ownership interests in subsidiaries</u>								
Acquisition of subsidiary	-	-	-	-	-	-	(0.2)	(0.2)
Disposal of subsidiary	-	(0.2)	-	-	-	(0.2)	(3.3)	(3.5)
Total changes in ownership interests in subsidiaries	-	(0.2)	-	-	-	(0.2)	(3.5)	(3.7)
Total transactions with shareholders in their capacity as shareholders	-	(0.2)	-	-	(47.3)	(47.5)	(3.5)	(51.0)
Balance at 31 December 2019	152.7	8.4	338.3	0.2	8,111.1	8,610.7	90.9	8,701.6

7.1. COMPANY STATEMENT OF CHANGES IN EQUITY for the years ended 31 December 2020 and 2019

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Retained Earnings	Total Equity
Balance at 1 January 2020	152.7	419.2	3,337.6	3,909.5
Profit for the year	-	-	77.1	77.1
Total comprehensive income for the year	-	-	77.1	77.1
<u>Distributions to shareholders</u>				
Dividends paid during the year:				
Final one-tier tax exempt dividend for the previous year	-	-	(236.7)	(236.7)
Interim one-tier tax exempt dividend	-	-	(47.3)	(47.3)
Total distributions to shareholders	-	-	(284.0)	(284.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(284.0)	(284.0)
Balance at 31 December 2020	152.7	419.2	3,130.7	3,702.6
Balance at 1 January 2019	152.7	419.2	3,014.6	3,586.5
Profit for the year	-	-	607.0	607.0
Total comprehensive income for the year	-	-	607.0	607.0
<u>Distributions to shareholders</u>				
Dividends paid during the year:				
Final one-tier tax exempt dividend for the previous year	-	-	(236.7)	(236.7)
Interim one-tier tax exempt dividend	-	-	(47.3)	(47.3)
Total distributions to shareholders	-	-	(284.0)	(284.0)
Total transactions with shareholders in their capacity as shareholders	-	-	(284.0)	(284.0)
Balance at 31 December 2019	152.7	419.2	3,337.6	3,909.5

7.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the second half-years ended 31 December 2020 and 2019

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Retained Earnings	Total Equity
Balance at 1 July 2020	152.7	419.2	3,179.9	3,751.8
Loss for the period	-	-	(1.9)	(1.9)
Total comprehensive income for the period	-	-	(1.9)	(1.9)
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Interim one-tier tax exempt dividend	-	-	(47.3)	(47.3)
Total distributions to shareholders	-	-	(47.3)	(47.3)
Total transactions with shareholders in their capacity as shareholders	-	-	(47.3)	(47.3)
Balance at 31 December 2020	152.7	419.2	3,130.7	3,702.6
Balance at 1 July 2019	152.7	419.2	3,387.1	3,959.0
Loss for the period	-	-	(2.2)	(2.2)
Total comprehensive income for the period	-	-	(2.2)	(2.2)
<u>Distributions to shareholders</u>				
Dividends paid during the period:				
Interim one-tier tax exempt dividend	-	-	(47.3)	(47.3)
Total distributions to shareholders	-	-	(47.3)	(47.3)
Total transactions with shareholders in their capacity as shareholders	-	-	(47.3)	(47.3)
Balance at 31 December 2019	152.7	419.2	3,337.6	3,909.5

8. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

in Singapore Dollars (millions)	Year ended 2020	Year ended 2019	2nd Half 2020	2nd Half 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	738.7	1,597.3	572.1	697.6
Adjustments for non-cash items:				
Share of loss of associates	-	0.3	-	0.1
Gain on sale of investments and changes in fair value	(3,898.6)	(4,601.8)	(3,893.5)	(1,529.6)
Gain on disposal of subsidiary	(8.4)	(3.5)	(8.4)	(3.5)
Gain on disposal of interest in associate	(1.4)	-	-	-
Increase/(decrease) in provision for impairment of assets	4.8	28.5	(0.4)	29.5
Increase in provision for agents' retirement benefits	25.9	42.3	21.7	15.9
Loss on disposal of property, plant and equipment	0.1	0.1	-	0.1
Depreciation and amortisation expenses	78.1	73.5	40.9	42.5
Unrealised (gain)/loss on exchange differences	(0.5)	37.7	109.4	16.5
Change in insurance contract liabilities ⁽¹⁾	8,416.4	8,942.3	5,424.3	3,985.0
Change in insurance contract liabilities ceded to reinsurers ⁽¹⁾	(185.8)	(389.1)	392.7	(267.7)
Change in premium liabilities	1.3	12.6	(1.7)	1.0
Dividend income	(579.5)	(601.5)	(262.2)	(296.8)
Interest income	(2,216.6)	(2,251.8)	(1,089.7)	(1,153.2)
Interest expense	18.3	18.3	9.1	9.1
Interest expense on policy benefits and lease liabilities	211.0	190.4	107.2	98.6
Share-based payments	6.6	6.3	3.6	3.1
Others	(0.3)	0.1	(0.4)	-
	2,610.1	3,102.0	1,424.7	1,648.2
Changes in working capital:				
Insurance receivables ⁽¹⁾	(212.2)	(224.8)	(11.1)	18.9
Other debtors ⁽¹⁾	62.5	20.4	142.1	152.5
Insurance payables	645.9	579.2	446.9	443.6
Other creditors	(1,165.7)	586.0	(206.7)	343.5
Cash generated from operations	1,940.6	4,062.8	1,795.9	2,606.7
Income tax paid	(172.5)	(203.0)	(119.4)	(71.9)
Interest paid on policy benefits and lease liabilities	(211.0)	(190.4)	(107.2)	(98.6)
Agents' retirement benefits paid	(25.0)	(23.7)	(14.3)	(13.0)
Net cash flows generated from operating activities	1,532.1	3,645.7	1,555.0	2,423.2
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturities and sale of investments	42,029.0	34,761.6	16,887.3	16,775.5
Purchase of investments	(42,479.8)	(40,323.4)	(17,177.9)	(18,970.6)
Net cash inflow from acquisition of subsidiary	-	16.5	-	2.0
Net cash outflow from acquisition of associate	(93.4)	-	(93.4)	-
Net cash inflow from disposal of associate	3.5	-	3.5	-
Net cash inflow from disposal of subsidiary	32.5	1.9	32.5	1.9
Proceeds from sale of property, plant and equipment	0.1	0.4	(0.5)	0.1
Purchase of property, plant and equipment and investment properties	(99.1)	(81.9)	(58.4)	(49.8)
Acquisition of intangible assets	-	(4.0)	-	(4.0)
Interest income received	2,262.9	2,215.9	1,108.9	1,137.4
Interest expense paid	(18.4)	(18.2)	(9.1)	(9.0)
Dividends received	566.8	602.1	257.2	305.6
Net cash flows provided by/(used in) investing activities	2,204.1	(2,829.1)	950.1	(810.9)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(284.0)	(284.0)	(47.3)	(47.3)
Dividends paid to non-controlling interests	(9.1)	(10.7)	-	-
Changes in non-controlling interests	3.9	-	-	-
Principal element of lease payments	(13.1)	(11.1)	(6.8)	(8.9)
Net cash flows from financing activities	(302.3)	(305.8)	(54.1)	(56.2)
Net increase in cash and cash equivalents	3,433.9	510.8	2,451.0	1,556.1
Cash and cash equivalents at the beginning of the year	6,215.9	5,705.1	7,198.8	4,659.8
Cash and cash equivalents at the end of the year	9,649.8	6,215.9	9,649.8	6,215.9

⁽¹⁾ Comparatives have been restated to conform to current year's presentation. Refer to Note 13 for details.

