

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:

Audited Financial Results of GEH Group for the Fourth Quarter and Year Ended 31 December 2016

For the fourth quarter and year ended 31 December 2016, Group profit attributable to shareholders was \$195.2 million and \$589.3 million respectively. Details of the financial results are attached.

Unaudited Supplementary Information

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

Dividend

The Board of Directors is pleased to recommend a final one-tier tax exempt dividend of 40 cents per ordinary share (2015: final one-tier tax exempt dividend of 40 cents per ordinary share and special one-tier tax exempt dividend of 5 cents per ordinary share). Including the interim one-tier tax exempt dividend of 10 cents per ordinary share paid in September 2016, total dividends for financial year 2016 would amount to 50 cents per ordinary share (2015: 55 cents per ordinary share).

Books Closure Date and Payment Date for Dividend

Subject to the approval of the shareholders to the final one-tier tax exempt dividend at the Annual General Meeting, the Share Transfer Books and Register of Members of the Company will be closed on 25 April 2017 for the purpose of determining the entitlement of shareholders to the recommended final one-tier tax exempt dividend of 40 cents per ordinary share. Duly completed registrable transfers of shares received by the Company’s Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 pm on 24 April 2017 will be registered to determine shareholders’ entitlements to the proposed dividend. Subject to the aforesaid, Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 pm on 24 April 2017 will be entitled to the proposed dividend.

The final one-tier tax exempt dividend, if approved by shareholders, will be paid on 8 May 2017.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 10 February 2017

The Group financial results are also available on the Company’s website at www.greateasternlife.com.

FINANCIAL RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2016

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	Year ended 2016	Year ended 2015	% + / (-)	4th Quarter 2016	4th Quarter 2015	% + / (-)	3rd Quarter 2016	% + / (-)
Gross Premiums	9,555.7	8,757.4	9	2,681.1	2,529.2	6	2,336.0	15
Life assurance profit from:								
Participating Fund	143.8	134.5	7	38.4	35.0	10	34.9	10
Non-participating Fund	182.9	330.8	(45)	71.2	163.7	(57)	83.9	(15)
Investment-linked Fund	172.3	164.4	5	34.1	37.7	(10)	45.2	(25)
Profit from life assurance	499.0	629.7	(21)	143.7	236.4	(39)	164.0	(12)
Profit from general insurance	25.7	22.8	13	4.6	3.2	44	7.1	(35)
Profit from insurance business	524.7	652.5	(20)	148.3	239.6	(38)	171.1	(13)
Investment income, net	172.1	161.1	7	40.7	44.8	(9)	53.7	(24)
Gain/(loss) on sale of investments and changes in fair value	54.2	95.9	(43)	33.6	(34.2)	nm	12.4	171
Gain on disposal of interest in associate	-	3.6	(100)	-	3.6	(100)	-	nm
Loss on disposal of subsidiary	(18.7)	-	nm	-	-	nm	-	nm
Increase in provision for impairment of assets	(16.3)	(27.0)	nm	(3.7)	(13.4)	nm	(5.2)	nm
Gain/(loss) on exchange differences	2.5	29.8	(92)	10.9	(1.9)	nm	3.3	230
Profit from Shareholders' Fund's investments	193.8	263.4	(26)	81.5	(1.1)	nm	64.2	27
Fees and other income	82.5	79.8	3	22.4	21.4	5	20.8	8
Profit before expenses	801.0	995.7	(20)	252.2	259.9	(3)	256.1	(2)
less:								
Management and other expenses	79.9	82.5	(3)	16.2	16.0	1	26.8	(40)
Interest expense	18.3	18.3	-	4.6	4.6	-	4.5	2
Depreciation	1.3	1.8	(28)	0.5	0.6	(17)	0.2	150
Expenses	99.5	102.6	(3)	21.3	21.2	0	31.5	(32)
Profit after expenses	701.5	893.1	(21)	230.9	238.7	(3)	224.6	3
Share of loss after income tax of associates	(1.2)	(7.7)	nm	-	(1.9)	(100)	(1.2)	(100)
Profit before income tax	700.3	885.4	(21)	230.9	236.8	(2)	223.4	3
Income tax	(101.5)	(92.0)	nm	(33.7)	(16.1)	nm	(25.7)	nm
Profit after income tax	598.8	793.4	(25)	197.2	220.7	(11)	197.7	(0)
Attributable to:								
Shareholders	589.3	785.4	(25)	195.2	218.8	(11)	195.0	0
Non-controlling interests	9.5	8.0	19	2.0	1.9	5	2.7	(26)
	598.8	793.4	(25)	197.2	220.7	(11)	197.7	(0)
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	1.25	1.66	(25)	0.42	0.46	(9)	0.41	2
Return on Equity (Average Shareholders' Fund) (%)	9.2%	13.0%	-3.8 pp	3.0%	3.4%	-0.4 pp	3.0%	0 pp