9. GROUP SEGMENTAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER

9.1. By Business Segments

in Singapore Dollars (millions)	Shareholders		Non-life Insurance		Life Insurance		Adjustments and Eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Premiums less reassurances	-	-	208.3	201.0	14,592.4	10,964.9	(1.2)	(1.3)	14,799.5	11,164.6
Commissions received from reinsurers	-	-	31.2	32.9	105.7	43.9	-	-	136.9	76.8
Investment and rental income (Including mark-to-market changes) ⁽¹⁾	251.1	400.3	19.2	21.8	6,202.9	6,932.3	44.2	44.4	6,517.4	7,398.8
Fees and other income ⁽¹⁾	100.4	89.3	-	-	-	-	(72.5)	(66.4)	27.9	22.9
Change in third-party interests in consolidated investment funds	(14.3)	(10.3)	-	-	-	-	-	-	(14.3)	(10.3)
Gain on disposal of interest in associate	-	-	-	-	1.4	-	-	-	1.4	-
Gain on disposal of subsidiary	8.4	3.5	-	-	-	-	-	-	8.4	3.5
Gain/(loss) on exchange differences	9.9	(0.3)	(0.5)	(0.6)	(8.9)	(36.8)	-	-	0.5	(37.7)
Total income	355.5	482.5	258.2	255.1	20,893.5	17,904.3	(29.5)	(23.3)	21,477.7	18,618.6
Claims less reassurances	(1.7)	-	103.6	108.7	9,573.8	6,404.5	-	-	9,675.7	6,513.2
Commissions and expenses ⁽¹⁾	907.8	172.4	122.0	120.4	1,827.6	1,656.6	(29.5)	(23.3)	2,827.9	1,926.1
Increase in provision for impairment of assets	1.4	0.6	0.1	-	3.3	27.9	-	-	4.8	28.5
Gross change in insurance contract liabilities ⁽¹⁾	(785.3)	-	71.6	32.5	9,130.1	8,909.8	-	-	8,416.4	8,942.3
Change in insurance contract liabilities ceded to reinsurers ⁽¹⁾	-	-	(74.4)	(36.0)	(111.4)	(353.1)	-	-	(185.8)	(389.1)
Total expenses	122.2	173.0	222.9	225.6	20,423.4	16,645.7	(29.5)	(23.3)	20,739.0	17,021.0
Profit before share of loss of associates	233.3	309.5	35.3	29.5	470.1	1,258.6	-	-	738.7	1,597.6
Share of loss after income tax of associates	-	-	-	-	-	(0.3)	-	-	-	(0.3)
Profit before income tax	233.3	309.5	35.3	29.5	470.1	1,258.3	-	-	738.7	1,597.3
Income tax credit/(expense) attributable to policyholders' returns	-	-	-	-	216.9	(403.8)	-	-	216.9	(403.8)
Profit before tax attributable to shareholders' profits	233.3	309.5	35.3	29.5	687.0	854.5	-	-	955.6	1,193.5
Income tax credit/(expense)	74.9	(24.1)	(3.4)	(3.4)	178.2	(547.7)	-	-	249.7	(575.2)
less: Income tax (credit)/expense attributable to policyholders' returns	-	-	-	-	(216.9)	403.8	-	-	(216.9)	403.8
Income tax credit/(expense) attributable to shareholders' profits	74.9	(24.1)	(3.4)	(3.4)	(38.7)	(143.9)	-	-	32.8	(171.4)
Profit after income tax	308.2	285.4	31.9	26.1	648.3	710.6	-	-	988.4	1,022.1
Segment assets	10,279.1	9,573.9	896.9	833.5	99,289.4	91,373.3	(3,634.6)	(3,178.8)	106,830.8	98,601.9
Investments in associates	96.9	-	-	-	-	1.7	-	-	96.9	1.7
Total Assets	10,376.0	9,573.9	896.9	833.5	99,289.4	91,375.0	(3,634.6)	(3,178.8)	106,927.7	98,603.6
Segment liabilities	495.2	575.2	903.8	832.8	97,978.6	89,571.8	(3,634.5)	(3,178.8)	95,743.1	87,801.0
Income tax and deferred tax liabilities	274.4	311.5	(0.8)	(3.3)	1,436.5	1,792.8	-	-	1,710.1	2,101.0
Total Liabilities	769.6	886.7	903.0	829.5	99,415.1	91,364.6	(3,634.5)	(3,178.8)	97,453.2	89,902.0
Additions to non-current assets	6.5	13.1	7.8	2.7	88.6	162.6	-	-	102.9	178.4

⁽¹⁾ Comparatives have been restated to conform to current year's presentation. Refer to Note 13 for details.