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	Year ended 2016	Year ended 2015	% + / (-)	4th Quarter 2016	4th Quarter 2015	% + / (-)	3rd Quarter 2016	% + / (-)
Profit after income tax for the year	598.8	793.4	(25)	197.2	220.7	(11)	197.7	(0)
Other comprehensive income:								
Items that will not be reclassified to profit or loss:								
Exchange differences arising on translation of overseas entities attributable to non-controlling interests	-	(1.7)	(100)	(0.3)	0.1	nm	(0.2)	nm
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of overseas entities	9.6	(72.5)	nm	(0.4)	12.0	nm	9.3	nm
Share of other comprehensive income of associates	0.5	(2.1)	nm	0.4	(3.1)	nm	0.1	300
Available-for-sale financial assets:								
Changes in fair value	64.5	17.3	273	(50.8)	41.6	nm	170.6	nm
Reclassification of realised (gain)/loss on disposal of investments to Profit and Loss Statement	(65.0)	(127.8)	nm	(54.6)	12.1	nm	(10.7)	nm
Tax on changes in fair value	(0.3)	18.8	nm	18.4	(9.3)	nm	(27.1)	nm
Other comprehensive income for the year, after tax	9.3	(168.0)	nm	(87.3)	53.4	nm	142.0	nm
Total comprehensive income for the year	608.1	625.4	(3)	109.9	274.1	(60)	339.7	(68)
Total comprehensive income attributable to:								
Shareholders	599.4	618.9	(3)	108.9	271.3	(60)	335.7	(68)
Non-controlling interests	8.7	6.5	34	1.0	2.8	(64)	4.0	(75)
	608.1	625.4	(3)	109.9	274.1	(60)	339.7	(68)

nm – not meaningful / exceeding 300%

3.1. GROUP BALANCE SHEET AS AT 31 DECEMBER

in Singapore Dollars (millions)	Group		% + / (-)
	2016	2015	
Share capital	152.7	152.7	-
Reserves			
Currency translation reserve	(139.8)	(170.8)	nm
Fair value reserve	65.5	67.0	(2)
Accumulated profit	6,510.5	6,181.5	5
SHAREHOLDERS' FUND	6,588.9	6,230.4	6
NON-CONTROLLING INTERESTS	75.3	66.6	13
TOTAL EQUITY	6,664.2	6,297.0	6
 LIABILITIES			
Insurance payables	3,670.8	3,391.6	8
Other creditors and interfund balances	2,653.8	2,562.3	4
Unexpired risk reserve	124.9	126.6	(1)
Derivative financial liabilities	737.5	521.4	41
Income tax	446.4	497.1	(10)
Provision for agents' retirement benefits	263.3	250.6	5
Deferred tax	1,058.3	1,068.3	(1)
Debt issued	399.6	399.5	0
General insurance fund	223.2	228.2	(2)
Life assurance fund	54,881.1	50,478.1	9
TOTAL EQUITY AND LIABILITIES	71,123.1	65,820.7	8
 ASSETS			
Cash and cash equivalents	3,526.6	3,491.1	1
Other debtors and interfund balances	2,691.0	2,585.6	4
Insurance receivables	2,604.5	2,576.0	1
Loans	1,609.0	1,808.5	(11)
Derivative financial assets	84.9	38.1	123
Investments	58,383.3	53,058.3	10
Associates	47.4	52.8	(10)
Intangible assets	32.0	32.1	(0)
Investment properties	1,539.0	1,568.1	(2)
Property, plant and equipment	605.4	610.1	(1)
TOTAL ASSETS	71,123.1	65,820.7	8
 Net Asset Value per share (in Singapore Dollars)	13.92	13.16	6

nm – not meaningful / exceeding 300%

3.2. COMPANY BALANCE SHEET AS AT 31 DECEMBER

in Singapore Dollars (millions)	Company		
	2016	2015	% +/(-)
Share capital	152.7	152.7	-
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	2,662.5	2,264.2	18
TOTAL EQUITY	3,234.4	2,836.1	14
LIABILITIES			
Other creditors	7.8	8.7	(10)
Income tax	0.1	0.1	-
TOTAL EQUITY AND LIABILITIES	3,242.3	2,844.9	14
ASSETS			
Cash and cash equivalents	20.8	317.0	(93)
Other debtors	0.1	0.1	-
Amounts due from subsidiaries	2,534.9	1,841.1	38
Subsidiaries	686.1	686.1	-
Property, plant and equipment	0.4	0.6	(33)
TOTAL ASSETS	3,242.3	2,844.9	14
Net Asset Value per share (in Singapore Dollars)	6.83	5.99	14

4.1. GROSS PREMIUMS AND PROFIT ATTRIBUTABLE TO SHAREHOLDERS FOR FIRST AND SECOND HALF OF 2016

in Singapore Dollars (millions)	Group					
	First Half			Second Half		
	2016	2015	% +/(-)	2016	2015	% +/(-)
Gross premiums	4,538.6	3,698.3	23	5,017.1	5,059.1	(1)
Profit attributable to shareholders	199.1	498.2	(60)	390.2	287.2	36

4.2. SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' Fund				
	Year ended 2016	Year ended 2015	4th Quarter 2016	4th Quarter 2015	3rd Quarter 2016
Expenses					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	80.8	75.7	21.6	19.7	20.3
2. Rental expense	6.8	6.1	1.9	1.5	1.8
3. Depreciation	1.3	1.8	0.5	0.6	0.2
4. Changes in third-party interests in consolidated investment funds	(3.7)	(5.9)	(9.0)	(5.9)	4.9
Life Assurance and General Insurance Funds					
in Singapore Dollars (millions)	Year ended 2016	Year ended 2015	4th Quarter 2016	4th Quarter 2015	3rd Quarter 2016
Income					
1. Investment income, net (excluding mark-to-market changes)	1,989.0	1,896.8	502.6	440.4	511.4
Expenses					
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	229.1	212.3	62.4	54.1	55.5
2. Rental expense	18.0	17.5	4.7	4.6	4.3
3. Depreciation	54.9	49.2	16.6	14.9	13.9

5.1. GROUP STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2016

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾	Total		
Balance at 1 January 2016	152.7	(170.8)	67.0	6,181.5	6,230.4	66.6	6,297.0
Profit for the year	-	-	-	589.3	589.3	9.5	598.8
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	9.6	-	-	9.6	-	9.6
Share of other comprehensive income of associates	-	0.5	-	-	0.5	-	0.5
Available-for-sale financial assets:							
Changes in fair value	-	-	65.3	-	65.3	(0.8)	64.5
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(65.0)	-	(65.0)	-	(65.0)
Tax on changes in fair value	-	-	(0.3)	-	(0.3)	-	(0.3)
Other comprehensive income for the year, after tax	-	10.1	-	-	10.1	(0.8)	9.3
Total comprehensive income for the year	-	10.1	-	589.3	599.4	8.7	608.1
Distributions to shareholders							
Dividends paid during the year:							
Final and special one-tier tax exempt dividends for the previous year	-	-	-	(213.0)	(213.0)	-	(213.0)
Interim one-tier tax exempt dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Total distributions to shareholders	-	-	-	(260.3)	(260.3)	-	(260.3)
Changes in ownership interests in subsidiaries							
Disposal of subsidiary	-	20.9	(1.5)	-	19.4	-	19.4
Total changes in ownership interests in subsidiaries	-	20.9	(1.5)	-	19.4	-	19.4
Total transactions with shareholders in their capacity as shareholders	-	20.9	(1.5)	(260.3)	(240.9)	-	(240.9)
Balance at 31 December 2016	152.7	(139.8)	65.5	6,510.5	6,588.9	75.3	6,664.2

5.2. GROUP STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2015

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾	Total		
Balance at 1 January 2015	152.7	(96.4)	159.1	5,656.4	5,871.8	60.1	5,931.9
Profit for the year	-	-	-	785.4	785.4	8.0	793.4
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(72.5)	-	-	(72.5)	(1.7)	(74.2)
Share of other comprehensive income of associates	-	(1.9)	(0.2)	-	(2.1)	-	(2.1)
Available-for-sale financial assets:							
Changes in fair value	-	-	17.1	-	17.1	0.2	17.3
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(127.8)	-	(127.8)	-	(127.8)
Tax on changes in fair value	-	-	18.8	-	18.8	-	18.8
Other comprehensive income for the year, after tax	-	(74.4)	(92.1)	-	(166.5)	(1.5)	(168.0)
Total comprehensive income for the year	-	(74.4)	(92.1)	785.4	618.9	6.5	625.4
Distributions to shareholders							
Dividends paid during the year:							
Final and special one-tier tax exempt dividends for the previous year	-	-	-	(213.0)	(213.0)	-	(213.0)
Interim one-tier tax exempt dividend	-	-	-	(47.3)	(47.3)	-	(47.3)
Total distributions to shareholders	-	-	-	(260.3)	(260.3)	-	(260.3)
Total transactions with shareholders in their capacity as shareholders	-	-	-	(260.3)	(260.3)	-	(260.3)
Balance at 31 December 2015	152.7	(170.8)	67.0	6,181.5	6,230.4	66.6	6,297.0

(1) Included in Accumulated Profit are non-distributable reserves of \$1,309.2 million (31 December 2015: \$1,184.0 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

5.3. GROUP STATEMENT OF CHANGES IN EQUITY for the fourth quarter ended 31 December 2016

in Singapore Dollars (millions)	Attributable to Shareholders of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 October 2016	152.7	(139.8)	151.8	6,315.3	6,480.0	74.3	6,554.3
Profit for the period	-	-	-	195.2	195.2	2.0	197.2
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(0.4)	-	-	(0.4)	(0.3)	(0.7)
Share of other comprehensive income of associates	-	0.4	-	-	0.4	-	0.4
Available-for-sale financial assets:							
Changes in fair value	-	-	(50.1)	-	(50.1)	(0.7)	(50.8)
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(54.6)	-	(54.6)	-	(54.6)
Tax on changes in fair value	-	-	18.4	-	18.4	-	18.4
Other comprehensive income for the year, after tax	-	-	(86.3)	-	(86.3)	(1.0)	(87.3)
Total comprehensive income for the period	-	-	(86.3)	195.2	108.9	1.0	109.9
Balance at 31 December 2016	152.7	(139.8)	65.5	6,510.5	6,588.9	75.3	6,664.2