9.2. By Geographical Segments

in Singapore Dollars (millions)	Singapore		Malaysia		Other Asia		Adjustments and Eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total revenue from external customers	16,401.6	13,226.7	4,823.1	5,130.4	275.2	285.0	(22.2)	(23.5)	21,477.7	18,618.6
Dividend from subsidiaries	60.2	225.7	-	-	-	-	(60.2)	(225.7)	-	-
Total revenue	16,461.8	13,452.4	4,823.1	5,130.4	275.2	285.0	(82.4)	(249.2)	21,477.7	18,618.6
Profit/(loss) after income tax	607.2	950.6	423.1	279.4	5.4	10.0	(47.3)	(217.9)	988.4	1,022.1
<u>As at 31 December:</u>										
Non-current assets	1,943.0	1,953.9	579.4	563.2	7.8	8.7	-	-	2,530.2	2,525.8

10. REVIEW OF RESULTS

The Group Financial Statements for the second half-year ended 31 December 2020 ("2H-20") and for the year ended 31 December 2020 ("FY-20") were prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") and SFRS(I) Interpretations.

10.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Group's profit attributable to shareholders was \$629.2 million for 2H-20 and \$960.6 million for FY-20 (2H-19: \$492.1 million, FY-19 \$1,003.8 million).

10.2 GROSS PREMIUMS

2H-20 gross premiums increased 43% compared with the same period last year to \$9,029.6 million (2H-19: \$6,305.9 million) and FY-20 gross premiums increased 32% compared with last year to \$15,507.1 million (FY-19: \$11,769.5 million) due to higher sales in Singapore and Malaysia.

10.3 INVESTMENT INCOME, NET

Net investment income decreased to \$1,278.8 million for 2H-20 and \$2,594.9 million for FY-20 (2H-19: \$1,402.0 million, FY-19: \$2,765.5 million) mainly due to lower interest and dividend income.

10.4 GAIN ON SALE OF INVESTMENTS AND CHANGES IN FAIR VALUE

Sale of investments and changes in fair value resulted in a gain of \$3,893.5 million in 2H-20 and \$3,898.6 million in FY-20 (2H-19: \$1,529.6 million, FY-19: \$4,601.8 million). The gain in 2H-20 was mainly due to unrealised fair value gain as a result of favourable market conditions. Lower gain for FY-20 compared to FY-19 was mainly due to lower unrealised fair value gains as a result of unfavourable market conditions in 1Q-20.

10.5 GAIN/(LOSS) ON EXCHANGE DIFFERENCES

Exchange differences resulted in a loss of \$109.4 million in 2H-20 and gain of \$0.5 million in FY-20 (2H-19: loss of \$16.5 million, FY-19: loss of \$37.7 million). The 2H-20 loss arose mainly from US Dollar denominated investments.

10.6 GROSS CLAIMS, MATURITIES, SURRENDERS AND ANNUITIES

Gross claims, maturities, surrenders and annuities increased to \$6,759.1 million for 2H-20 and \$10,371.9 million for FY-20 (2H-19: \$3,649.9 million, FY-19: \$6,810.9 million) largely due to higher policy maturities.

10.7 COMMISSIONS AND DISTRIBUTION EXPENSES

Commissions and distribution expenses increased to \$762.6 million for 2H-20 and \$1,301.8 million for FY-20 (2H-19: \$643.5 million, FY-19: \$1,143.8 million), in line with higher sales.

10.8 MANAGEMENT AND OTHER EXPENSES

Management and other expenses decreased to \$356.2 million for 2H-20 and increased to \$1,403.8 million in FY-20 (2H-19: \$364.8 million, FY-19: \$648.2 million). The decrease in 2H-20 is mainly due to lower staff related expenses and professional fees and the increase in FY-20 is mainly due to contribution of RM2.37 billion (approximately \$785.3 million) in 1H-20 to the National B40 Protection Trust Fund in satisfaction and in lieu of the local shareholder requirement imposed on its subsidiary, Great Eastern Life Assurance (Malaysia) Berhad.

10.9 GROSS CHANGE IN INSURANCE CONTRACT LIABILITIES

Gross change in insurance contract liabilities was \$5,424.3 million for 2H-20 and \$8,416.4 million for FY-20 (2H-19: \$3,985.0 million, FY-19: \$8,942.3 million). For FY-20, the decrease is mainly due to lower mark-to-market valuation impact on insurance contract liabilities and release of unallocated surplus in Malaysia.

10.10 INCOME TAX CREDIT/(EXPENSE) ATTRIBUTABLE TO POLICYHOLDERS' RETURNS

Income tax attributable to policyholders' returns was an expense of \$37.7 million in 2H-20 and a credit of \$216.9 million in FY-20 (2H-19: tax expense of \$126.7 million, FY-19: tax expense of \$403.8 million). Lower expense for 2H-20 and tax credit for FY-20 is mainly due to one-off tax credit from finalisation of prior years' tax assessment.

10.11 INCOME TAX CREDIT/(EXPENSE) ATTRIBUTABLE TO SHAREHOLDERS' PROFITS

Tax credit of \$114.1 million in 2H-20 and \$32.8 million in FY-20 (2H-19: tax expense of \$69.9 million, FY-19: tax expense of \$171.4 million) is mainly due to one-off tax credit from finalisation of prior years' tax assessment.

10.12 BALANCE SHEET

10.12.1. Fair Value Reserve

As at 31 December 2020, fair value reserve was \$464.9 million, compared with \$338.3 million as at 31 December 2019. The increase in fair value reserve was due to unrealised fair value gain from equity investments.

10.12.2. Debt Issued

in Singapore Dollars (millions)	31 December 2020	31 December 2019
Subordinated fixed rate notes (unsecured)		
-payable within one year	400.0	-
-payable after one year	-	399.9

The Great Eastern Life Assurance Company Limited has issued a Notice of Redemption to the holders of \$400,000,000 4.6 per cent Subordinated Fixed Rate Notes due 2026 callable in 2021 comprised in Series 001 (ISIN No. SG7Z25966556) (the "Notes"). All outstanding Notes have been fully redeemed on 19 January 2021.

10.12.3. Investments

Investments increased to \$86,407.2 million as at 31 December 2020 (31 December 2019: \$82,117.5 million). The split of investment assets was as follows:

	Investments			Total
	FVTPL ⁽¹⁾	FVOCI ⁽²⁾	AC ⁽³⁾	
Par and Unit Linked Fund	66,315.7	27.7	-	66,343.4
Other Funds	11,345.0	8,545.9	172.9	20,063.8
Balance at 31 Dec 2020	77,660.7	8,573.6	172.9	86,407.2

⁽¹⁾ FVTPL - Fair Value Through Profit or Loss

⁽²⁾ FVOCI - Fair Value Through Other Comprehensive Income

⁽³⁾ AC - Amortised Cost

10.12.4. Asset allocation of life funds, excluding Investment-linked Funds, was as follows:

	SINGAPORE		MALAYSIA	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Fixed income & debt securities	63%	64%	61%	61%
Equities	21%	21%	30%	29%
Real estate & others	5%	9%	5%	5%
Cash & money market instruments	11%	6%	4%	5%
Market Value of Assets (in SGD billions)	61.5	58.1	25.6	25.2

10.13 REGULATORY CAPITAL

The Capital Adequacy Ratios of the Group's insurance subsidiaries in both Singapore and Malaysia remain strong and well above their respective minimum regulatory levels.

11. SHARE CAPITAL

The Company's issued and paid up share capital as at 31 December 2020 was unchanged at \$152.7 million compared with 31 December 2019. Total number of shares issued as at 31 December 2020 also remained unchanged at 473,319,069 compared with 31 December 2019.

12. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2019. The adoption of the new SFRS(I)s and amendments and interpretations of SFRS(I) which came into effect on 1 January 2020 did not have any material financial impact on the Group's results for 2H-20 and FY-20.