5.4. GROUP STATEMENT OF CHANGES IN EQUITY for the fourth quarter ended 31 December 2015

in Singapore Dollars (millions)	Attributable to Shareholders of the Company				Total	Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾			
Balance at 1 October 2015	152.7	(179.4)	23.1	5,962.7	5,959.1	63.8	6,022.9
Profit for the period	-	-	-	218.8	218.8	1.9	220.7
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	12.0	-	-	12.0	0.1	12.1
Share of other comprehensive income of associates	-	(3.4)	0.3	-	(3.1)	-	(3.1)
Available-for-sale financial assets:							
Changes in fair value	-	-	40.7	-	40.7	0.9	41.6
Reclassification of realised loss on disposal of investments to Profit and Loss Statement	-	-	12.1	-	12.1	-	12.1
Tax on changes in fair value	-	-	(9.2)	-	(9.2)	(0.1)	(9.3)
Other comprehensive income for the period, after tax	-	8.6	43.9	-	52.5	0.9	53.4
Total comprehensive income for the period	-	8.6	43.9	218.8	271.3	2.8	274.1
Balance at 31 December 2015	152.7	(170.8)	67.0	6,181.5	6,230.4	66.6	6,297.0

(1) Included in Accumulated Profit are non-distributable reserves of \$1,309.2 million (31 December 2015: \$1,184.0 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

6.1. COMPANY STATEMENT OF CHANGES IN EQUITY for the years ended 31 December 2016 and 2015

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 January 2016	152.7	419.2	2,264.2	2,836.1
Profit for the year	-	-	658.6	658.6
Total comprehensive income for the year	-	-	658.6	658.6
Distributions to shareholders				
Dividends paid during the year:				
Final and special one-tier tax exempt dividends for the previous year	-	-	(213.0)	(213.0)
Interim one-tier tax exempt dividend	-	-	(47.3)	(47.3)
Total distributions to shareholders	-	-	(260.3)	(260.3)
Total transactions with shareholders in their capacity as shareholders	-	-	(260.3)	(260.3)
Balance at 31 December 2016	152.7	419.2	2,662.5	3,234.4
Balance at 1 January 2015	152.7	419.2	1,983.9	2,555.8
Profit for the year	-	-	540.6	540.6
Total comprehensive income for the year	-	-	540.6	540.6
Distributions to shareholders				
Dividends paid during the year:				
Final and special one-tier tax exempt dividends for the previous year	-	-	(213.0)	(213.0)
Interim one-tier tax exempt dividend	-	-	(47.3)	(47.3)
Total distributions to shareholders	-	-	(260.3)	(260.3)
Total transactions with shareholders in their capacity as shareholders	-	-	(260.3)	(260.3)
Balance at 31 December 2015	152.7	419.2	2,264.2	2,836.1

6.2. COMPANY STATEMENT OF CHANGES IN EQUITY for the fourth quarter ended 31 December 2016 and 2015

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 October 2016	152.7	419.2	2,663.5	3,235.4
Loss for the period	-	-	(1.0)	(1.0)
Total comprehensive income for the period	-	-	(1.0)	(1.0)
Balance at 31 December 2016	152.7	419.2	2,662.5	3,234.4
Balance at 1 October 2015	152.7	419.2	2,265.8	2,837.7
Loss for the period	-	-	(1.6)	(1.6)
Total comprehensive income for the period	-	-	(1.6)	(1.6)
Balance at 31 December 2015	152.7	419.2	2,264.2	2,836.1

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

in Singapore Dollars (millions)	Year ended 2016	Year ended 2015	4th Quarter 2016	4th Quarter 2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	700.3	885.4	230.9	236.8
Life assurance (loss)/profit before income tax	(464.4)	1,276.1	341.2	30.5
General insurance profit before income tax	33.0	31.3	8.4	5.2
Adjustments for non-cash items:				
Surplus transferred from life assurance fund but not yet withdrawn	(499.0)	(629.7)	(143.7)	(236.4)
Surplus transferred from general insurance fund but not yet withdrawn	(25.7)	(22.8)	(4.6)	(3.2)
Share of loss of associates	8.6	7.9	0.1	2.0
(Gain)/loss on sale of investments and changes in fair value	(356.1)	40.1	284.8	(235.5)
Loss on disposal of subsidiary	18.7	-	-	-
Gain on disposal of interest in associate	-	(3.6)	-	(3.6)
Increase in provision for impairment of assets	250.8	176.7	50.2	29.3
Increase in provision for agents' retirement benefits	31.4	29.5	3.2	0.7
Gain on disposal of property, plant and equipment	(0.1)	-	(0.1)	-
Depreciation	56.2	51.0	17.1	15.5
Unrealised (gain)/loss on exchange differences	(70.4)	(811.5)	(676.0)	71.8
Change in life assurance contract liabilities	5,771.4	2,883.5	1,345.8	1,533.3
Change in general insurance contract liabilities	(3.6)	5.7	(1.8)	0.6
Change in unexpired risk reserve	0.4	4.7	(0.2)	4.6
Amortisation of capitalised transaction fees	0.1	0.1	-	-
Dividend income	(549.0)	(505.1)	(128.8)	(95.2)
Interest income	(1,733.5)	(1,669.5)	(446.2)	(425.0)
Interest expense	18.3	18.7	4.6	4.6
Interest expense on policy benefits	146.5	135.7	36.7	33.4
Share-based payments	3.4	2.9	1.0	0.7
	3,337.3	1,907.1	922.6	970.1
Changes in working capital:				
Insurance receivables	(30.1)	116.2	19.7	(51.6)
Other debtors and interfund balances	(81.1)	(268.2)	(388.2)	(262.2)
Insurance payables	279.4	(48.7)	13.3	129.0
Other creditors and interfund balances	101.8	(73.5)	30.3	297.5
Cash generated from operations	3,607.3	1,632.9	597.7	1,082.8
Income tax paid	(314.8)	(222.1)	(16.4)	(68.0)
Interest paid on policy benefits	(146.5)	(135.7)	(36.7)	(33.4)
Agents' retirement benefits paid	(12.0)	(11.9)	(2.6)	(3.4)
Net cash flows from operating activities	3,134.0	1,263.2	542.0	978.0
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturities and sale of investments	25,892.8	20,081.8	8,417.1	4,752.0
Purchase of investments	(30,524.6)	(20,241.5)	(8,755.3)	(6,931.6)
Proceeds from reduction of interests in associates	-	5.2	-	5.2
Net cash inflow from disposal of subsidiary	23.6	-	-	-
Proceeds from sale of property, plant and equipment	8.6	0.4	8.6	-
Purchase of property, plant and equipment and investment properties	(54.4)	(48.3)	(14.1)	(18.2)
Acquisition of intangible assets	-	(0.6)	-	(0.6)
Interest income received	1,688.1	1,661.0	410.2	395.4
Interest expense paid	(18.6)	(18.9)	(0.2)	-
Dividends received	550.7	499.9	136.3	88.7
Net cash flows (used in)/from investing activities	(2,433.8)	1,939.0	202.6	(1,709.1)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(260.3)	(260.3)	-	-
Repayment of loan	-	(41.2)	-	-
Net cash flows used in financing activities	(260.3)	(301.5)	-	-
Net effect of currency translation reserve adjustment	(404.4)	(2,663.9)	(487.0)	372.5
Net increase/(decrease) in cash and cash equivalents	35.5	236.8	257.6	(358.6)
Cash and cash equivalents at the beginning of the year	3,491.1	3,254.3	3,269.0	3,849.7
Cash and cash equivalents at the end of the year	3,526.6	3,491.1	3,526.6	3,491.1

8. GROUP SEGMENTAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER
8.1 By Business Segments

(a) Shareholders' Fund

in Singapore Dollars (millions)	Fund Management and Financial				Adjustments and		Consolidated	
	Advisory Business		Others		Eliminations			
	2016	2015	2016	2015	2016	2015	2016	2015
Profit from Shareholders' Fund's investments	(1.2)	(10.5)	185.5	265.0	9.5	8.9	193.8	263.4
Fees and other income	90.4	85.2	1.6	3.5	(9.5)	(8.9)	82.5	79.8
Total expenses	(44.2)	(43.4)	(55.3)	(59.2)	-	-	(99.5)	(102.6)
Profit after expenses	45.0	31.3	131.8	209.3	-	-	176.8	240.6
Share of loss of associates	-	-	(1.2)	(7.7)	-	-	(1.2)	(7.7)
Income tax	(7.2)	(6.3)	(94.3)	(85.7)	-	-	(101.5)	(92.0)
Segment profit after income tax	37.8	25.0	36.3	115.9	-	-	74.1	140.9
Profit from insurance business							524.7	652.5
Profit per Profit & Loss Statement							598.8	793.4

	31 Dec 16	31 Dec 15	31 Dec 16	31 Dec 15	31 Dec 16	31 Dec 15	31 Dec 16	31 Dec 15
Segment assets	312.8	278.0	7,130.9	6,785.4	15.7	15.7	7,459.4	7,079.1
Investments in associates	-	-	6.3	7.1	-	-	6.3	7.1
Shareholders' Fund Assets	312.8	278.0	7,137.2	6,792.5	15.7	15.7	7,465.7	7,086.2
Segment liabilities	88.7	131.4	484.0	411.6	-	-	572.7	543.0
Income tax and deferred tax liabilities	5.8	7.4	223.0	238.8	-	-	228.8	246.2
Shareholders' Fund Liabilities	94.5	138.8	707.0	650.4	-	-	801.5	789.2
Additions to non-current assets	1.1	0.4	0.9	1.3	-	-	2.0	1.7

(b) General Insurance Fund

in Singapore Dollars (millions)	Consolidated	
	2016	2015
Premiums less assurances	155.4	155.4
Investment income	15.4	14.4
Increase in provision for impairment of assets	0.5	0.8
Claims less reassurances	73.2	78.5
Commissions and expenses	87.8	86.5
General Insurance Profit	25.7	22.8
	31 Dec 16	31 Dec 15
General Insurance Fund Assets	424.7	425.8
General Insurance Fund Liabilities	424.7	425.8
Additions to non-current assets	3.8	2.8