13. RECLASSIFICATIONS

Certain reclassifications have been made to the comparatives to conform to current year's presentation. The reclassification adjustments do not have any impact to the profit or loss of the Group for FY-20.

in Singapore Dollars (millions)

	Group		
	31 December 2019		
	As restated	As previously reported	Increase / (decrease)
<u>Profit or Loss Statement</u>			
<u>Income</u>			
Investment income, net	2,765.5	2,712.2	53.3
Fees and other income	22.9	76.2	(53.3)
Rental income, net	31.5	53.3	(21.8)
<u>Expenses</u>			
Commissions and distribution expenses	1,143.8	1,150.4	(6.6)
Management and other expenses	648.2	663.4	(15.2)
Gross change in insurance contract liabilities	8,942.3	8,553.2	389.1
Change in insurance contract liabilities ceded to reinsurers	(389.1)	-	(389.1)
<u>Balance Sheet</u>			
<u>Assets</u>			
Insurance receivables	2,857.6	3,031.8	(174.2)
Reinsurers' share of insurance contract liabilities	2,293.0	-	2,293.0
Other debtors	1,103.4	1,124.9	(21.5)
<u>Liabilities</u>			
Insurance contract liabilities	77,760.9	75,663.6	2,097.3
<u>Statement of Cash Flows</u>			
<u>Adjustments for non-cash items:</u>			
Gross change in insurance contract liabilities	8,942.3	8,553.2	389.1
Change in insurance contract liabilities ceded to reinsurers	(389.1)	-	(389.1)
<u>Changes in working capital:</u>			
Insurance receivables	(224.8)	(203.3)	(21.5)
Other debtors	20.4	(1.1)	21.5

14. AUDITED RESULTS

The consolidated Group's financial results for the financial year ended 31 December 2020 were audited by the Group's auditor. The Auditor's Report to the Members of Great Eastern Holdings Limited is appended.

15. FACTORS THAT MAY AFFECT GROUP PERFORMANCE IN THE NEXT REPORTING AND/OR 12-MONTH PERIOD

We view the COVID-19 pandemic as an evolving situation with continued uncertainties that could impact the performance of the Group. There are still many unknowns surrounding the pandemic and the timing of its eradication remains uncertain. The impact to our business operations would hinge on each government's response to manage the health and economic effects of the pandemic.

We expect continued volatility in the financial markets, resulting in fluctuations in the mark-to-market valuation of our assets and liabilities, which will impact our profit. Key factors are the direction of interest rates, credit spreads and equity prices. As our bonds are mostly investment grade, the default risk is likely to be low.

16. INTERESTED PERSON TRANSACTIONS

Pursuant to Rule 920(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"), GEH has not obtained a general mandate from shareholders for Interested Person Transactions.

17. CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

Pursuant to Rule 720(1) of the Listing Manual, GEH confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

18. Rule 704(13) of the Listing Manual

As at the financial year ended 31 December 2020, there were no persons occupying a managerial position in GEH or in any of its principal subsidiaries who are relatives of a director, chief executive officer or substantial shareholder of GEH.

Issued: 23 February 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREAT EASTERN HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Great Eastern Holdings Limited ("the Company") and its subsidiaries ("the Group"), the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated profit or loss statement of the Group for the year ended 31 December 2020;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the balance sheets of the Group and of the Company as at 31 December 2020;
- the statements of changes in equity of the Group and of the Company for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GREAT EASTERN HOLDINGS LIMITED (continued)**

Report on the Audit of the Financial Statements (continued)

Other Matter

The financial statements for the preceding financial year were reported on by an audit firm other than PricewaterhouseCoopers LLP. The auditor's report dated 18 February 2020 issued by the predecessor audit firm on the financial statements for the financial year ended 31 December 2019 was unqualified.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of life insurance contract liabilities Refer to the following notes in the consolidated financial statements: Note 2.10.3 <i>Life Insurance Contracts Liabilities</i> , Note 2.30(a) <i>Critical accounting estimates and judgments on liabilities of insurance business</i> , Note 15.1 <i>Life Insurance Contracts</i> and Note 33 <i>Insurance Risk</i> . As at 31 December 2020, the Group has life insurance contract liabilities of S\$85,687.8 million representing approximately 88% of the Group's total liabilities.	We performed the following audit procedures to address this matter: <ul style="list-style-type: none">• We understood the actuarial valuation process, including model changes and assumptions setting;• We tested the design and operating effectiveness of controls over the accuracy and completeness of the data used;• We understood the valuation methodologies used, identified changes in methodologies from previous valuation and assessed the reasonableness and impact for material changes identified. We carried out these procedures by applying our industry knowledge and experience and assessed whether the methodologies and changes to those methodologies are consistent with recognised actuarial practices and expectations derived from market experience;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GREAT EASTERN HOLDINGS LIMITED (continued)**