(c) Life Assurance Fund

in Singapore Dollars (millions)	Non-Participating				Adjustments and				Consolidated	
	Participating Business		Business		Linked Business		Eliminations			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Premiums less reassurances	5,909.4	5,151.8	1,718.3	1,404.9	1,439.6	1,389.5	-	-	9,067.3	7,946.2
Investment and rental income (including mark-to-market changes)	1,875.9	1,530.0	217.1	227.8	240.3	49.6	(0.4)	(0.4)	2,332.9	1,807.0
Increase in provision for impairment of assets	217.8	143.8	16.2	5.1	-	-	-	-	234.0	148.9
Claims less reassurances	3,486.8	3,466.7	589.6	658.0	744.5	755.4	-	-	4,820.9	4,880.1
Commissions and expenses	565.2	512.6	277.3	235.1	396.3	365.0	(0.4)	(0.4)	1,238.4	1,112.3
Life Assurance Profit	143.8	134.5	182.9	330.8	172.3	164.4	-	-	499.0	629.7
	31 Dec 16	31 Dec 15	31 Dec 16	31 Dec 15	31 Dec 16	31 Dec 15	31 Dec 16	31 Dec 15	31 Dec 16	31 Dec 15
Segment assets	50,348.4	46,738.7	7,119.9	6,109.1	5,723.3	5,415.2	-	-	63,191.6	58,263.0
Investments in associates	40.7	45.2	0.4	0.5	-	-	-	-	41.1	45.7
Life Assurance Fund Assets	50,389.1	46,783.9	7,120.3	6,109.6	5,723.3	5,415.2	-	-	63,232.7	58,308.7
Segment liabilities	49,211.2	45,605.0	7,036.8	5,986.9	5,713.1	5,402.2	-	-	61,961.1	56,994.1
Income tax and deferred tax liabilities	1,177.9	1,178.9	83.5	122.7	10.2	13.0	-	-	1,271.6	1,314.6
Life Assurance Fund Liabilities	50,389.1	46,783.9	7,120.3	6,109.6	5,723.3	5,415.2	-	-	63,232.7	58,308.7
Additions to non-current assets	44.3	40.1	4.0	2.9	0.3	0.8	-	-	48.6	43.8

8. GROUP SEGMENTAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER
8.2 By Geographical Segments

in Singapore Dollars (millions)	Singapore		Malaysia		Other Asia		Adjustments and Eliminations		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
(a) Shareholders' Fund										
Investment income, net	156.0	152.4	14.5	6.5	1.6	2.2	-	-	172.1	161.1
Gain on sale of investments and changes in fair value	51.5	94.9	2.7	1.0	-	-	-	-	54.2	95.9
Fees and other income	78.8	75.1	3.7	4.7	-	-	-	-	82.5	79.8
Total revenue from external customers	286.3	322.4	20.9	12.2	1.6	2.2	-	-	308.8	336.8
Dividend from subsidiaries	245.1	191.2	-	-	-	-	(245.1)	(191.2)	-	-
Total revenue	531.4	513.6	20.9	12.2	1.6	2.2	(245.1)	(191.2)	308.8	336.8
Profit/(loss) after income tax	564.3	735.0	262.6	250.9	17.0	(1.3)	(245.1)	(191.2)	598.8	793.4
Non-current assets	22.1	21.1	12.9	13.1	-	0.6	-	-	35.0	34.8
(b) General Insurance Fund										
Total revenue from external customers	76.8	78.2	119.6	119.4	-	-	-	-	196.4	197.6
Non-current assets	2.9	1.5	8.4	7.8	-	-	-	-	11.3	9.3
(c) Life Assurance Fund										
Total revenue from external customers	7,859.7	6,675.6	3,652.0	3,552.6	149.1	120.9	-	-	11,660.8	10,349.1
Non-current assets	1,777.1	1,806.3	346.5	354.9	6.5	5.0	-	-	2,130.1	2,166.2

9. REVIEW OF RESULTS

The Group Financial Statements for the fourth quarter of 2016 ("Q4-16") and for the year ended 31 December 2016 ("FY-16") were prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS").

9.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Group's profit attributable to shareholders of \$195.2 million for Q4-16 was 11% lower compared with the same period last year (Q4-15: \$218.8 million). This was largely due to the lower operating profit and lower non-operating profit brought about mainly by unrealised fair value losses from the valuation of assets and liabilities amid unfavourable financial market conditions.

For FY-16, profit attributable to shareholders of \$589.3 million was 25% lower compared with the same period last year (FY-15: \$785.4 million). There was lower operating profit contribution from the Singapore business in FY-16. In addition, FY-15's performance was boosted mainly by a gain of \$119.9 million (post-tax) from the sale of part of the Group's investment in New China Life Insurance Company Ltd. In 2016, the earnings were affected by a one-off loss of \$18.7 million from disposal of its wholly-owned subsidiary, Great Eastern Life (Vietnam) Company Ltd ("GELV").

9.2 GROSS PREMIUMS

Q4-16 gross premiums increased 6% to \$2,681.1 million compared with the same period last year (Q4-15: \$2,529.2 million). FY-16 gross premiums increased 9% to \$9,555.7 million (FY-15: \$8,757.4 million).

9.3 PROFIT FROM INSURANCE BUSINESS

The Group's profit from insurance business for Q4-16 was \$148.3 million (Q4-15: \$239.6 million), down 38% from the same quarter last year, mainly because of lower contribution from its Singapore business. For FY-2016, profit from insurance business decreased by 20% to \$524.7 million (FY-15: \$652.5 million) due to widening of credit spreads and sharp decline of long term interest rates.

9.4 PROFIT FROM SHAREHOLDERS' FUND'S INVESTMENTS

Profit from Shareholders' Fund's Investments for Q4-16 was \$81.5 million, higher compared with the same period last year (Q4-15: loss of \$1.1 million), mainly because of higher realised gains from sale of investments and higher foreign exchange gain from US Dollar denominated investments.

Profit from Shareholders' Fund's Investments was lower at \$193.8 million for FY-16 compared with the same period last year (FY-15: \$263.4 million). This was largely contributed by a loss of \$18.7 million from disposal of GELV, lower gain from sale of investments and changes in fair value and lower foreign exchange gain. The loss was partly offset by lower impairment provision and higher net investment income.

9.5 FEES AND OTHER INCOME

Fees and other income increased to \$22.4 million for Q4-16 and \$82.5 million for FY-16 (Q4-15: \$21.4 million, FY-15: \$79.8 million) from higher fee income from the Group's asset management arm, Lion Global Investors Limited.

9.6 BALANCE SHEET

9.6.1 Debt Issued

in SGD (millions)	31 December 2016	31 December 2015
Subordinated fixed rate notes (unsecured) - payable after one year	399.6	399.5

9.6.2 Investments

Investments increased by 10% to \$58,383.3 million as at 31 December 2016 (31 December 2015: \$53,058.3 million), mainly arising from purchases.

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

	SINGAPORE		MALAYSIA	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Fixed income & debt securities	63%	62%	70%	72%
Equities	26%	25%	23%	23%
Real estate & others	6%	7%	4%	3%
Cash & money market instruments	5%	6%	3%	2%
Market Value of Assets (in SGD billions)	35.7	31.6	21.0	20.7

9.7 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.

10. SHARE CAPITAL

The Company's issued and paid up share capital as at 31 December 2016 was unchanged at \$152.7 million compared with 31 December 2015. Total number of shares issued as at 31 December 2016 also remained unchanged at 473,319,069 compared with 31 December 2015.

11. ACCOUNTING POLICIES

The accounting policies and methods of computation, adopted by the Group for the financial statements for FY-16, were consistent with the audited financial statements for the year ended 31 December 2015. The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2016 did not have any material financial impact on the Group's results for FY-16.

12. AUDITED RESULTS

The consolidated Group's financial results for the financial year ended 31 December 2016 were audited by the Group's auditor. The Auditor's Report to the Members of Great Eastern Holdings Limited is appended.

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

The Group's performance may be affected by volatility in global financial markets. Over the longer term, the key indicators to watch are the direction of interest rates, equity prices and foreign exchange rates.

14. OTHER MATTERS

14.1 Rule 920(1) of the Listing Manual

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

14.2 Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual, as at the financial year ended 31 December 2016, 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.

14.3 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.

Issued: 10 February 2017

GREAT EASTERN HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT
To the Members of Great Eastern Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Great Eastern Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2016, the profit and loss statements, statements of comprehensive income and the statements of changes in equity of the Group and the Company, the consolidated statement of cash flows, the life assurance revenue statement and general insurance revenue statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying balance sheets of the Group and the Company as at 31 December 2016, the profit and loss statements, statements of comprehensive income and the statements of changes in equity of the Group and the Company, the consolidated statement of cash flows, the life assurance revenue statement and general insurance revenue statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) 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 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group financial performance and changes in equity of the Company and financial performance of the insurance operations of the Group for the year ended on that date.

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 are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

GREAT EASTERN HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT
To the Members of Great Eastern Holdings Limited

KEY AUDIT MATTERS (continued)

Valuation of life insurance contract liabilities

As at 31 December 2016, the Group has \$52.9 billion of life insurance contract liabilities, which represents 82.0% of the Group's total liabilities. The valuation of life insurance contract liabilities involves judgement over uncertain future outcomes, including primarily the timing and occurrence of ultimate full settlement of life insurance contract liabilities. The Company uses valuation models and assumptions to support the calculations of the life insurance contract liabilities. The complexity of the models may give rise to errors as a result of inadequate/incomplete data used or inappropriate design or application of the models.

Economic assumptions such as investment return and interest rates, and non-economic assumptions such as mortality, morbidity, expenses, policyholders' behavior and claims experience are some of the key inputs used to estimate these life insurance contract liabilities. Changes in assumptions used may give rise to material impact to the valuation of these life insurance contract liabilities. On top of historical experiences, management judgement is involved in setting these assumptions.

We used internal actuarial specialists to assist us in performing the following procedures. Our audit procedures included, amongst others:

- ▶ assessing the processes and tested controls relating to actuarial process, including management's determination and approval process for setting of economic and actuarial assumptions;
- ▶ assessing the appropriateness of the actuarial valuation methodologies and assumptions used by the management against regulatory requirements and industry practices, where applicable;
- ▶ comparing assumptions used by management against the Group's experiences and market observable data;
- ▶ assessing whether changes made to the actuarial models are in line with our understanding of business developments, and our expectations derived from market experience;
- ▶ reviewing reasonableness of the actuarial reserves being set up by performing analytical review on the results;
- ▶ reviewing a selection of the Group's independent testing of actuarial models used for reserve calculations.

Based on the work performed, we considered the valuation methodologies and the assumptions used to be appropriate.