Report on the Audit of the Financial Statements (continued)

Our Audit Approach (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of life insurance contract liabilities (continued)</p> <p>Management's valuation of life insurance contract liabilities uses complex actuarial methods and models. The valuation process involves significant judgment about the assumptions of uncertain future events, including: mortality, morbidity, expense, lapse, surrender and interest rates.</p> <p>In addition to historical experience, management judgment is involved in the application of these assumptions. Changes in these assumptions used could result in a material impact to the valuation of the life insurance contract liabilities and the related movements in the consolidated profit or loss statement of the Group.</p>	<ul style="list-style-type: none"> • We performed an independent review of model points on a sample basis to assess that the methodologies and assumptions have been applied appropriately; • We assessed the reasonableness of the key assumptions used by management including: mortality, morbidity, expense, lapse, surrender and interest rates, by comparing against the Group's historical experiences and market observable data, where applicable; • We reviewed the reasonableness of the movement analysis of the insurance contract liabilities prepared by management. The movement analysis provides a reconciliation of the balance as at 31 December 2019 to 31 December 2020, showing the key drivers of the changes during the year; and • We assessed the appropriateness of the disclosures in the financial statements. <p>Based on the work performed and the evidence obtained, we found the methodologies and assumptions used by management to be appropriate. Our audit procedures on the disclosures showed that they were in accordance with the relevant SFRS(I) disclosure requirements.</p>
<p>Valuation of provision for current income tax and deferred tax</p> <p>Refer to the following notes in the consolidated financial statements: Note 2.12.1 <i>Current Income Tax</i>, Note 2.12.2 <i>Deferred Tax</i>, Note 2.30(b) <i>Critical accounting estimates and judgments on income taxes</i> and Note 8 <i>Income Tax</i>.</p>	<p>We performed the following audit procedures to address this matter:</p> <ul style="list-style-type: none"> • We reviewed the reasonableness of the current income tax and deferred tax liabilities determined by management and evaluated the judgments and assumptions applied by management to estimate the probabilities and amounts; • We examined the correspondences with the tax authority to identify potential tax exposures; and

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GREAT EASTERN HOLDINGS LIMITED (continued)**

Report on the Audit of the Financial Statements (continued)

Our Audit Approach (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of provision for current income tax and deferred tax (continued)</p> <p>As at 31 December 2020, the Group has recognised a current income tax payable of S\$225.5 million and net deferred tax liabilities of S\$1,484.6 million.</p> <p>The Group operates in various countries and is subject to income taxes in those jurisdictions. There is an inherent uncertainty involved in the calculation of current income tax and deferred tax. There are significant open tax positions. The final tax outcome determined by the tax authority may be different from the amounts initially recorded, resulting in changes in the tax provisions made in prior periods.</p>	<ul style="list-style-type: none">• We assessed the appropriateness of the disclosures in the financial statements. <p>Based on the work performed and the evidence obtained, we found management's assessment of the current income tax payable and net deferred tax liabilities is reasonable. Our audit procedures on the disclosures showed that they were in accordance with the relevant SFRS(I) disclosure requirements.</p>

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement, Sustainability Report and List of Major Properties (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GREAT EASTERN HOLDINGS LIMITED (continued)**

Report on the Audit of the Financial Statements (continued)

Other Information (continued)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GREAT EASTERN HOLDINGS LIMITED (continued)**

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GREAT EASTERN HOLDINGS LIMITED (continued)**

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Hans Koopmans.


PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 22 February 2021