We also considered whether the disclosures in relation to life insurance contract liabilities comply with the relevant disclosure requirements. The Group's disclosures related to life insurance liabilities are included in Note 2.9.4 (Life insurance contract liabilities), Note 2.32.1(a) (Critical accounting estimates and assumptions on liabilities of insurance business), Note 18 (note on Life Assurance Fund) and Note 35 (Insurance Risk).

Valuation of general insurance contract liabilities

As at 31 December 2016, the Group has \$190.9 million of general insurance contract liabilities, which represents 0.3% of the Group's total liabilities. General insurance contract liabilities, which include the Group's loss reserves and unexpired risk reserve, are determined based on previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Estimates have to be made for both the expected ultimate cost of claims reported at the balance sheet date, and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the balance sheet date. The estimation of general insurance contract liabilities are sensitive to various factors and uncertainties. Management judgement is applied in setting these assumptions.

GREAT EASTERN HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT
To the Members of Great Eastern Holdings Limited

KEY AUDIT MATTERS (continued)

Valuation of general insurance contract liabilities (continued)

We used internal actuarial specialists to assist us in performing the following procedures. Our audit procedures included, amongst others:

- ▶ comparing the actuarial valuation methodologies and assumptions used by the management with industry data, and against recognised actuarial practices;
- ▶ reviewing the assumptions used by the Certifying Actuary and rationale for conclusions made thereon;
- ▶ assessing consistency of valuation methodologies applied against prior years;
- ▶ assessing whether changes made to the actuarial models are in line with our understanding of business developments, and our expectations derived from market experience; and
- ▶ performing independent analysis and re-computation of the general insurance contract liabilities of selected classes of business. We focused on the largest and most uncertain reserves. We compared our independent analysis to those performed by the management and enquired with management significant differences noted, if any.

Based on the work performed, we considered the methodology and assumptions used by management to be appropriate.

We considered whether the disclosures in relation to general insurance contract liabilities comply with the relevant disclosure requirements. The Group's disclosures related to general insurance liabilities are included in 2.9.5 (General insurance contract liabilities), Note 2.32.1(a) (Critical accounting estimates and assumptions on liabilities of insurance business), Note 17 (note on General insurance Fund) and Note 35 (Insurance Risk).

Valuation of financial investments

Financial investments comprise mainly debt and equity investments. These investments are measured at fair value with the corresponding fair value changes recognised in either other comprehensive income or, profit or loss. The valuation is performed by the Group using inputs which have been classified in accordance with the fair value hierarchy stated in FRS 113 – Fair Value Measurement. The fair value hierarchy is disclosed in Note 36.

The valuation of investments for the Level 2 and Level 3 investments involves management judgement since these are valued based on inputs other than observable quoted prices. As such, we determined this to be significant to our audit. As at 31 December 2016, the Level 2 and Level 3 investments amounted to \$16.2 billion and \$1.2 billion.

Our audit procedures focused on the valuation of these financial investments included the following:

- ▶ assessing the processes and controls relating to valuation of these financial investments and their valuations review process;
- ▶ performing independent valuations using external quotes where available, or with reference to alternative valuation methods used by other market participants on a sample of investments.

Overall, the results of our independent valuation are consistent with those of management's valuation.

GREAT EASTERN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

KEY AUDIT MATTERS (continued)

Valuation of financial investments (continued)

We also assessed the adequacy of the related note disclosures, including valuation sensitivity analysis and fair value hierarchy. The Group's disclosures related to financial investments are included in Note 2.19 (Financial assets), Note 2.23 (Determination of fair value of financial instruments), Note 36 (note on Fair value of assets and liabilities)

Valuation of provision for tax and deferred taxation

As at 31 December 2016, the Group has recognised provision for tax and deferred tax liabilities of \$446.4 million and \$1,058.3 million respectively. The taxation rules and regulations governing the insurance industry are complex and evolving. There are many transactions and calculations for which the ultimate tax determination is uncertain as it involves management judgment in determining the deductibility of certain expenses during the estimation of provision for income taxes. The final tax outcome for open years of assessment may therefore be different from the amounts that were initially recorded and may result in either tax refunds or further taxes to be imposed. As such, the valuation of the income tax is significant to our audit.

Our audit procedures included, amongst others:

- ▶ involving our internal tax experts in assessing the veracity of the bases used to determine the tax positions. We corroborated these bases with supporting evidence, historical accuracy of management's assumptions used and estimation process. We also assessed the historical accuracy of management's assumptions and estimation process;
- ▶ reviewing correspondences with the tax authorities to identify potential tax exposures; and
- ▶ assessing the adequacy of the Group's disclosures on provision for tax and deferred tax

Overall, the results of our evaluation of the Group's provision for tax and deferred tax are consistent with management's provision for tax and deferred tax.

The Group's disclosures related to provision for tax, and deferred tax are included in Note 2.12 (Taxes), Note 9 (notes on Income tax).

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 when it becomes available 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.

When we read the annual report, 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.

GREAT EASTERN HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of Great Eastern Holdings Limited

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 FRSs, 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.

As part of an audit in accordance with SSAs, we exercise professional judgement 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.

GREAT EASTERN HOLDINGS LIMITED
INDEPENDENT AUDITOR'S REPORT
To the Members of Great Eastern Holdings Limited

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- 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.

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 Mak Keat Meng.

Ernst + Young LLP

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore
10 February 2017